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HOUSING

in Southern Africa

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ED'S NOTES

NURCHA continues to play a key role...

In this issue of Housing in Southern Africa we focus on Nelson Mandela's Development Finance Institution, NURCHA – the National Urban Reconstruction and Housing Agency - and the role it plays in providing funding to roll out hundreds of thousands of housing opportunities as it celebrates its 20 year journey.

NURCHA's role was clear from the beginning. This was to establish an institution that would provide finance to contractors in the lower income residential market. As government's housing policies evolved and changed to deal with housing solutions, the institution adapted and proved they were up to the task. There were a number of key players who supported NURCHA - such as Jay Naidoo from the office of the Reconstruction and Development Programme (RDP), international philanthropist billionaire, George Soros, Khehla Shubane (NURCHA chairman), Cedric de Beer, Adél Struwig and Vive Gqwetha, Managing Director – all of whom are passionate about the institution and its contribution to South Africa's changing landscape.

Read more about NURCHA's ideals and deals, what it has achieved, the highs and the lows as Gqwetha shares game changing moments in its journey.

Housing Development Agency (HDA) CEO, Taffy Adler has resigned. Adler is well-known for his pioneering work in the housing sector. His appointment to head up government's human settlements land acquisition agency saw the HDA successfully exceed its targets and broaden its mandate. Since established in 2009, under Adler's leadership the HDA has probably been one of the most dynamic, well-run government operations. Human Settlements Minister, Lindiwe Sisulu, has appointed Director General, Thabane Zulu, to fill Taffy's big boots as Acting CEO till a replacement is found.

We wish Taffy the very best in his next endeavour and happily he will not be lost entirely to the housing sector.

FNB recently launched a new on-line property tool, the FNB Property Leader, which offers free, up-to-date information at the touch of a button. The site lists transactions, listings,

the value at which properties were bought and sold, the comprehensive listing of deeds office transactions, area values, and of course an on-line application for a housing loan pre-approval process. The latter, according to CEO of FNB Home Loans, Marius Marais, will help reduce the buyer's gut-wrenching worry about the size of loan that will be granted as the bank will within minutes determine the pre-approval bond application.

The Uber-trendy Cape Peninsula University of Technology student res in Cape Town has been successfully completed by the NNC Construction Group. The R51,4 million project will provide accommodation for 300 students. The project includes spacious lounges, study rooms, kitchen and bathroom facilities, the bedrooms overlook landscaped gardens and pathways that are linked to all the facilities.

Finally, Dr Andrew Golding of Pam Golding Property group's Residential Property Index shows that the lower end of the housing market continues to thrive.

Although, we have been experiencing intermittent internet email problems, please keep sending your news for inclusion in the magazine and website.

Enjoy the read!



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Clean audits for province

A total of 17 of the 24 Municipalities (71%) in the Western Cape received clean audits, compared to 13 of the 50 municipalities (26%) in KwaZulu-Natal; and four of the 10 municipalities (40%) in Gauteng, which included the Democratic Alliance led Midvaal Municipality.

Kevin Mileham, Democratic Alliance Shadow Minister of Cooperative Governance and Traditional Affairs says the Auditor General's report shows that the DA is best at running local government. "We believe government can and should be more responsive to the needs of the people. We believe it can be more transparent and accountable to those it serves, and that it can be more efficient in delivering services. Where we govern, our service delivery records and governance outcomes show that we are committed to spending public money



The Democratic Alliance-run Western Cape Province has once again topped the list of provinces with the number of municipalities receiving clean audits, with zero adverse, disclaimers or qualified with findings.

in the interest of the people and that we have the capacity to deliver."

Mileham is concerned about the fruitless and wasteful expenditure noted in the Auditor General's report: R687 million was incurred by 250 auditees, an improvement from the

R860 million incurred by 222 auditees in the previous year.

Mileham concludes, "The fact of the matter is that if a municipality cannot manage its finances properly, it cannot deliver the essential services the people need." ■

Housing inspectors

The Bokone Bophirima Department of Local Government and Human Settlements, in partnership with the National Home Builders Registration Council (NHBRC), has embarked on an intensive housing inspectors programme.

The department recently held workshops in the Ngaka Modiri Molema and Bojanala Platinum District Municipalities to enforce a zero tolerance against shoddy work in housing projects. NHBRC's Provincial Manager, Sifiso Ntsizwane said that capacitating housing inspectors and other stakeholders will ensure delivery of quality houses to Bokone Bophirima communities. It is important that the NHBRC, municipalities and government work coherently to make this a reality."

The workshops helped to clarify the roles and responsibilities of the department, NHBRC and municipalities in relation to the inspections being carried out on housing infrastructure projects and how they can be improved. Inspectors also raised their concerns and mentioned the challenges that they

experienced when visiting sites.

Alfonso Manuel, Acting Chief Director of Housing Development from the North West Department of Local Government and Human Settlements, told inspectors that the quality of the houses rests in their hands, so it is imperative that they do not compromise on the quality. ■



'Little House' demolished for urban centre

Contractors recently demolished the remains of the 'Little House on the Prairie', a notorious drug den in Belhar, to make way for an urban multi-purpose mixed use centre.

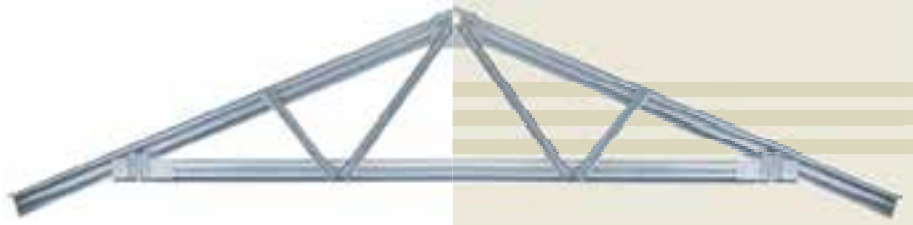
The City of Cape Town-owned property has been the subject of a near decade-long legal battle to evict the occupants. "This is a truly significant milestone in our battle to reclaim City-owned properties. The Little House on the Prairie has a history as one of the most problematic sites in the city, but we persevered and eventually wrestled the property from

the hands of the occupants," said the City's Executive Mayor, Patricia de Lille.

The City's Safety and Security Directorate has secured funding of R12 million via the Urban Settlements Development Grant for the feasibility study, planning and construction of the new facility, due for completion in June 2017.

City's Mayoral Committee Member for Safety and Security, Jean-Pierre Smith said that a deployment centre will be located on the site and will serve neighbouring suburbs and informal settlements. ■

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Adler leaves HDA

Taffy Adler, one of the most seasoned CEOs in the housing sector has left the Housing Development Agency.

The former CEO is a housing activist who has won a number of international awards for his work in the social housing sector.

As head of government's land acquiring agency for the Department of Human Settlements and under his leadership, the agency has successfully delivered far above its acquisition targets and he will be sorely missed.

Minister of Human Settlements, Lindiwe Sisulu says, "He will fortunately still be part of the housing environment and we will count on his support when he has time for us. Through his energy, focus, experience and ability to adapt to new challenges, Taffy has shaped the HDA

into a highly effective and efficient organisation, which is an essential part of the state's human settlements efforts.

As we bid farewell to Taffy, we do so knowing that he has played a pivotal role, not only in shaping and leading the HDA since its formation, but in broader areas such as the turnaround of the N2 Gateway, the informal settlements upgrade programme and the development of the Master Spatial Plan."

Adler has had a direct and indirect impact across the entire human settlements value chain and, says Sisulu, "We are sure this will continue to be the case in his new role. We are very grateful for all he has done



during his time with us and we wish him well."

Taking over as Acting CEO is the Department of Human Settlements Director General, Thabane Zulu, who is very familiar with the work of the agency and what it is expected to deliver in the current MTSF period. He will bring stability and continuity during this bridging phase while the new CEO appointment is being finalised. ■

IHS US\$ 180 million



Soula Proxenos

International Housing Solutions has an impressive track record in the rental and affordable housing market in South Africa with its second fund successfully raising capital of US\$180 million to date. The global equity fund has begun approving investment opportunities in South Africa.

The first investment that has been approved is Ravenswood, a 188 unit rental development in Johannesburg. According to international Managing Partner, Soula Proxenos of International Housing Solutions, the development will be managed by the company for a period of four years. The planned exit strategy is to release

a limited number of units for sale over a 31 month period. A number of alternative exits may all present, such as the sale of a stabilised multi-family project, or to an institutional buyer or a REIT.

One of the equity provider's first fund's projects was The Mews, a 466 unit middle income development in Durban, KwaZulu-Natal. Proxenos says that the sale of the final 24 units is expected to be complete by August 2015. This project is expected to provide a return of 27% IRR, on International Housing Solutions R77,3 million (approximately US\$7 million at the time of investment). The investment was closed in March 2012. ■

DOHS reviews tender system

The Department of Human Settlements (DOHS) Minister, Lindiwe Sisulu says her department will review its tender system to make it work better. The Minister said that it was necessary for her department to review the tender systems adding that "It is one of our biggest headaches in the Human Settlements environment." The review will focus on pre-qualifying contractors based

on their skills and capacity rather than price. This comes as the department aims to build 1,5 million houses and housing opportunities to accommodate a growing housing backlog. The Minister said her department was exploring partnerships to ensure that this target is met. She said that while government will strive to deliver quality houses - citizens also have a role to play to ensure that the

houses they stay in do not fall apart.

"A beneficiary of a house has a responsibility to fix a broken window or door latch when it is broken. We are embarking on a nationwide consumer education to empower our people to understand the value of the houses they own, the importance of caring for it and most importantly, why they must not easily sell it to address short term challenges. This will be done in partnership with the Estate Affairs Agency Board." ■

Cape Town central city housing



The ongoing redevelopment and transformation of Cape Town's central city was spearheaded by the conversion from office to residential of certain iconic landmark buildings including Mutual Heights and Cartwrights Corner.

According to Dr Andrew Golding, Chief Executive of the Pam Golding Property group, both these buildings sold out within weeks of the launch which demonstrated the enormous pent-up demand for central city living.

An endorsement of the continued success and global appeal of Cape Town is the recent announcement that it has retained its position as the Number 1 destination for business events in Africa on the 2014 International Congress and Convention Association Country and City rankings.

Now, a new artistic landmark on the corner of Long and Dorp Streets is set to celebrate the Western Cape's diversity.

Rob Kane, Chairperson of the Cape Town Central City Improvement District (CCID) says that when you want to attract people back into a CBD, one of the first things that need to be done - after you've cleaned up the area and ensured that people are safe - is to provide public spaces in which people want to spend time outdoors. "We're very proud of the fact that the Central City is doing this successfully, not only through the beautiful public squares that we have with wonderful art installations, but through activities such as First Thursdays and the Saturday City Walk that happens on the third Saturday of every month. This increases people's desirability to live and work in town and speaks to the true 'downtown' lifestyle that you find in major cities in the world that have a strong residential component."

The huge shortage of residential stock is due to the lack of new developments coming to market over the past five to seven years, following the market slowdown in 2008. Golding says that the current demand for central city living is largely driven by young professionals who love city living, with prices edging up in recent years. "And, when it comes to comparing old and new blocks, it is usually the amenities on offer which provide the critical differentiator and not the age of the building." ■



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Tongaat releases Kindlewood sites



Tongaat Hulett Developments has established a reputation for excellence as one of South Africa's leading private land conversion developers, having planned and developed more than 2 000 ha of serviced land for residential, commercial, industrial, resort and mixed-use purposes.

Almost 8 600 hectares of land along the east coast of South Africa has been earmarked for new land conversions.

Tongaat Hulett's commitment of working in collaboration with all spheres of National, Provincial and Local Government and recognised track-record of success through its active community partnerships, offers extremely attractive investment opportunities in Southern Africa, at minimum risk. The latest residential sites to be released include eight sectional title development sites at the Planned Unit Developments (PUDs) for 215 units in the Kindlewood Es-

tate. Located on the border of Mount Edgecombe, the fourth phase of the estate will also offer 10 residential sites.

According to Tongaat Hulett's Development Manager, Mondli Msani, "We expect that these will be purchased by several different developers."

The estate offers tranquil, modern living with nature on the doorstep and green open spaces include walking paths and wetlands favoured by a variety of birdlife. A contemporary Natal veranda style of architecture is characterised by green roofs and a combination of cream and earthy face

brick walls, designed to complement the natural landscape. "It also provides interesting options for investors wishing to buy and rent out the units as well as for residential property developers to create a desirable living space in smaller complexes within the estate."

Kindlewood Estate shares its greater environment with the Mount Edgecombe Country Club Estates and is conveniently close to both the Umhlanga Ridge town centre and the Gateway shopping mall.

The relaxed estate life encourages outdoor living. Security includes electrified perimeter fencing, camera surveillance and round the clock gate monitoring.

Sustainability has been a key feature of the development and includes water and energy efficiency initiatives such as solar power, energy saving electrical fittings, separating and recycling grey and black water to reduce water consumption and the use of air conditioning systems for ventilation, which require less power than conventional systems. Outdoors, indigenous plants have been favoured for their low water absorption and underground rainwater is harvested and reused for irrigation.

On completion the 62 hectare gated lifestyle estate will provide 573 residential units. More than one hundred sites have already been sold. Msani adds that a core element of Tongaat Hulett's strategic vision is to maximise the value generated by optimum utilisation of land in the portfolio through its conversion to the most productive land use thereby optimising total real estate investment on the land. ■

City's land deal with AECI

The Competition Tribunal of South Africa has approved a R400 million land deal between the City of Cape Town and AECI. The acquisition of the 684 hectare piece of land at Paardevlei in Somerset West has been earmarked for urban and mixed use development. This property is one of the last extensive, undeveloped pieces of land within the developed footprint of the City of Cape Town.

"This transaction is part of our commitment to meeting the needs of our expanding population," says the City of Cape Town Executive Deputy

Mayor, Ian Neilson.

Plans for the site will require a public participation process and will take a number of years to develop.

"We are extremely pleased to have concluded the deal, which was well supported by the AECI Board of Directors. We believe that the City is the right buyer since it is best placed to develop the property strategically to the future benefit of Cape Town and its people," says AECI's Chief Executive, Mark Dytor.

This agreement will allow the City to meet many of its urban development obligations. ■

FNB'S ONLINE PROPERTY TOOL

First National Bank recently launched the FNB Property Leader, the first of a kind online property tool that gives step-by-step advice and solution to manage the entire property process from buying to selling.

Without incurring property listing company fees, get free up-to-date information on FNB's Property Leader, area and property reports; a fully integrated electronic online home loan application with tracking ability; step-by-step guidance and advice through the entire buying and selling process; and financial pre-approval with credit check within seconds.

Marius Marais, CEO of FNB Home Loans says, "We have been developing the FNB Property Leader concept over the last couple of years and are delighted to launch the site."

FNB Property Leader was developed with the customer in mind as the ultimate electronic innovation helping them through the often emotional property process. The online solution is not only comprehensive and convenient, it can be accessed anytime and anywhere.

"For many people the process of buying and selling a property can be overwhelming. This tool is a way to hold the consumer's hand throughout the entire process from either buying or selling," says Marais.

Potential home owners receive pre-approval within seconds. "With our pre-approval process, the customer literally becomes a 'cash buyer,'" says Marais. It also solves one of the biggest quandaries for the customer – the size of the loan.

