

A STUDY ON THE GAUTENG PARTNERSHIP FUND'S SOCIO- ECONOMIC IMPACT ON GAUTENG'S HOUSING MARKET



Contact details

Francois Viruly

University of Cape Town

francois.viruly@uct.ac.za

(021) 650 3442

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GLOSSARY

BASA	Banking Association of South Africa
BEE	Black Economic Empowerment
CBD	Central Business District
DLGH	Department of Local Government and Housing
EEPF	Entrepreneur Empowerment Property Fund
EEPPF	Entrepreneur Empowerment Property Fund Programme
FLISP	Finance-Linked Individual Subsidy Programme
GHS	Gauteng Household Survey
GPF	Gauteng Partnership Fund
GPG	Gauteng Provincial Government
HDA	Housing Development Agency
HDI	Historically Disadvantaged Individual
IDP	Integrated Development Plan
JBCC	Joint Building Contracts Committee
JHC	Johannesburg Housing Company
RDP	Reconstruction and Development Programme
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
Stats SA	Statistics South Africa
UCT	University of Cape Town

INTRODUCTION TO THE REPORT

The primary focus of this research is to undertake a socio-economic impact study of the properties funded by the Gauteng Partnership Fund (GPF). These properties fall under the Rental, Social Housing and Entrepreneur Empowerment Property Funds. The funds have specific characteristics and attract different types of developers and tenants. Apart from considering the views of occupiers, the primary research also considered data captured from property managers of completed developments, and project managers of developments under construction. The report is structured as follows;

Section 1 provides an introduction to Gauteng's affordable property market;

Section 2 provides an overview of GPF's strategy, mission and objectives;

Section 3 discusses literature on the positive and negative effects of social/affordable housing provision. This section pays particular attention to the secondary benefits that tenants derive from occupying GPF units.

Section 4 provides an in-depth analysis of three case studies over three developments namely; Montrose Mansions in the Johannesburg CBD (Rental Housing Fund), Tau Village in the Pretoria CBD (Social Housing Fund) and Legae in Kempton Park (Entrepreneur Empowerment Fund).

Section 5 provides the results of fifty-five interviews that were undertaken across eleven properties in the three funds. The results provide a comprehensive analysis of the social benefits that tenants derive from occupying GPF units.

Section 6 of the report provides an analysis of the socio economic impact of GPF's portfolio on the economy. It particularly assesses the secondary impact that the construction and maintenance of the GPF units have on the local economy.

Section 7 of the report provides conclusions.

1. GAUTENG'S AFFORDABLE PROPERTY MARKET

Since 1994 the provision of state-funded housing has dominated South African socio-economic mandates. Housing interventions come in various forms through different governmental tiers and programmes. The common theme, however, is the desire to increase opportunities for home ownership and access to adequate and affordable shelter, where the need to create sustainable human settlements has come through strongly of late. Although it is estimated that almost 3 million fully subsidised residential units have been supplied by 2011 (with only half of them being formally registered), housing policy makers and market practitioners are being confronted by the complexities of delivering housing at scale, public affordability levels, and the ramifications that subsidised housing has on households and the greater economy (Nell *et al.*, 2012). Not only is the South African population of about 53 million expected to grow at a rate of 3% per annum, but the housing situation is further aggravated by changing income demographics that are fuelling demand for affordable housing (Statistics South Africa, 2013).

Gauteng has the greatest share of the national population and is a favoured destination for migrant workers, with the latest estimate suggesting that there are about 12.7 million people living in the province (Stats SA, 2013). It is not surprising then that between 1996 and 2011, Gauteng posted the largest population growth, at an average 3.2% per annum (GPG, 2013). According to census data, the number of households in Gauteng surged 40% between 2001 and 2011, while the total population has increased almost 31% over the same period (HDA, 2013). This trend of smaller household sizes has been driven by the growth in one-person 'households', a situation that saw an increase from 22% to 30% (HDA, 2013).

The low-income residential market, where household monthly incomes range from between R3,500 and R15,000 and property values are below R500,000, accounts for 58% of properties registered in the Deeds Registry (Steedley, 2013). This includes state-funded housing for persons earning less than R3,500. The affordable housing market is the largest and most active residential market, catering to about 88% of the national population, and is showing strong growth (al+hdc, 2013). As a result, there is an increasing need to develop affordable housing for the urbanised and urbanising middle class, which government alone cannot address.

Figure 1 below illustrates the slow down in the provision of residential units nationally that are less than 80m² in size since the introduction of the Breaking New Ground (BNG) policy in 2004.

It is important to note that the reduction is also due in part to the global economic situation that reduced the amount of funding available.

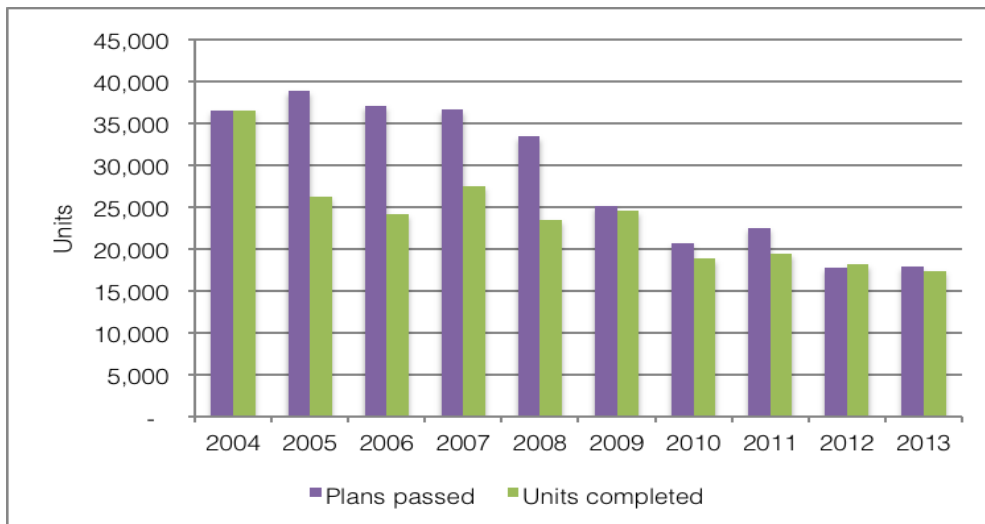


Figure 1. Number of residential units less than 80m² in South Africa

Gauteng, and indeed South Africa, is currently grappling with the repercussions of having a large gap in the lower-end of the property ladder, specifically between government-subsidised entry-level units and middle-income dwellings. This can be attributed to national housing policy that has seen government subsidise newly-constructed units for households that earn a monthly salary of less than R3,500, while only households earning an income of above R15,000 are able to access formal mortgage finance. Housing initiatives in this “gap/affordable market” have largely involved partnerships between developers, financial institutions and municipalities, where government has also made strides by addressing legislative issues.

There is an insufficient supply of appropriate housing options that has meant that households in this gap market are unable to participate formally in the residential housing sector. To further highlight this point, recent data suggests that the average South African income can afford a home of about R280,000, however the average registered selling price is close to R882,000 (Steedley, 2013). New construction tends to occur at higher income levels for reasons of profitability and perceived risk, highlighting the fact that filtering as a result of depreciation is especially important for lower-income earners wanting to climb the housing ladder. This gap, therefore, speaks directly to the interaction between higher-income and lower-income housing options and highlights the need to foster an environment that encourages the development of and investment in affordable residential stock by the private sector.

Since 1994, and based on the number of formally registered properties, the Gauteng Province has seen approximately 423,000 government-funded housing units, or about one-third of the total production as of 2010 (al+hdc, 2013). Furthermore, this estimate is likely to be understated as not all owners formally register their properties. While approximately 30% of South Africa’s residential properties are located in Gauteng metros, almost 60% of the nation’s affordable properties are based there and are concentrated in affordable suburbs (al+hdc, 2013). In fact, a trend found in the larger South African metros shows that growth in the housing market is being driven strongly by growth in low-income areas (Steedley, 2013).

In light of national trends, in 2010 President Jacob Zuma urged cities to integrate housing with economic opportunity, to look at alternate development approaches and to improve access to housing opportunities in the gap market (Steedley, 2013). This placed more emphasis on informal settlement upgrades, where the Minister of Social Development set a national target of upgrading 500,000 shacks in informal settlements by 2014 (implying 125,000 shacks annually) through providing land tenure rights and basic services. In supporting the national and provincial strategic goals, GPF upholds national outcome 8's informal settlement upgrading and provincial outcome 6's improved quality of household life and sustainable human settlements intend to accelerate delivery of housing opportunities and improve the property market. As per national outcome 8, the 2014 affordable rental accommodation target for Gauteng is set at 19,352 units, while the informal settlement upgrade target is 96,800 (Muvevi, 2013). Current figures indicate that of the former target delivery for affordable rental in Gauteng, only 6,989 or 36% is deliverable for 2014 (Kutoane, 2013). As a result, despite substantial commitment, delivery is not taking place quick enough or at scale highlighting the fact that government alone cannot satisfy the growing demand.

Consequently, substantial housing backlogs still persist, with the number of households living in informal settlements increasing annually. The 2011 census data suggests that Gauteng has more than 434,000 households living in informal settlements (shacks not in backyards) that account for just over 1.06 million individuals (Stats SA, 2012). Of these, 87% are concentrated in Ekurhuleni, the City of Johannesburg and the City of Tshwane, while the trend is showing an increase in the number of shacks in backyards and a slower or more stable trajectory in the number of shacks not in backyards. Johannesburg's housing market is the biggest nationally in terms of the number of households; it has the second highest number of residential properties as well as the second largest household income (Steedley, 2013). Furthermore, many of the affordable areas are growing faster than the market is as a whole in several of the key performance indicators, including price appreciation and transaction growth (Steedley, 2013).

Although national census data does not specifically report information on housing backlogs or waiting lists, it is estimated in the Gauteng Household Survey (GHS) that 43% of Gauteng's households in shacks not in backyards have at least one individual on the waiting list for a state-subsidised residential unit (HDA, 2013). The survey further identifies that 40% of households living in shacks not in backyards fulfil the national criteria that would make them eligible for a subsidised unit (HDA, 2013). The DLGH reports that total housing backlogs in Gauteng amount to 679,354, where Johannesburg accounted for almost 264,000, Ekurhuleni for over 191,000 and Tshwane had demand for just short of 117,000 (Kutoane, 2013).

In 2010 President Jacob Zuma said that "the current housing development approach with a focus on the provision of state subsidised houses will not be able to meet the current and future backlog and there are questions related to its financial sustainability" (Steedley, 2013). The provincial and national backlog in the provision of affordable housing is arguably a result of an interplay between the following factors: insufficient availability of national funding to meet growing demand, slow pace of delivery, limited innovation in supply, an insufficiency of skilled human capital, a lack of infrastructural investment in affordable areas, as well as limited investment in skills and enterprise development.

Gauteng's housing situation is aggravated by the sheer number of people drawn in by the economic promise of employment and a better quality of life. In fact, between 2006 and 2011, Gauteng had a net inflow of migrants in the region of 1.05 million and this trajectory is not expected to ease off (Stats SA, 2013).

Additionally, research shows that in Gauteng, people spend on average 21% of their income on transportation between their residence and their place of work, where lower income earners potentially spend a larger fraction of their income (UCT, 2013). These are among the highest in Africa and more than double that of other major urban African areas. This speaks to the need to improve the locations of human settlements and improve accessibility to economic activity and opportunity. Consequently, there is a huge need for private sector intervention and partnerships that can address soaring affordable housing demand.

2. GPF'S STRATEGY, MISSION AND OBJECTIVES

Figure 2 below diagrammatically displays the results chain analysis method in the context of GPF. It shows that GPF has certain resources with which it undertakes certain activities and investments that are in line with its corporate strategy. These investments, in turn, have consequent outputs in the form of affordable residential developments, where the quality of the outputs is to a large extent reflected in the outcomes. These outputs and outcomes should directly answer to GPF's strategy and mandate as a company. Additionally, the long-term socio-economic implications of GPF's activities are reflected in the impacts that the resultant developments have on the various stakeholders and society at large.

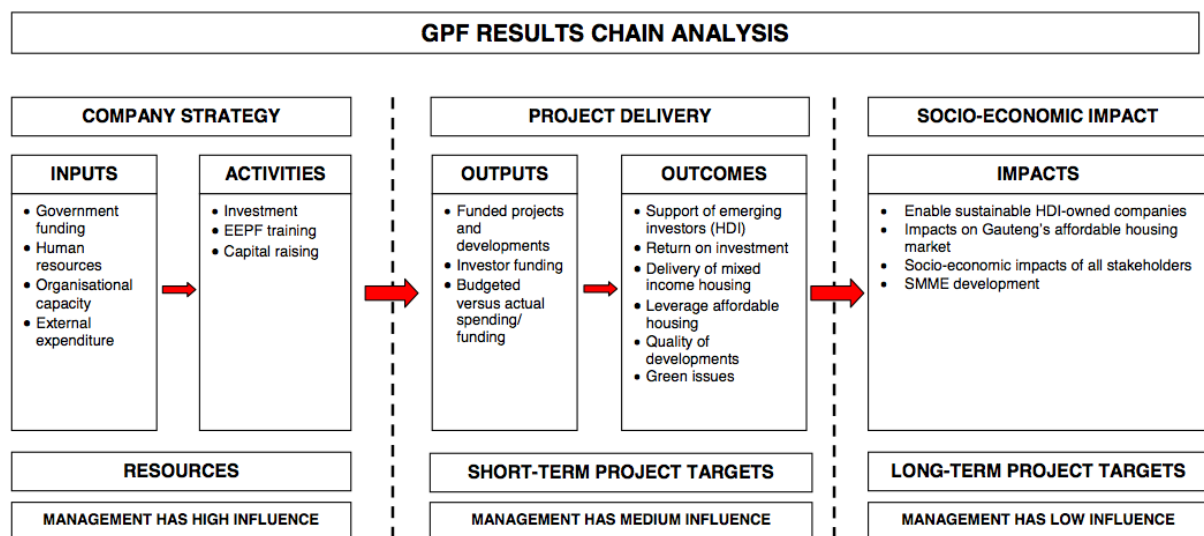


Figure 2. Results chain analysis

The diagram also illustrates that while GPF has significant control over its strategy and development decisions, it has markedly less control over the outcomes and greater societal impacts. This loss of control is amplified over time with GPF displaying little ability to control the larger, longer-term socio-economic impacts, as there are numerous exogenous parameters that play a role.

There is currently limited private sector involvement in the delivery of social housing, as investment yields and rental levels are generally not deemed attractive enough to compensate for the risks involved with the investment. Consequently, Social Housing Institutions (SHIs) have largely needed to combine local authority or donor grants, national subsidies and loan finance from the National Housing Finance Corporation. This reliance on grant funding has resulted in an unsustainable situation where many SHIs are considered financially unviable entities unable to supply affordable housing stock.

The Gauteng Partnership Fund (GPF), a public entity in partnership with the Department of Local Government and Housing (DLGH), has the vision of being the principle catalyst in the provision and development of affordable housing in Gauteng within the national framework of sustainable human settlements.

Accordingly, for these purposes a major component involves increasing and optimising alternative and sustainable private sector funding.

To this end, the Trust Deed of 2002 mandates GPF to:

1. Form public and private sector partnerships within the sustainable human settlements sector to address funding bottlenecks;
2. Secure and facilitate new investment capital flows into integrated developments as per the national sustainable human settlements policy framework;
3. Facilitate equitable risk sharing in project financing by gearing private sector financing; and
4. Participate in social housing projects through innovative funding interventions with SHIs (as a mechanism to entice capital market investment into this market).

These aims are specifically designed to contribute directly or indirectly to the development, construction, upgrading, conversion or procurement of affordable housing units in Gauteng within the overarching developmental objective of creating sustainable human settlements. Furthermore, they help to ensure accountability, monitoring and efficiency in the long-term management of projects, in such a way ensuring that housing financiers can enter Gauteng's affordable housing market on a sustainable basis.

Although the Trust Deed of 2002 specifically outlines that GPF's activities will not extend beyond the border of South Africa, joint ventures and partnerships for financing can be formed outside of the country. GPF has, however, limited its development activities to the Province of Gauteng offering rental housing, social housing and entrepreneur empowerment developments. To this end, the Rental Housing Fund aims to increase the financial viability of developers and entrepreneurs in the affordable housing market; while the Social Housing Fund focuses on investments by Social Housing Institutions and government subsidy funding. Finally the Entrepreneur Empowerment Property Fund Programme (EPPFP) is intended as an incubator for 100% Black Economic Empowerment (BEE) companies, or those wholly owned by historically disadvantaged individuals (HDIs). It is designed to provide a conduit for HDIs to enter the affordable rental housing property market.

