



Centre for Affordable
Housing Finance
in Africa



Revitalising South African Cities: Pathways to Sustainable Urban Futures

Kecia Rust



WORLD CITIES DAY COLLOQUIUM



Centre for Affordable Housing Finance in Africa

Established in 2014 after incubation phase (2010-2014 within FinMark Trust) www.housingfinanceafrica.org

Vision: An enabled affordable housing finance system in countries throughout Africa, where governments, business and practitioners work together to provide a wide range of housing options accessible to all.

Mission: To make Africa's housing finance markets work, with special attention to access to housing finance for the poor, **through the dissemination of research and market intelligence, the provision of strategic support, and ongoing engagement in both the public and the private sector; supporting increased investment, cross-sector collaborations and a market-based approach.**

Goal: To see an increase of investment in affordable housing and housing finance throughout Africa—more players and better products, with a specific focus on the poor.



AFRICAN UNION FOR HOUSING FINANCE

Established in 1984 with eleven members www.auhf.co.za

Today: 65+ members in 23 countries across Africa

Member-based, industry association of mortgage banks, building societies, housing corporations, Development Finance Institutions and other organisations involved in the mobilisation of funds for shelter and housing on the African continent. As an industry body, the AUHF promotes the development of effective housing markets and the delivery of affordable housing across Africa, working in the interests of the members and the industry as a whole. The AUHF is governed by a board of industry leaders elected every two years at its Annual General Body.

AUHF Vision An enabled and productive housing finance sector across Africa where governments and the private sector work together to develop and maintain efficient and effective housing markets and access to adequate and affordable housing for all.

AUHF Mission To support its members in realising their vision, **through networking and deal facilitation, information collection and dissemination, lobbying and advocacy, and capacity building and training.**

The Centre for Affordable Housing Finance in Africa (CAHF), based in South Africa, is the Secretariat of the AUHF under the direction of Thandiwe Dhlamini – Thandiwe@housingfinanceafrica.org



Since 1994, the state has delivered subsidized housing which now comprises 1/3 of all residential properties on the deeds registry. They are diverse in size, shape, colour and value. There is clear investment interest, by households and lenders. Many are used as a base for small business development, and backyard rental. They are the entry level rung to the formal property market and a key economic transformation asset. **This is where the pathway to sustainable urban futures in South Africa starts.**





Why are RDP houses so important? Because housing is an asset with real & diverse investment potential. A focus on *asset performance* can give clues towards sustainability.

The house as a private asset | **Housing sector as a national asset**

Social asset | a place in the settlement,
an address, effective citizenship

Economic growth & job creation |
backwards and forward linkages,
impact of housing on the economy

See Gardner, D (2018)
<http://housingfinanceafrica.org/projects/housing-and-the-economy/>

Financial asset | can be
traded for money and
can be used as security
against a loan

See <http://housingfinanceafrica.org/projects/transaction-support-centre/>

Sustainable human settlements
| integrated with functioning local
economies

See <http://housingfinanceafrica.org/documents/city-reports-cape-town-ethekwin-manguang/>

Economic (income-earning) asset | part
of a household's economic strategy –
backyard landlordism or home based
entrepreneurialism

See <http://housingfinanceafrica.org/projects/housing-entrepreneurs/> Work by Shisaka Development
Management Services

Financial intermediation | financial sector
development, and opportunities for domestic
capital investment

See <http://housingfinanceafrica.org/documents/bringing-life-to-mortgage-markets-in-south-africa/> Work by Illana Melzer & Claire Hayworth 71point4



See
<http://housingfinanceafrica.org/documents/an-analytical-framework-for-understanding-housing-markets/>



Revitalising South African Cities: Pathways to Sustainable Urban Futures

Houses and people are at the center of any plan for sustainability – housing is the most significant asset on the balance sheet of most households and provides a tremendous contribution to local economies, opening up new opportunities for investment and growth while meeting the needs of a growing population.

Pathways to sustainable urban futures:

1. Unencumbered assets on household balance sheets
2. Entrepreneurial opportunities for a new class of landlord
3. Market innovation in multi-family rental
4. Green sustainable housing through well-located conversions

1

**Unencumbered
assets on household
balance sheets**



Unencumbered assets on household balance sheets

The delivery of affordable housing over the past thirty years has had a profound effect on South Africa's residential property market: the majority of properties in South Africa's residential property market fall in the "entry/affordable" category

As at end 2023, there were about 6,9 million residential properties on the deeds registry.