Marais adds, "The system checks the customer's credit score and, depending on the customer's risk profile and affordability, automatically creates a pre-approval letter which serves as a provisional guarantee, which gives the buyer the necessary negotiating power."

Once a home loan application is ready to be submitted, the entire process can be completed quickly and easily through the site.

"We have created a platform that accepts all the documentation and information required for a home loan application with

FNB. The process is quick to log and customers can track their home loan application on the site," says Marais.

The site also offers free area and property reports that are pulled from a number of sources including the Deeds Office to give a comprehensive overview of a suburb or a particular house.

"This type of information is invaluable to any home owner in order to make informed decisions when buying or selling. Buyers will be able to determine fair value of the property by comparing properties with others recently sold," says Marais.

Area reports include details such as average house prices in the area, average increase or decrease in property prices, the types of homes etc.

A property report includes the last bought and sold price of the



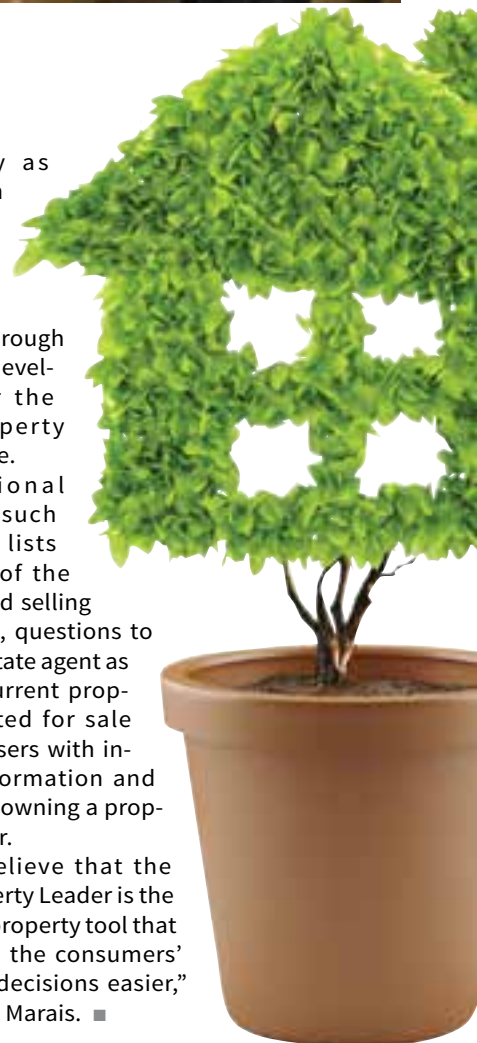
Marius Marais



property as well as an estimated current value calculated through a model developed for the FNB Property Leader site.

Additional features such as check lists for each of the buying and selling processes, questions to ask the estate agent as well as current properties listed for sale provide users with in-depth information and advice on owning a property owner.

"We believe that the FNB Property Leader is the ultimate property tool that will make the consumers' property decisions easier," concludes Marais. ■





UBER-TRENDY CA

The R51,4 million project comprised two multi-storey buildings, 5 900m² of residential space to create 148 units, 17 bathroom facilities, three spacious lounges, 23 kitchenettes, 28 study rooms and on-site laundry for 300 students.

With 30 years' experience and a solid reputation in the building sector, NMC Construction Group was appointed as the main contractor to provide safe, quality accommodation on the campus. On the design front, Cape Town-based mlh Architects & Planners, together with Sutherland Consulting Engineers developed a practical, economical and fit-for-use design with input from sub-contractors and co-contractors, and offered a fixed price contract. mlh Architects' plans dovetailed perfectly with NMC's

NMC Construction Group has successfully completed the student residence at the Cape Peninsula University of Technology (CPUT) in Cape Town.

philosophy to be innovative, cost efficient and add value.

In addition to functioning as a residence, the building has been designed to preserve the remnants of Hanover Street within its grounds as a safe outdoor pedestrian recreational space for the students. The controlled access includes a Cairn of memorial stones laid by former District 6 residents.

The building comprises a 4-storey bedroom wing and a double storey common room and bedroom wing. The wings include several landscaped courtyards that afford natural light

and privacy for all bedrooms with access via Hanover Street. The entrance foyer links an outdoor covered walkway to the external entrances as it traces the path of the original Hanover kerb edge.

Owing to the high demand for student accommodation, occupancy numbers were maximised by providing double bedrooms and shared facilities. Access control to the building is via biometric thumbprint readers and all bedroom doors have spyglass viewers for the safety of students.

Studies, kitchenettes and stairs occupy the corners of the building, so



MPUS

that the best panoramic views of the city and mountain are enjoyed from the common areas.

The scope of work for this project included the construction of two multi-storey buildings executed in two phases. Both structures comprise raft foundations with load bearing brickwork and precast concrete slabs.

“As expected, the synergies with all our design and construct partners on the CPUT project proved once again that we are committed to a timeous delivery of a quality product to our clients within a fixed lump sum price. By tapping into the collective capabilities and expertise of each partner we are able to maximise the value of a building whilst reducing input costs through value engineering and



design optimisation – this is why we select partners best suited for each project, says Dale Gay, NMC Contracts Manager.

A number of energy efficient products were carefully selected and sourced including: Low-e glass has a microscopically thin, transparent coating comprising several layers – (much thinner than a human hair) – that reflects long-wave infrared energy (or heat). Some low-e’s also reflect significant amounts of short-wave solar infrared energy. Low-e glass can supply very good heat insulating performance and meets the requirement of energy saving by preventing too much solar energy heating the room during summer and reducing indoor heat loss during winter. Heat pumps have been utilised throughout the campus residences. The bathroom fittings include products from Geberit, Vaal and Cobra. The students’ kitchenette fixtures include products from Franke and Midas supplied the customised paint.

“The NMC design and construction offering proved to be an excellent method of doing business. The value it added to the project was evident, with the cost coming in considerably less than traditional procurement methods. In addition, we experienced a quicker turnaround time on project delivery and reduced time spent on procurement. I would like to commend the team on a professional project execution and a most enjoyable construction experience,” says Alex Honhaar, Manager: Infrastructure and Facilities Management of CPUT. The NMC Construction Group’s

design and construction service offers a holistic approach to any project, including design co-ordination, planning, plan approval, budgeting and construction management.

The well-established group has experience in turnkey design and construction delivery, the group has successfully established strategic long-term partnerships and has diversified its portfolio across the industrial, commercial, retail, agricultural and institutional infrastructure sectors.

Current design and construct projects include; the R84,8 million Project Synergy, a commercial extension and refurbishment for home shopping retailer, HomeChoice, as well as the R24,4 million extension and upgrade of the Elgin Free Range Chicken facilities.

The multi-disciplinary construction group has a national footprint and SADC presence. Currently the organisation has offices in Cape Town, Johannesburg, Durban, East London, Port Elizabeth, Kathu, Springbok and Windhoek. The business growth is attributed to NMC Construction Group’s strategic intent to expand its market space to include civils infrastructure and diversify its building portfolio to include commercial, retail, bulk residential and institutional and social services sectors.

The NMC Construction Group’s civils and building divisions are ISO accredited in the following three ISO standards; ISO 9001, ISO 14001, OHSAS 18001. These entities have a level 2 and level 3 BBBEE rating and a CIDB GB9 and CE8 grading respectively. ■

The bottom line

FNB's Household Debt-Service Risk Index provides a simple indication of the vulnerability of the country's household sector when it comes to being able to service its debt in future.

From a revised fourth quarter 2014 index level of 5,90 (on a scale of 1 to 10), the first quarter of 2015 saw a further rise to 5,99. This was the second consecutive quarter of increase, based on revised data, after a prior declining trend that took place from late-2012 to the third quarter of last year.

This recent turn for 'the worse' is a concern, because the level of the Household Sector Debt-Service Risk Index remains above the key level of 5.7. Loos says this indicates that it is still rooted in the 'High Risk Range' and "is undesirable for it to be rising so soon, at a time when it is already high.

And he says, points to an increased Household Sector vulnerability to interest rate or disposable income 'shocks'. The most recent



John Loos, FNB Household and Property Sector Strategist Market Analytics and Scenario Forecasting says that the hazards of low economic growth are reflected in a mild increase in Household Sector vulnerability to debt-service cost 'shocks'.

index level does admittedly remain well-below the revised 7,59 peak reached in the first quarter of 2006, back in the household credit boom just before the start of the previous interest rate hiking cycle. However, to give perspective, we must also point out that the level is still far above the low of 2,28 reached late in 1998.

The index is compiled from three variables, namely, the debt-to-disposable income ratio of the household sector, the trend in the debt-to-disposable income ratio, and the level of interest rates relative to long term average (5-year average) consumer price inflation.

"The country's weak economic

growth rate over the past three years, which has exerted downward pressure on household disposable income growth and finally caught up in the first quarter of 2015. Despite very low household credit growth, a more significant drop in disposable income growth caused a quarterly rise in the Household Debt-to-Disposable Income Ratio, from a previous quarter's revised 78% to 78,4% in the first quarter of 2015."

He explains that while this rise is small, it does serve to emphasise the constraining effect of slow economic and household income growth on the 'de-leveraging' process. With household credit growth being pedestrian at best, one would expect in a 5-6% inflation country that we could make faster progress in lowering the still-high indebtedness ratio. But in a stagnant economy with slow income growth, such progress is difficult to achieve.

It would currently appear to be an inappropriate time for any rise in Household Sector Indebtedness relative to income.

Some key potential risks to inflation and interest rates exist due to South Africa's vulnerability to Rand exchange rate shocks. South Africa's current account deficit on the balance of payments remains huge, and it depends on large levels of net foreign capital inflows to finance the deficit, putting the Rand constantly at high risk of weakness. Severe Rand weakness can mean surges in imported price inflation, in turn exerting upward pressure on local consumer price inflation and ultimately on interest rates. ■

Debt service risk

According to FNB's Household and Property Strategist: Marketing Analytics and Scenario Forecasting, John Loos this wave of buyer panic is significant considering house price growth is mediocre and only marginally above inflation. The June FNB House Price Index rose by 5% year-on-year. Loos suggests that South Africans obsession with home ownership has the potential to be a key driver of growth in the residential sector. During the 2004/5 period, where average house price inflation peaked at extreme levels over 30%, such panic was to be expected in a country where home ownership is such a high priority.

But, first time home owners should also consider the current interest rate cycle and the cost of servicing a home

loan. "The reality is that for many of buying a home is the biggest single financial commitment that we can make. Not only does it bring about a debt repayment commitment but it comes at a cost - home insurance costs, security, maintenance, municipal and utilities bills as well as household furnishings.

The FNB Estate Agent Survey highlights that the number of residential sellers downscaling due to financial pressure, from 34% in 2009 to 12% in 2015, is still significant as interest rates have been at a multi-decade low in recent years. Loos suggests that buyers should buy 'well within their means' to be able to absorb interest rate hikes. The reality is that a significant number of homeowners have to sell and downscale later on. ■

CREDIT AND MORTGAGE BALANCES

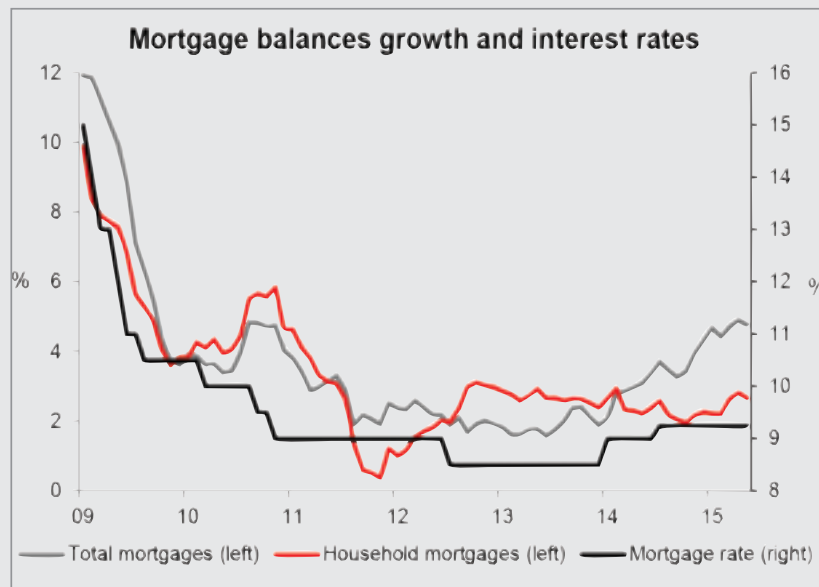
There has been subdued growth in household credit and mortgage balances in the South African household sector to May 2015, with year-on-year (y/y) growth in a relatively narrow band for the past ten months.

According to Jacques du Toit, Absa Home Loans Property Analyst, "Growth of 3,2% y/y was recorded in the first five months of the year, which was the net result of a slight uptick in growth in household unsecured credit balances. This was marginally lower growth in secured credit balances compared with the period January to April this year."

Du Toit says that growth in the value of household secured credit balances (R1 089,9 billion at end-May and 76% of total household credit balances) came to 3,2% y/y at the end of May, much in line with growth of 3,3% y/y at end-April. Secured credit balances growth up to end-May was mainly determined by growth in mortgage balances (77,3% of household secured balances) and growth in instalment sales balances (22,4% of household secured balances), which slowed down further to 5,5% y/y from 5,8% y/y and 5,9% y/y at the end of April and March respectively.

Household unsecured credit balances of R343,7 billion and a share of 24% in total household credit balances at end-May, showed growth of 3,5% y/y at the end of the first five months of the year. This was the result of somewhat higher growth in the general loans and advances component (60,8% of household unsecured balances) to 3,2% y/y from 2,9% y/y at end-April. While overdraft balances of 9,9% share contracted by 8,2% y/y in the period January to May. Credit card balances, with a 29,2% share, increased by 8,9 y/y at the end of May.

Outstanding private sector mortgage balances, comprising commercial and residential mortgage loans, saw growth of 4,8% y/y at end-May, marginally down from 4,9% y/y at end-April. Growth in private sector mortgage balances growth was



the combined effect of continued double-digit growth in corporate mortgage balances (28,9% of total private sector mortgage balances), while growth in household mortgage balances (71,1% of total mortgage balances) was lower at the end of May compared to April.

The outstanding value of household mortgage balances increased by an amount of R2,4 billion from end-April to a total of R842,1 billion at the end of May, with growth of 2,7% y/y recorded over the five-month period. Year-on-year growth in this component of household credit balances has been in a narrow range below the 3% level since January 2013. "The value of outstanding mortgage balances is the net result of all property transactions related to mortgage loans, including additional capital amounts paid into mort-



gage accounts and extra monthly payments above normal mortgage repayments," says du Toit.

Based on trends in and the outlook for a range of macroeconomic and household sector-related factors and variables, growth in the demand for credit by households and the value of outstanding credit balances is expected to remain subdued in the rest of the year. ■

LOWER END RESIDENTIAL

Pam Golding

Residential Property Index for June 2015 reports that the lower end of the housing market continues to thrive.

Although buffeted by a range of economic headwinds, the South African residential property market's gradual slowdown in national house price growth in fact disguises a range of diverse trends – many of which remain positive, according to Dr Andrew Golding, Chief Executive of the Pam Golding Property group.

While the index continues to ease, recording an annual growth rate of 5.92% in April, the slowdown in house price inflation remains gradual – with the annual increase in prices just 0.76% below the cyclical peak reached in September 2014.