The general target is that GPF provide 30% of a development's financing, while the remaining 70% is funded by the private sector. Since inception in 2003 until the financial year end at 31 March 2013, GPF had made investments of public risk capital to the tune of around R420 million (and had committed a further R340 million), where it is estimated that the consequent private sector funding accounts for in excess of R2.4 billion. This investment has accounted for the development of 14,887 units in 152 developments over four different funds, as detailed in Figure 3 below.

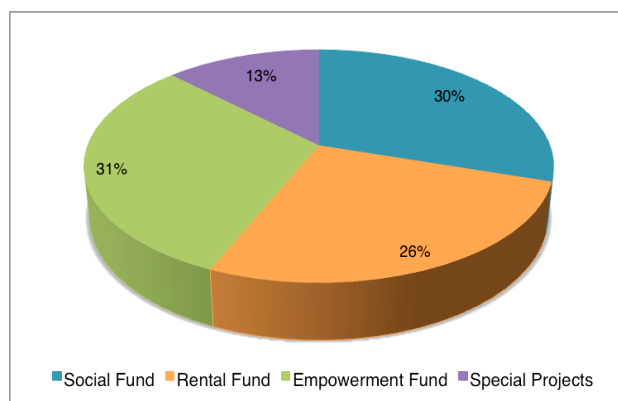


Figure 3. Total funding contributed per fund as at 31 March 2013

GPF's total funding has increased from R166 million in the 2011/12 financial year to R178 million in 2012/13, where, by the end of the 2013 financial year, the total project financing still outstanding amounted to roughly R290 million.

Fund	Actual expenditure	Percentage expenditure
Rental Fund	R 43,706,317	25%
Social Housing Fund	R 39,786,584	22%
Entrepreneurship Empowerment Fund	R 93,519,898	53%
TOTAL	R 177,012,898	100%

Table 1. Funding provided by GPF in 2012/13

The units provided by GPF fall within a range that is reflective of the social housing and Finance-Linked Individual Subsidy Programme (FLISP) markets, where the maximum construction value is R300,000. In certain instances, however, the attractive location of units will force total development costs per unit to between R300,000 and R400,000. Of the completed developments, it is significant to note that a considerable number of properties are located in CBDs due to the emphasis on accessibility, where this situation is arguably contributing to city-level urban regeneration processes.

The below pie chart discloses the locations of projects GPF have directly undertaken, without funding a third party for their own projects, where the locations are based on a total of 4,642 developed units.

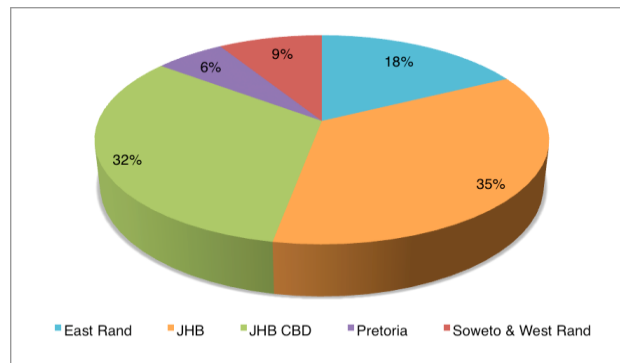


Figure 4. Location of developments directly undertaken by GPF as at 31 March 2013

2.1 THE THREE GPF FUNDS

2.1.1 THE RENTAL HOUSING FUND

Investment can come in the form of subordinated debt over a 15 to 20 year period; development finance is usually between 1 and 2 years, there is no bridging finance for rental and the minimum equity requirement is 10%.

The investment criteria required for the Rental Housing Fund are the following:

- Development must cater to persons with a monthly income below R15,000;
- It must be aligned with the strategic housing policy of GPF, and hence national government;
- The project must have a socio-economic development agenda, whether it be job creation, poverty alleviation or increased procurement of goods and services for SMME's; and
- It must be financially viable and sustainable.

Despite demand for affordable units and user funding being substantially robust, mortgage lending institutions still tend to base investment decisions on perceptions of risk instead of the facts of the developments and market conditions. Numerous limitations to private sector involvement have been identified by GPF and include:

- A lack of infrastructure investment in under-developed areas that perpetuates socio-economic inequalities;
- Insufficient capital available to address the skewed pattern of ownership;
- Expensive sources of funding due to the perceived risk of the projects;
- The market is largely driven by the Financial Services Charter rather than available opportunities; and
- Limited investment in skills and enterprise development, especially for HDIs.

2.1.2 THE SOCIAL HOUSING FUND

Social housing is defined as “a rental or co-operative housing option for low income persons at a level of scale and built form which requires institutional management and which is provided by accredited social housing institutions in designated restructuring zones” (Lorgat, 2013). In terms of this definition, the restructuring zones are geographic areas identified for investment in terms of the Integrated Development Plan (IDP) to address spatial imbalances and increase economic and social inclusion. Incidentally, developments usually have a minimum of 100 units where users are not permitted to sell their unit for at least 15 years.

Numerous stakeholders are involved in the Social Housing Fund and include the Social Housing Regulatory Authority (SHRA), the provincial government, the provincial steering committee, and GPF. SHRA have a capital investment programme that offers a restructuring capital grant, an institutional investment programme that offers pre-accreditation and gear up grants, as well as a regulation programme for accreditation and compliance monitoring. Provincial government have an institutional subsidy programme, while the provincial steering committee facilitates the development process by ensuring co-operative working relationships across all stakeholders as well as the sourcing and acquisition of grant funding. The steering committee is chaired by GPF, where GPF provide debt financing for a project.

GPF have identified numerous challenges facing the social housing sector in Gauteng, and include prescriptive policies; accurately balancing costs with design and affordability; lead time for project implementation; as well as a limited number of SHIs that further have a limited capacity to take on more than a single project.

GPF, in following government’s mandate, must adhere to national government’s social housing policy that states that social housing must see to the following:

- Respond to local housing demand;
- Promote safe, viable and sustainable urban restructuring through social, economic and physical integration with existing urban areas;
- Enhance the quality of rental housing options (and living conditions) across the range of income groups, but especially for low income earners, while simultaneously allowing for social and financial cross subsidisation;
- Support economic development of lower income earners;
- Safeguard tenure for the users as defined in the Housing Act of 1997 and the Rental Act of 1999;
- Ensure transparency, accountability and efficiency of administration and management;
- All spheres of government should support, facilitate and/or drive development; and
- Encourage private sector involvement where possible.

2.1.3 THE ENTREPRENEUR EMPOWERMENT PROPERTY FUND

The Entrepreneur Empowerment Property Fund Programme was established in an effort to promote the inclusion of HDIs in Gauteng's affordable property market by providing the capacity assistance needed to overcome barriers to entry. Some constraints HDI investors will face when entering the market could include issues around finance availability, insufficient equity/security requirements, a lack of capacity to negotiate and evaluate potential projects, competition for stock, exposure to the risk associated with affordable housing, wavering commitment over a longer term, and limited market savviness.

By providing guidance on property feasibility, investment and management, as well as providing various forms of financing, GPF enable HDIs to overcome these barriers and participate formally in the affordable housing market, offering a type of mentorship programme that is individually-suited to the investor and the development. This has allowed GPF to create an environment that assists new entrants, demystifying the process. The objectives of EEPF ties in very well with the Property Sector Transformation Charter which is aimed at the following key components;

- Promote economic transformation in the property sector;
- Unlock obstacles to property ownership and participation in the property sector by black people;
- Increase the pool of intellectual capital amongst black people and focusing on attracting new entrants;
- Facilitate the accessibility of finance for property ownership and property development;
- Promote investment in the property sector and contribute to the growth of the sector.

There are detailed investment criteria that GPF consider for each project that covers the development's location and value, the type of development, as well as the anticipated cash flows and financing terms. GPF actively seek investors with projects that fit their criteria that dictate:

- A wholly owned BEE company/HDI;
- A focus on the affordable housing market (monthly household income up to R15,000);
- A minimum of 5 units in the development;
- A minimum equity requirement of R450,000;
- A full time shareholder committed to the project; and
- A level of practical entrepreneurial spirit.
- Project should be self-sustaining and it has a Loan to Value covenant of not greater than 100%;
- Project to be either Greenfield or Brownfield and located in a Metro identified for revitalization or regeneration;
- Project to be within a 10 km radius from the CBD;

- Project must be located close to amenities such as schools, bus routes, shops etc.;
- The minimum number of units of should be 15;
- If mixed use 80% of the project should be residential;
- Proposed rentals to be within the stipulated band and not R4 500 per month which makes them suitable for the target market of households with income of not more R15 000 per month;
- The acquisition cost of land or building should not exceed 50% of the total project cost.

In return, GPF facilitates 100% of the project cost and can provide up to 40% of the funding, while the remaining 60% could be from the NHFC. On the job training and interaction with an array of property professionals fosters an exciting environment that allows the HDI/BEE Company to develop rapidly. Through this programme, GPF have supported some 60 entrepreneurs, where the opportunity lies in mentoring the entrepreneurs to become managers. Developments from this programme are currently underway in Kempton Park, Ekurhuleni, Tshwane, Jabulani, Soweto and Cosmo City.

GPF, through the EEPF, has been very successful in bringing new rental stock to the market and at the same time promoting entrepreneurship amongst PDI companies .GPF has to date selected close to fifty companies as participants under the EEPF programme. In order to augment the programme, GPF is introduced a mentorship program aimed to guide the participants in the implementation of their projects. The GPF Mentorship Programme aims to provide an opportunity for participants of EEPF who are at their early stage in the real estate business to learn from and be guided by accomplished professionals from the built environment through formal and informal training. Mentor support as well as GPF proactive approach and response to the EEPF challenges are essential in ensuring sustainable business and the realization of the objective to create black property entrepreneurs.

The primary research provided critical insight into the units provided through EEPF. For instance 60% of tenants interviewed where of the view that they where satisfied or very satisfied with the units being rented .Moreover the units funded through EEPF secure a rental between the rental and social funds. Moreover 80% of the tenants interviewed had a monthly income of between of R7,501-R10,00 (lower range) and a R15,001-R20,000 at the higher end of the range.

3. LITERATURE ON THE POSITIVE AND NEGATIVE EFFECTS OF SOCIAL/AFFORDABLE HOUSING PROVISION

Housing is part of any country's local economic infrastructure in that without sufficient housing stock, businesses must rely on employees commuting far distances at an increased economic cost to the workers and local businesses, while also taking its toll on the environment (MacDonald *et al.*, 2007). Consequently, housing investment is consumed locally and generally does not attract substantial foreign interest and investment, and so is fundamentally a local phenomenon as are its social and economic impacts.

Internationally, it is widely documented that the development or rehabilitation of quality affordable housing provides users with greater residential stability having important social impacts that allow residents the chance to participate in the local community, in such a way helping to develop sustainable and active communities. By developing active human settlements, it provides residents with better access to social amenities and economic opportunities. This residential stability further offers health benefits of decreased illness and hospital visits as it may reduce stress and decrease exposure to allergens, disease and toxins (Lubell *et al.*, 2007). This in turn allows for improvements in physical safety, educational performance and labour market outcomes, where the latter aids in increasing financial stability (MacDonald *et al.*, 2007). As a result, decent affordable housing goes well beyond the provision of a shelter, but extends to increased control over one's environment and life.

Although the initial intention of subsidised housing in South Africa was to provide adequate shelter for lower-income South Africans, by 2000 housing was conceptualised as an asset with wealth creation and empowerment potential. Consequently, for the individual, housing is viewed in light of a financial asset, an economic asset and a social asset; while publically; state-subsidised housing is seen to support sustainable human settlements, economic growth and job creation (FinMark Trust, 2011). The positive and negative externalities of affordable housing development are briefly outlined in Table 2 below, where municipalities often attempt to address negative impacts through town planning and environmental regulations, while tax incentives can be offered to encourage positive impacts.

	Users	Development
Positive effects	<ul style="list-style-type: none"> • Improvement in health • Proximity to transport • Better access to employment opportunities • Better access to educational institutions • Increased safety • Social inclusion 	<ul style="list-style-type: none"> • Direct employment • Indirect employment • Skills transfer • Foster sustainable human settlements • Increased demand for new infrastructure

Negative effects	<ul style="list-style-type: none"> • Noise • Distance from work and social networks • Social exclusion 	<ul style="list-style-type: none"> • Pollution • Congestion • Crime • Community disruption • Environmental issues • Strain on current infrastructure • Increased demand for new infrastructure
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Table 2. Positive and negative effects of affordable housing provision

Little prior research exists in South Africa that specifically attempts to measure the socio-economic effects of the provision of affordable housing units. Key themes have been identified and can broadly be classified as education, labour market flexibility, local economic development, health, crime, social cohesion and integration, and locational costs (Rhizome, 2009).

The development of adequate affordable housing, regardless of the tenure, has been shown to provide increased household stability, which is conducive to improved educational opportunities and outcomes. This could also be a direct result of improved locational attributes of the development. Similarly, improved shelter is likely to improve general health conditions.

Housing flexibility and tenure has been linked to labour market mobility and flexibility and hence unemployment, implying that the efficiency of, and interventions in, the housing market can be complementary to, and have important ramifications for, the labour market. Additionally, by improving educational opportunities and outcomes, there is a causal effect on the ability of households to later find employment.

The effects of affordable housing provision on local economic development are not well documented, however the central premise is that through employment creation opportunities, the development of affordable housing will contribute to economic efficiency and consequently economic development (Rhizome, 2009). To this end, affordable housing has been seen to sustain low-wage workers, and where direct and indirect expenditures resulting from the provision of housing are reinvested into the local market. Additionally, this expenditure can spill over into the regional economy, where housing provides the foundation of much entrepreneurial activity.

In 2009 Rhizome Management Services and Rebel Group Advisory conducted a study that compared social rental housing to RDP housing by identifying and quantifying the costs and benefits to society over the full life cycle of the housing development. In discussing the effects of social housing, the report identifies that the efficiency of the property market as well as the type, location and tenure of housing units provided influences the degree of externalities produced by the development (Rhizome, 2009). Furthermore, the study argues that higher density housing has an added benefit in that economies of agglomeration offer economic opportunities and further improves access to social and infrastructural facilities.

In 2012, off the back of a similar study done in 2011, a social audit was conducted on behalf of International Housing Solutions (IHS) to determine the direct and indirect social and economic impacts of the affordable and student housing developments it has been involved with. IHS operates in the student accommodation and gap markets, where 85% of their 20 developments are located in Gauteng, making it particularly relevant to the GPF scenario.

The research included 500 face-to-face interviews, where the focus was on understanding the derived benefits and drawbacks for tenants and owners, as well as the broader quantifiable socio-economic impacts of job creation. In terms of the qualitative impacts, the research echoed international studies, showing that affordable housing makes a substantial contribution to improving welfare and social cohesion while also being an important facilitator of economic opportunity and wealth creation through offering better access to educational institutions and stimulating entrepreneurial activity.

More specifically, the study revealed that of the 500 respondents, 72% believed their quality of life had improved, while only 3% thought the move to the development had had a negative impact. Respondents felt most strongly about having an increased willingness to help improve the neighbourhood, feeling safer, belonging to the community, as well as believing that the unit offers good value for money. These results are displayed in Figure 5.

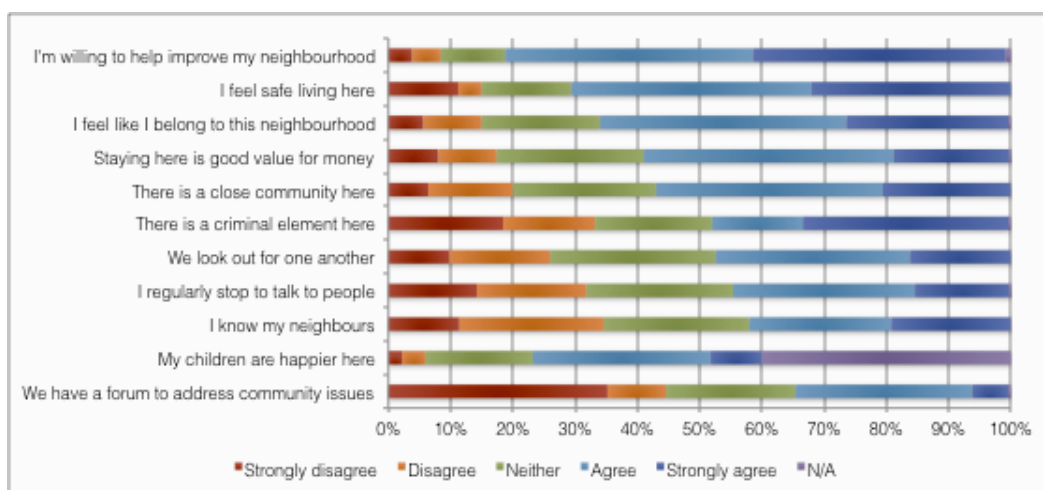


Figure 5. Welfare ratings concerning the development across all respondents

The most notable improvements to personal lives were seen in respect of leisure time and social life, health and access to educational and employment opportunities as disclosed in Figure 6 below. The results, coupled with issues of improved safety and financial considerations, spoke directly to the reasons listed by the respondents as to why they had initially wanted to move to the new affordable housing development. This is a positive result that reiterated the fact that the developments are in fact speaking to the needs of the users.