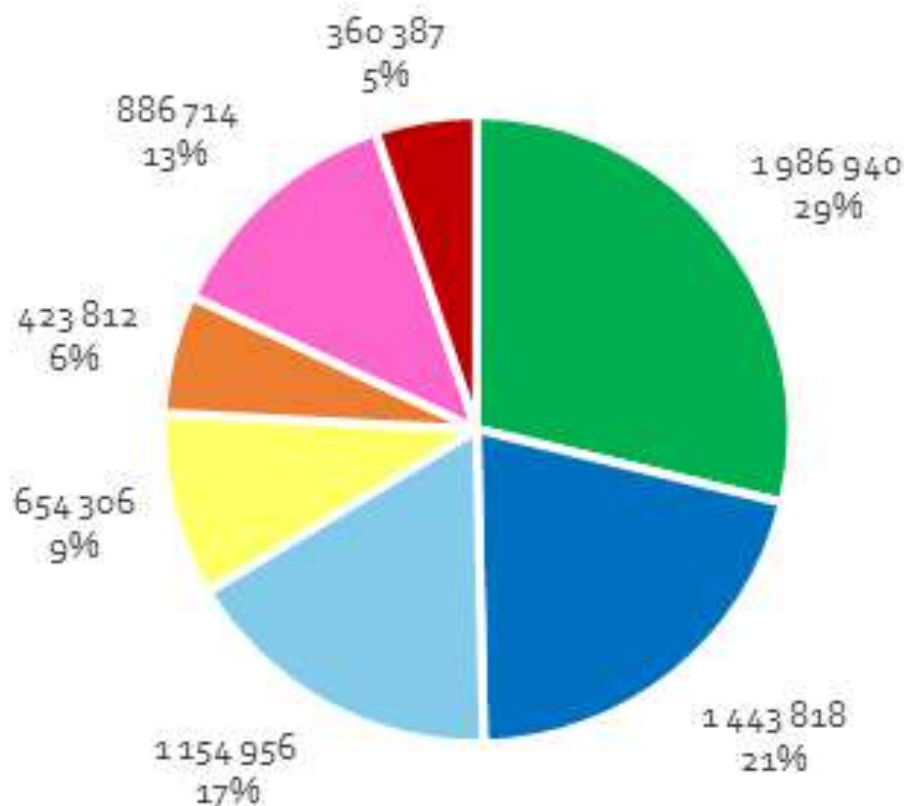
HALF of these were valued at less than R600 000.

About 32% of all properties were financed by government (2,18m properties).

If all RDP properties were on the deeds registry, they would comprise about 43% of the market.

- **The entry market**—properties worth R300 000 or less
- **The affordable market**—properties worth R300 000 - R600 000
- **The conventional market**—properties worth R600 000 – R900 000
- **The high-end market** – properties worth R900 000 – R1,2million
- **The luxury market**—properties worth R1.2m – R1.5 million
- **Properties worth R1.5m – R3 million**
- **Properties over R3 million**