Golding adds: “Notwithstanding the fact that house price inflation at a provincial level appears to be losing momentum, within the country's major metropolitan areas prices continue to accelerate, registering healthy growth rates. Limited land availability within these areas, combined with rapid urbanisation and migration between metros – with a steady influx of people seeking economic opportunities, are contributing to a steady increase in metro house prices.” When comparing the four metro regions, it is clear that house prices in the Cape Town metro are outperforming by a considerable margin, followed by Tshwane (Pretoria), Johannesburg and eThekweni (Durban metro). So although KwaZulu-Natal has overtaken the Cape as the top performing regional residential property market in terms



of house price growth, Cape Town continues to dominate.

“While the outlook for the economy and hence the housing market remains relatively modest, there are clearly areas of robust house price inflation within the various market segments. After moderating during the global financial crisis and subsequent local economic recession, house price inflation in the affordable price band has rebounded - accelerating strongly since early-2014. Price inflation in this category is fast approaching the levels recorded during the 2004 boom, with a robust annual growth in prices of 30.65% in April 2015. The growth in affordable house prices undoubtedly reflects the growing housing backlog, with an estimated two million households

currently living in informal settlements,” says Golding.

The trends in the performance of house prices within the various price bands remains broadly unchanged – with the lower price band (below R1 million) continuing to register the strongest performance (+8.96%) in April.

Within the three major regions, the performance of house prices in the lower price band varies significantly. In the outperforming KZN housing market, this category continues to register robust price growth (+18.29%) followed by the Cape (+12.35%) and Gauteng (+8.96%).

A further factor supporting demand in the lower price band is the growing presence of first-time buyers in the market. The percentage of

MARKET PERFORMS



Andrew Golding

first-time buyers has risen steadily in recent years and accounted for 53% of total sales during the first quarter, according to bond originator Ooba.

From mid-2013 to early-2015, the Western Cape enjoyed the strongest house price inflation among the three major provinces. However, acceleration in the rate of growth in house prices in KZN saw the province begin to outperform the Cape in early-2015. Since then KZN house prices have continued to strengthen while the other major provinces - and South Africa overall, have experienced a slowdown in the pace of house price inflation.

During the past decade, house price inflation in Johannesburg and Tshwane has closely tracked the performance of house prices in

Gauteng as a whole. However, in recent months, as house price inflation in the province has started to soften, price inflation in Johannesburg and, to a greater extent in Tshwane, has accelerated. The last time growth in metro house prices exceeded growth in the province overall was in the early 2000s - ahead of the 2004 housing boom.

Similarly in the Western Cape, average regional house price inflation is clearly losing momentum, while Cape metro house prices have accelerated sharply since mid-2014. This is the first time that this stark divergence between metro and provincial house prices has been recorded since 2000.

Golding says: "Given that the metro areas are the epicentre of

economic activity within each province, local cities continue to experience relatively rapid rates of urbanisation. With limited land-availability within each metro and with growing congestion discouraging long daily commutes, the housing market is seeing a steady increase in densification. As a result, there has been a steady increase in the number of sectional title properties in South African housing markets.

"This can be seen when considering what percentage of residential building plans passed are for flats and townhouses rather than freehold properties. In the first quarter of 2000, sectional title units accounted for just 10.9% of total residential building plans passed. However, by the first quarter of 2008, sectional title accounted for 40.3% of total plans passed. The percentage declined during the post-crisis economic downturn but has subsequently risen - reaching 38% in the first two months of 2015."

He concludes: "The growing demand for sectional title properties is not just about affordability, but also security and the growing trend to smaller, more conveniently located properties. This trend is evident in major cities around the globe." ■

Increased confidence in Newcastle

Newcastle's property market has slowly but steadily climbed out of the recession. According to Samantha Wade from Pam Golding Properties in Newcastle. "A further sign of renewed confidence in the area is the re-commissioning of Siltech, a silicon factory situated about 20km from the town, which had closed down about two years ago. Due to Newcastle's strategic location between Johannesburg and Durban, the town is also used as a regional base by a number of government departments. The economic importance of the Memel Road conduit or R34, which spans approximately 100 km, linking Memel and Vrede in the Free State with Newcastle in KZN, had been lost over the past few years. Its uncompleted roads having steadily deteriorated into non-existence and have now been revived. Recently major roadworks began in order to upgrade this vital passage between Gauteng and KZN, with the impact of this still to unfold. However, the roadworks for the upgrade of the Newcastle/Ladysmith route is now complete."

Having largely been absent for some years, property developers are once again emerging and expressing an interest in acquiring vacant land to develop.

"Two townhouse developments, Parklands and Bishopscourt in Hutten Heights, have sold



Strategically positioned mid-way between the cities of Johannesburg and Durban, the town of Newcastle in Northern KwaZulu-Natal has seen an injection of capital investment over the past several years, with key road infrastructure projects and a significant increase in confidence among residential property developers and investors.

exceptionally well. In affordable housing prices the benchmark in Amajuba Park, Ncadu and Barry Hertzog Park have escalated and homes that originally cost R500 000 are now selling for up to R750 000," says Wade.

She says residential property purchasers in Newcastle are across the board, from young professionals and growing families to more mature buyers and also investors.

"The profile of our younger buyers is usually someone employed in a government department or young

professionals, starting out in their careers. They may relocate at some point in the future, but generally do not wish to commit to a large property, preferring a duplex unit or an apartment. As rentals are particularly scarce in this sector of the market, the lack of supply is fuelling sales to a large degree. Generally, rental stock is in high demand across all categories. Sectional title townhouses are also highly sought after and very hard to come by.

For further information, email: samantha.wade@pamgolding.co.za

Azure on the Bay



The team from Asrin

Construction is well underway at Azure on the Bay in Big Bay, Cape Town. The development is located 25 kms from the Cape Town City Centre and on one of the city's northern most beach suburbs. Asrin Property Developers have completed the foundations of the basement and supporting column. According to Asrin Construction Director, Shiraz Onia, with postcard views of Table Mountain almost 80% of the units have been sold. The project is due for completion in July 2016.

Asrin Commercial Director, Shiraz Hassan said that the market has responded very well to two factors, the first being the beginning of construction and the second is the renewed confidence in the property market."

"We put this down to the high de-

mand for stock particularly in the Big Bay's waterfront node. Many people have realised that this is possibly their last chance to buy a unit that is well priced. The commercial banks are also realising the value here, with the big four willing to provide loans without any problem," said Hassan. He added that purchasers seem to be well informed and committed before signing an offer.

"There are many features that makes this development appealing including the sandy beaches nearby, a view of the ocean, central communal courtyards and security. If one compares other beachfront areas, the value for money at Azure becomes truly evident."

The development offers affordable housing for the middle income market. ■



20th ANNIVERSARY NURCHA



NURCHA'S IDEALS AND



Viwe Gqwetha

It's all about ideals...government's development finance institution, the National Urban Reconstruction and Housing Agency (NURCHA), celebrates its 20 year milestone as the leading Construction Finance and Programme Management institution in South Africa. Since 1995, NURCHA has provided R3,8 billion developer funding to roll out 392 145 housing opportunities across the sector with project values of more than R20 billion.

NURCHA Managing Director, Viwe Gqwetha, shares some of the significant milestones in their rainbow history - the African Bank defaults; the Savings Schemes for communities and associations; Residential projects; new ways to operate; a new breed of funding partners; and the RDP/BNG fully subsidised housing policy.

DEMOCRACY & HOUSING

Established at the start of South Africa's new democracy, NURCHA was set up by the country's iconic statesman, President Nelson Mandela and other notable leaders such as Frederik Van Zyl Slabbert, international philanthropist billionaire George Soros and the South African government. With the backing of the President and Jay Naidoo, the Reconstruction and Development Programme (RDP) office and stakeholders, NURCHA was given the task to normalise the market and provide finance to contractors to deliver housing for the poor.

According to Gqwetha, Van Zyl Slabbert should be credited for bringing Soros on board to partner with NURCHA and the South African government to fund the development programme. Other notable stakeholders and supporters include NURCHA board member Khehla Shubane, who with Cedric de Beer, Jill Strelitz and Nhlanhla Mjoli has guided, shaped and supported

NURCHA from the start.

Viwe explains: "At that time in our history there were structures such as Housing Forums, policy institutions including the Urban Foundation, and Independent Development Trust, who were involved in funding housing solutions etc. NURCHA was meant to have a five-year lifespan to bankroll contractors to provide housing for the poor, as well as fund micro lenders in a bid to upgrade low-income housing and provide infrastructure and services such as schools and clinics."

A NEW STRUCTURE

From 1995 to 1999, NURCHA offered commercial banks guarantees that if a contractor defaulted on a bank loan it would pick up the tab. But, according to Viwe, offering these guarantees to encourage the commercial banking fraternity to come on board with development finance failed.

NURCHA provided guarantees to micro funders, including Ithala Bank, to fund small loans to householders for upgrades, water tanks and so on. On the supply side, NURCHA financed contractors and 16 000 houses were delivered by 1999 and grew to 88 000 in 2003. NURCHA continued to provide innovative products but some risks emerged at this early stage. Contractors experienced payment delays; some of the former Housing Boards had administrative problems and, also interest rates spiked to 25%, borrowers felt the pinch.

In boxing terms NURCHA is endowed with courage and an attitude that is willing to take on all comers as it punches above its weight considering its small balance sheet and marginal income.

NURCHA has successfully cornered almost 10% of the Affordable Housing market, making it a tour de force in housing delivery. After market lulls of previous years and a new forward-thinking strategy, government's funding arm for developers and emerging contractors has led the institution on an exceptional growth path. As the housing market recovers from the global crisis, it is time to reflect on what NURCHA has achieved and to recognise what it brings to the human settlements sector through all of its programmes and new product offerings.



DEALS



SAVINGS SCHEMES

During 2000 to 2003, NURCHA introduced innovative products including Savings Schemes with community associations. This programme encouraged housing beneficiaries to save R600 each in community saving schemes in order to leverage state subsidies for end-user housing and it received support from the National Department of Human Settlements (known then as the National Department of Housing).

The programme allowed beneficiaries to jump the housing queue if the beneficiary was prepared to save R600. Gqwetha says that NURCHA drove the process and the savings schemes proved successful. It showed a willingness by communities and housing beneficiaries to pay for accommodation and also to resolve their own problems. A significant number of houses were built during this period and NURCHA truly ful-

filled its mandate. Government had a change of policy, which required beneficiaries to save R2 479. This was beyond what most people could afford. It became increasingly difficult to recruit communities into the programme and encourage them to save for their own homes. It was the demise of the savings schemes.

At provincial level housing officials ignored the savings element and simply allocated housing to beneficiaries. NURCHA received the signal that the savings schemes were not producing the housing volumes that government wanted to achieve. Instead of being encouraged to save and solve their own housing problems, beneficiaries just wanted to get in the queue for government housing.

AFRICAN BANK

Another key catalyst during this period of NURCHA's history was the

partnership with the African Bank. The bank took the risk of lending to contractors while NURCHA provided guarantees in the event that a contractor defaulted. Gqwetha says that African Bank became a significant player in the sector and made huge strides in financing delivery of 22 000 houses. Then disaster struck: interest rate hikes, quality issues with housing, the administrative issues of Housing Board. The result of these combined challenges was that contractors defaulted on payments to the African Bank. It was a disaster as NURCHA experienced one of its biggest losses when it had to honour guarantees. African Bank also took massive losses, causing it to withdraw from the sector.

GUARANTEES

The African Bank saga was a significant learning curve as NURCHA no

Continued >>>

longer supplied loan guarantees, except for residual commitments. There were a number of innovations that shaped NURCHA's product offerings. NURCHA's financing model changed with the business model, including credit assessments for contractors, lending systems and risk mitigation.

BNG - INFRASTRUCTURE

As government introduced the Breaking New Ground (BNG) policy of sustainable human settlements in 2004, NURCHA's mandate expanded to provide finance to contractors building infrastructure such as schools and clinics.

"NURCHA created a Special Purpose Vehicle (SPV) with the Netherlands Development Finance Company (FMO) to roll out these projects, which were approved by National Treasury and the Department of Human Settlements. To date NURCHA financed 283 community facilities built by emerging contractors.

BNG - HOUSING

The Overseas Private Investment Corporation (OPIC), the United States government agency, had provided First National Bank with a R180 million guarantee to partner with NURCHA.

These funding structures overlapped for 10 years. Gqwetha proudly says the OPIC funding was the first of a new generation of funding models: "This has been a significant structure that allows us to lend to contractors for a period of 12 years."

AFFORDABLE HOUSING

At the same time government provided funding for NURCHA to establish an Affordable Housing Programme that ran concurrently with the RDP/BNG subsidy programme. NURCHA financed contractors and developers in these market segments to meet the ever increasing housing challenge. More development finance institutions were established to address other housing aspects. These include the National Housing Finance Corporation and the Rural Housing Loan Fund. Over time NURCHA has attracted more funders to the affordable housing sector such as PIC R100 million, Cadiz R75 million

and FNB R85 million. These were leveraged on the back of a R300 million grant provided by government and an OPIC guarantee. As a result of this NURCHA rolled out R6,7 billion of projects.

RISKS

"As a DFI leveraging finance we were willing to take considered risks much more than the private sector could tolerate. Our financing partners included grants from international communities willing to support the developmental agenda, Swedish grants and a loan from Soros' Open Society Foundations (OSF)."

BITING THE BULLET

NURCHA used various instruments to leverage additional finance from the private sector and international community such as Junior lender status, guarantees, co-funding and risk sharing, as well as SPVs to ring fence risks. Over and above this it applied close monitoring processes to safe guard investment and ensure completion of projects. From time to time, NURCHA adjusted lending roles in response to environmental risks such as delayed payments and construction risks.

NEW FUNDERS

"On sustainability, there has been a significant shift with financiers. Our funding partners require repayment of their facilities and sometimes a return on it," Gqwetha explains. "While we are willing to take considered risks, it is a balancing act. A true DFI cannot survive purely on an expectation to make a profit."

Asset managers expect a return on their investment for their shareholders and this has to be achieved by a DFI regardless of innovations or losses incurred.

From a lending point of view it is important to test new products. Gqwetha says: "This is the dilemma. It is not all about the balance sheet. DFIs are created to play a role in the sector and not sit with funds but work to provide housing opportunities, developer funding and assist government with delivery goals."

He notes that South African financiers, particularly those that created



social infrastructure funds such as Cadiz, Future Growth and PIC were far more willing to take risk and lend in the development sector. "We are financing subsidy housing on our balance sheet and need government to replace the OPIC funding so that we can play a bigger role amid the high risks."

INCLUSIONARY GROWTH

"There is a demand for inclusion of the youth and women contractors in the delivery of housing and we want to be a catalyst in this inclusionary growth. This requires a fund and an institution that understands the nitty-gritty of the risks - and we are looking at ways in which we can collaborate."

With a background and expertise in strategic and transformational programmes, operations and financing, he offers some suggestions to kick start youth and women initiatives in the construction sector. "Most big companies like WBHO have healthy balance sheets to raise finances for their operations. Small contractors will not play gainfully without similar financial instruments in place. For marginalised groups like women to participate in this sector, it requires



a well-packaged fund comprising of private sector, grants and concessionary funds,” Gqwetha explains. “Define the credit rules, tolerance levels, governance and then monitor for performance.” Gqwetha is adamant that this conversation needs to continue even with the upcoming amalgamation of three sector DFIs. The aim is to establish a much bigger DFI that will make an impact but it is necessary to deal with the fundamentals that will drive entry into the markets that are under serviced.