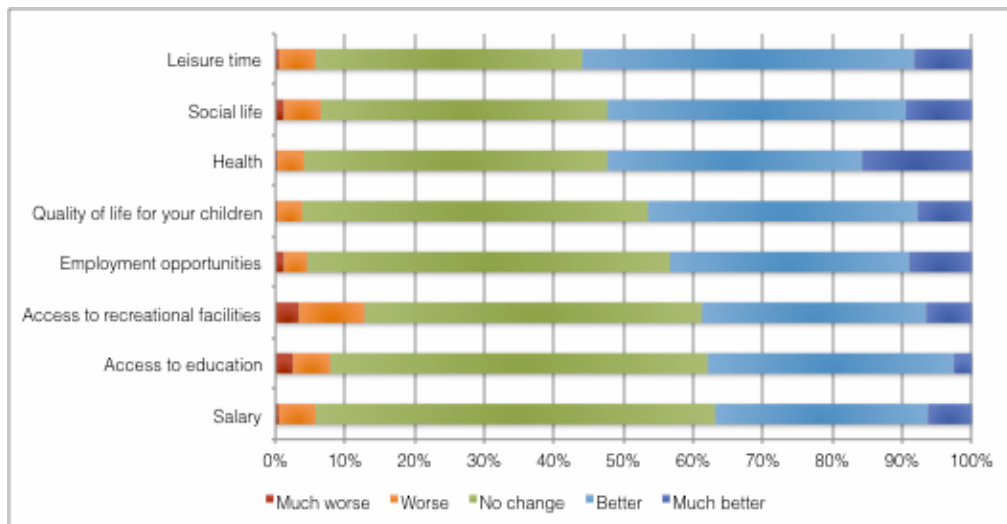


Figure 6. Total personal welfare improvement across all respondents

The literature as well as the research undertaken by institutions such as International Housing Solutions suggests that social housing can provide important social benefits such as an improvement to leisure time and health. It also suggests that appropriately delivered social housing units can result to broader benefits that go well beyond the provision of accommodation.

4. CASE STUDIES

Three developments were identified by GPF that could shed light on the benefits gained and challenges faced by GPF in delivering on its mandate. One development that epitomises the Rental Housing Fund (Montrose Mansions/Philadelphia in the Johannesburg CBD), one representing the Social Housing Fund (Tau Village in the Pretoria CBD) and one from the Entrepreneur Empowerment Property Fund (Legae in Kempton Park) Programme have been selected for closer review. Although these cases do not intend to cast general statements on the funds, the sample intends to reveal the array of successes and challenges that the development of various types of affordable housing provide. To achieve this, a history of the selected developments as well as interviews with users, managers, investors and GPF employees are detailed below. Five tenants at each development were interviewed; the interviewees tried to select different age, marital and language groups.

4.1 THE CASE OF MONTROSE MANSIONS

Situated on Erf 4851 in Central Business District (CBD), Montrose Mansions (also known as Philadelphia) was developed by Masaleng Investments (Pty) Ltd. Construction of the 120 bachelor and one-bedroomed units started in February 2008 when Maseleng noticed an unmet demand for low cost units in the area. Originally, the twelve-storey building was unsafe with the risk of hijackings being substantial while hawkers, who used the top floor for storage purposes, added to the security risk. Consequently, Maseleng redeveloped the building through Urban Development Zone facilities to satisfy housing demand and to safeguard the area.



Figure 7. Exterior of Montrose Mansions

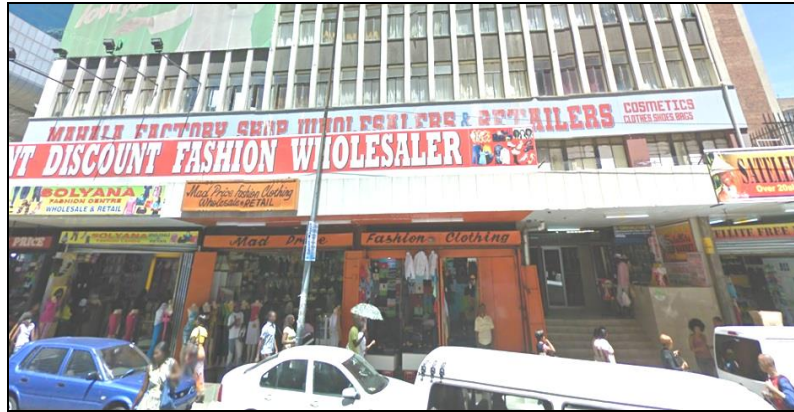


Figure 8. Entrance to Montrose Mansions



Figure 9. Interior of Montrose Mansions

As per the latest site inspection, conducted by GPF in September 2013, Montrose Mansions was being repainted while the building was otherwise well maintained. It also has sufficient security measures in place in the form of tag access points at security gates and visible security guards. As a result, Montrose Mansions has had a positive effect on the area since development, contributing to increased safety through more visible security measures. Additionally, the convenience and centrality of the development relative to other locational points of interest as well as the value for money of units in Montrose Mansions are the driving factors behind its popularity. Consequently the development currently has a temporary vacancy rate of around 3%, where the available units are in the process of being occupied.

One user moved to **Montrose Mansions/Philadelphia** with his wife almost a year ago when the unit they were staying in underwent renovations. They have subsequently stayed on in the development as they have found it conveniently located to work (about 30 minutes away) and has good access to public transport and the amenities of Johannesburg's CBD. Although this user asserts that his quality of life has become much better (ranked 5/5) since having moved to Montrose Mansions, his job and family situation would necessitate a move out of the development. One concern, however, pertains to children's safety when on the rooftop area, which is currently being used by the residents for laundry purposes. Furthermore, despite the fact that he does not know the effect the development has had on

the area, he is very satisfied with the development, emphasising the value and importance of having a responsible and active caretaker.

Another tenant is an engaged man of 32, living with his fiancée and two children. Both adults are employed and share all the household costs. He has been living in this flat more than a year and intends staying there for at least a further three years. He says that he would only consider moving before then if the rent increase became too high, as the development is centrally located, especially in respect of the children's school and access to public transport. Despite being a car owner, he takes a taxi to and from his place of work as it is somewhat further afield. This means that he has to park the car elsewhere and pay for parking which he feels is rather expensive. He has a matric, having attended school in KZN, and both speak isiZulu and English. His children attend school in the Johannesburg CBD.

4.1.1 TENANT PROFILE of PHILADELPHIA

- Five tenants were interviewed to provide a better prospective of the tenants in the building.
- One respondent was between the ages of 20 and 29, with a further three aged between 30 and 39, one aged between 40 and 49 and one age between 50-59 years of age. More males were interviewed than females.
- Three interviewees have children.
- In assessing the origin of tenants, the survey suggested that most tenants were not from Johannesburg, but rather come from Limpopo, Polokwane, East London and Ethiopia and Zimbabwe.
- Four of the tenants were employed and agreed that their financial situation had improved since moving into the development citing the central location of the development being the most important factor, while one had recently been retrenched and was unhappy to leave Philadelphia.
- Of those interviewed, the highest earner is a specialised nurse who works overtime and earns between R10, 001 and R15,000 per month. Another earns between R7,001- R10,000. Those earning less were sharing costs of the rental. The retrenched tenant who had sold his car in order to pay rent; recently this tenant has had to leave the building.

4.1.2 RENTAL UNITS of PHILADELPHIA

- A one-bedroomed flat is renting for roughly R2, 650 per month.
- Three believed the rental to be too high and four believed that it would be difficult to find better and cheaper accommodation elsewhere.
- In responding to the quality of the units, responses varied; two rated them good while two rated them fair and one rated them poor. The majority rated the safety and security to be good with a responsible caretaker. The location of the Philadelphia units in the JHB CBD may have played a role in this respect.
- *Quality of development and management:* Most of the interviewees were not satisfied with the development as maintenance was not kept up. Also a tenant complained

that Management was invisible and since he become unemployed it become harder to communicate and renegotiate his lease.

4.1.3 LOCATION OF THE PHILADELPHIA UNIT

- *Proximity to churches, recreation facilities, hospital and police:* All five interviewees was that the units were well located, with a convincing majority indicating that the development was in close proximity to churches, recreation facilities, hospitals and the police.
- *Proximity to family and friends:* Responses remained mixed; four responded to being “highly satisfied”; while one tenant felt that the unit was some distance from friends and relatives. It is understandable as some tenants are from other neighbouring countries and families often located outside of Johannesburg.
- *Proximity to work:* All five were of the view that their rented unit was close to their place of work, and it was often the primary reason cited for the initial move to the unit.
- *Proximity to primary and secondary schools:* This question was only applicable to households with children, where the one was satisfied with the distance to educational institutions.
- *Proximity to technikons and universities:* Only one interviewed replied to this question and indicated that Philadelphia was well located in this regard,
- *Access to public transportation:* All tenants were extremely satisfied that the development was close by as this allowed them to save money at the end of the month as some of them used taxis as mode of transport
- *Transportation considerations:* Two of interviewees can get to work within 15 minutes and the three other get to work within 30 minutes. The survey revealed that two walk, and the other three uses a taxi costing them around an average of R560 per month. It’s worth underlining that the ability to walk to work can have a significant impact on household income in reducing the proportion of total salary allocated to transportation, thereby freeing it up for alternate uses.

4.1.4 WELFARE ASPECTS AT PHILADELPHIA

The following questions attempted to ascertain the impact that GPF units had on the overall welfare and wellbeing of the tenants occupying these units:

- *Access to employment:* three tenants were of the view that their access to employment was “better” or “much better” after the move to their present location while two thought it was “fair”
- *Access to education:* In particular, three of residents located in the CBD were of the view that their access to education had become considerably better being closer to university and colleges
- *Social life:* This factor received the highest rating with four concurring that their social life had improved.
- *Leisure time:* Three of interviewees felt their leisure time had become “much better/better”, with the remaining two residents indicating that it had remained the same.

- *Access to sports and recreation:* Only one of the interviewees indicated that this aspect of their lives had improved.
- *Impact of their housing situation:* Four respondents were more of the view that the situation had not really changed, only one gave positive answer.
- *Monthly income:* Four of the respondents were of the view that their financial situation had improved since moving to the development.
- *Health and wellness:* Three respondents felt that their health was fair and two gave "better" as the quality of the units was better and this affected their health and wellness (no leaks).
- *Impact of the development on the neighbourhood:* While two of interviewees were unsure of the impact that the GPF development has had on the neighbourhood, one indicated that they felt the impact had been positive and the other one felt it had been negative; possibly reflecting the fact the development is located in the Johannesburg CBD and there are many different language groups.
- *Overall satisfaction:* Four of the five respondents were "most satisfied" and "very satisfied" with the unit, the maintenance and hence living in a GPF development, while one claimed to be "partially satisfied". No negative replies were recorded, with many indicating that the unit served them well for the point that they are in their lives.
- *Do you like the neighbourhood?* Two of respondents claimed to like the neighbourhood and three gave "fair" as a response.
- Further comments from an open-ended question raised the following points (where the number in brackets indicates the frequency with which the point was made):
 - Maintenance issues (water leaks etc.) not timeously attended to (4)
 - Nice, comfortable units (1)
 - Painting of walls needed (1)
 - Quality of management not visible to tenants (1)
 - Caretaker is a good responsible person (1)

4.2 THE CASE OF TAU VILLAGE PRETORIA CBD

Located at 279 Struben Street in Tshwane, the construction of Tau Village's 109 units started in February 2010. Of these units, it provides shelter for 20 girls-at-risk from Lerato House, a bed for 8 elderly people, a crèche for 24 children and 2 units for the physically challenged. There are also 5 ground floor commercial units, as well as 81 self-contained housing units. These residential units are predominantly bachelor flats, where Tau Village stands three stories tall.

Prior to government involvement, the building was a dilapidated and notorious drug den and brothel where child prostitution was rife, and attracted many unsavoury activities and people. The two existing blocks were renovated and a third one added at the back. From a building design stance, commercial space and restaurants occupy the majority of the ground floor creating an interactive, accessible and welcoming space, while the residential units are situated above. Intermediate courtyards connect the three blocks, introducing the concept of space connecting space and functions connecting functions. As a result, Yeast City Housing admitted that there were many important lessons to be learnt on how to carefully and sensibly integrate such varying uses in one development. Furthermore, the development's

impact on the surrounding area has been limited by a lack of investment by owners of adjoining properties, such as the shebeen. Consequently, Yeast City Housing has attempted to purchase these properties so as to allow Tau Village to make a greater impact on the area, in such a way amplifying the impact it could have on urban regeneration in the area.



Figure 10. Exterior of Tau Village

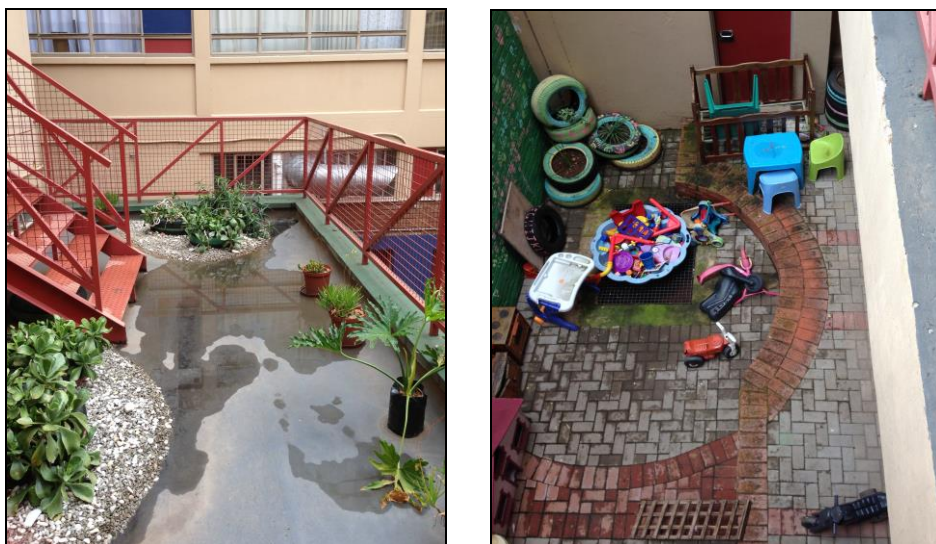


Figure 11. Planted roof of Tau Village and the crèche's play area



Figure 12. Interior of Tau Village

This mixed-use development is in close proximity to the National Library, National Zoological Gardens, government departments and retail stores, including Blood Mall. Furthermore, it is located on one of the major transport routes and is a block away from the local taxi rank. Based on a September 2013 site visit, Tau Village is well maintained, clean and in a good condition with sufficient visible security controls in place. In terms of security, electrical wiring surrounds the building and there is a security gate at the entrance that requires the use of an access tag.

Tau Village was constructed for Yeast City Housing at a total cost of R30 million. GPF contributed about R9 million towards the total R15 million loan finance, while grants of R1 million and the Provincial Housing Subsidy of around R15 million accounted for the remaining amount. In fact, in 2009/2010 it was the only recipient of the scarce National Social Housing subsidy (also known as the Capital Restructuring Grant) in Gauteng because of the great model it posed for urban regeneration and social inclusion in the province.

In 2012, Yeast City Housing circulated a questionnaire to the users of the affordable housing space to determine and quantify their satisfaction levels. Although the response rate was less than 50% of the users, the overwhelming notion was that users are generally satisfied with their units and the development, and used the questionnaire as an opportunity to air their concerns and grievances. The greatest concerns centred around recreational space, security and parking. Being located in Pretoria, there is already a general lack of parking availability. The development does not have sufficient space to accommodate all vehicles off street and residents do not feel safe parking their vehicles in the dark streets.

One user has been living in **Tau Village** with her two children, both under the age of 14, Since September 2013 having moved there to be within walking distance to work and school. In their previous place, the children found little time to play or do homework as the commute to and from school left them tired and with little free time. As a result, the move to Tau Village has made her and her children's' lives much better (5/5) as it is clean, has space for the children play, and is close to social and recreational amenities as well as an array of public transport options.

