

Advice and Opinion

BLACK PROPERTY DEVELOPERS CAN BOOST THE AFFORDABLE HOUSING SECTOR

30 Mar 2021

by PropertyWheel_G

4 min read



By Lebogang Maile, Gauteng Province MEC for Human Settlements, Urban Planning and Cooperative Governance.

A report by the South African Human Rights Commission on housing challenges in Gauteng has observed that “since the advent of democracy, the South African government has delivered more than 4.5 million housing opportunities. Although this is to be lauded, the reality remains that South Africa’s housing crisis persists. This housing crisis, although national, is more pronounced in certain provinces and it is increasingly becoming a defining

characteristic of South Africa's urban centres. With trends all pointing to a further increase in the rate of urbanisation, attempts to address the housing crisis in metros across the country require closer scrutiny".

The Executive Council for Human Settlements, Urban Planning, Cooperative Governance and Traditional Affairs not only fully agrees with the sentiments of this report but believes that not only greater scrutiny but also innovation and an entrepreneurial approach from government, in partnership with the private sector and other stakeholders, is required to address Gauteng's housing challenges and to come up with creative and sustainable solutions.

In line with this innovative and entrepreneurial approach to housing delivery, the Gauteng provincial government, through its entity the Gauteng Partnership Fund (GPF), are working to facilitate spatial transformation for the benefit of historically disadvantaged individuals and families by providing affordable housing in areas where they are most integrated within existing communities says Lebogang Maile, Gauteng Province MEC for Human Settlements, Urban Planning and Cooperative Governance.

"While contributing towards the acceleration of spatial transformation and addressing spatial inequality within our city region and improving the quality of life of historically disadvantaged individuals and families through the provision of dignified shelter that is close to transport, work, and other amenities and empowering emerging black property developers to participate in the affordable residential property market".

The GPF has an Entrepreneur Empowerment Property Fund (EPPF) which is an incubator programme that was established in 2010 to encourage emerging black property developers to participate in the affordable housing residential property market, a market that remains untransformed and there is the need to ensure participation by previously disadvantaged property developers.

"Applications are open to any historically disadvantaged individuals' who want to participate in this lucrative but untransformed segment of the property market" he says, "which itself, requires greater efforts at transforming".

Since the inception of the incubator programme, 36 projects have been completed, yielding 1 736 livable units. *"We want to scale this up for greater impact as part of socio-economic transformation".*

"Black ownership within the R6 trillion property sector sits at less than 7% and black property developers continue to be constrained by the lack of access to finance and the lack of access to land" says Maile. "As the Property Sector Transformation Charter itself clearly states, 'commercially, direct property ownership is dominated by institutional investors, large private owners, collective investment schemes, property loan stocks and listed property entities, with government being the largest commercial player. There is limited participation of black people, particularly women, in ownership and control of

these entities. The commercially driven activities surrounding property, including development, management and sales, rests largely in white-owned hands".

"We want to facilitate the entry and development of black developers within the affordable housing residential sector specifically. We want to assist in creating an enabling environment, support mechanisms, funding options and the regulatory framework for smaller black developers to enter the space and not just compete, but be able to become significant, even industry-leading players".

The granting of approvals and development rights by municipalities must be slanted towards the empowerment of emerging black developers. *"We must look at land release opportunities for emerging black developers or even state-owned land that could be released or leased to emerging black developers for development".*

Maile says the GPF sees a unique opportunity for the private sector to partner with them through fundraising and investment facilitation with the use of public sector funding to leverage additional funding and to facilitate capital flows to integrated sustainable human settlements through the formation of strategic partnerships with local and international donors, development finance institutions and private sector partners as well as through project financing.

"We are doing all of this in pursuit of the spatial transformation of GCR by developing integrated, sustainable human settlements so that we can address all of the requirements that the -International Covenant on Economic, Social and Cultural Rights identified as critical in providing adequate housing: legal security of tenure; availability of services, materials, facilities and infrastructure; affordability, habitability, accessibility, location and cultural adequacy" he concludes.

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