FACTS & FIGURES

Drilling down on the Affordable Housing market, Gqwetha says that the information released from the banks can be misleading as new loans are bulked with secondary funding on extensions or resale of properties. By using the National Home Builders Registration Council (NHBC) inspection record for Affordable Housing, in the price band, figures show that 30 000 new units are produced annually. He says, for example, if NURCHA produces 3 000 units per year, “All of a sudden we are a 10% player in the production of new stock, with a balance sheet of R600 million compared

with the billions in the commercial banking sector.” Gqwetha believes banks are not disclosing enough information on the way the figures are being analysed, in terms of the Home Loan and Disclosure Act.

PROGRAMME & FUND MANAGEMENT SERVICES

NURCHA’s Programme and Fund Management business unit in the past three years had provided the Free State provincial government with programme management support systems to build capacity. These include GIS systems and human capital capabilities. At the end of the contract, the province retained a number of NURCHA’s project managers.

In KwaZulu-Natal NURCHA serves as the Fund Administrator for the Vulindlela Enhanced Peoples’ Housing Programme. The five-year project will roll out 25 000 housing in a peri-urban area spanning seven wards and 14 tribal authorities. The National Department of Human Settlements, the Department of Co-operative Governance and Traditional Affairs and The Eastern Cape Department of Human Settlements tasked NURCHA to eradicate the bucket system and

provide decent sanitation facilities. It took 18 months and it was a resounding success although there were challenges. The remainder could not be eliminated because of a lack of infrastructure and water. In the Western Cape, NURCHA provides project management services to contractors to retrofit and install ceilings to make houses more energy efficient.

Gqwetha points out that it is not always about the revenue but about providing services. There is no doubt that with NURCHA providing the skills, overseeing the projects and financial management, it is a win-win situation for provinces.

MANDELA’S DFI

NURCHA has met a number of challenges over the years, adapted, refined and overcome them. This has meant regrouping, implementing and developing new systems, business plans, new products, risk management, developer credit assessments etc.

What started out as a five-year term to normalise the human settlements market has been an epic journey to assist the delivery of sustainable housing across the spectrum from incremental, affordable, Gap, RDP/Breaking New Ground (BNG) fully subsidised units and rental stock to meet government’s constitutional mandate. NURCHA has served the housing sector exceptionally well for the past 20 years and has fulfilled its mandate to provide financing to contractors, to secure delivery of housing for the poor. It has achieved its goals with limited funding. Its unprecedented clean audits since 1995 speak volumes about the institution’s integrity.

THE FUTURE

Looking ahead, Gqwetha is excited about city developments, densification, green building and energy efficiency interest rate incentives, inclusionary projects and developing rental or People’s Housing Process, which offer security of tenure and basic services, perhaps in exchange for some type of sweat equity from beneficiaries. This can encourage communities to take responsibility for their housing needs, in a sensitive way that empowers beneficiaries, instead of them relying on government.

The journey continues ... ■

SUBSIDY HOUSING

NURCHA ensures the availability of bridging finance to small, medium and established contractors building low-cost housing and related community facilities and infrastructure.

In Subsidy Housing, NURCHA's portfolio improved and achieved a staggering 121% growth, with the increase in deals enabling the roll out of 9 773 sites and houses, compared to 4 428 in the previous financial year.

Gaining momentum in tight fiscal conditions, NURCHA's new loans increased substantially by 47%, from R55,481 million to R81,791 million. Notably, the value of the projects escalated to a whopping R864, 035 million compared with R349,911 million last year.

This all bodes well for NURCHA as a recognised champion in providing subsidy housing and infrastructure. According to Dini Piki, Programme Manager: Subsidy Housing and Infrastructure, NURCHA received 46 loan applications totalling R231,2 million.

With years of experience in home loans under his belt, Piki says: "The high fallout rate of 46% on applications received versus the actual number of loans signed remains a challenge. One of the main reasons for this is the inability of contractors to supply all the required documentation to process a loan application requirements.

NURCHA's amended lending criteria and additional support services to emerging contractors will address this challenge and NURCHA is confident that the volume of loans receiving approval will show a sharp increase in the next financial year."

Managing the debtors' book with his banking expertise, Piki recognises the need to assist contractors (specifically emerging contractors) with working capital to start work on site. NURCHA's ability to meet small contractor funding needs is only feasible if risks are closely monitored and ad-



ditional construction support services are provided. NURCHA has introduced more lenient credit criteria under the Contractor Finance and Development Programme to achieve this.

DIVERSIFIED PRODUCT RANGE

NURCHA embarked on a series of national roadshows and workshops for contractors and developers across the country and the new product offerings have contributed to increasing its market share.

More than 600 new potential contractors in Port Elizabeth, East London, Mthatha, Durban, Cape Town and Johannesburg and as far afield as Mpumalanga and the North West attended the roadshows.

This resulted in four more additional loan types, which will ensure that NURCHA is able to assist a greater number of contractors with working capital. In order to be self-sustainable, NURCHA is extremely cautious in providing developer finance as this money has to be repaid in order to continuously fund more projects to meet its human settlements delivery mandate.

Overdue loans equated to 20% of the regular loan book. NURCHA's financial year end coincides with the year end of the employer's (provincial department of human settlements). During the last quarter of the financial year, provincial departments of human settlements had already exhausted their budget. This has caused a delay in payments which will be rectified once new budget allocations have been finalised.

GROWTH IN LOAN BOOK

Loan values have grown significantly in the last year and utilisation of loan is on average 40% of the loan value approved.

INFRASTRUCTURE AND COMMUNITY FACILITIES

This programme has issued loans to the value of R56 million. In line with the organisational strategy of scaling down the infrastructure lending programme, as a result of losses suffered in previous years.

The programme has been amended to certificate-only lending and the advance rate has been reduced from 90% to 80%.

There is no funding provided for materials on or off-site. Two loans signed in the current financial year are for schools, which are key in the development of sustainable human settlements.

Other infrastructure projects will be considered subject to the contractor meeting certain funding requirements.

FIVE YEAR STRATEGY

Piki says: "NURCHA's five-year plan focuses on strategic growth areas. This includes women contractors, housing for military veterans, backyard rentals, subsidy housing and infrastructure in mining towns including Free State (Matjhabeng), North West (Rustenburg), Mpumalanga (Emlaheni) and the Eastern Cape." ■

NURCHA'S RAPID GROWTH

The Affordable Housing programme has been a steady contributor to NURCHA's financial results and a significant player in the National Department of Human Settlements to achieving the Outcome 8 goals.

NURCHA, government's implementation arm and development finance institution, has provided Affordable Housing developer funding of R1,74 billion to deliver 38 326 houses during its 12 years in existence.

The Affordable Housing Programme provides finance to contractors and developers specialising in housing under R650 000 and particularly Gap housing. And NURCHA offers favourable and competitive short term loans in this niche market segment. The dynamic team of professionals at NURCHA recently held a number of roadshows across the country to attract new business, expand their presence in tough economic conditions, and showcase a variety of their product offerings. This included the Emerging Contractor Developer Programme for new entrants to the sector.

With a loan book of R600 million, Dean Gounden, Programme Manager: Affordable Housing, says: "We have made inroads in seeking new clients in other provinces as well as forging closer relations with provincial and national departments of Human Settlements." He explains that the key to growth in the Affordable Housing Programme is the provision of development finance for sectional title units up to R650 000. "We have seen a steady growth in the affordable sectional title market and would like to significantly grow this market segment."

A string of well-priced housing opportunities easily accessible to work opportunities and quality housing has contributed to NURCHA's well-deserved reputation. Funding Affordable Housing, Gap, Sectional Title and high-density forms part of NURCHA's portfolio.

In the current financial year, NURCHA has increased its sectional title market share from 9% to an impressive 41%. The loan spread includes: full title affordable housing at 50%, down from the previous year's 63%, and Gap housing dipped from 28% to 9% as developers found it extremely difficult to deliver housing within the price band.

Gounden explains that the Affordable Housing loan book has significantly shifted to sectional title units as developers opt for high-density sectionals and three- to four-storey walk-ups at the expense of the traditional full title house.

Affordable Housing is defined as a house that will sell for between R350 000 to R650 000, aimed at income earners in the R10 000 to R20 000 per month bracket. Gap housing comprises housing packages for income earners in the R3 500 to R10 000 per month income band, with units selling between R105 000 to R391 000. Sectional Title units are ownership within a development with an undivided share of the common property. NURCHA provides developer finance for units under R650 000. NURCHA rolled out 2 580 serviced sites and houses during the current financial year ending March 2015, on projects worth just under R1 billion.

Gounden reports that NURCHA approved 16 loans worth R246,6 million, with a further three worth R125,4 million in the pipeline. Applications from existing clients increased from 36% to 50% as new deals were signed and old ones settled. Most of the affordable housing projects are based in Gauteng, the country's economic hub. NURCHA have painstakingly built on a solid foundation and rapidly accelerated housing opportunities across the spectrum.

In line with the National Department of Human Settlements' Plan to target growth areas, which includes 14 mining towns in six district municipalities across five provinces, NURCHA has assessed the infrastructure and housing opportunities to finance housing delivery and has already invested R153 million. It is currently providing funding for 324 affordable housing units in Evander, Mpumalanga as well as for 51 serviced stands in Hendrina.

The loan book increased from R175 million to R233 million in the past year, increasing the loan book exposure by 33%. The delivery model clearly works and the Affordable Housing book has not been affected by any bad debt write-offs.

It is crystal clear that Gounden has plans to drive business growth more aggressively in all areas of the country. His goal is to increase NURCHA'S provincial footprint so that 40% of the loan book is disbursed outside of Gauteng by 2019. ■



PROGRAMME & FUND MANAGEMENT

NURCHA's Programme and Fund Management portfolio has successfully facilitated delivery of 8 622 houses, provided and disbursed R1 058 billion in the current financial year.



The development finance institution continues to provide essential services and support to Provincial Departments of Human Settlements and Municipalities across the country. According to NURCHA Programme Manager, Kgosisile Sedumedi, this support is evident in five key programmes: Free State Technical Support; Vulindlela; Eastern Rural Development; Eastern Cape Bucket Eradication and the Contractor Finance and Development Programme.

NURCHA assisted the Department of Human Settlements in the Free State by providing design, construction and monitoring services and developing a Geographic Information System. These initiatives are aimed at improving the provincial Department's decision-making processes and enable it to perform quality assurance, technical verifications and

manage its service providers to deliver better value and quality products.

The Eastern Cape Rural Development Programme entails the construction of housing units across the Umzimvubu, Mhlontlo and Intsika Yethu municipal rural areas. NURCHA introduced a new implementation model to replace the pilot Voucher Scheme with conventional contracting systems.

There is a need to improve the programme offering in order to attract local contractors. Some of the initial objectives have been met such as training for local labour and utilising local enterprises.

The Contractor Finance and Development Programme (CFDP) was created to support and promote small- and medium-size emerging contractors to develop into successful and sustainable construction enterprises, through training, mentoring

and the provision of bridging finance. The CFDP programme has failed to gain momentum as the provincial and municipal departments could not ensure a steady flow of projects to small contractors.

NURCHA was tasked with providing programme management services for the Bucket Eradication Programme initiative led by the National Department of Human Settlements, the Eastern Cape Department of Human Settlements, the National Department of Co-operative Governance and Traditional Affairs, in the Eastern Cape. With NURCHA's assistance, the DWS replaced 2 672 bucket systems. There are still challenges to fully eradicate buckets due to lack of Infrastructure and water supply. The design of sewer and water reticulation networks have been completed and the DWS will ensure that construction commences shortly. ■

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Housing Agency (NURCHA)
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RESIDENTIAL BUILDING STATS



Levels of building activity in the South African market for new housing showed divergent trends in the first four months of 2015, with volumes in the planning phase growing while volumes in the construction phase declined from the corresponding period in 2014.

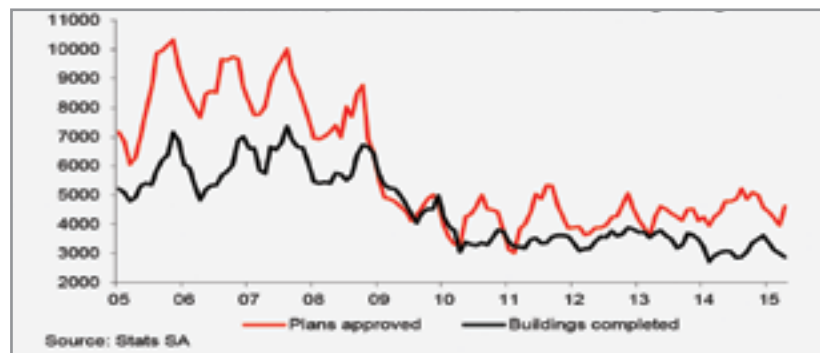
This divergent course in levels of residential building activity originated from opposite trends on a segment level in both the planning and construction phases. According to Jacques du Toit, Absa Home Loans Property Analyst, these trends are based on data published by Statistics South Africa in respect of building activity related to private sector-financed housing.

The number of new housing units for which building plans were approved, increased by 4,6% year-on-year (y/y), or 813 units, to 18 441 units in the period January to April 2015.

While the volume of plans approved for houses smaller than 80m² was down by 19% y/y up to April, the number of apartments and townhouse units planned increased by almost 40% y/y over the same period.

Du Toit explains that the volume of new housing units reported as constructed declined by 5,2% y/y, or 628 units, to 11 492 units in the first four months of the year. This was mainly as a result of the apartment and townhouse segment contracting by 34% y/y in January to April. The construction of houses larger than 80m² saw growth of almost 18% y/y in the four-month period.

He says, "Although there can be a significant lag between the planning and completion of relatively large



housing projects, such as apartments and townhouse developments, the strong growth in respect of the planning phase in this segment of housing in the first four months of 2015 is expected to be eventually reflected in the construction phase later in the year."

The real value of plans approved for new residential buildings increased by 15,5% y/y, or R1,58 billion to a total of R12,08 billion in the four-month period to April this year. The real value of residential buildings reported as completed increased by 3% y/y or R207 million, to R7,13 billion in the first four months of the year compared with the same period a year ago. These real values are calculated at constant 2010 prices.

Commenting on building costs, du Toit adds that the building cost of new

housing constructed averaged R5 908 per m² in the period January to April this year, an increase of 3,2% y/y on last year's R5 724 per m².

Building costs are driven by building material costs, labour costs, transport costs, equipment costs, land prices, rezoning costs, and developer and contractor holding costs and profit margins.

And says du Toit, "The demand for and supply of new housing, as reflected in levels of residential building activity, are impacted by the growth in population and household numbers. However, trends in and prospects for factors such as economic growth, employment, living costs, interest rates, the state of household finances and consumer and building confidence, also contribute to the performance of residential building activity." ■

The right to vote

When it comes to voting at the Annual General Meeting of a sectional title scheme, the trustees must ensure that all home owners are legally entitled to vote. According to Michael Bauer, property management specialist, there are cases where a decision has been made and a resolution passed only to find out that the person voted illegally. The trustees must check the ownership of each unit and have an updated register from the Deeds Office before each general meeting.

They also need to establish ownership of each unit. If the property is registered in the names of both a husband and wife, who are married

in community of property, they each have a vote.