She also loves the definite sense of community that she experiences while living there which adds to the element of safety. This is especially important for her as she works shift work, leaving her children alone at night. Improved security and safety are the two factors that she believes have improved significantly since Tau Village was developed, as despite the brothel next door, criminal activity and loitering has been kept to a minimum and the surrounding streets are far less chaotic and unsafe.

Another young man residing in **Tau Village** having originally come from Polokwane, using the development as a stepping-stone to something else after he gets married shortly. He is physically disabled, relying on a wheelchair for movement. He is happy in Tau Village as the development allows him to be mobile by accommodating his disability needs. His one concern, however, was that as a disabled person he felt strongly that fire hydrants were not properly secured and that no fire escape routes were identified. Furthermore, he uses his car to commute to work, stating that parking for disabled is an issue.

Tau Village is an example of how derelict and forgotten spaces and buildings can be turned into vibrant, safe and viable developments satisfying a mix of uses and incomes. It offers a unique approach to social housing and is considered a good model for a more socially and economically inclusive strategy for urban regeneration. As a result, the Gauteng DLGH nominated it for the UN Habitat Scroll of Honour Award as it stands to illustrate how the provincial government want to develop cross-sectoral partnerships that help build sustainable human settlements to uplift South African citizens. It also lends itself to replication, providing a blueprint for the provision of high-quality affordable accommodation that speaks to broader socio-economic redevelopment strategies.

4.2.1 TENANT PROFILE OF TAU VILLAGE PRETORIA CBD

- Six tenants were interviewed at Tau Village.
- Two of the respondents were between the ages of 20 and 29, with four aged between 30 and 39, making it appear as though the developments primarily attract and maintain financially stable people
- One of the interviewees was single and had no children. One has one child and four have two or more children
- In assessing the origin of tenants, the survey suggested that most tenants were not originally from the city that they presently live, but rather come from Zimbabwe, Limpopo, Polokwane, Rustenburg, 16.7% were from Pretoria CBD
- All interviewed were employed.
- Five of the six of the interviewees agreed that their financial situation had improved since moving into one of the GPF-funded developments.
- Three respondents earned between R7,001-R10,000, two were earning between R10,001-R15,000 and one was earning between R3,501-R4,500.

4.2.2 TAU VILLAGE UNITS

- A one-bedroomed flat is renting for roughly R 1,980 per month; a majority of tenants believed the rental to be fair and that it would be difficult to find better accommodation elsewhere.
- The quality of the units varied between interviewees, with four being most satisfied, three, satisfied and one least satisfied.
- In terms of unit size, half of the respondents were satisfied while the other half gave satisfied and partially satisfied.
- With regards to safety and security, Tau Village provided high levels of satisfaction.
- *Quality of development and management:* Four of the six of the interviewees were satisfied with the development's quality and management.

4.2.3 LOCATION OF TAU VILLAGE

- *Proximity to churches, recreation facilities, hospital and police:* Five of the respondents concurred that the units were well located with a convincing majority indicating the development was in close proximity to churches, recreation facilities, hospitals and the police

- *Proximity to family and friends:* Responses remained mixed, with four being “highly satisfied”; while most of the remaining respondents felt that they were some distance from friends and relatives. It is understandable as some tenants are from other neighbouring countries.
- *Access to extended family:* the same as the above overall view was that the units provided poor access to extended families as it is not unreasonable to assume that the extended families are located in other cities across South Africa.
- *Proximity to work:* All six tenants were of the view that their rented unit was close to their place of work, and it was often the primary reason cited for the initial move to the unit.
- *Proximity to primary and secondary school, technikons and university:* This question was only applicable to households with children; four that answered were satisfied with the distance to educational institutions.
- *Access to public transportation:* All six tenants were extremely satisfied that the development was close by although five of the six tenants walk to work, while one either uses taxi or get a lift those who use a taxi will spend on average R440 per month.
- *Transportation considerations:* The majority (five of six) of tenants can get to work within 15 minutes and they rest get to work within 30 minutes. It’s worth underlining that the ability to walk to work can have a significant impact on household income in reducing the proportion of total salary allocated to transportation, thereby freeing it up for alternate uses.

4.2.4 WELFARE ASPECTS AT TAU VILLAGE

The following questions attempted to ascertain the impact that GPF units had on the overall welfare and wellbeing of the tenants occupying these units:

- *Access to employment:* Five tenants interviewed were of the view that their access to employment was “better” or “much better” after the move to their present location, while only one of those interviewed, though it was fair; had not changed.
- *Access to education and social life:* Both of these received high ratings from all of the six tenants and agreed that residents located in the CBD had better access to education and social activities.
- *Leisure time:* four of the six of interviewees felt their leisure time had become “much better”, with the remaining residents indicating that it had become “better”.
- *Access to sports and recreation:* Four interviewees indicated that this aspect of their lives had improved, while two did not answer this question.
- *Impact of their housing situation:* Three respondents felt that their housing situation had become “better” and the other three gave “fair” as their response meaning the situation remained the same.
- *Monthly income:* Four of the six of the respondents were of the view that their financial situation had improved since moving to the development while the rest did not think so or it stayed the same.
- *Children’s quality of life:* Although not many respondents had children, one replied that she believed the quality of life had improved.
- *Health and wellness:* All six respondents felt that their health had become “much better”

- *Impact of the development on the neighbourhood:* The majority namely, five of the six are of the opinion that the neighbourhood has improved although on one side there is an undesirable building which worries parents with children.
- *Overall satisfaction:* Four of respondents were “most satisfied” and “very satisfied” with the unit, the maintenance and hence living in a GPF development, while two claimed to be “partially satisfied”. No negative replies were recorded, with many indicating that the unit served them well for the point that they are in their lives. Tau Village is very special in that it caters for disabled persons. Many interviewees emphasized a very strong community spirit even if there are many different ethnic groups.
- *Do you like the neighbourhood?* Most of respondents (five out of six) claimed not to like the neighbourhood and one did.
- Further comments from an open-ended question raised the following points (where the number in brackets indicates the frequency with which the point was made):
 - Improve parking (3)
 - Sound proofing of units needed (2)
 - Children’s facilities are needed – perhaps a little garden (1)
 - Secure fire hydrants and other health and safety issues (1)
 - Development has a community spirit which is very important to working persons (2)

4.3 THE CASE STUDY OF ERF256 KEMPTON PARK/LEGAE

Erf 256 or Legae, Kempton Park is located at 76 Kempton Road, Kempton Park, and falls under the Ekurhuleni Metro Municipality in the East Rand. Construction of the Greenfield development began in October 2012, and is a 100% affordable housing development that is currently fully occupied. Standing 3 storeys tall, it offers 22 units of about 55m², where all but a handful is two-bedroom units with a bathroom. Monthly rentals for these units are R4, 300 while one-bedroomed units ask for R3,700.



Figure 13. Courtyard of Legae Kempton Park



Figure 14. Interior of Legae Kempton Park

The development is easily accessible to numerous community facilities such as Arywp Medical Centre, Festival Walk Shopping Centre and educational institutions. It also has good connectivity with the R21 road network connecting Pretoria, Johannesburg and the East Rand, while O.R. Tambo International Airport is approximately 2 kilometres away. There is also good rail connectivity with Gautrain's Rhodesfield station being the only station where the Gautrain and Metrorail link up. As a result, demand for affordable residential accommodation in Kempton Park is robust, with the area having a relatively high concentration of industrial activity and being situated next to TimbiSha Township.

Although new to the property market, Tsebo's Consumables Supply CC has been in existence since 2007 and is wholly owned by a historically disadvantaged individual. At a total development cost of almost R8.5 million, GPF contributed about 57% of the funding through both an interest-free loan and an interest-bearing facility.

The appeal of the project to investors, over and above the financial numbers, is that the development has had a positive impact on the area as it is of good quality both internally in the units and externally as a housing complex. This contribution to the urban upliftment of the area is a theme that is common to Legae and has had a positive impact on the neighbouring properties with similar developments being developed in the location. This has meant that increased numbers of people are being drawn into the area, increasing the appeal and demand for this type of housing in the location.

One user, who has been living in a two-bedroom unit with his younger brother, chose **Legae** Kempton Park as it was a conveniently located and reasonably priced option for them both. Because they have only been staying in the development for a couple of months, he was not familiar with the area prior to the development being built; however, does feel that Kempton Park CBD is in need of urban interventions.

He believes that the development offers good access to transport, where he makes use of taxis and/or trains to make the hour-long commute to work. This convenience and the locational attributes, coupled with the fact the development is new and clean, has meant that the user said that his overall quality of life had become better (ranked 4/5) after the move to

Legae. He reported that his independence had also improved, but that ultimately his choice of where he will locate residentially will be based on his location and type of employment. A middle-aged, single Xhosa woman moved to Kempton Park from East London about a year ago for work reasons and is happy in her job as a nurse and where she stays. This resident is very independent and said that she would move from here only to buy a house. She has a car, which she uses to do the 40-minute commute to and from work. She is also looking after her niece's son. **Legae** was well-located in Kempton Park for his school, taking him just less than 30 minutes to get there. She felt that her financial situation had improved and that although the rental was a bit high it was cheaper than her previous flat but the area is quieter.

4.3.1 TENANT PROFILE

- Five tenants were interviewed.
- Three respondents are of the ages of 20 - 29, while one aged 30 - 39 and the other 40-49.
- Three of the interviewees have children of which two have one child, one has two and one has no children. Of the interviewees, two were married and three were single.
- In assessing the origin of tenants, the survey suggested that most tenants were not originally from the city that they presently live, but rather come from Limpopo, Polokwane Zimbabwe,
- All five tenants interviewed were employed and three of the interviewees agreed that their financial situation had improved since moving into one of the GPF-funded developments. Two share their incomes in the household
- The income profile of the tenants is depicted as follows:
- Three of the tenants earn between R7,001-R10,000 and one earns more than R15,000, one tenant did not give an answer.

4.3.2 LEGAE UNITS

- A two-bedroomed flat is renting for roughly R4,100 per month, while a one-bedroomed unit is renting at R3,800. Three of tenants believe that the rentals are high, and two of the tenants believed that they could not get better accommodation for what they were paying now.
- The quality of the units varied between interviewees, with three being most satisfied.
- In terms of unit size, three of respondents were satisfied while two gave a 'fair' citing that there are no cupboards in bathroom and bedroom.
- With regards to safety and security; all five tenants were very satisfied, regarding the quality of development; three of the five were satisfied with regards to the management of Legae four provided high levels of satisfaction and one said could not reply as he had been there for a short time.

4.3.3 LOCATION OF LEGAE

- *Proximity to churches, to recreation facilities, to hospitals, to police stations and to family and friends:* three respondents thought the unit was close to churches, hospitals and police stations while two gave a fair as a response. Overall the tenants did say that Legae is not as central as they would like it to be.
- *Access to extended family:* Results varied, two were close to extended families while the other three not really giving a “fair” score.
- *Proximity to work:* Two were of the view that their rented unit was close to their place but the other three were not in agreement. In reality the location of Legae is not too central when compared to the two other case studies. This is reflected in the proximity to transport.
- *Proximity to primary and secondary schools:* This question was only applicable to households with children and only one tenant replied and was not very satisfied with the distance to educational institutions.
- *Proximity to technikons and universities:* Only one tenant replied with not satisfied as colleges and schools are in the Kempton Park CBD.
- *Access to public transportation:* Three residents from Legae were less satisfied, and showed the largest proportion of people using a vehicle and sharing transportation while two were satisfied.
- *Transportation considerations:* One of interviewees can get to work within 15 minutes, one within 30 minutes and, three under an hour. Although there was a general positive view regarding the location of units, comments were nonetheless made about the distances to work and educational institutions.

4.3.4. WELFARE ASPECTS OF LEGAE

The following questions attempted to ascertain the impact that GPF units had on the overall welfare and wellbeing of the tenants occupying these units:

- *Access to employment:* Most tenants were of the view that their access to employment had not really changed only one said that it had improved the situation.
- *Access to education:* Two gave a high rating; two said it was fair while one gave a poor rating.
- *Social life:* Three interviewees said that their social life had improved while for two it remained the same
- *Leisure time:* three of interviewees felt their leisure time had become better while the other two had said it had not changed.
- *Access to sports and recreation:* Three interviewees indicated that this aspect of their lives had not really improved as this development was not close to these facilities while two said yes but one had to take a taxi or a bus to get there.
- *Impact of their housing situation:* three of the respondents felt it to be much better, one retained it was fair and the other one said did not improve their impact on the housing situation.

- *Monthly income*: half of the respondents were of the view that their financial situation had improved since moving to the development, while the other half replied that nothing had really changed.
- *Children's quality of life*: Although not many respondents had children, two felt that their quality of life had improved.
- *Health and wellness*: two agreed that the health had improved while the other said no change and one hadn't lived there long enough to give an answer.
- *Overall satisfaction*: Most of respondents were "most satisfied" and "very satisfied" with the unit, the maintenance and hence living in a GPF development, while one claimed to be "partially satisfied". No negative replies were recorded, with many indicating that the unit served them well for the point that they are in their lives.
- *Do you like the neighbourhood?* three of respondents claimed to like the neighbourhood and the other two % gave "fair" as a response
- Further comments from an open-ended question raised the following points (where the number in brackets indicates the frequency with which the point was made):
 - Improve parking as not sufficient (3)
 - Carports needed (2)
 - Good management
 - Improve Kempton Park- it's an old CBD.

5. PRIMARY RESEARCH STUDY OF GPF DEVELOPMENTS

5.1 TENANT INTERVIEWS AT GPF DEVELOPMENTS AND PROJECT/PROPERTY MANAGERS' QUESTIONNAIRE

The comprehensive tenant research had two critical objectives. The first was to assess the indirect benefits that tenants derive from the surveyed units; these include access to a secure living environment, employment opportunities, schooling and health. It also implies that the research considered the secondary social benefits that tenants experience arising from the occupation of GPF funded properties. The research was based on a questionnaire directed at tenants in the three different categories of funds over eleven developments

Through the interviewing of fifteen property managers and project managers the research determined the impact that the surveyed housing developments create during the construction phase and the management of the properties. This includes the employment opportunities that the construction process creates, as well as the employment opportunities associated with the management of the properties.

In designing and implementing the survey all standard research protocols were followed. An initial set of interviews were undertaken with tenants in three properties (reflecting the three different funds and reported in the previous section of the report). These initial interviews provided important input and views which informed the second phase of the interviewing process. With the exception of two developments in the initial research phase (regarding the case studies), all interviews were handled face-to-face.

The questionnaire comprised four different sections. The first dealt with the general socio-economic characteristics of the tenants of the unit.

The second, focused on the occupation of the building and perceptions relating to the services provided. It included questions relating to rentals, reasons for renting the unit and reasons to leave the presently occupied units.

The third attempted to ascertain the satisfaction the units provide.

The fourth and last section of the questionnaire focused on the impact that the residential units and the overall well being of the tenants.

Whilst the Property/Project Managers' questionnaires provided valuable data, they sometimes found it difficult to provide data on issues such as, the quantum of skills and unskilled individuals employed during the construction and continued employment in managing these properties. Some projects are still being constructed so data on the wage bill is not available. The questionnaires with most data were selected as these proved valuable in the overall comments

In understanding the research outcomes it should underlined that the surveyed developments are at different levels of construction and others completed and occupied.

