

# Property 24

## Affordable housing for Eerste River

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A R170-million housing project that aims to bring the GASH (Good Address Small Home) concept to the affordable housing market in [Eerste River](#) is soon to be launched, with the construction of three apartment complexes and one mixed-use complex in a secure environment in the [Cape Town](#) suburb.

In keeping with the current trend for group housing with security, each of the three-storey walk-up complexes will have perimeter walls topped with electric fencing, with access via an electronic gate. These 24-hour security measures will distinguish the housing units from other affordable homes in the area.

The lock-up-and-go apartments will also be built to bank-approved specifications that are higher than those normally found in this market, according to the co-developer Frans de Jongh of Jumbo Properties.

In total the four complexes will comprise 441 sectional title apartments - some of which will be duplex townhouses - and 31 retail spaces, all in garden settings with landscaped walkways. The three wholly residential complexes will be named after mountain ranges - Alpine, Himalaya and The Rockies - as they will be the tallest buildings in the area, while the mixed-use building, which has residential and retail components, will be named First Terraces.

De Jongh, a well-known Cape Town civil contractor who has completed some 200 houses in Eerste River over the past 10 years, has joined hands with International Housing Solutions (IHS), an international private equity fund, on this project.

IHS, which provides equity finance to local developers in [South Africa](#) that wish to build homes for the affordable housing market, has already committed over R500-million of its R1.9-billion [South African](#) Workforce Housing Fund to creating 20 500 new or renovated units in [Gauteng](#). It aims to double its investment levels to around R1-billion by the end of this year to help meet the spiralling demand for housing for families with an income of R3 400 to R9 000 per month. The Eerste River development is its first [Western Cape](#) venture.

Market research conducted by the developers to determine the property values, trends and rate of sales in Eerste River has shown that the majority of people who live in the area are employed, predominantly in blue-collar industries. These salary earners can afford to repay reasonable home loans or to rent accommodation, but struggle to find suitably priced properties because of the significant shortage of housing stock.

While Eerste River historically has an active property market with a high home ownership rate, the residential units will be aimed at both owner-occupiers and buy-to-let investors, as research has shown that access to finance and costs of ownership

are promoting the rental model in South Africa. Soula Proxenos, the managing partner of IHS, said in a recent presentation in Cape Town that the units would offer excellent investment potential, with anticipated returns of around 8%.

The housing complexes also offer the advantage of being situated in a prime location, in close proximity to places of employment, excellent public transport, schools and shopping centres, Proxenos said.

De Jongh has been approached by a buy-to-let investor who wishes to purchase all 90 units in Alpine, the first apartment complex to be built, but says the developers would like to include some local people as permanent residents, who would form a body corporate and manage the complex.

To this end, a rent-to-buy scheme is being introduced to give prospective purchasers who are employed but have a bad credit rating, and would therefore currently be unable to raise a bond, an opportunity to purchase a home in the development.

Alpine, Himalaya and The Rockies will be located on a vacant site of nearly three hectares, close to the post office on Forest Drive, the main road in Eerste River. First Terraces, which will have shops on the ground floor with residential units above, will be situated on a one-hectare erf alongside the railway station, with about 150m of frontage on the station itself.

Both sites are owned by De Jongh, who has already installed the bulk services for the development. Construction of the buildings has been put out to tender and he expects that the appointed contractor will be on site within the next two months. He hopes to be able to appoint a local builder to create further job opportunities for the Eerste River community.

There will be nine phases of construction, starting with three phases of 30 units each at Alpine. Next to be built will be Himalaya, consisting of 162 units including a few duplexes, followed by The Rockies, which will consist of 50 duplexes.

The final phase of the development will be First Terraces, which will have 170 residential units above the shops. De Jongh says that as there is a big shopping centre opposite the station, the retail component will focus on convenience shopping, providing items such as snacks, pies and airtime for cellphones. The shops will be open from early morning until late at night to cater for the approximately 18 000 commuters using the station daily.

The apartments in the four complexes will range from one to three bedrooms. The majority will comprise two bedrooms, one bathroom, and an open-plan kitchen and lounge area, De Jongh says. As most sectional title units in Eerste River are below 50m<sup>2</sup>, the developers have pegged the proposed unit sizes at Alpine and Himalaya at around 58m<sup>2</sup> to fit into this market.

The apartments will be priced from R250 000 to R499 000, and the retail space will sell from R479 000 for a 45m<sup>2</sup> unit, says De Jongh.

The development will be launched in about three weeks' time, and the first phase is expected to be completed by the year end.

He adds that billboards erected on site have attracted a great deal of interest, and Clidet, the new company formed by Jumbo Properties and IHS, already has a list of potential buyers.