In the event of an owner signing a proxy for someone else to vote on their behalf, the nominated person must provide identification such as a government issued ID. This must be done at least 48 hours prior to the Annual General Meeting.

On the day of the AGM, the onus is on the trustees to check identity documents and the voting register. Owners who have not paid their levies can attend the meeting but will be unable to cast a vote.

To ensure the voting process goes

smoothly, each owner should be given a voting card when they arrive, marked with their sectional title unit on it. These cards should be numbered and recorded on the attendance register, so the chairperson knows who is voting and that their votes are legitimate.

If these simple steps are followed then the AGM will be run efficiently and all decisions made there will be legal.

There are still unlimited proxies allowed at AGMs, this ruling has not changed as yet, so it is very important to check that they are all valid.

For further information email: michael@ihfm.co.za ■

Shaking off its lower income price tag

Kraaifontein has shaken off its ultra-affordable lower price bracket label and the suburb has taken on a new image and appearance. The outlying Cape Town northern suburb of Kraaifontein has 28 000 homes spread across its eight or nine precincts including Uitzicht and Pinehurst. Although it is inexpensive by Cape Town standards, the increasing demand has seen prices, year-on-year escalate by 10% - 15%. Affordable homes in Scottsdene and Windsor Park are selling on average for R400 000. According to Antoine Tredoux, Rawson Property Group, the majority of residents opt to rent until they can qualify for a bond or improve their credit score.

Located 30 km from Cape Town's central business district, Kraaifontein has well established schools, community centres and retail precincts such as Cape Gate. While most of the houses are free standing units of approximately 65m² in size, they are usually in good condition.

The shortage of stock coupled with the rapidly increasing demand for homes will ensure that prices continue to rise, says Tredoux.

For further information, call Antoine Tredoux on 021 987 2472. ■

Readymix concrete conference

South Africa's construction industry professionals should attend the two-day South African Readymix Association (SARMA) conference to explore new products, equipment and techniques that are pushing the boundaries of construction and changing the way that structures are built.

The conference will feature technical and strategic talks on a broad variety of subjects relating to readymix concrete and construction requirements in South Africa. Cost effective new techniques and materials have the ability to speed up and improve the quality of construction in the country.

Johan van Wyk of SARMA says that readymix concrete is the most widely used building material on construction sites throughout the world and new technologies in the field are constantly testing the limits of construction in terms speed, strength, energy efficiency and aesthetics."

"For this reason it is imperative that professionals in the field of readymix manufacture, contractors, engineers, architects and all professionals in the construction industry attend the conference and work together to find solutions to modern day challenges that are facing the local industry at present."

"Whether it be finding cost effective solutions to deliver infrastructure, faster house building methods,



improving the energy efficiency of buildings or simply to establish reliable supply chains with trustworthy suppliers, then The Readymix Conference by Sarma is a must attend event for everyone involved in the industry.

"Readymix is the star performer at this year's conference and in addition to experts' talks we will also have large indoor and outdoor exhibitions, live demonstrations of concrete pumping and polishing, as well as a competition for delegates to establish the effects of drunk driving and fatigue on drivers." Members will also have the opportunity to attend the association's annual general meeting before the start of the conference on August 13.

The conference will be held at Misty Hills Conference Centre on the West Rand on 13-14 August 2015.

For further information contact SARMA on 011 791 3327 or email: office@sarma.co.za ■



REC, the largest European brand of solar panels, is entering numerous markets in Africa, beginning with East and South African regions. With solar power uptake on the African continent predicted to surge over the coming years – 100 gigawatts (GW) of solar installations forecasted by 2030. REC is confident that with its combination of high performing solar panels, the established REC Partner Program, plus training expertise for local solar professionals, the company is in an excellent starting position as the solar industry gathers pace in Africa. As industry expands and populations grow, so does the need for energy, and the high irradiation levels across Africa put solar in pole position as a potential source. With over 600 million people on the continent lacking access to power grids, local solar energy projects will give communities clean, affordable power without the need for large-scale, public-funded investment in grid infrastructures.

There are also moves in the region to reduce fossil fuel subsidies, which in the past had a distorting effect on competitiveness. The prospect of higher retail prices for fossil fuel-based energy will act as a further incentive to go solar. Some countries have already set their sights on increasing renewable energy sources: Ghana, for instance, aims to

meet 10% of its energy needs from renewable sources by 2020. Reflecting the demand for solar energy, REC forecasts 75-100 megawatts (MW) to be installed in the utility segment in 2016 in Ghana, 10 MW in commercial and 1-2 MW in residential.

Luc Graré, Senior Vice President of the East and South African regions at REC, describes the outlook and challenges ahead: “Africa’s greatest growth challenge is energy, and there’s a serious need to quickly get additional generation capacity in place to meet increasing energy demands. We expect around 100 GW of solar panels to be installed in the region by 2030, with residential markets and turnkey solutions offering particularly good opportunities.”

“However, financing of investments is generally critical, so it’s vital to choose a supplier that is highly bankable. As the financially most stable solar panel manufacturer worldwide, our customers can rely on REC’s sustainable business. Our long-term success is based on highly reliable REC solar panels, even in the harshest climate conditions.”

REC will begin by opening regional hubs in the East and South African regions. To accommodate the markets’ demand for small-scale off-grid power generation systems, REC will be offering kit solutions for residential

installations and solar hybrid boxes for 20-50kW installations.

The company also plans to introduce the programs and structures that have made its business so successful around the world – for instance, by establishing a network of REC distributors as part of its successful Partner Program. REC is also setting up the REC Academy, a new service to train distributors, who will in turn train local solar professionals and seed REC’s long-standing experience and expertise into the region.

The company will participate in the South African Solar Show next year, one of the major events. Munich, Germany – June 25, 2015: REC, the largest European brand of solar panels, is entering numerous markets in Africa, beginning with ECOWAS, East and South African regions.

With solar power uptake on the African continent predicted to surge over the coming years – 100 gigawatts (GW) of solar installations are forecasted by 2030.

REC is confident that with its combination of high performing solar panels, the established REC Partner Program, plus training expertise for local solar professionals, the company is in an excellent starting position as the solar industry in Africa gathers pace. For further information go to www.recgroup.com ■



Substantial water savings

AquaTrip's slogan of 'Saving every drop' has really paid off for clients installing the system. The company has released the findings of a number of pilot projects outlining the water cost savings and rand values.

AquaTrip was tasked by Shannon Barkes from the Nelson Mandela Bay Metro Water and Sanitation department to pilot the system at the Douglas Mbopa Secondary School in Motherwell, Port Elizabeth. The school's water and sanitation account was a whopping R2,8 million over 19 months.

According to Chris De Wet Steyn, Sales Director of AquaTrip, 'With the failing infrastructure and use of sub-standard building materials most schools experience water leaks and plumbing problems.

The AquaTrip is a permanently installed stand-alone Leak Detection System that will monitor the flow of water into a property and in the event of a burst geyser, burst pipes, taps that have been left on, drips and leaks on cisterns and so, the AquaTrip will automatically switch off the water supply.

Since introducing the AquaTrip system at the school the school has achieved an 85% water saving. The cost of the installation was repaid

from the savings with three months of the pilot project.

Currently, the school averages between R70 000 and R90 000 per month for water and sanitation, this is well within their allocated budget. AquaTrip saved the school R360 000 in a year.

At the Oval Office Park, a pilot project for Growthpoint AquaTrip reduced water usage by 71% within the first seven months and saved the company R52 143 on the irrigation and sprinkler system.

The AquaTrip system is pre-programmed to go into 'sleep mode' when the irrigation lines are active for example from 4am to 8am and comes out of the 'sleep mode' in order to protect the irrigation line from any system malfunction. Should there be any water flow after one minute on the pre-programmed time, the AquaTrip will automatically shut off the water until the next irrigation cycle.

AquaTrip's water leak detection system was installed at the property

after the company had experienced excessively high water bills for the duration of 2013. Consumption after the Aquatrip installation reduced monthly consumption from 1241KL to 364KL.

Another case study undertaken at Barlow to demonstrate the effectiveness of the product at the company's Barons Woodmead dealership, in Johannesburg.

De Wet Steyn says that the dealership had fairly high water accounts and could not identify the problem. AquaTrip fitted the AT201E series to the dealership's main line, which would automatically switch off the water, if a leak was detected. This way the system can eliminate any night flow occurring.

The AquaTrip count indicated that the unit, since being installed, had tripped every night after hours, due to a leak on the property or below ground. The savings achieved in the first month at the dealership covered the installation of the equipment.

De Wet Steyn says that the cost of the AquaTrip is inconsequential to the savings that can be achieved by the installing the system and protecting the client's water source.

For further information, email: chris@aquatrip.com ■

Riversands Incubation Hub

The 17 500m² hub includes a self-contained training centre, four small factories, educational facilities, kitchens, bathrooms etc. The main contractor GD Irons awarded the contract for roofing to Max-Span Roofing who specified MiTek Ultra-Span system.

Structural engineer, Cassie Grobler in consultation with MiTek, provided the initial design and cost estimates as well as providing various roofing design options. Uwe Schluter, Business Development Manager of MiTek says that most of this project was indeed done with Ultra-Span LGS trusses even though some large BC loadings (steel with cross sectional areas) were applied to cater for future applications, representing 17 500m² of area (or approx. 78% of the total) with the balance being done in mild steel structures.

The Light Gauge Steel (LGS) Ultra-Span structures achieved a very respectable low mass of only 6.3kg/m² of roof area. It is this low weight of the Ultra-Span roof structure that enabled substantial savings to be realised on the whole project through support structure savings, as well as installation time savings although no cranes were required during any of the LGS roof erection phases.

Schluter explained that the roof structure was rolled out in phases. It could have been completed even quicker had the building work been able to keep up with this pace. "The Ultra-Span roof structure greatly assisted with the overall timing of the project being kept on track. Initially a crew of 14 workers assembled the trusses and roof erection work, but during the last two months of the project as building work completion increased, an additional six-man team was added to the roof erection team.

A further advantage that the Ultra-Span system provided Max-Span Roofing (LGS assembly and installation contractor), is that it was possible to utilise the existing ordered materials with some very small modifications. On some blocks, the building dimensions differed from the original plans as well as the addition of extra point loads on the BC of some of the trusses – even though none of these were originally designed or manufactured for this.

The Riversands Incubation Hub is one of the largest roofing projects undertaken using Light Gauge Steel construction.

This feature of Ultra-Span is possible due to the fact that the materials are not pre-punched (for joint connections) and therefore allow the freedom for some length adjustment as well as the simple insertion of splices should this be required. Likewise, the extra point loads on the BC of some of the trusses was easily accommodated by the addition of some extra screws or where a different web size was required. All of the above steps were obviously taken after full re-analysis of the effected trusses.

Schluter says that although this particular roof structure is not really complicated or unusual, it is still one of the largest single project roof

structures done in LGS, with all parties involved being totally happy with the overall result.

Schluter says: "With a manufacturing facility in Gauteng and regional offices in Cape Town, Port Elizabeth and Durban, MiTek is best placed to supply the building industry with the widest range of timber connectors for both roof truss manufacturers and retail stores. Our expertise lies in three areas, our integrated software packages, our fully designed builders' products that are manufactured in accordance with Dekra ISO9001:2008 certification specifications and our people, many of whom have been with MiTek for more than 25 years." ■





Clay pavers for Ballito's walkways

Entering the bustling coastal town of Ballito on the KwaZulu-Natal North Coast, pedestrians are welcomed by the recently completed walkways made up of Corobrik's range of clay pavers.

A total of 3 600 m² Burgundy pavers have been used to construct the sidewalks and islands along both sides of Ballito Drive, extending from Greenfields Road near the new N2 interchange, all the way to the M4 intersection.

Dave Duke of SMEC South Africa, engineering and development company says, "Ballito has experienced phenomenal growth in recent years and required a major road and sidewalks upgrade to provide for increased traffic and ensure pedestrian safety. Duke says that the transformation of the old low-volume, rural-type access road into a new, vibey, urban environment required

improved aesthetics." SMEC South Africa started the project on August 2014 and completed it in June 2015. Corobrik's Burgundy pavers were chosen to create a rich colour, contrast and herringbone pattern for the urban environment.

Duke says the herringbone pattern was selected because of its increased interlocking strength that ensures the movement of pavers is limited and the risk of lifting is reduced.

Depending on future urban design, upgrades and budget availability, Duke adds that the paving could be extended to other parts of Ballito.

Corobrik's Director of Sales Allin Dangers, says the clay pavers were

the perfect choice for an outside area that will have to endure high levels of foot traffic. The pavers undergo an intense firing process, and offer outstanding durability while retaining colour over time.

"In many of the inner city and urban landscape upgrades across South Africa, the colourfast hues of fired clay have provided stylish, urban environments."

He said clay pavers are also a safe choice as they are smooth, easy to walk on and skid resistant in wet weather. Zayne Sayed, Contracts Manager of road earthworks and road construction company, Afriscan installed the pavers. Sayed comments that the main challenge was to ensure the safety of the pedestrians while working. The construction team needed to remain focused on the work during the period of high traffic volumes in Ballito. ■



Leader in modular flooring targets SA

Interface, a worldwide leader in the production and design of modular flooring products, aims to target South Africa as a springboard for an intensified marketing drive into sub-Saharan Africa, says Interface Director, Julien Fanton.

Fanton, based at the Interface factory in Scherpenzeel in the Netherlands, spearheads Interface's operations in Africa, the Middle East, Russia and the CIS, as well as Northern, Central and Eastern Europe.

During a visit to South Africa, at the Johannesburg offices of Kevin Bates Albert Carpets (KBAC) - the sole Southern African distributor of Interface carpet tiles - Fanton said that the company regarded the South African market as by far the most important in Africa.

"Interface sees tremendous

growth potential for our modular flooring products in sub-Saharan Africa as increased investment from overseas countries, such as China, speeds up market development for many sectors of African industry, including the flooring sector. KBAC has already started supplying Interface carpet tiles to African countries north of the equator, such as Ghana, and we believe that the KBAC Group will play a vital role in Interface's penetration of the sub-Saharan African market in future," he stated.

For further information go to www.kbacflooring.co.za ■



Shutter in the warmth

Let's be honest; when the bitter cold of winter bites, the last thing on our minds is style. Once in the privacy and comfort of our homes, we haul out bulky heaters, mismatched blankets and throws with little care for the beautiful décor we have so carefully crafted. However, home décor doesn't need to be martyred for comfort and warmth. Interior designer and Marketing Director of American Shutters, Karina Palmer, advises that by making some clever design choices focused on the areas of your home that are responsible for most of its heat loss, namely

the doors and windows, a winter-friendly home can be designed that looks as hot as it feels!

Palmer says, "Before discussing the solutions to reduce this heat loss, here's the science: heat is lost through glass windows and doors via thermal radiation, heat conduction, convection and air leakage. Uninsulated clear glass windows or doors absorb the warmth inside your home and then re-radiate it to the exterior or allow it to pass through from the indoors to the outdoors."

She continues, "Openings owing to damaged or poorly fitted windows

and doors allow warm air to be lost to the exterior as a result of air leakage. Wooden shutters are great thermal insulators as they provide a barrier between the outside cold and indoor warmth."

Considered permanent fixtures, shutters add value to your home and have great design-appeal.

For style, Palmer adds, "There is simply no other window treatment that matches the beauty of wooden shutters, whether finished in neutrals or colours. The wooden shutters complement most interior style from classic to contemporary or traditional."