Interviews were undertaken at the following completed developments,

Investor	Name of development and Location	Fund	Status of Development
*Tsebo Consumable Supplies Pty Ltd	Erf 256 Lagae Kempton Park	EEPF	Complete
Castle Crest Properties	Joe's Place Pretoria	EEPF	Complete
Aquarella Investment 4339	85-87 Quartz Street JHB CBD	EEPF	Under construction
Clearwater	Four Seasons Ext 7 Discovery Florida	EEPF	Under construction
Zakhele Investments	78 Kempton Park Drive Kempton Park	EEPF	Under construction
*Yeast City Housing	Tau Village Pretoria CBD	Social Housing	Complete
Madulammoho	Jabulani Views Soweto	Social Housing	Complete
JHC	Brickfields Newton JHB	Social Housing	Complete
JHC	Ukhamba Mansions Berea	Social Housing	Complete
JHC	Lethabong Pritchard St, Jhb	Social Housing	Complete
JHC	Hlanganani, Cosmo City	Social Housing	Complete
*Maseleng Investments	Philadelphia JHB CBD (Montrose Mansions)	Rental	Complete
Lionshare New Properties	Lubracco House HB CBD	Rental	Complete
Meilijian cc	City Link Kempton Park	Rental	Complete
Crimson Clover/Trafalgar	Ascot House	Rental	Complete
Tenitor Properties	The Ridge Hotel	Rental	Complete
Highlands Urban Living Pty Ltd	Highlands Lofts	Rental	Complete
* Interviews were carried out as part of the case studies research prior to the larger sample being done			

Table 3 : The three funds and respective developments

Investor	Name Of Development and Location	Unit		
		Bachelor	1-bed	2-bed
*Tsebo Consumable Supplies Pty Ltd	Erf 256 Lagae Kempton Park			
Castle Crest Properties	Joe's Place Pretoria	21	21	1
Aquarella Investment 4339	85-87 Quartz Street JHB CBD	27	10	13
Clearwater	Four Seasons Ext 7 Discovery Florida	0	9	21
Zakhele Investments	78 Kempton Park Drive Kempton Park			
*Yeast City Housing	Tau Village Pretoria CBD	66	15	0
Madulammoho	Jabulani Views Soweto	0	140	160
JHC	Brickfields Newton JHB	5	165	555
JHC	Ukhamba Mansions Berea	92	95	35
JHC	Lethabong Pritchard St, Jhb	28	74	30
JHC	Hlanganani, Cosmo City	0	85	196
*Maseleng Investments	Philadelphia JHB CBD (Montrose Mansions)	12	144	0
Lionshare New Properties	Lubraco House HB CBD	54	12	0
Meilijian cc	City Link Kempton Park	0	4	18
Crimson Clover/Trafalgar	Ascot House	20	15	10
Tenitor Properties	The Ridge Hotel	10	243	0
Highlands Urban Living Pty Ltd	Highlands Lofts	123	12	0

Table 4.GPF developments; unit typology

- The surveyed developments offered a range of properties, from bachelor flats to two-bedroomed units. These have specific characteristics and dynamics and hence care must be taken in deriving general conclusions.
- Whilst the Property/Project Managers' questionnaires provided valuable data, they sometimes found it difficult to provide data on issues such as, the quantum of skills and unskilled individuals employed during the construction or refurbishment and continued employment in managing these properties. The questionnaires with most data were selected as these proved valuable in the overall comments

5.1.1 The Project/Property Manager's Questionnaire

The purpose of the project/property manager's questionnaire was to ascertain the financial and social characteristics of the surveyed developments from the perspective of the developer/investor. In particular, the questionnaire attempted to ascertain direct and indirect employment opportunities, the transfer of skills, employment of males and females. These surveys also attempted to determine the use of new technologies such as green technologies. Consideration was also given to expected financial returns, and aspects of the project that the developer would and would not repeat.

Sample of this Questionnaire is in the Annexure section end of the report.

5.1.2 Results of Project/Property Manager's Questionnaire Data

5.1.3 Social Objectives of the Development

Most project managers and property managers surveyed were of the opinion that the developments fill in the gap in the rental market and that they provide affordable and centrally located units for the lower/affordable end of the housing market.

5.1.4 Characteristics of the GPF funded units

The characteristics of the surveyed units are summarized as follows and information has been extrapolated from the Property Manager's information as some of the tenants supplied rentals including water and lights amounts.

- Bachelor units vary in size from 25 m² to 35 m² average being 30, 4 m².
- The average rental per month for a bachelor is R2, 320.00/month.
- The one bed-roomed unit are between 30 m² and 39 m² average being 34,7m².
- A one bed-roomed flat average rental is R2,820.00/month.
- The majority of units are one-roomed.
- Rentals in the two-bedroomed units average R3, 960.00/month, with average size being 53m².
- Some units have been renovated/refurbished while others have recently been completed.

Types Of Units	Joes Place	Four Seasons	Aquarella	The Ridge	Lubraco House JHB CBD	Ascot House Jhb	Philadelp hia	Highlands Loft	City Link	Lethabo ng	Tau Village	Ukhamba	Brickfield s	Hlangan ani	Jabulan i Views
Total Units bachelor	21	0	27	10	54	20	12	123	0	28	66	92	5	0	0
sqm	35	0	28		22	21		30	0	33	30	25	29	0	0
Rental	R2,900	0	R2,500	R2,200	R2,200	R2,500	R1,650	R3,200	0	R2,340	R1,500	R2,200	R2,300	0	0
Total Units 1 bedroom	21	9	10	243	12	15	144	12	4	74	7 (8 lofts)	95	165	85	140
sqm	38	35	34		32	30		35	33	35	50(54)	30	39	37	30
Rental	R3,200	R3,800	R2,900	R2,600	R2,400	R3,000	R2,650	R3,800	R3,200	R2,975	R2,822 R2,886	R2,700	R3,380	R2,042	R750
Total Units 2 bedroom	1	21	13	0		10	0	0	180	30	0	35	555	196	160
sqm	100	45	40	0		44	0	0	45	50	0	44	51	52	40
Rental	R4,900	R4,500	R3,400	0		R3,800	0	0	R4,300	R4,156	0	R3,900	R4,526	R4,100	R2,100
	EEPF					Rental Fund					Social Housing Fund				

Table 5. The Developments' Rentals and unit typology; information supplied by Project and Property Managers

5.1.5 Construction Phase Alternative Building Technology and of Technology in general

Project managers were asked if any alternative or new building technology was used in the development process of the buildings. Amongst the prevalent answers managers installed heat pumps in the buildings increasing energy savings by 60%. Also solar geysers and lighting outdoor systems had been installed. New technologies have also been included to improve security through high technical access system. This includes the use of 'tagging systems' system. Pre-paid electricity meters management systems facilitate electricity issues.

5.1.6 Success of Project and in Meeting Community Needs

The managers were asked to rate the success of the project by ranking (from 5 being very successful to 1 being very poor, and 3 being average) various questions which are represented in the Table 6

5=Highest 1= Lowest	Total managers answered	5	4	3	2	1
Overall Success of project including financial(economic returns)	14	6	6	2		
Social Objectives were met	14	10	3	1		
Quality of housing	15	8	7			
Tenant satisfaction	13	7	6			
Environmental objectives	14	3	6	5		
Location	14	7	5	2		
Management of project	15	4	6	4		
Meeting Financial objectives	15	6	4	4	1	
Promotion BEE	15	9	4	1		

Table 6. Success of project's results

Fifteen managers replied as a number of developments are still under construction and they cannot forecast this. The conclusion is that social objectives are being met, although project management, meeting financial objectives, and the meeting of environmental objectives received the most dispersed views. Most project and property managers believe that their development had been successful in meeting the needs of the community. Those that gave a low rating were of the opinion that location and studying the area well before starting a development was key to meeting community needs.

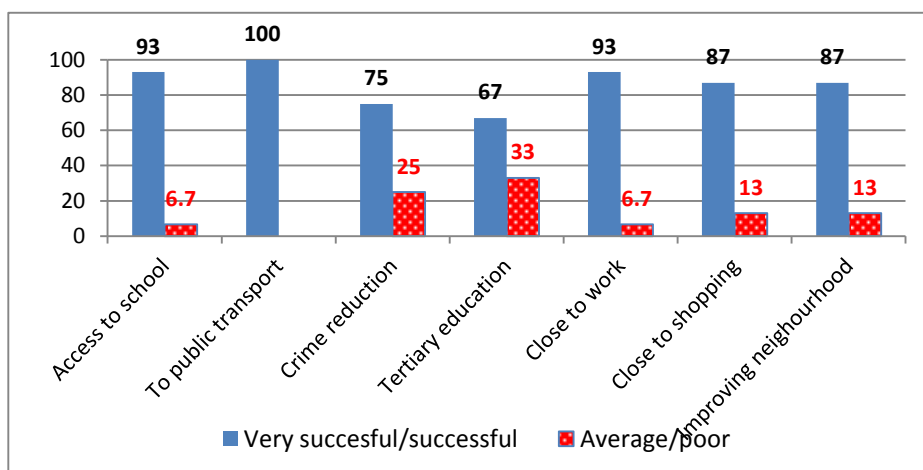


Figure 15. Percentage rating of project in meeting community needs

5.1.7 Employment Creation

The employment creation potential falls into two broad categories. The first comprises the employment opportunities that are directly created through the property development process while the second relates to the ongoing employment creation that these developments create through the property management function.

Of the fifteen project manager/property managers interviewed few were in a position to complete all the questions asked. Below is a sample over the three Funds' employment figures, these include skilled, semi-skilled and unskilled persons employed. Under construction this also includes persons employed for renovation/refurbishments of developments.

	Females Employed	Males Employed	Females Employed	Males Employed	Females Employed	Males Employed
Construction Period	28	241	5	333	Data not provided	Data not provided
Post Construction Period	10	16	13	21	5	14
	Rental Fund		EPPF		Social Housing	

Table 7. Number of females and males employed over the funds

Level of Skill	Monthly Wage
Skilled	R7,750
Semi-skilled	R3,600
Unskilled	R2,200

Table 8. Average Monthly wages for various skilled personnel

The Project/Property Managers' surveys suggest that a transfer of skills did occur during in most of the developments. This included the following;

- Training of junior staff and supervisors during the construction process.
- More training is being done during the post construction; including customer service training and property management training.
- All managers interviewed have some level of training taking place.
- The on going jobs created are in sectors such as security guards, cleaners, property managers and caretakers.

5.1.8 Lessons Learnt

In this question the Project/Property Manager's were asked to determine, what three aspects of the project they would repeat and three they would not repeat. The results were as follows;

Positive	Involve community and build affordable units	Access control (biometric) to building to ensure safety, security of tenants	Use Marley Roof tiles cost effective reduces maintenance costs	Use face brick reduces maintenance costs
	Build in an established area/ strategic location (4)	Build good quality units (4) and attain decent return on investment	Good working relationship with project team, involve individuals who are experts	Funder's interests are observed and respected
	Basic principles of affordable rent	Investment risk vs investment returns	Budget practice, get it right the first time	Integrated developments
	Roof washing lines			
	Provide plenty of parking space	Location is one of the most important factors	Using energy saving heat pumps and solar geysers and outdoor lights	Use granite tops and have BICs in bachelors
	Use professional contractors	Skills transfer and BEE involvement	Play area/grounds for children attracts more tenants for 2 bedroomed units	Follow construction methodology and maintain time lines
	Have a management company and funder	Development must have access to public	Appoint suitable and qualified persons for team	Install maxi door security gates
Negative	Try to build more 2 bedroomed and not 1 bedroomed units	Don't use too many contractors	Heat pumps are not reliable	Develop walk up buildings as lifts require maintenance
	Not enough planning knowledge and relying on Project manager- Funders should make PMs accountable by putting timeframes and for non delivery	Study area well, so that the value increases over time.	Don't minimise on cupboards in bachelors and install BICs	Reduce local political interference.

	Do not develop close to RDP units as affects the value of the building	Ensure that developments occur in by means of a systematic approach	Inclusion of a larger pre-escalation and construction budget to cater for delays	Do not use local security companies
	Ensure geotechnical surveys are properly undertaken , building could cost more if underlying problems are not identified	Ensure that all town planning issues are disclosed by seller	Commercial areas layout always need street access	Stick to the objective and do not deviate unless entirely necessary

Table 8: Positive and Negative Comments by Project and Property Manager's (15 respondents)

The Project/Property Managers' questionnaire provided an indication of the positive and negative externalities that the GPF residential units create. It would seem that from the questionnaires the Project/Property Managers feel that the expected social objectives are largely being met.

5.2 Results of the Tenant Questionnaire Data

The tenant survey focused on the perceptions that occupiers had concerning different aspects of the development. While some questions attempted to ascertain perceptions of the unit occupied, others attempted to ascertain perceptions regarding indirect social benefits such as the improvement of health, access to education etc.

The overall conclusion derived from the survey is that the majority of households interviewed feel that a move to a GPF residential unit has improved their personal and social condition in a number of different ways. Younger people find the units provide an important starting point into the affordable housing market, the location of the GPF units improved accessibility to work while also reducing transport costs. Tenants who have resided in a GPF unit for longer than a year and who have young families expressed their desire to see greater attention given to children play areas. Many tenants will invariably move on and would like to acquire their own units and this suggests that the units play an important role in creating the social conditions that may ultimately result in property ownership and rental ladder. Lastly, although most tenants felt that their financial situation had not necessarily improved by moving into a GPF unit, other social benefits were being derived, such as an improvement in health of the family. For instance by being located in a GPF unit tenants see the benefits of children being located closer to schools and other social amenities. These are clearly important positive social externalities that these developments provide and which go beyond the direct costs and benefits associated with the accommodation provided.

5.2.1 The Demographics of the Interviewees

5.2.2 Age groups and Marital Status

Age Group	Rental Fund	Social Housing Fund	Empowerment Fund	Total over 3 Funds
20-29	36.00%	12.0%	60.00%	27.27%
30-39	44.00%	32.00%	40.00%	36.36%
40-49	20.00%	36.00%		25.45%
50-59		12.00%		7.27%
60-69		8.00%		3.64%
70 and older				

Table10. Age groups per Fund and Total Percentages

- Of the individuals interviewed, over the three funds, 27% fall in the age category 20-29, with 36 % being in the age group 30-39 and 25% in the 40-49 age group
- 42% of the persons interviewed were males and 58% females.
- 38% were single and 44% were married while 18% were divorced, separated, widowed or living together as married.
- A high percentage of interviewees have children (78%) while 22% do not. Yet, of these children 53% of a first children lives with them in unit. Interviewed tenants of a newly renovated EEPF seemed to be mostly single without children.

5.2.3 Education and Languages spoken

In considering the level of education across the three funds 29% had a level of tertiary education and 36% had a Grade 12 (Matric). This also suggests that majority of tenants have a Matric, a diploma or a degree. "Other" denotes certificates/learnerships in specific courses for example IT.

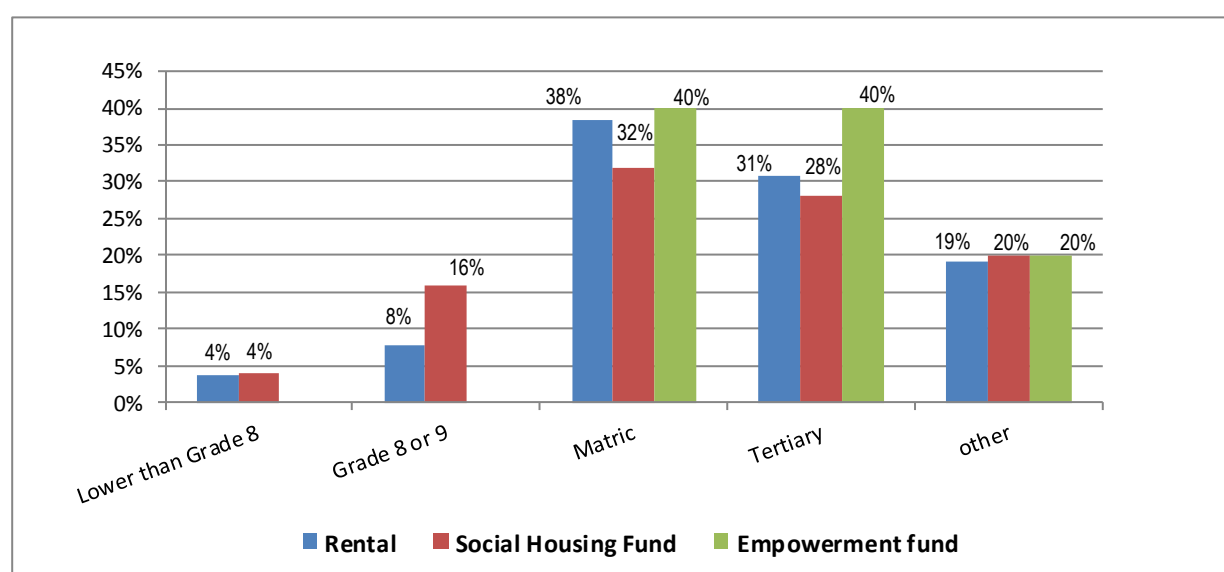


Figure 16. Levels of Education per Fund

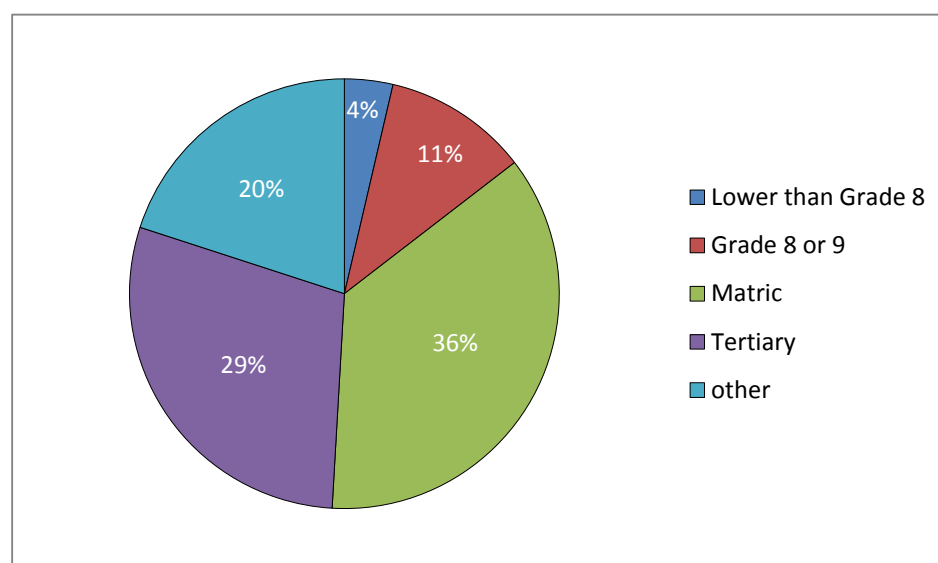


Figure 17. Levels of Education across the three Funds

With regards to languages, mother tongue speakers; 51 % are isiZulu speakers, followed by isiXhosa 25.6%, the smallest percentage was seSotho and isiNdebele with 2.3%. All interviewed also spoke English but was a second language at home; only for 4.7% was it a first language.

