



The mortgage-bonded component of the project comprises two sections, namely New Horizons and On the Vlei. In the New Horizons section, GAP houses are selling for R290 000,00. A deposit of R2 000,00 was required with a minimum earning of R7 800,00 per month for a 100 per cent bond.

Market housing units which are situated in On the Vlei sell for R465 000,00. A deposit of R10 000,00 is required with a minimum earning of R15 000,00 per month for a 100 per cent bond. From October 2013 occupants will also start taking possession of the first Breaking New Ground (BNG) homes. These homes are government-subsidised houses for beneficiaries who earn less than R3 500,00 per month. A number of beneficiaries has already been approved.

SCOTTSDENE HOUSING PROJECT

The Scottsdene Housing Project, a four-year integrated housing project in Scottsdene, Kraaifontein, is being implemented by Calgro M3 Developments and the City. This is a successful example of building a truly integrated community and it is the first of its kind to be implemented in the Western Cape.

The idea behind the development is not to rely solely on government funds to cover the cost of the whole housing project but to draw in the private sector to balance the economic forces of the housing market. The more than 2 000 families who will be housed in the 22 hectare settlement will also benefit from a new network of tarred road,

sidewalks and taxi embankments. Another important benefit is the development of new bulk infrastructure and transport services, something to be looked forward to not only by the new residents but also by the wider community. This infrastructure development is being achieved by a public-private partnership between the City of Cape Town and Calgro M3. Experts from the whole spectrum of property development, construction and civil engineering are involved in this project and they have the know-how to ensure the effective implementation and delivery of such a complex project.

The more than 2 000 units will consist of:

1. 550 Breaking New Ground (BNG) fully subsidised units.
2. 350 community residential units (CRU). These are rental units which will be owned and managed by the Public Housing Department of the Human Settlements Directorate.
3. 500 social housing units which will be managed by one of South Africa's top social housing partners and which will cater exclusively for the rental market.
4. Approximately 200 affordable housing units for the GAP market and affordable market which will consist mostly of free-standing single-storied homes offering a choice of building plans and finishes.

The bulk and link infrastructure are being funded by the City of Cape Town's Urban Settlements Development Grant and the required development contributions are funded by the developer. The project will, when it is finished, achieve the goal of creating a better life for the community and the area at large, showing that the Government and the private sector can work together successfully to address the housing backlog and improve the lives of South Africans.



Scottsdene

GAP HOUSING

CURRENT AFFORDABLE

Illitha Park - Khayelitsha



Pelican Park



Scottsdene



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD



ILITHA PARK, KHAYELITSHA

The City of Cape Town is the owner of 91 serviced but undeveloped erven in Ilitha Park, Khayelitsha. The land is zoned for single residential units.

This initiative was targeted at the affordable housing market (regulated by way of the maximum price limit of R500 000). It also includes people who may qualify for assistance in terms of the Finance-linked Individual Subsidy Programme (FLISP).

Plot and plan

Ilitha Park, Khayelitsha, is partially developed with mostly mortgage-furnished houses. Historically it has been difficult for developers to deliver houses in this specific market as the price of vacant land normally pushes the end-product price up far beyond the reach of most beneficiaries. Furthermore, experience has shown that the sale of vacant residential erven by public tender does not necessarily result

in the development of such erven. Many purchasers do not have the skills, time, expertise or inclination to procure a contractor or bond finance for the purpose of building a house within the prescribed development time frame. This often resulted in erven remaining vacant and undeveloped for extended periods of time.

What the City of Cape Town decided to do was to make the erven available to various approved (NHBRC) local small builders within their supply chain procedures and prescripts and in line with a land availability agreement (LAA). The City had the erven valued and a discount was applied to establish a sale price. The developers were not allowed to 'load' the price of the erven onto the buyer. These erven were sold on a plot-and-plan basis with a maximum cost limit of R500 000 (inclusive of VAT and land cost) per unit being imposed on the top structure. A limit of one unit per household was imposed to discourage investor-buyers.

The developers were then tasked to identify individuals who are able to obtain mortgage finance from commercial banks.

Target market

Once the sale (land price and cost of building) was secured by an approved loan, the City transferred the erf to the approved purchaser. The developer then commenced with the development and the developer received payment according to the commercial banks' agreed upon inspection and payment arrangements. This allowed the City to retain control over the process and ensured that the development parameters regarding the target market were met.

Eleven developers were selected through a competitive process and work began in earnest. The sales process was relatively easy as there was a huge demand for housing units in this price bracket. In terms of the LAA, five erven were made available to every developer with the option of making further awards in increments of five based on performance. A small number of developers could not perform but most of them excelled.

The greatest benefit of this pilot scheme was not only the successful building of 91 houses but also the upskilling of small-scale emerging developers. The developers learnt to engage constructively with commercial banks and with the City Council's Procurement and Building Control Department.

PELICAN PARK INTEGRATED DEVELOPMENT

Pelican Park is situated between Zeekoevlei and Strandfontein roads, about 5 km north of the False Bay Coast.

When completed, Pelican Park will include more than 2 100 state-subsidised houses, 696 single-storied semi-detached GAP houses and 63 double-storied house shops from which residents can operate small businesses.

The City's partners in this project are Power Construction, the appointed developer, and Nedbank, the main financier.

The cost of the development is R500 million of which R240 million is contributed by the Western Cape Government. The City will manage the distribution of these funds to the developer as milestones in the development are achieved.

Pelican Park is an environmentally friendly development that will include schools, a clinic, a library, a fuel station and a shopping centre. It is a development that will see people from different cultures, religions and generations living together as a community.