When open, the winter sun is able to shine through uninterrupted to warm the interior, and when closed, the shutters trap the warmth from the day inside and prevent it from escaping through the glass windows and doors.

American Shutters' most popular and eco-friendly Decowood range is manufactured from advanced wood composite or solid timber: Normandy, White Teak and Selectwood ranges. "The shutters offer versatility, privacy, light and ventilation control, and insulation to any room in the home," concludes Palmer. ■



THE HUB



Gauteng Piling has provided 153 auger piles for the foundations of The Hub, a one and two bedroom apartment block in Bryanston. The Muswell Road residential development is being developed by Renprop.

The Master Builders member, Gauteng Piling, used a Williams LDHH digger and a Soilmec hydraulic drilling rig on tracks for the piling foundations and according to Managing Director, Hennie Bester, the northern part of the 4 800 m² site unexpectedly produced solid rock.

“But the rocky strata was fortunately confined to a relatively small part of the terrain and not as widespread, nor as formidable, as we had to contend with when providing 11 metre deep piles for the foundations for The Summit, a new 15-storey office block in Pretoria,” says Bester.

According to Gauteng Piling Site Manager, Keoatlaretse Lekutu, Vlaming Construction tasked Gauteng Piling to provide The Hub with 153 auger piles in various lengths between three to 7,3 metres and in diameters of 350 mm to 1 metre, in three weeks.

Auger piles are deep foundation elements that are cast-in-place using flights of various diameters. The process is carried out by auger drills that excavate the piling holes into the soil to pre-designed depths. After reaching the required depths, the auger hole is cleaned, and concrete is placed into the hole from a ready mix truck. Reinforcing steel cages are then lowered into the wet concrete.

“The steel reinforcement cages inserted into the piles for The Hub ranged from 200 mm to 950 mm in diameter. The pile bearing capacity ranged from 400 kN for the smallest diameter pile to 4400 kN for the biggest,” says Lekutu. ■

No payment delays

Master Builders Association North has enthusiastically described the Department of Public Works’ draft Prompt Payment regulations as a ‘lifeline for survival’

He has urged all players in the construction industry to immediately register support for the proposed amendment to current legislation.

Interested parties have until July 28, 2015 to comment on the amendment to the Construction Industry Development Board (CIDB) Act 2000, published in the Government Gazette in May.

The CIDB Prompt Payment Regulations and Adjudication Standard

proposes changes that would enable a ‘fair and speedy’ resolution of payment disputes. This will provide contractors with unprecedented legal recourse to demand payments timeously for completed work.

A CIDB survey found that 43% of payments to contractors were made over 30 days after invoicing.

The new proposed Security of Payment regulations will prohibit the policy of withholding of payment, and allow for the contractors suspending construction activities because of non-payment. It also entitles a contractor to charge interest on late payments, and insist on

regular payments within a defined time frame, or strictly within 30 days of being invoiced.

Charl Venter, current president of MBA North and director of the Pretoria contracting firm, J.C. Van der Linde & Venter Projects, commented: “The proposed new legislation is a lifeline for survival, something MBA North has been seeking for almost 16 years.”

If legislated, the new rulings will have a huge impact on the construction industry in which it has almost become the norm for a contractor to finance projects in the public as well as private sector. ■

Increasing capacity for economic corridors

In a strategic plan to cater for an increased customer demand for consistent concrete supply in the burgeoning Sandton/Midrand/Centurion corridor, AfriSam has systematically increased its readymix capacity. This has resulted in a combined capacity, over a number of its plants in the area, of 300 m³ per hour.

Growth across the Sandton/Midrand/Centurion corridor can be attributed to a number of factors including the decision by a significant number of large corporate organisations to either upgrade existing buildings in the Sandton CBD or construct new modern facilities. The general upgrade of the Sandton inner city area will not only dovetail with a number of high-profile projects such as the Discovery Head Office, Alice Lane Phase 3, Mall of Africa and the new PwC South Africa headquarters in Waterfall but will also effectively transform the transportation systems within the area. AfriSam is not just able to provide readymix concrete solution, but the strategic footprint of its aggregates operations is also well positioned in this corridor.

An important advantage for all AfriSam customers in these growth nodes is that all its plants are equipped with generators. This will ensure that the supply of readymix will not be interrupted, should there be any power outages.

AfriSam has a very interactive relationship with both its customers and the industry in general. This level of involvement and in-depth understanding of the challenges faced by contractors and developers, allows the organisation to proactively and strategically implement plans that cater for increased demand.

While AfriSam's Jukskei operation is most ideally positioned in the centre of this growth node, the company has a number of other readymix plants that ensure continuity of supply to customers. There are two readymix plants at its Wynberg, Sandton facility and AfriSam operates another strategically situated new readymix plant in Laezonia, just off William Nicol Road and the N14.

AfriSam emphasises that while the individual plant operation is different, the batching interface is identical across all plants. Use of the same interface ensures consis-



tent batching, minimises errors and provides the ability to deliver supply backup from various locations. In this way customers have the absolute assurance that any potential disruption to an individual operation will be minimised.

In a major capital investment, AfriSam commissioned what is deemed to be the single largest stationary readymix plant in operation in South

Africa, at the beginning of April. Selection of a wet batch plant for this operation has offered a number of advantages to AfriSam, including greater control of the consistency of the concrete due to improved slump control. Furthermore, the design and configuration of this plant allows concrete to be delivered at a high output, without compromising on the quality of the mix. ■

Concrete expertise for civils

An in-depth knowledge of concrete technology is important for civil engineers to perform key construction projects adequately and responsibly says Gary Theodosiou from The Concrete Institute's School of Concrete Technology.

The ACT course, which is globally accepted as the leading qualification in concrete technology, is examined by the UK-based Institute of Concrete Technology. The ICT is a professional affiliate body of the UK Engineering Council and promotes concrete

technology as a recognised engineering discipline. The School of Concrete Technology in Midrand is the accredited training institution in Africa for ACT. It offers ACT training every two years with the next course in January 2016. Theodosiou says, "Concrete is one of the most widely used materials in infrastructural construction all around the world. Yet many civil engineers still do not have sufficient state-of-the art knowledge to take full advantage of the many benefits of concrete as a building material." ■

RETAINING WALL TECHNOLOGY

This was one of the first and largest applications of this technology in South Africa to date. The design of the MSE walls involved close collaboration between SMEC South Africa, Kaytech Engineered Fabrics and Tensar.

Developed as an alternative to traditional retaining wall options, the Tensar TW1 system has been introduced to the local market by Kaytech and the system has been used extensively in Europe.

SMEC South Africa undertook the final design checks to ensure the overall stability of the system and its compliance with project specifications and local codes.

“These included integration of the system with the new roadway and New Jersey barriers along the top of the wall. We also had to take cognisance of the overall geotechnical conditions,” explains Fernando Pequenino of SMEC South Africa.

The geotechnical investigation revealed that the site was underlain by thick coastal dune Berea deposits at the precise location of the MSE walls, with bedrock at depths exceeding 30 m. The design of the MSE walls was based on SANS207: 2006: The design and construction of reinforced soils and fills, which provides applicable guidance for the design of reinforced walls.

“A reinforced soil structure must be checked for external and internal stability,” notes Pequenino. External stability takes into account sliding, bearing/tilt and overturning of the MSE block. Internal stability involves essential checks for failure against pull-out of the geo-grid, as well as failure against rupture. Ancillary checks include compressive block failure, block rotation and bulging and connection failures.

“The type of geo-synthetic reinforcement selected must also take into account the soil properties of the reinforced, retained and foundation materials,” adds Pequenino. These soil properties contribute to determining the tensile strength, stiffness requirements and spacing of the geo-grid.

A key consideration of the design was to optimise the use of lower-quality fill material, while simultaneously reducing the quantity of lateral support required in cutting back and

SMEC South Africa was closely involved with the detailed design and project supervision of an innovative Mechanically Stabilised Earth (MSE) wall system on the Ballito Drive road upgrade project in Durban, KwaZulu-Natal.



benching into the existing roadway (that is, the back excavation slope).

However, the use of such lower-quality fill material meant that the strip lengths had to be increased, which implied either an increased cut or the use of a near vertical back excavation slope requiring the use of shotcrete and ground anchors or nails.

“After a number of design iterations, the final design of the 11 m-high wall comprised the use of 7 m-long strips, a granular (COLTO G6) backfill for most of the height and a 1 m-thick granular soil-raft foundation,” elaborates Frans van der Merwe, Engineer: Geotechnics, SMEC South Africa. Berea sand was used throughout for the upper 3 m of the 11 m wall and the 5 m-high wall.

Ballito Drive is located about 40 km north-east of Durban. The scope of work on this project entailed widening the two-lane single carriageway to a three-lane dual carriageway. The undulating topography of the site meant that earth-retaining structures had to be built to bring the extra lanes to level.

The lane widening had to be

carried out within the road reserve to eliminate encroachment into existing developments. “In order to achieve this goal, two near-vertical MSE walls of 11 m and 5 m, covering a total length of over 400 m and 2 000 m² were proposed,” adds van der Merwe.

MSE walls comprise fill material with horizontal layers of reinforcing elements. This can take the form of sheets, grids, strips or mesh. These metallic or polymeric reinforcing elements are capable of sustaining tensile loads and the effects of deformation or soil strains developed in the fill, part of which is transferred to the clad face through some form of positive connection.

The main contractor, Afriscan Construction, opted for the Tensar TW1 proprietary MSE system. It offers a number of benefits over other block and mechanically stabilised earth systems.

These include the effective connection between block and geo-grid, a near-vertical face inclination, locally manufactured blocks, aesthetic appeal and labour-intensive construction, which eliminates the use of heavy lifting equipment. ■

HIGH PERFORMANCE LOW EMISSIONS



Doosan's heavy earthmoving equipment and ongoing development programme to manufacture robust machines with high performance materials to reduce running costs and low emissions has paid off.



According to Rod Watson, Managing Director of DISA Equipment, trading as Doosan, "This investment in the latest technology gives users the guarantee that Doosan machines offer efficient output power, low fuel consumption, minimal maintenance requirements and extended service life. Operator safety, precise control and comfort are key to product advancement.

With the addition of Doosan's DLA wheel loader series to the range nearly two years ago, Doosan has made inroads in the South African wheel loader market.

"Doosan earthmoving equipment encompasses heavy, wheel and mini excavators, articulated dump trucks (ADTs), as well as wheel loaders, and have been designed to cope efficiently and safely in Africa's harsh operating conditions."

The DLA series includes four wheel loaders – DL200A, DL250A, DL300A and DL420A – with bucket capacities of between 2,0 m³ and 4,5 m³, with optimised breakout force and machine balance. The operating weight of these wheel loaders has been increased, with greater tipping load capacities. These environmentally friendly machines are driven by Doosan Tier 2 engines, which are less sensitive to fuel quality than Tier 3 engines, yet still offer reduced fuel consumption and low exhaust emissions.

The Doosan air to air intercooler engines offer high torque and low rpm for improved response. High power and torque characteristics, coupled with efficient synchronisation of the drive train with the hydraulic system, ensure optimum productivity, even in tough operating conditions.

The DL300A and DL420A units are widely used in local conditions and have the flexibility to handle diverse materials such as granular as well as bulk loads.

The DL300A wheel loader, with an 8 litre Doosan DE08TIS engine (156 kW at 2100 rpm) engine and the DL420A wheel loader, with an 11 litre Doosan DE12TIS engine (210 kW at 2100 rpm), have been designed for advanced digging power and high traction for the penetration and handling of even the hardest materials. The high strength drawbar pull at the wheels is reinforced by limited slip ZF differentials as standard equipment. This feature also reduces the risk of skidding and prevents excessive tyre wear.

Metal reinforced brake discs are integrated into the planetary reduction gears in the hubs where the rotation speed is lower. As a result, discs are exposed to lower rpm and heat generation is reduced. This ensures improved machine stability, extended hours of operation and reduced maintenance requirements. For user convenience, brake disc wear can be

measured without disassembling the hub.

These machines have higher static tipping loads at maximum reach with a straight frame DL300A (13 650 kg) and DL420A (17 900 kg). Other quality improvements of the DLA series include a new hose, which is installed in the air breather of ZF axles to prevent breather congestion problems. In other wheel loaders, dust and sand cause clogging of the air breather, resulting in elevated oil temperatures and damage to the seals on the axles.

Buckets have been reinforced for additional strength. Aluminium radiators are installed on rubber mounts to dampen vibration and the radiator grille is made of reinforced steel for increased shock resistance. A cover has been fitted to the propeller shaft to protect the oil seal from dust and foreign objects. This reduces wear and extends service life. The high lift arm ensures an improved dump reach and height at bucket pivot point. The Load Isolation System (LIS), which is standard, suspends the bucket using a closed accumulator to reduce material loss.

The design of the DLA series has also been improved for enhanced operator comfort. There is more space in the cab, improved visibility, push button controlled air conditioning and heating, a comfortable air suspension seat and convenient storage space. ■

CASE BACKHOE LOADER



What's notable about Case machines is their suitability for efficient use in diverse applications, including harsh operating conditions in construction, well as on urban project sites.

According to Brenton Kemp, Managing Director of CSE, the improved design of earthmoving equipment continues to meet the changing market demands. "These entry level 570T backhoe loaders have been designed for improved productivity, reduced noise levels, enhanced on-site safety and low maintenance requirements.

Key features of this series include the excellent performance and high torque delivered by the fuel-efficient engine, the robust S-styled boom for improved digging and lifting and the heavy-duty front axle, which is also available in a 4WD option. These machines have been designed for effortless serviceability."

The turbocharged, four-cylinder FPT Industrial S8000 engine delivers up to 86 hp and ensures reduced fuel consumption. The power shuttle transmission provides four speeds forwards and reverse, delivering up to 402 Nm of torque at 1300 rpm.

Hydraulically shifted clutches and control valves ensure smooth direction and travel speed shifts. The 4WD option of this series and the 100% locking differential fitted to the rear axle improves mobility and loaded performance, where job site conditions are muddy and where extra traction is essential.

CSE suppliers of Case equipment, which forms part of the Capital Equipment Group, has extended its range of Case backhoe loaders with the launch locally of the robust 570T series.

The Case 570T has a maximum ground level reach of 5 583 mm with the Extendhoe dipper version.

The lifting hook is welded to the bucket linkage, which enables the rear arm to safely lift and handle suspended objects. The straight loader arm ensures loading capacity up to 3700 kg, with a maximum tipping height of 3.48 metres. The shape of the backhoe loader enhances the loading ability of the machine and its capacity to overcome obstacles.

The front axle is designed to handle heavy-duty applications, even in extreme conditions. The steering cylinder is a double effect type and is mounted above the centre pivot in a well-protected area behind the beam. The tight steering angle, with oscillation of approximately 11°, ensures stability on the roughest terrains, improving bucket retention and maintaining productivity.

The multi-purpose 4-in-1 bucket copes efficiently with different working conditions of digging, loading and unloading, flattening and levelling applications. The optional extendable dipper and auxiliary hydraulics have a digging reach of 5,6 m and can fit a hammer for demolition applications. Wide door openings, which are equipped with door retainers, allow easy entrance for the operator and

also improve air ventilation. The spacious cab is ergonomically designed with all controls conveniently placed for easy reach and faster operation.

The ROPS/FOPS design offers maximum safety and protection against roll over and falling objects. Large-sized glass windows and a one-piece rear glass, with no pillars, provide excellent all-round visibility.