Mother Tongue	Rental	Social Housing Fund	Empowerment fund	Total
IsiZulu	31%	42%		51.2%
SeSotho	4%			2.3%
Setswana	4%	9%		9.3%
IsiXhosa	23%	9%	40%	25.6%
Sepedi		6%		7.0%
Tsonga				0.0%
Tshivenda		3%	20%	4.7%
IsiNdebele	4%	3%		2.3%
SiSwati		3%	20%	4.7%
English	4%			4.7%
Afrikaans				0.0%
Other (Specify)	7.69%		20.00%	16.3%

Table 11. Languages across the three Funds and across the three Funds

5.2.4 Getting to School

- On average 79% of the children living in the developments can get to school within 15 minutes and a further 31% get to school within an hour. Below figure 18 shows the time it takes for a child to get to school in the Rental and Social Housing Developments.

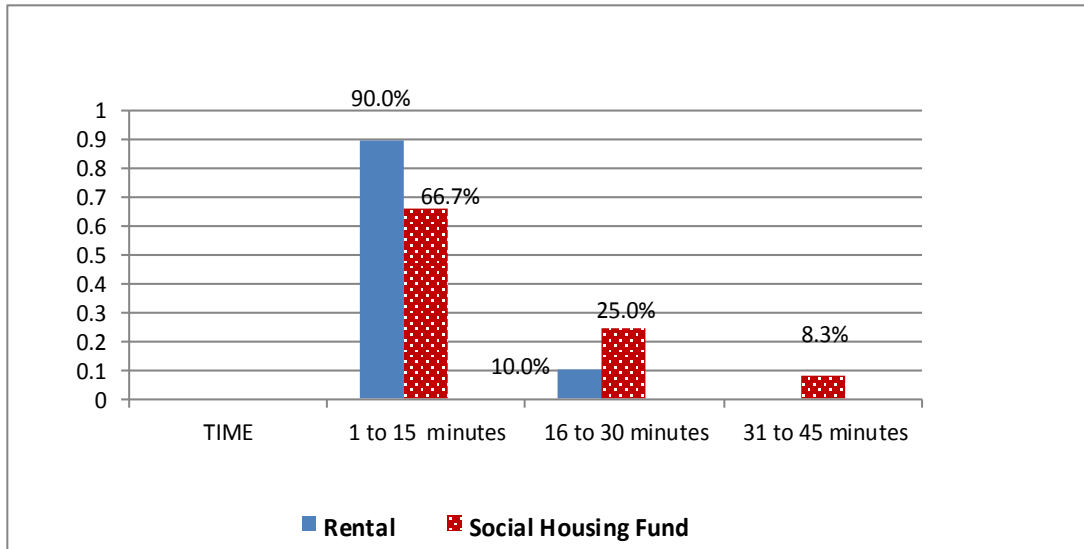


Figure 18. How long does it take a child to get to school?

5.2.5 Employment and Income

- 76% of interviewees are employed, and 16% are self employed and 7% are unemployed.

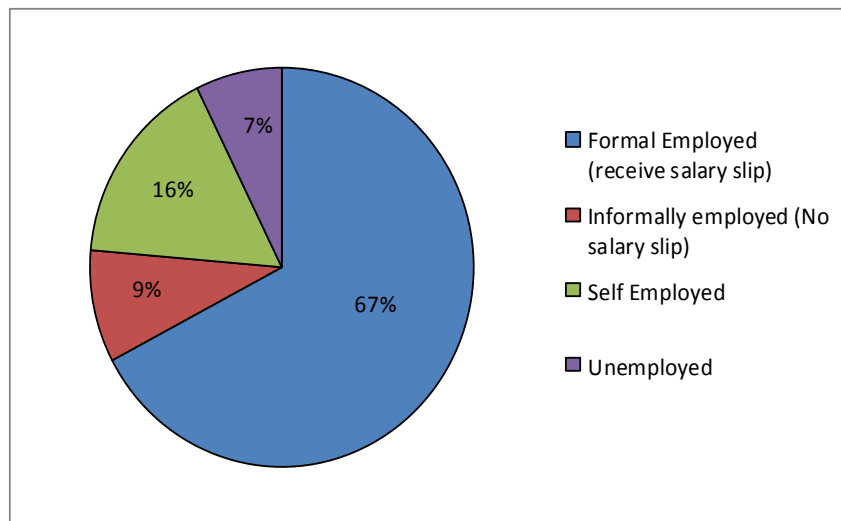


Figure 19. Employment percentages across all three Funds

Employment Status	Rental	Social Housing Fund	Empowerment fund	Total
Formal Employed (receive salary slip)	62%	64%	100%	67%
Informally employed (no salary slip)	4%	16%		9%
Self Employed	27%	12%		16%
Unemployed	8%	8%		7%
Retired				
Other (Specify)				

Table 12: Employment percentages per Fund and total of three Funds

- Of the households 59% had a single person employed and a further 39% of households have two people employed and 2% where three persons contributed to the monthly income.
- Of the households, 14.5 % earn R4,500 or less, but over 85% earn more than R7,500.

See Table 13 below.

Income	Rental	Social Housing Fund	Empowerment fund	Total
R3,500 <	4%	4%		3.64%
R3,501-4,500	15%	8%		10.91%
R4,501-7,500	15%	28%		20.00%
R7,501-10,000	8%	20%	20%	14.55%
R10,001-15,000	23%	20%	40%	23.64%
R15,001-20,000	27%	12%	40%	20.00%
>R20,000	8%			7.27%

Table 13. Monthly Household Income

- In the Rental fund 42% of interviewees earned a monthly salary less than R10,000.
- In the Social Housing fund 60% of interviewees earned less than R10,000
- In the case of the empowerment Fund 20% earned less than R 10,000.

5.2.6 Renting of Units across all three funds

	Rental	Social	Empowerment	Total
Less than 1 yr.	69.23%	20.00%	100%	49.09%
1-3 yrs	23.08%	28.00%		23.64%
4-8 yrs	3.85%	44.00%		21.82%
9-12 yrs	3.85%	8.00%		5.45%

Table 14. Length of stay unit

- 49% have lived less than one year in the present property, 23.6% have been there for

1-3 years.

- Under an EEP funded building had recently been renovated, so all tenants were there less than 1 year.
- This conclusion will of course be influenced by the fact that a number of units only recently have been completed.

How many people lived full-time in your flat last week?				
No persons	Rental	Social	Empowerment	Total
1	23.08%	12.00%	20.00%	16.36%
2	26.92%	8.00%	80.00%	23.64%
3	15.38%	40.00%		25.45%
4	26.92%	12.00%		18.18%
5		16.00%		7.27%
6	7.69%	4.00%		5.45%
7		8.00%		3.64%

Table 15. Number of people living in the Unit

- The number of individuals living in the units range from 1 to 6. But 65% of units house between one to three individuals.
- Most tenants (78%) have children while 22% do not. Many children under the age of 18 do not necessarily live with parents/parent but of the tenants interviewed, 53% have 1 child living with them, 27% have two children, 17% have 3 children and 3% have 4 children.

	Mean	Median	Minimum	Maximum
Rental Fund	R3 128	R2 700	R2 000	R4 700
Social Fund	R3 059	R2 900	R790	R4 968
Empowerment Fund	R3 020	R2 900	R2 900	R3 200
Total	R3 072	R2 900	R790	R4 978

Table 16. Present Rental Paid

- When asked if the household could do better with the rental that they are presently paying, 49% felt that they could do better, 51% felt that they could not.

5.2.7 Overall Satisfaction about the Location of the Unit

Households were requested to indicate their satisfaction regarding a number of parameters. The conclusions were as follows;

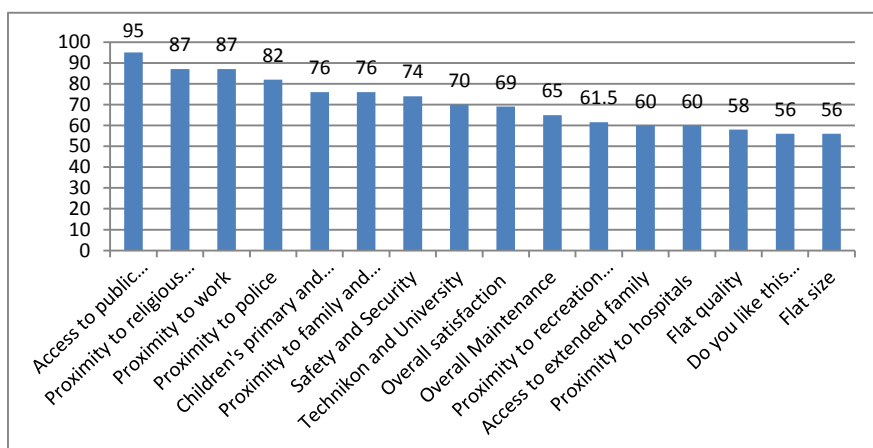


Figure 20. Satisfaction Survey Percentage of Very Satisfied and Satisfied

- When asked how satisfied the household is regarding certain social services, transport was the highest with 95% of interviewees feeling that they are satisfied/most satisfied. This is followed by access to religious places, then proximity to work and the lowest scores were for quality of unit, size of unit and neighbourhood attractiveness. It is worth underlining the interviewees have aspirations and could respond to the question reflecting where and the type of unit that they would like to live in in future
- It illustrates that access to public transport was rated highly. This suggests that the units are relatively well located from this perspective. This is closely followed by proximity to religious buildings and work and security (namely police). At the bottom of the list one finds relatively low ratings for the size of the unit and perceptions regarding the neighbourhood.
- When asked to rate the overall satisfaction of the unit they occupy now, 69% are satisfied/very satisfied (interviewees may of course feel that they could do better), and 31% were not satisfied/partially satisfied.

Overall satisfaction	Rental	Social	EEPF	Total of 3 funds
Less satisfied	3.85%	8.00%	0.00%	5.45%
Not satisfied	0.00%	8.00%	0.00%	3.64%
Partially satisfied	26.92%	16.00%	20.00%	21.82%
Satisfied	53.85%	48.00%	20.00%	47.27%
Very satisfied	15.38%	20.00%	40.00%	21.82%

Table 17. Overall Satisfaction Survey for the Three Funds and Overall Total

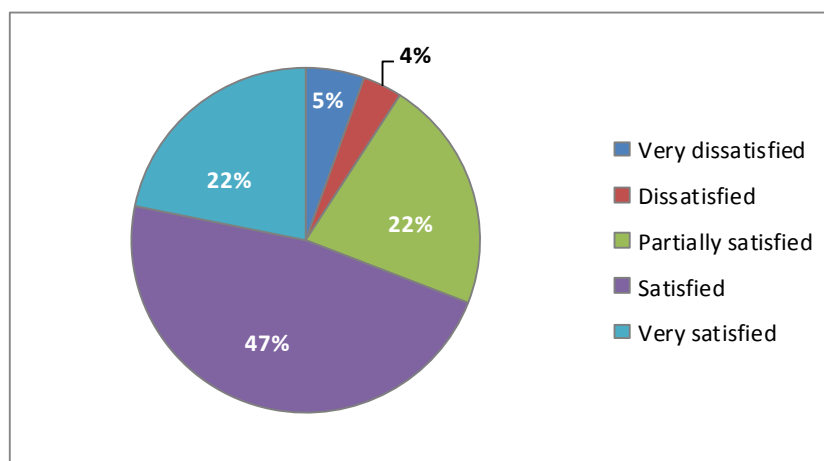


Figure 21. Over all three Funds Satisfaction percentages

These statistics suggest that across all the funds close to 70% of tenants are both satisfied and very satisfied with the unit that they occupy.

Of the three funds the highest level of satisfaction seems to be in the rental housing fund, followed by the social and empowerment funds.

5.2.8 Transportation

- Over the three funds, commuters in the Social Housing and Empowerment funds use taxi as mode of transport while in the Rental fund 35% walk and 32% use taxi.
-

Commute Mode	Rental	Social Housing Fund	Empowerment fund
Walk	35%	8%	40%
Taxi	31%	52%	60%
Train	4%		
Own car	15%	28%	
Company Car	12%	12%	
Company Bus	4%		

Table 18. Commuting mode for the three Funds

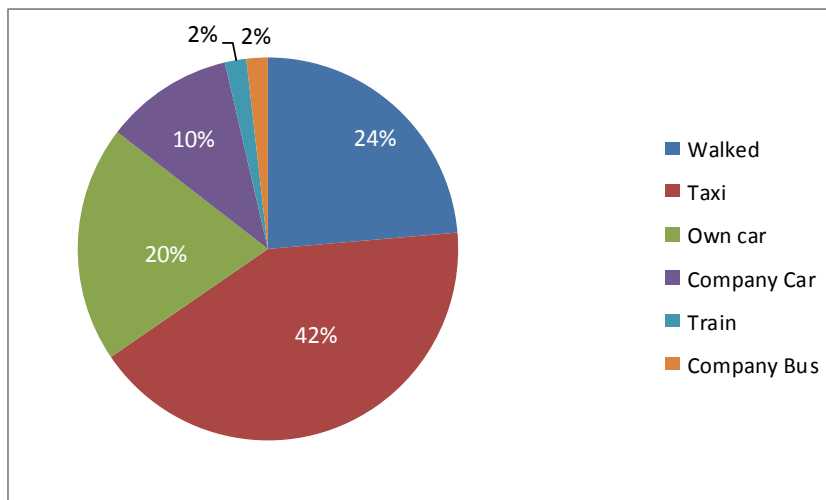


Figure 22. Commuting mode over all three funds

- 38% of persons interviewed get to work within 15 minutes and 40% can get to work within 30 minutes, only 10% take an hour to get to work and 12% take between 45 minutes to over 1 hour to get to work (one way).

5.2.9 The Quality of the Development

When asked to rate the quality of the development 31% rated it as excellent and very good, 58 % rated it as fair and good, and 11% thought that it was poor to very poor.

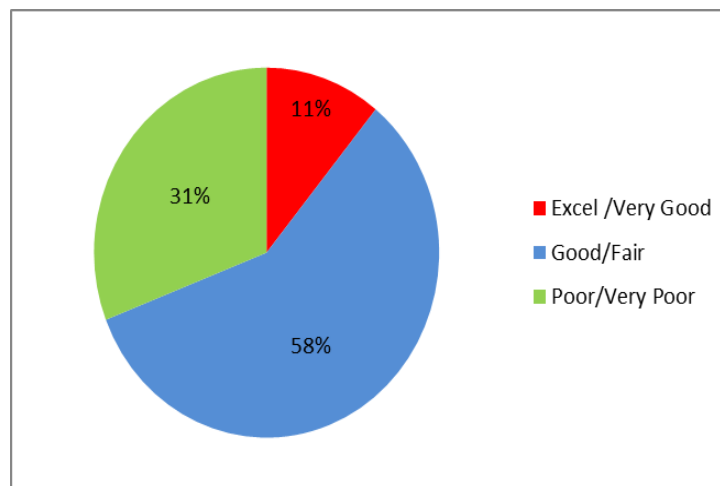


Figure 23 Quality of Unit over all three Funds

- When asked to rate the quality of the development 9% rated it as excellent 22% very good, 32% good, 27% fair, 5% poor and 5 % very poor.

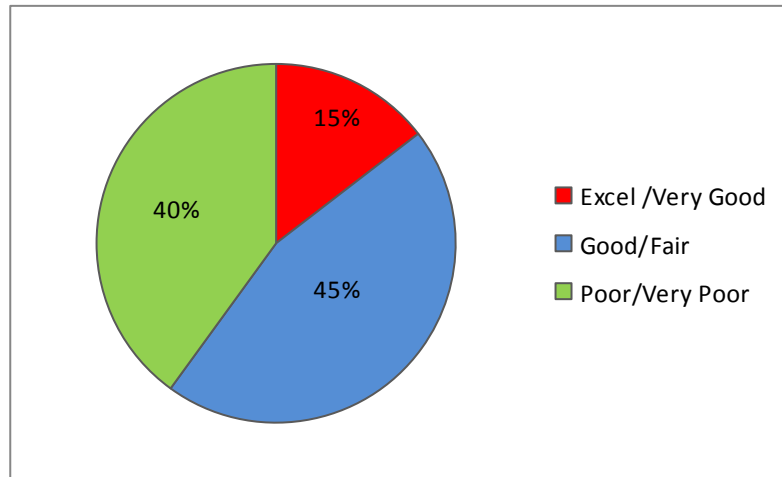


Figure 24. Quality of Management

5.2.10 Has the Development Improved the Lives of Tenants?

When asked whether by occupying a unit in this development had improved their overall social condition, compared to their previous social and economic conditions, the results were as follows;(look at the two tables below)

84% of households felt that it had improved their health, 69% felt that their employment opportunities had increased, 60% believe that their housing situation had improved. At the lower end of the ranking scale 62% felt that the development was not close to sports and entertainment, and the lowest ranking (worse much worse) is that 55% believed that the move had not improved their monthly income. Overall when asked if overall there was an improvement on their financial situation (income and expenditure) in general 51% said no and 49% said yes.

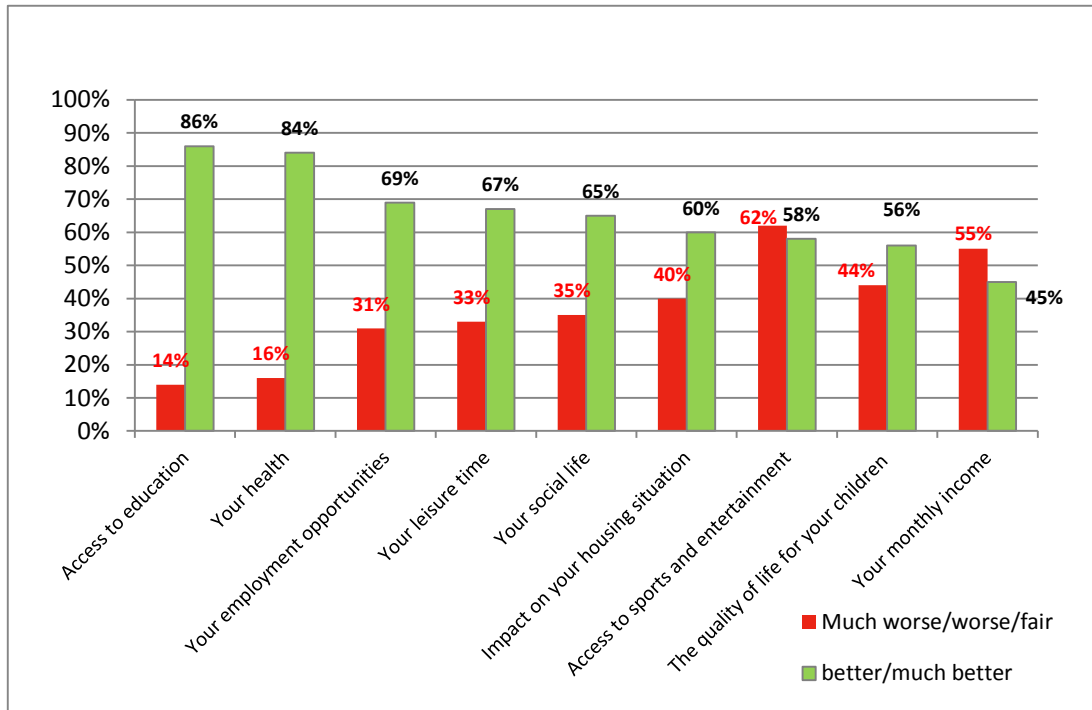


Figure 25. What has improved now that you are living here? Percentages over all three funds

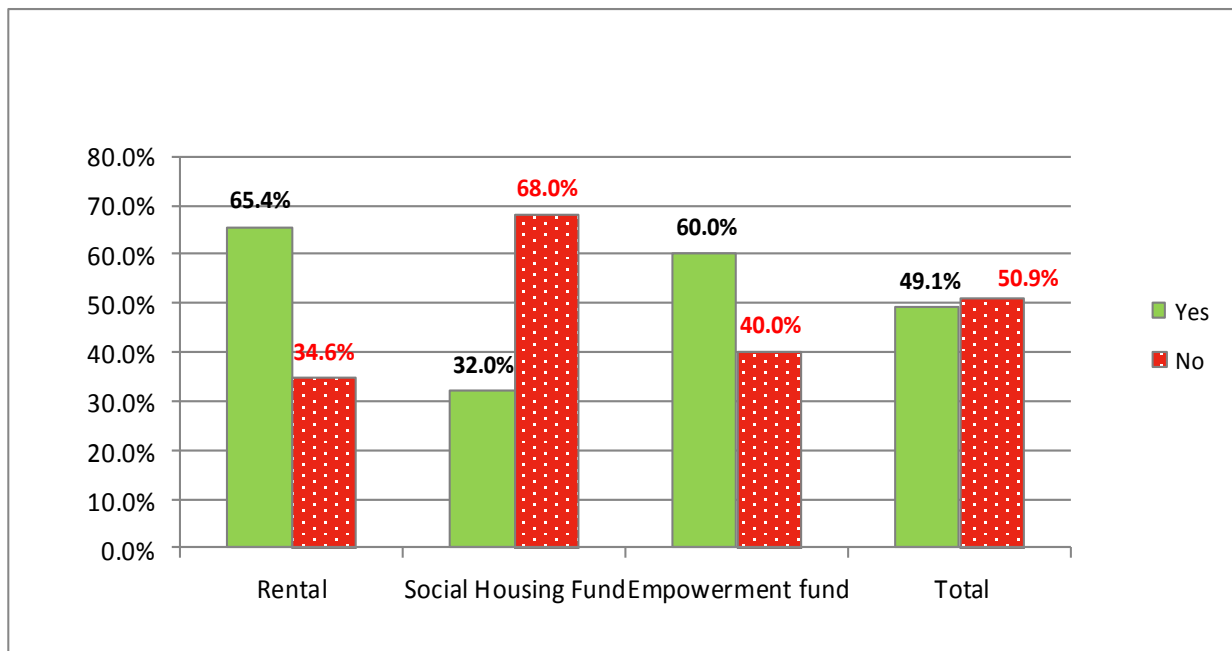


Figure 26. Has financial situation improved since you moved here?

5.2.11 Answers to Open Questions

The following section highlights the answers provided to some open questions of the survey. The first question asked why a tenant would move from the present property.

In this section we have included the highest percentages over all three funds which highlight the most important reasons according to the tenants;

What would be the reasons for leaving this unit?	%
Rental increases are too high /utilities high	46.7
Maintenance /management problems (paint, cupboards/w/l)	30.7
Buy own house/afford own house/rather be paying for a bond	25.3
Find cheaper and bigger unit/family is growing need more space	10.7
Parking problem	6.7
Work opportunities/get a better paying job	4.0
Quality of unit deteriorating	1.3

Table 19: Reasons to leave the unit presently renting

Rental increases, maintenance of development and acquiring a property are the most important reasons for leaving the unit.

The next question asked where a tenant expects to be in five year's time

In 5 years time would be living here?	%
Move out to buy own house	45.3
Move out to get a bigger place (for family reasons)	24.0
Maintenance issues (no BIC)	8.0
Move out and rent elsewhere (township)	8.0
Move for work reasons	8.0
No clinic around this area	8.0
Neighbourhood overcrowded/ noisy neighbourhood	6.7
Stay on it's safe for children	5.3
High increments on rentals	5.3
Stay on feel at home and /free	4.0
Not safe	2.7
Move back home	2.7
Move closer to study area	1.3
Unsure, will decide after a year or so	1.3

Table 20. Tenants' answers to: In 5 years' time, where will you be?

These two tables suggest that GPF units are seen a stepping stone to young employed professionals and to young growing families. It is worth noting that some tenants are of the view that an item such as lack of cupboard space could result in them leaving the

development. Some tenants were happy in the building they rented yet the close neighbourhood was seen as less attractive and possibly make them move if they could find similar accommodation for the rental they were paying.

The final question was for any other comments; here an array of answers were given; shaded in green are the positive comments

Do you have any other comments?	%
Maintenance issues-paint, BIC, sewerage/lifts not working /carpets to be replaced, deterioration of building; no oven only stove/	45.3
Undesirable neighbourhood/sex workers/ illegal persons/abattoir/high noise level/overcrowding next to RDP/crime in neighbourhood	21.3
Parking area limited/parking should have shades	14.7
Management regarding leases/ penalty late payment/no communication from management	14.7
Cost of hot water too high/ water rates are inconsistent	13.3
Building to be cleaned on weekends/not clean/needs fumigation	9.3
Access control/improve security systems	6.7
Play area for children would be a reason to stay	6.7
Not allowed to own DSTV	6.7
Install air bricks	5.3
Need a tuck-shop/ community hall in the development	2.7
Cater for pensioners	1.3
Burglar proofing of floors 1 and 2	1.3
If more 1 and 2 bedroomed units were available	1.3
Positive:	
Very Satisfied with quick resolutions to queries from management	12.0
Building safe because of access control/tag system	6.7
Building is clean	2.7
Responsible and caring caretaker	2.7

Table 21: Comments grouped in order of highest to lowest

6. THE SOCIO-ECONOMIC IMPACT OF GPF'S PORTFOLIO

Housing can be viewed as a multi-layered asset that contributes to economic growth and job creation as the housing sector has, for some time now, been recognised as having positive direct and indirect impacts on employment creation. Being labour-intensive, housing development provides opportunities for up-skilling and empowering a largely unskilled labour force by providing training and employment while allowing for the transfer of skills. Although employment creation is not always of a permanent nature, there are nevertheless positive ramifications beyond the mere construction of units that also includes increased circulation of money in the economy.

The economic impact of affordable housing and the potential for employment creation falls broadly into two categories, namely those created directly through the property development process (flowing from capital expenditures), and secondly those relating to the on-going property management function (flowing from operational expenditures). These two functions not only have a positive impact on local economies, but also provide assistance to the beneficiaries/users of the housing. As such, the employment creation potential of GPF's funding falls into these two broad categories. The construction phase generates income by those involved in the development process. Moreover the wages earned by workers gets circulated in the economy through consumption expenditure.

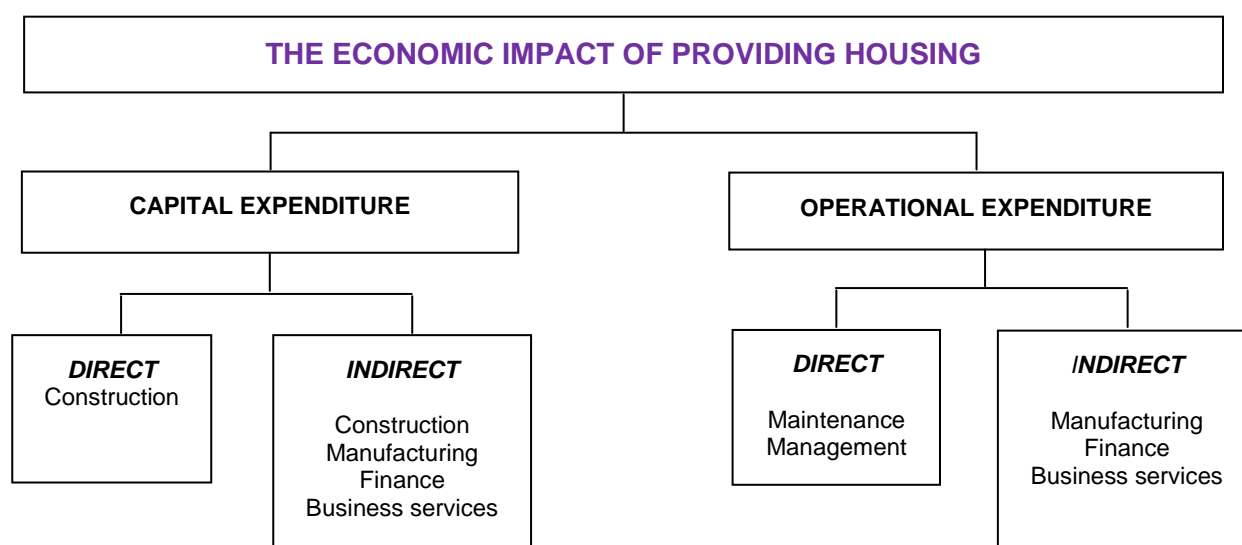


Figure 27. Classifying the economic impact of developing housing

6.1 QUANTIFYING THE ECONOMIC IMPACT

It should be emphasised that due to the fact that GPF funds different housing typologies it is more difficult to meaningfully aggregate the impact that the housing developments have on employment creation. While some GPF funding has been used for the refurbishment and

conversion of existing housing units, funding is also allocated to the financing of new Greenfield development projects.

An analysis undertaken for the Banking Association of South Africa (BASA) in 2008 suggests that construction costs are responsible for some 63% of the total development costs of a typical affordable housing unit (Viruly Consulting, 2008).

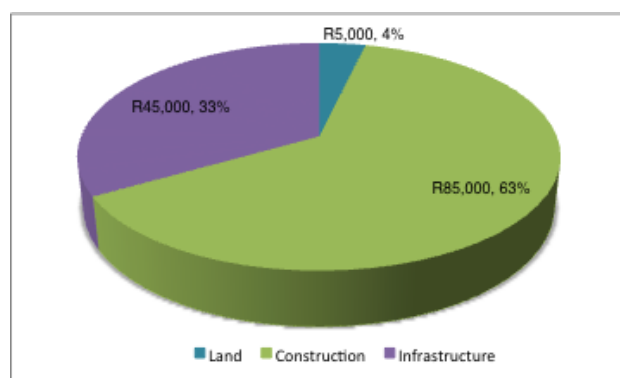


Figure 28. Affordable housing cost breakdown of a 45m² unit on state-owned land (Viruly Consulting, 2008)

As a comparable for GPF's typical development, an estimate for a multilevel housing development that comprises about 75 affordable units would incur total development costs in the vicinity of R350,000 to R400,000. The percentage allocation of this total development costs is detailed in Table 22 below. In the case of a step-up flat the development cost per square metre would be in the range of R5,500 to R6,000, while the conversion of an office block to residential use is in the region of R1,000 to R1,600 per unit.

Percentage Allocation Costs of Total Development	
Land	9%
Land holding costs and preparation	5%
Construction costs	65%
Professional fees	7%
Disbursements	4%
Contingencies	0.4%
VAT	10%
TOTAL	100%

Table 22. Approximate percentage allocation of development costs

Based on the market views of a number of quantity surveyors, it is reasonable to assume that the labour costs associated with construction are in the region of 40% of total construction costs. This ratio is confirmed by the JBCC Price Adjustment Provisions document, which suggests that as a work group, masonry has a 46% labour weighting; and brick and block work has a 45% labour rating. As a basis for determining the wages received by the various labour categories, the Building Industry Bargaining Council wage rates are used. This suggests that wages vary from R13.02 per hour for an unskilled labourer to

R44.59 for a skilled labour hour. Consideration was also given to the fact that a typical wage bill on the units developed would be split where 60% would be apportioned towards skilled labourers and 40% towards unskilled labourers (UCT, 2013)

Invariably differences arise in the time required to complete a unit and depends heavily on the building typology (where a three-storey block will offer certain economies of scale not found in a stand-alone house) and whether or not the development is a new build or a redevelopment. Due to the diversity of housing unit types and the fact that some units were renovated while others were new builds, it is difficult to provide an accurate estimate on the effect GPF's portfolio has had on employment creation. A more accurate approximation of the employment opportunities generated would require an in-depth quantity surveying exercise, which is beyond the scope of this report.

It is reported to take anywhere between 1,200 and 1,500 man-hours to build an average 45m² housing unit. Using the average time of 1,289 hours, it would require 2.48 people working a full 40-hour week where the unit would reach completion in 13 weeks. If a labour hour is split to account for 60% skilled labour and 40% unskilled labour, an average housing unit would require 1.5 skilled labourers and 1 unskilled labourer.

With this in mind, and working on the assumption that GPF have contributed to the development of 14,887 affordable housing units since inception in 2003, this equates to 36,902 direct construction-related employment opportunities. Maintaining the original assumption of a 60/40 labour hour split, this would imply that of the total 36,902 construction employment opportunities created, 15,499 would be for skilled labour and 21,403 opportunities would be generated for unskilled labour. It is important to emphasise that these opportunities relate only to the construction process and so each opportunity is assumed to be full time in nature and last for 13 weeks only.