This series has been designed for minimal downtime and reduced maintenance requirements. A single piece tilting engine canopy enables top and side access, from ground level. The braking system uses the machine's main hydraulic oil reservoir, which means there is no requirement for a separate filler.

For enhanced security on site, the T series has new features. These include a secure oil cap breather on the hydraulic tank to prevent contamination, the engine canopy lock is situated in the cab to avoid vandalism and a lockable battery box inhibits theft from site.

For easy maintenance, greasing points are protected from dust and damage, hydraulic connections are well guarded, flexible and easy to use. The dozing blade on the 4-in-1 bucket can be easily replaced when worn.

For further information contact CSE Equipment on 011 922 2000. ■

Eastern Cape tackles housing backlog

Nelson Mandela Bay's housing backlog of 87 000 units is set to be relieved by the massive R20 billion Coega Ridge mixed-use residential development, situated adjacent to the Coega IDZ outside Port Elizabeth in the Eastern Cape Province.

The development is on track to break ground in 2018, with infrastructure services for the first phase of construction of 5 000 houses.

Michael Vorster of Aurecon, the civil engineers for the project, says that one of the main challenges of the project was coordinating with all the stakeholders involved in order to source and gather the information needed for the Environmental Impact Assessment (EIA) report.

He explained that, as with any project of this size, everything, from socio-economic and water resources to archaeology, biodiversity and the economic environment, needs to be analysed, assessed and planned. This part of the project requires input from numerous consultants, engineers, municipal departments and provincial departments, in order to create not only the EIA but also to assist with cost estimates for the client.

"Aurecon has had considerable experience in similar infrastructure projects over the years, which



enables us to act as an effective facilitator between various stakeholders and drive the project forward so that other key aspects, such as town planning and funding models, can get underway," he says.

Besides the planned development being able to make a considerable dent in the metro's housing shortage, the construction phase will create 5 000 jobs per month.

The project's property developer, Nu-Way Housing Development, Executive Director, Jordan Mann says, "We are very pleased with the work that has been done and the progress

that has been made. We look forward to a successful development that will change the lives of many people in the community."

Approximately 3 200 ha of land has been earmarked for the development, which will consist of a number of facilities including a large shopping centre, office parks, a railway station, schools, a technical college, a university, a hospital and other community facilities. Coega Ridge aims to become South Africa's largest mixed-use residential development. Aurecon is proud to be part of this project. ■

Training partners

International consultancy and construction company Mace has formed a training partnership with the Chartered Institute of Building (CIOB) Africa, a first for the continent. The partnership effectively extends the Institute's training platform to Mace employees based on the African continent. This allows access to internationally recognised practices and certification in construction excellence. Eventually any individual who undertakes the training will become a recognised chartered member of the CIOB.

Craig Morrison, Operations Manager, sub-Saharan Africa for

Mace says: "As we already have an existing partnership with the CIOB in the UK, we felt it was important to provide our employees in Africa with an opportunity to become members of the body."

The CIOB is recognised throughout Africa and often, as Morrison remarks, potential international clients operating on the continent require professional membership. "The CIOB gives our staff that level of training which also strengthens our continued professional development (CPD) practices, whether it is knowledge sharing sessions, site tours or formal training," he says.

Liezl Botha, Regional Manager of CIOB Africa says: "Our partnership with Mace is a major step towards creating crucial awareness in South Africa and the rest of the continent around our training platform and internationally recognised membership. We are opening doors to companies and individuals to compete in the international construction marketplace; a crucial differentiator."

With a branch office based in Johannesburg, and centres scattered across South Africa, CIOB Africa supports a growing membership across the continent. For further information go to www.ciob.org ■

Transport Development Index

Transport for Cape Town (TCT), the City's transport authority evaluated the accessibility and related costs of transport of different income groups across the city, as well as freight users.

According to the Mayoral Committee Member of Transport, Brett Herron, the index reveals how commuters move around the city, their preferred mode of transport in terms of cost, safety, crime, flexibility and congestion.

- The majority of the population in the low income group earning less than R3 200 per month is located in remote areas and travel between 45 km to 70 km every day to get to work opportunities
- Most commuters in the low income group live in Mitchells Plain and Khayelitsha
- Residents who fall within the low-income group either use public transport or walk
- Contrary to the original assumption that 80% of public transport users in Cape Town fall in the low and low to medium income group, this figure is actually as high as 95%, with 48% falling in the low income group and 47% in the low to medium income group
- Low income users spend up to 45% of their monthly household income on transport, while the international norm is between 5% and 10%
- The highest priority cost for public transport has been identified as flexibility, which clearly means that there is not enough public transport and integration is poor
- The TDI revealed that when it comes to freight, congestion adds 10% to the direct costs. Further, freight costs the City R731 million per annum in relation to infrastructure and maintenance

"The case for addressing the cost of transport to the lower income groups is clearly overwhelming and this is why TCT is committed to halving this cost, as well as the costs of the other user groups within the next 15 years," said Herron.

Users are defined as those using public transport, private transport, non-motorised transport such as walking or cycling and freight users.

In doing the analysis, the city was divided into 18 geographical regions



The City of Cape Town's Transport Development Index (TDI) – the first to be developed in Africa – reveals that 95% of commuters making use of public transport in the city fall within the low and low to medium income groups. Almost R45 out of every R100 of low income earners' monthly expenses is spent on transport.

or Transport Analysis Zones (TAZs). The TDI identifies the access priorities or concerns of each user group:

- The direct cost of transport: the cost to travel on public transport or a private vehicle
- The cost of the increased travel time due to congestion on the city's roads
- The cost of being involved in a crime incident based on a transport mode (bus, taxi, private car), ranging from violent crime to pick-pocketing, theft and muggings
- The cost of being involved in a road accident and overcrowding and inadequate facilities as far as public transport is concerned
- The availability of public transport during peak hours, the choice between different modes of public transport, the interchangeability between the different modes (bus, train, taxi) and the lack of an integrated payment system (one ticket) across all modes

Even though the TDI is not a solution to Cape Town's transport challenges, it identifies the problems that the different user and income groups experience on Cape Town's roads every day. "By knowing these problems, TCT can now determine possible solutions or interventions to address these and adjust our expenditure accordingly," said Herron.

The TDI also reveals the concerns and problems of freight users across

10 different freight data zones including: local deliveries, medium freight, heavy freight and long-distance freight.

- The direct transport cost (fuel, salaries, maintenance and repairs, toll fees, etc.) for the freight user group averages R1,755 billion per annum
- The cost of congestion for freight users averages R121 million per annum
- The cost of safety measures R19 million per annum
- The cost of crime is R15 million per annum
- The impact of freight transporters on Cape Town's residents in terms of accidents averages R930 million per annum
- The direct impact of freight transporters on the city's road network (capital expenditure and maintenance) costs R713 million per annum

Following on from the TDI, the next step was to evaluate Cape Town in terms of the Arthur D Little Mobility Index that is used to measure cities all over the world. Herron says, "This means that we need to invest in systems that can integrate different modes of transport and that we have to take action to decrease residents' travel time to work."

Finally, going forward the TDI provides the City with a benchmark against which TCT can measure its performance. ■

Baywest Mall

Not only does the Eastern Cape's newest and largest ever entertainment and retail centre span the size of 22 rugby fields, but architects have made sure that Baywest Mall is one of the country's most enjoyable and futuristic shopping centres.

Quick access crisscross corridors linking shoppers to both sides of the oval-shaped mall, one of the country's largest screens in the food court at 24m², and restaurants with table heights to accommodate shoppers in wheelchairs, are all part and parcel of what architects say will be a shopping experience redefined.

An abundance of natural light and ground-breaking green building techniques are also part of the centre's impressive features. Henstra and Associate Director, Joe Struwig, who was the leader architect, explained the psychology behind building a mall, which would excite and entertain, rather than confuse and disorientate.

"We have a fresher, newer approach to retail and Baywest Mall is one of those exercises. "It's a futuristic mall. We want it to be a timeless piece of architecture," says Henstra.

The uncomplicated design of the mall achieves two objectives: it ensures that the mall detracts as little



Baywest Mall's uncomplicated, futuristic design will bring the fun back to shopping trips, says Derick Henstra, Chairman of dhk Architects.

as possible from its natural surrounds and keeps shoppers' attention on the stores.

"The mall has a soft curve, so you can virtually see around the corner. It is also a tight race track, so it doesn't feel like you are walking for kilometres and kilometres. There is also a crisscross, in order to cross over from the one side of the mall to the other very easily."

Green building principles include prismatic diffusers – small openings in the roof which transmit large

amounts of natural light into the centre without transferring the heat gain and energy-saving LED lighting throughout the mall.

Baywest Mall has 90 000m² of retail space and parking for 3 200 vehicles. The development is a joint venture between Abacus Asset Management and Billion Group. The R1,7 billion mall excluded the R300 million spent on developing road networks. Almost 25% of the 320 ha site has been allocated for environmental preservation and will not be developed at all. ■

Infrastructure spend

Stakeholders in South Africa's construction sector continue to anxiously await the materialisation of the proposed R800-billion of public sector investment in the country's infrastructure over the next three years.

However, while this will undoubtedly be a much-needed shot in the arm for the country's ailing construction industry, it should by no means be considered a panacea as the planned investment spend represents little to no growth in infrastructure investment compared to the previous three year period. That is according to John Orford, Portfolio Manager for Old Mutual Investment Group Macro Solutions, who believes that the SA construction sector's medium-term prospects will

almost certainly face headwinds due to lingering electricity challenges.

"While government's infrastructure development rollout will undoubtedly mean that the construction industry will experience better days in the coming years, any uptick in activity shouldn't automatically be seen as a cyclical turnaround by investors." He emphasises, "It's very likely that any short-term increase in activity will eventually be tempered with slow economic growth as a result of energy constraints and delays in

the rollout of Eskom's new capacity."

He adds that while activity has slowed considerably from the highs preceding the 2010 FIFA World Cup, there has been positive growth in three of the last four years. With real growth in construction investment recorded at 3% in 2011, 11,8% in 2013 and 14% in 2014, the potential for low interest rates is likely to continue to underpin the sector during the rest of 2015.

"The larger companies in the sector have already made significant moves to establish international operations, including Africa," he explains, "and we expect to see this trend gain traction as rising infrastructure investment on the continent also increases demand for skilled and experienced construction talent. We are likely to feel the pinch for some time." ■



Dr Andrew Golding, Chief Executive of the Pam Golding Property group, says that estate living is a global phenomenon that first came to SA in the 1980s, but really started to catch on from the mid-1990s. Today these properties represent an estimated total value of some R643 billion.

“South African home buyers are increasingly focused on living in a secure environment while having easy access to amenities and outdoor and sporting activities. There are now a variety of different types of estates around the country including golf, lifestyle, eco, wildlife, fishing, wine and equestrian properties, which have been developed to meet the demands of an increasingly diverse and sophisticated market.”

Golding says that there are a number of different reasons why South Africans are attracted to estate properties. He suggests that one factor that has given this particular market a proverbial shot in the arm is that estate developers are catering for and succeeding in attracting buyers who have a broad variety of needs and tastes.

“Key factors contributing to the popularity of estate living are security and location — with those situated in and around major metropolitan areas or business hubs and in close proximity to good schooling proving among the most sought after and successful. Many buyers also perceive that the demand for this type of housing has created a sound investment that will appreciate in value or generate good rental income.

“Indicative of the quality of

With approximately 6 000 closed communities and estates in South Africa, and 318 000 residential properties being estate homes, this form of living is enjoying unprecedented popularity in this country among a wide range of buyers – from working singles to young families, established professionals and retirees.

offering and sound medium to long term investment potential, estate homes have in the past been on the upper end of the property pricing spectrum “Many buyers typically ‘buy-up’ from their previous home, often by as much as twice the value of the non-estate property they sold.”

“However, with the introduction of sectional title opportunities in many of the newer estates, these properties are no longer exclusively limited to those in the higher income brackets. In other words, while estate living is still associated with more wealthy individuals, it has become more accessible in recent years. Some 25% of estate property purchasers are first-time buyers.”

Golding points out that highly innovative, modern mixed-use developments such as the new Steyn City lifestyle resort in the burgeoning Fourways area of Johannesburg, are offering a range of quality accommodation, including a variety of different types of clusters, townhouses, apartments and retirement homes all set on a substantial 2 000 acres of attractive leafy estate.

“Estate properties provide a secure lifestyle, which has become increasingly important in South Africa, but also offer access to high quality recreational facilities, provide a strong sense of community and give

residents greater control over shared expenditure and development. The latter has become more important in the current environment of load-shedding and rising utility bills.”

According to Pam Golding Properties research data, approximately half of all estates in South Africa are located in Gauteng, with a further 25% in the Western Cape. The proliferation of estates in Gauteng has been driven by the combination of factors including property development in line with economic growth and a desire for greater security. In 2013, the great majority of properties (85%) are in gated community lifestyle estates 85% and only 12% in golf estates.

“The concept of the South African residential estate was pioneered in the Fourways area in the 1980s, and is a model that has caught on around the country,” notes Golding.

Steyn City, when completed, will be a completely self-contained community in which residents can live securely while having every convenience, including commercial enterprises, offices, schools and crèches as well as medical, sporting and other facilities close at hand.

The Fourways area is rapidly on the rise and with it we see estate properties in the area, particularly a product such as Steyn City, becoming more popular in future. ■

AUHF 2015

The African Union for Housing Finance is pleased to announce the Call for Papers for its 31st Annual Conference, to be held from 26-28 October 2015 at the Safari Hotel and Conference Centre in Windhoek, Namibia.

Abstracts covering the following issues are invited along with any others that address the main theme of the conference, Making Housing Finance Markets Work in Africa: Financing the housing value chain; Financing the mortgage portfolio; Growing the capacity of housing micro lending; Harnessing the property market;

Housing finance that responds to demand.

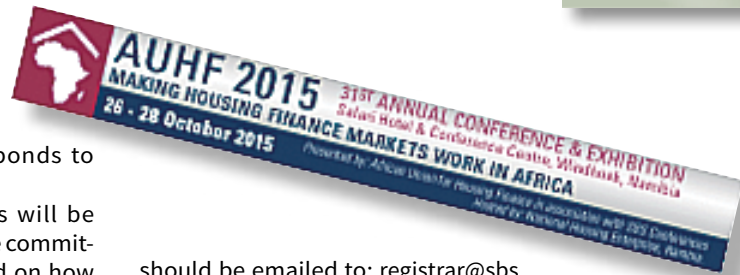
All submitted abstracts will be reviewed by the programme committee. Papers will be assessed on how well they contribute to the theme of the conference considering the significance, relevance, correctness, originality and clarity of the paper. Submissions should be made using the Speaker Submission Template that can be downloaded,

All speakers will be expected to register for the conference and cover their own registration fees, travel and accommodation. Proposals

should be emailed to: registrar@sbs.co.za with "AUHF2015 proposal" stated in the subject line of the email. Deadline dates: 24 July 2015: Submissions of proposals; 8 August 2015:

Notification of acceptance or not; 30 September 2015: Submission of presentation material.

For further information contact AUHF 2015 Conference Secretariat on 021 914 2888 or email registrar@sbs.co.za ■



Development in Sub-Saharan Africa

Adhering to national and international standards helps construction companies to assure investors that they can be held accountable, as it ensures responsibility, which in turn lowers risk levels.

Frans Pienaar of Inyatsi Construction says, "Countries have various standards which have to be followed with each individual contract and specific industry body. However, there are general basic standards for the construction industry worldwide. These basic standards tie up and align to a certain extent."

It is important to adhere to these standards, because compliance invites investment. Adhering to standards assures investors that the product delivery is of good quality, which makes it easier for investors to get involved.

"Inyatsi Construction has been involved in many projects including building roads to connect members of the community to their place of work, as well as many other amenities. We pride ourselves on the infrastructure projects we have been involved in, from roads, hospitals and clinics that offer health services to communities, to schools that provide education to our future leaders. We also contribute through our CSI programmes that run in the areas where we operate," explains Pienaar.

The new airport in Swaziland, for example, helped to grow the local country's gross domestic product (GDP), while upgrading the main link between the south and north of Africa through the town of Livingstone in Zambia, which improved

traffic flow, growing revenue for the town. Infrastructure projects such as bridges and roads in Mozambique and Swaziland also provided a foundation for local development, such as the bridge over the Great Umbeluzi River in Mozambique that stimulated growth in the border town of Goba. The dual carriage-way in Swaziland between Mbabane and Matsapha is also contributing to development in the region.

All these projects were completed by Inyatsi Construction and have a positive impact on the lives of community members in these areas, because the construction of infrastructure such as schools and hospitals contributes to economic growth in

developing countries. Better facilities lead to an increase in population density while also providing markets for other businesses.

It also provides comfort to investors and stimulates the market for new developments, while the level of education around these developments increases, contributing to the availability of skills in turn. Improved infrastructure also lowers the cost of doing business. Businesses thrive on access for people and freight because it enhances the ability to reach markets in a cost-effective way.

Pienaar says that Inyatsi Construction has been developing Sub-Saharan Africa responsibly since 1982. It has been accredited with the International Standardisation Organisation (ISO) as well as the National Occupational Safety Association (NOSA) for meeting national as well as international standards. ■



PG Bison offers illegal residents new homes

The court also confirmed that if the additions to the dwellings were not removed on a date fixed by the court, they will be demolished. The court says the likelihood that PG Bison as owner of the property outside Knysna would not exercise control over its land and what structures may be erected thereon, is overwhelming.

"To allow residents to make additions to the structures occupied by them would set a precedent and it is unlikely that any owner would allow this situation to develop," says Judge Weinkove, who delivered the judgement recently in Cape Town.

PG Bison says it recognised the rights of the residents to remain on its land, but have initiated a subsidy scheme to help people to buy their own property and make the necessary renovations.

People have been living in plantations on land they do not own for a long time – sometimes for generations, says Davey Carelse, Human Resource Manager of PG Bison.

The Western Cape High Court has dismissed an appeal from residents of Brackenhill in the Southern Cape living on property owned by PG Bison.

The result has been drawn-out impasse between the aspirations of the occupants and the ability of the company to cater for their needs. People see the place where they live as home, although they own neither the structures, nor the land.

"Very few of the occupants work for us, yet they live on plantation property. This is a very difficult situation and we realised that we had to come up with a win-win, practical solution. Hence a subsidy scheme," he explains. "We could not continue expanding on the services to houses that were maintained by the occupants, in exchange for living there free of charge. Even if we did install additional services, it would still be extremely far from clinics or other facilities. We wanted a more sustainable solution and to rather spend our money helping people establish

a legacy for their children. Owning one's own home is the first step to creating wealth."

In 2012, the company researched the number of households on plantation land. The subsidy offer was made – and still stands – to each of the 156 families in question. Forty of these families have since taken up the offer and have successfully relocated.

"This offer was made regardless of whether or not the occupants living on PG Bison worked for us," says Carelse. Over a two year period PG Bison paid out almost R3 million to former residents of company-owned properties, to buy and renovate their new homes in surrounding areas.

Carelse says, "Our lawyers ensured that there were no issues when it came to the registration of the property into the new owner's name."

A win-win situation for all involved.

On site containers site



Pretoria building contractors, J C van der Linde & Venter Building Projects' ongoing need to rent storage containers on its building sites led to the company's decision to establish Container Agents. It is one of fastest-growing container rental and sale companies in South Africa, based at the N4 Gateway Industrial Park, east of Pretoria. Container Agents Director, Charl Venter, is the current President of the Master Builders Association North. José Frazao, Managing Director of Container Agents says, "We currently have a stock of over 1 100 pre-used shipping containers, in an unusually diverse range of sizes. Our units are 3 m, 6 m, and 12 m long, and 2,4 m wide and 2,4 m high. But we also stock the relatively rare 'high cube containers' 2,8 m tall - for rent or sale." Container Agents focuses on rental business within 350 km of Pretoria, with almost 80% of its customers' active in the construction industry. "The containers are generally used for storage of building materials on site or converted according to customers' requirements, with fittings such as air vents or air-conditioning, windows and doors, partitions, bathroom and shower facilities." ■

Tile cutter

Lambson's Hire has introduced the Imer Combi 250-1000VA Lite Tile Saw into its rental fleet and reports that the machines have become very popular for cutting 1 metre wide tiles.

The machines can also be easily transported to site. According to Devin van Zyl, CEO of Lambson's Hire, the tile cutters form part of the company's ongoing strategy of offering specialised rental equipment to niche building sectors.

"It is important that our customers have access to the latest equipment. We believe it is this approach that attracts repeat customers, as well as fulfilling our brand promise of being able to meet customers' specific requirements in terms of rental."

There is a distinct trend from small residential to large developments to use much larger-sized stone or tile pieces to fit together very snugly for a striking 'slab-like' look. This requires accurate, chip-free cutting performance.

The compact Imer Combi



250-1000VA Lite Tile Saw high capacity machine can cut a range of materials. It has a maximum cutting length of 1m with a 66 mm depth facilitating optimum productivity on site. It is equipped with a laser pointer, which ensures maximum precision making it easy to use. Features include a gliding cutting head with an adjustable height and a 45° reclining capability

which gives greater flexibility. Safe operation of rental equipment is always a focus for Lambson's Hire and the tile cutter is equipped with a cable guide chain that protects the operator without hampering the sliding of the carriage. The machine is of robust construction. ■

SAPMA's new Executive Committee

The SA Paint Manufacturers Association (SAPMA) elected a new Executive Committee at its recent annual general meeting held in Sandton, Gauteng.



Back row from left to right: Shaun Benn (Dulux), Carlos Costa (Kansai Plascon), Reg Hoddinott (SAPMA), Debajit Shome (Rolfes Colour Pigments), Cor Beyers (Prominent Paints), Jag Kalyan (Ferro Resins), Tertia Kahts (Acti-Chem), Paula Faleshini (BASF), Nick Shave (SAPMA), Santosh Pownkumar (Medal Paints), Michael de Beer (Curasure), Kiran Roshania (Marindec), Guy Lawson (Mylaw Chemicals and Coatings).

Front row from left to right: Bobby Bhuqwandin (SAPMA), Danny Grady (OCCA), Sanjeev Bhatt (SAPMA), Terry Ashmore (SAPMA), Aggie Argyrou (SAPMA), Salvan Govender (Medal Paints) and Erick Kgwadi (Nampak).

Save the Date

Save the date for South Africa's inaugural China Homelife Fair that promises quality products for quality buyers.

The China Homelife Fair, which forms part of the global portfolio of China sourcing fairs, will be held in South Africa from 1-3 September 2015, at the Sandton Convention Centre, Johannesburg.

The show will welcome over 250 superior Chinese suppliers, presenting a lucrative opportunity for importers, traders and buyers to source high quality products directly from manufacturers at competitive prices.

This year's fair will have a dedicated focus on eight key product segments: Furniture, Home Appliances, Textiles and Garments, Kitchen and Bathroom, Garden and Leisure, Gifts as well as Lights and Lamps, featuring leading manufacturers and suppliers.

The fair will welcome visitors from not only South Africa but also from Botswana, Angola, Namibia, Mozambique, Swaziland, Zimbabwe, Zambia and Malawi.

For more information, please visit www.chinahomelife.co.za ■

Safety first

Rhys Evans, Director of ALCO-Safe says that a comprehensive substance abuse programme for the trucking and transportation sector is vital to the economic wellbeing of South Africa.

The benefits of such a program lie not only in their ability to reduce risk and liability for employers, but also in improving the lives of their employees. By reducing substance abuse, drivers can become healthier, more alert and more responsible, cause fewer accidents, be more motivated and productive – and educating drivers as to these benefits can greatly improve employee response to alcohol and drug testing policies.

Alcohol is known to reduce concentration and slow reaction time, which are both dangerous factors on the road. In fact, statistics indicate that the likelihood of having an accident increases proportionally with alcohol consumption. At the previous

0.080% legal drink-drive limit, the probability of having an accident is four to five times that of a sober person.

Central to such programs is the use of accurate, reliable and easily calibrated Breath Alcohol Detectors in a variety of testing scenarios. These include random testing, whereby individuals are tested at random in a non-discriminatory manner before commencing work, after an accident or incident, and on reasonable suspicion of intoxication. Breathalysers can also be used for on-going monitoring for employees undergoing rehabilitation, for follow up testing on employees who have previously transgressed and for compulsory testing of drivers should be done



Rhys Evans

before going on shift.

For employers, the benefits of substance abuse control minimises incidents of accident, high employee turnover rates can be reduced, and medical care costs can be lowered.

Employees and employers are also typically involved in fewer confrontational scenarios, with reduced offences and disciplinary actions. Improved performance and behaviour at the workplace can lead to better salaries, bonuses and promotion prospects and employees may be more inclined to undertake additional job-related training or studies. In addition, employee health can benefit considerably from the implementation of an alcohol programme, as the list of alcohol related health problems is extensive. This reduces the amount of sick leave required, which in turn has other knock on benefits.

For further information contact ALCO-Safe on 012 343 8114. ■

850 000 homes waterproofed



An estimated 850 000 South African homes have waterproofed their properties using a.b.e. Construction Chemicals products in the past seven decades. The chemical company has several super laykold derivatives on the market and the perennial bitumen waterproofing emulsion has paved the way for a.b.e.'s wide range of roof sealing products popular with contractors and the DIY market.

Super laykold is a paintable bitumen emulsion which is used together with a.b.e. membrane to provide a liquid waterproofing system that can be used even in water. It is ideal for waterproofing areas such as flashings, parapet walls, flat roofs and for sealing joints, laps, and screws on corrugated roofs.

Elrene Smuts of a.b.e. says that super laykold's advantages include an all-in-one system that does not require primers, it has excellent adhesion, flexible, non-toxic and it is

environmentally friendly in potable conditions. It is packaged in one, five, 20 and 200 litre containers or in tape format, which makes application of the waterproofing product easier to use. Smuts explains, "The tape is self-adhesive so the home improver simply has to peel and stick it on areas that need to be sealed." The bituminous tape with a laminated aluminium reflective facing seals and repairs leaky fibre cement or galvanised roof sheeting, holes, overlaps, valley gutters, downpipes, roof screws, pipe vents, ridging and capping. The tape is supplied in roll form in various widths and lengths. The premier product has been refined and the tear proof super laykold tape offers maximum adhesion to metal, plastics, and primed concrete and is available in 10 m rolls x widths of 50 mm, 75 mm, 100 mm and 150 mm.

For further information call 011 306 9000 or email: elrenes@abe.co.za ■

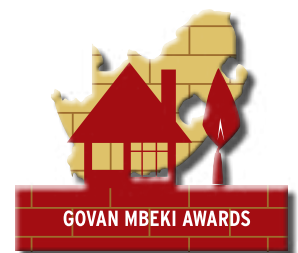
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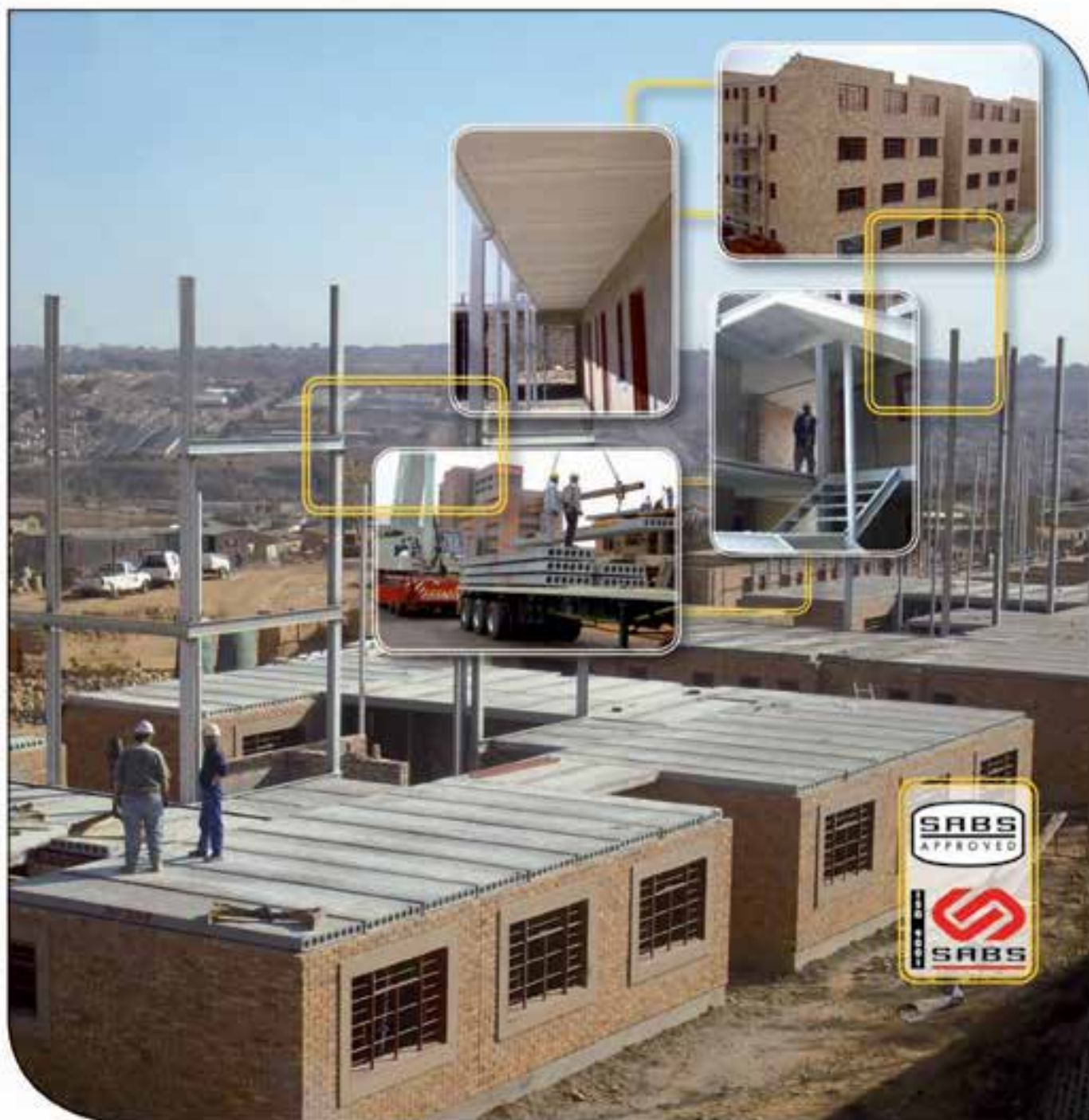
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