Assuming that each labourer can therefore work on four developments for 13 weeks each in a single year, this would translate into approximately 10,000 full time jobs. However, construction activity is often cyclical in nature and hinges on the health and performance of broader economic activity, which means that construction-related employment opportunities are not continuous or lasting. On the other hand, job opportunities arising from the operational and management aspects of a development will usually remain. These aspects include renovations, maintenance work and the management of the building. Estimates suggest that 5 full-time employment opportunities will be generated per R1 million of income generated (Department of Human Settlements, 2011). Assuming an average monthly rental per unit of R3,000 and a total of 14,887 units, approximately 2,679 full-time jobs will be created, see table 23 and 25 below.

Construction employment	Skilled	Unskilled	Total
Construction-related employment opportunities*	15,499	21,403	36,902
On-going operational employment opportunities			2,679

**This is only over a 13-week period*

Table 23. Direct and indirect employment

It is also important to note that total employment creation from a housing unit is also a function of indirect employment opportunities arising in numerous sectors servicing the construction sector, including materials, financial and other services supplied throughout the building's lifecycle. Additionally, the units make a contribution to the payment of rates and taxes, where an average unit valued at around R200,000 would have a monthly cost breakdown as detailed in Table 24 below.

Operating Cost	Percentage
Property management	28.5%
Repairs and maintenance	19%
Municipal services	18.5%
Cleaning	14%
Security	9.5%
Insurance	7%
Other	3.5%
TOTAL	100%

Table 24. Approximate typical monthly operating costs of an affordable housing unit

Number of units	Employment generated during construction* period	Jobs created through operations per annum
1	2.48 (factor)	0.18 (factor)
14,887	36,902	2,679

*This is only over a 13-week construction period

Table 25. GPF impacts

7. CONCLUSIONS

Property markets have a broader and lasting impact on the economy, where their efficiency is affected by numerous parameters. On a macro level, institutional arrangements and financial market conditions influence property markets, while on a micro scale the location, typology and spatial parameters are influential. The importance of formal housing is well documented, where the location and tenure of residential accommodation is undeniably linked to migration trends, wage rates and the performance of labour markets (Rhizome, 2009). As a result, the importance of the provision of viable housing units and the development of sustainable human settlements cannot be overstated as affordable housing is pivotal to urban growth, economic development and improvement in welfare.

Because 1994 saw national housing policy support the supply of state-subsidised affordable housing to low-income South African citizens, the emphasis increasingly lay on quantity over quality. Poor workmanship has subsequently seen a policy shift to a more quality-driven approach and the development of sustainable human settlements. State-funded housing sustains low-wage workers where the resulting impacts are fundamentally local in nature.

The demand for formal low-income housing in South Africa is substantial, where rental accommodation is particularly popular due to the mobility of and access to employment purposes it affords users. Urbanisation is increasing the pressure on local housing markets and infrastructure provision, where the backlog in the provision of adequate housing and services is increasing notably. It is also likely that the rapid rise in the demand for housing will shift the focus from the development of self-standing houses to the delivery of larger, higher-density housing projects. This will, however, need to be based on appropriate and collaborative public-private partnerships. Moreover, public entities operating in this sector will need to have an appropriate level of capacity, expertise and funding if results are to be lasting and tangible.

In line with local and international findings, general wellbeing appeared to be augmented by a move to a GPF-funded unit.

The interviews undertaken with the property and project managers suggest that units being delivered reflect the needs of the South African affordable housing market. The majority of the professionals were of the view that financial as well as social objectives were achieved. A high rating was also given to the promotion of BEE and there was a view that greater attention should be given to the size of units, town planning and the interior of units such as the provision of built-in-cupboards.

The report suggests that the development and management of GPF funded affordable housing units create both direct and indirect employment opportunities. Estimates suggest that units which GPF has funded has created some 36,902 full time employment opportunities and continue to support some 2,679 employment opportunities both directly and indirectly with the management and maintenance of the units.

The tenant surveys provide strong evidence that occupiers of GPF units gain significant secondary social benefits such as an improvement to access to education, to health care

and to other social amenities. The survey results also suggest that tenants experience an improvement in health. Some 70% of interviewees are satisfied to very satisfied with the units they occupy.

Although GPF may be part of the solution to Gauteng's housing backlog, the housing situation nationally is a much larger issue that will involve both public and private sector commitment as there is generally insufficient financial and human capital in government to meet the ever-growing housing and infrastructure needs. Consequently, there is a need to tackle bottlenecks in the supply of and access to well-located land and bulk infrastructure, as well as accept the role that informality plays as a means through which backlogs can be addressed by making it a point of entry into the housing market. This implies that various forms of tenure should be encouraged instead of maintaining a focus on home ownership.

As a result, there is growing international evidence that the development of affordable housing requires private sector commitment that can bolster and supplement public sector housing initiatives. The Gauteng situation is no different, where it maintains a strong demand and has a growing backlog due to the immigration and urbanisation trends. Thus the financial support of GPF to the Gauteng housing market has an important role to play in assisting poorer households in Gauteng access formal housing opportunities. It simultaneously plays a meaningful role in the promotion of greater economic activity, urban regeneration and the creation of direct and indirect employment opportunities.

For every R1 million of housing revenue that GPF achieves, there is a consequent 5 long-term employment opportunities generated in operations and maintenance in Gauteng. On average GPF activities support some 2,679 on-going jobs while the 13-week construction period supports 36,902 short-term employment contracts (15,499 for skilled labour and 21,403 for unskilled labour). Quantifiable assessments of the economic impacts tell an important story, however, the often neglected qualitative impacts that formal housing has on people's lives and on communities are often more significant. Moreover, it provides an opportunity for individuals living in such units to improve their health and general well being, access to education, as well as their ability to find employment.

While the research suggests that GPF has been successful in meeting its mandate of promoting affordable housing projects in Gauteng, through the delivery of these units it has also achieved other indirect objectives such as generating employment, improving the living conditions and welfare of households, and also boosting the quality of the Gauteng built environment by helping to create sustainable human settlements. GPF has also played a role in wealth creation, the alleviation of housing needs and the empowerment of new investors in the affordable housing market. The rising demand for housing in the affordable housing sector, as well as indications that the supply gap is not improving suggests that GPF will continue to have a role to play in this sector of Gauteng's housing market.

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ANNEXURE 1: TENANT SURVEY

GPF SOCIAL AUDIT July 2014

Building Name	
Date	
Interviewer	

Thank you for participating in this research which is part of a research that tries to understand your views about the residential unit you live in. In this research, we wish to find out a few things about you and how you feel about living here. You are free to stop completing this questionnaire at any time, and we do not need to have your name. Ask us if you have any questions regarding the questionnaire and the research and we will be happy to answer them. Yours answers will be analysed and forwarded to Gauteng Partnership Fund who are sponsors of this programme. We hope you will find the questionnaire enjoyable. All information remains confidential. Associate Professor Francois Viruly

A: HOUSEHOLD CHARACTERISTICS

1. Age: What age group do you fall in?

20-29	1
30-39	2
40-49	3
50-59	4
60-69	5
70 and older	6

2a. Gender

Male	1
Female	2

2b. Civil Status

Single	1
Married	2
Divorced	3
Separated	4
Widowed	5
Living together as married	6

3a. Do you have children?

Yes	1
No	2

3b. If Yes how many children 18 years and younger do you have that lives with you or elsewhere?

Number that lives here with you	
Number that lives elsewhere	

3c. How many children older than 18 years do you have that lives with you or elsewhere?

Number that lives here with you	
Number that lives elsewhere	

4a. Where do your children (those that live with you) attend school?

In this City	1
Other City (Specify)	2
Other Country (Specify)	3

4b. If other Specify here -----

5. How long does it take your child to get to school one way?

TIME	Child 1	Child 2	Child 3	Child 4
1 to 15 minutes	1	1	1	1
16 to 30 minutes	2	2	2	2
31 to 45 minutes	3	3	3	3
45 minutes to 1 Hr	4	4	4	4
1 hour to 90 minutes	5	5	5	5
More than 90 minutes	6	6	6	6

Education

6a. What language do you speak in your home (Mother tongue)?

IsiZulu	1
SeSotho	2
SeTswana	3
IsiXhosa	4
SePedi	5
Tsonga	6
TshiVhenda	7
IsiNdebele	8
IsiSwati	9
English	10
Afrikaans	11
Other (Specify)	12

6b. if other specify here -----

7a. Education level reached?

Lower than Grade 8	1
Grade 8 or 9	2
Matric	3
Tertiary (Specify)	4
Other (Specify)	5

>

7b. Specify here -----

8a. Where did you attend Secondary School?

In this City	1
Other City (Specify)	2
Other Country (Specify)	3

8b. If other Specify here -----

9a. Employment status, are you:

Formal Employed (receive salary slip)	1
Informally employed (No salary slip)	2
Self Employed	2
Unemployed	3
Retired	4
Other	5

9b. If other Specify here -----

10. How many people including yourself are employed in your household?

11. Overall, has your financial situation improved since you moved here?

Yes	1
No	2

12. Recent monthly income (for entire household tick one box)

(Take home pay)

R3500 <	1
R3501-4500	2
R4501-7500	3
R7501-10,000	4
R10,001-15,000	5
R15,001-20,000	6
>R20,000	7

13. Do you think you are paying too much rental?

Yes	1
No	2

Please explain your answer above why you think your rent is too much or why you think it is fair?

--

B: REGARDING THE OCCUPATION OF THE BUILDING: RENTAL ONLY

14. Number of bedrooms in your flat?

--

15a. Where did you live before moving here?

House	1
Apartment	2
Hostel	3
Other (Specify)	4

15b. If other Specify here -----

15c. City-----

15d. Province-----

16. How long have you lived in this flat?

Less than 1 yr.	1
1-3 yrs	2
4-8 yrs	3
9-12 yrs	4

17. How many people lived full-time in your flat last week?

--

18a. Do any family members live with you?

Yes	1
No	2

18b. If Yes how many?

--

19. Of these how many are children <16?

--

20. How much longer do you think you will be living here?

Years	Months
-------	--------

21. What were your reasons for moving here?

22. What would be your reasons to leave from here?

23. What is the rental paid?

Yes No

		YES	NO
24	If you are the tenant would you consider buying a similar property if this was made available to you?	1	2
25	Do you think you could find better accommodation for the rental you are paying here?	1	2
26a	In 5 years time do you think you will be living in this type of apartment?	1	2

26b. Please elaborate on your answer why you will or won't be living here in 5 years' time?

C. LOCATION OF THE HOUSE/FLAT

Please rank the following on a 1-5 scale, where 1 is not satisfied,
3 is partially satisfied and 5 being

		Very Dissatisfied	Dissatisfied	PARTIALLY Satisfied	Satisfied	Very Satisfied
27	Proximity to churches / religious building	1	2	3	4	5
28	Proximity to recreation facilities	1	2	3	4	5
29	Proximity to hospitals	1	2	3	4	5
30	Proximity to police	1	2	3	4	5
31.	Proximity to family and friends	1	2	3	4	5
32.	Children's primary and secondary schools	1	2	3	4	5
33.	Technikon and University	1	2	3	4	5
34.	Access to extended family	1	2	3	4	5
35.	Access to public transportation	1	2	3	4	5
36.	Proximity to work	1	2	3	4	5
37.	Safety and Security	1	2	3	4	5
38.	Flat quality	1	2	3	4	5
39.	Flat size	1	2	3	4	5
40.	Overall Maintenance	1	2	3	4	5
41.	Overall satisfaction	1	2	3	4	5
42.	Do you like this neighbourhood	1	2	3	4	5

Transport

43. Do you own a car?

Yes	1
No	2

44a. How did you get to work yesterday?

Walked	1
Taxi	2
Train	3
Own car	4
Other	5

44b. If other Specify here -----

45. How long did it take you to go to work one-way (minutes)?

1 to 15 minutes	1
16 to 30 minutes	2
31 to 45 minutes	3
45 minutes to 1 Hr	4
1 hour to 90 minutes	5
More than 90 minutes	6

46. How much do you pay one way to get to work?

Per day	
Per month	

D. WELFARE ASPECTS

		Very Poor	Poor	Fair	Good	Very Good	Excellent
47.	How would you generally rate the quality of this development?	1	2	3	4	5	6
48.	How would you rank the management of this development?	1	2	3	4	5	6

How would your rank (1-5; 1 Much worse, 2 worse, 3 Fair, 4 Better, 5 Much better) the impact of living here has had on (when answering this question ask the tenant to compare this situation to his/her situation prior to renting here)

		Much worse	Worse	Fair	Better	Much better
49.	Your employment opportunities	1	2	3	4	5
50.	Access to education	1	2	3	4	5
51.	Your social life	1	2	3	4	5
52.	Your leisure time	1	2	3	4	5
53.	Access to sports and entertainment	1	2	3	4	5
54.	Impact on your housing situation	1	2	3	4	5
55.	Your monthly income	1	2	3	4	5
56.	The quality of life for your children	1	2	3	4	5
57.	Your health	1	2	3	4	5

58. Do you think that the neighbourhood has improved because of this development?

Yes	1
No	2
Not Sure	3

59. Unit Number (optional)

60. Do you have any other comments?

Thank you very much for your time and for participating in this research

ANNEXURE 2: PROJECT AND PROPERTY MANAGERS' QUESTIONNAIRE

GPF PROPERTY MANAGERS/PROJECT MANAGERS QUESTIONNAIRE

Thank you for offering to answer this questionnaire. The questions should provide us with data with which to analyse the impact of GPF funded projects on local communities. You are free to have a discussion with us should you require further details regarding the project and questionnaire.

1. PROJECT ANALYSIS

- 1.1 Are you a ☐ project manager ☐ property manager
- 1.2 Name of project _____
- 1.3 Location of project _____
- 1.4 Project Type (Rental Fund/Social Fund/Empowerment Entrepreneur) _____

2. TYPES OF UNITS

Types of Units	Total number of Units in the whole Project	Average sqm per unit type	Average Rental per month per unit 2014
2.1 No of bachelor flat			
2.2 No of 1 bedroom flat			
2.3 No of 2-3 bedroom flat			

3. PROJECT

- 3.1 How would define the main objectives of the Project

3.2 THE CONSTRUCTION PHASE

- 3.2.1 Total Value of the Project
- 3.2.2 Total Construction Cost
- 3.2.3 Total Development Cost (including land)

- 3.3 Any alternative building technology (not brick/mortar) and/or any "green" or renewable enhancements (i.e. solar, water, etc) applied to the project?

- 3.4 Starting date of development _____ Completion date _____

4. SUCCESS OF THE PROJECT

Please tick the appropriate box in order to assess the success of this project.

	Very Successful	Above Average Successful	Average	Poor	Very Poor
4.1 Overall Success of the project (Financial)					
4.2 Social Objectives					
4.3 Quality of Housing					
4.4 Tenant/ Owner Satisfaction					
4.5 Environmental Objectives					
4.6 Location					
4.7 Management of the project/construction					
4.8 Meeting Financial Objectives					
4.9 Promotion of BEE investment					

5. **EMPLOYMENT ON THE PROJECT**

Please insert the number of people employed in the different categories.

	Skilled	Semi-skilled	Unskilled
5.1 Construction Period (Numbers employed)			
Female			
Male			
Black			
Coloured			
White			
Indian			
5.2 Post-Construction (Management of Project)			
Female			
Male			
Black			
Coloured			
White			
Indian			
	Skilled	Semi-skilled	Unskilled
5.3 Average Monthly Wage All race groups			
What training happened during...			
5.4 Construction Period (Programmes)			
5.5 Post Construction (Management)			

5.6 Total wage bill for the Construction Phase:

R

5.7 Ongoing employment (number of people) that the project creates directly (Management/Maintenance of the project)?

6. What **TECHNOLOGY** transfer happened in this project (skills that workers acquired)?

7. How successful would you rate the project in meeting **COMMUNITY** needs?

	Very Successful	Above Average Successful	Average	Poor	Very Poor
7.1 Access to school					
7.2 Access Public Transport					
7.3 Crime Reduction					
7.4 Access to Tertiary Education					
7.5 Proximity to work					
7.6 Proximity to shopping					
7.7 Improving the neighbourhood					
7.8 Other ()					

8. What are **three factors** of this project that you **would repeat** in future projects?

1. _____
2. _____
3. _____

9. What are **three factors** of this project that you **would NOT repeat** in future projects?

1. _____
2. _____
3. _____

10. What would you consider as being the critical management (post management construction of this development)?

Thank you very much for your time.