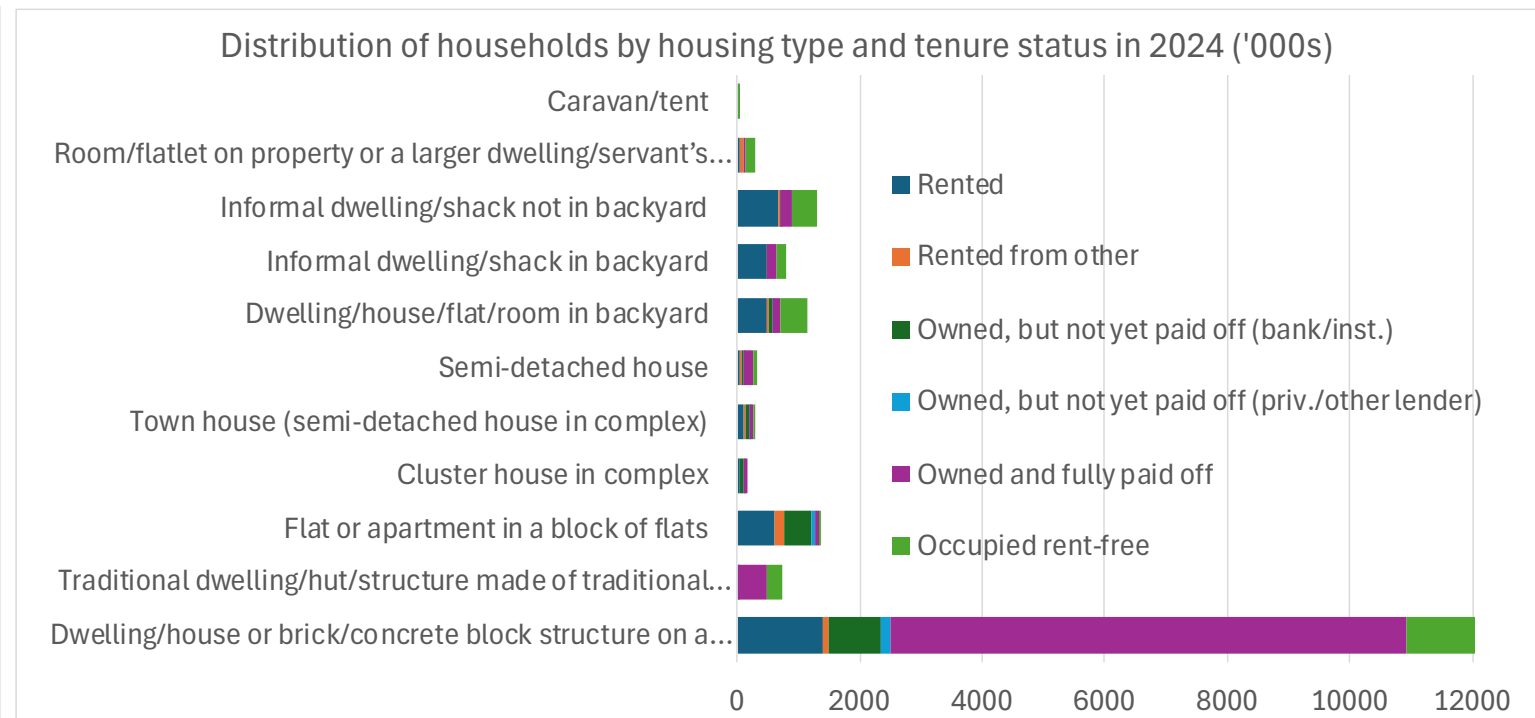
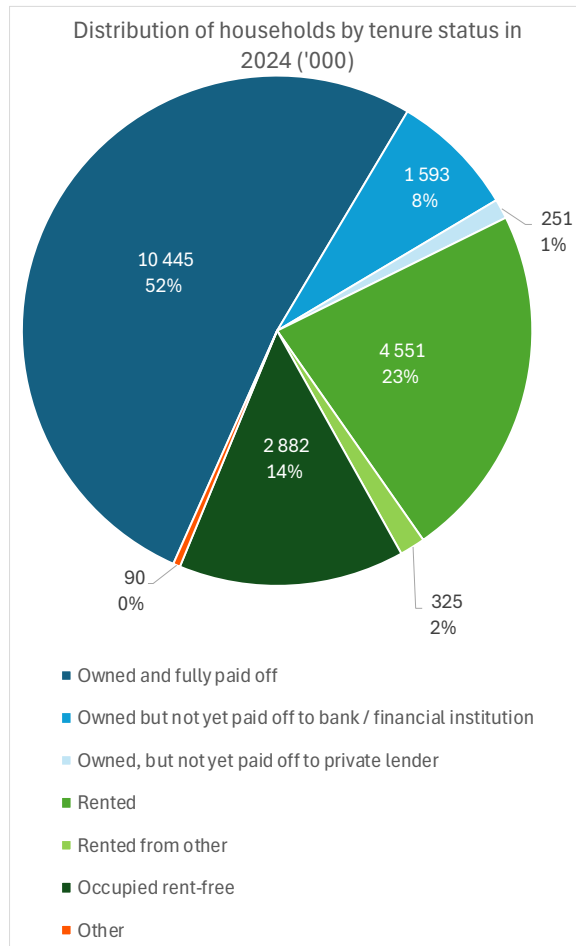
Residential property by market segment:
number of properties, South Africa, 31 December 2023





The majority of households own the homes they live in.

According to Stats SA, 52% of the population (10.4 million households) own and owe nothing against their homes. The majority of these households live in a formal dwelling, house or brick/concrete structure.



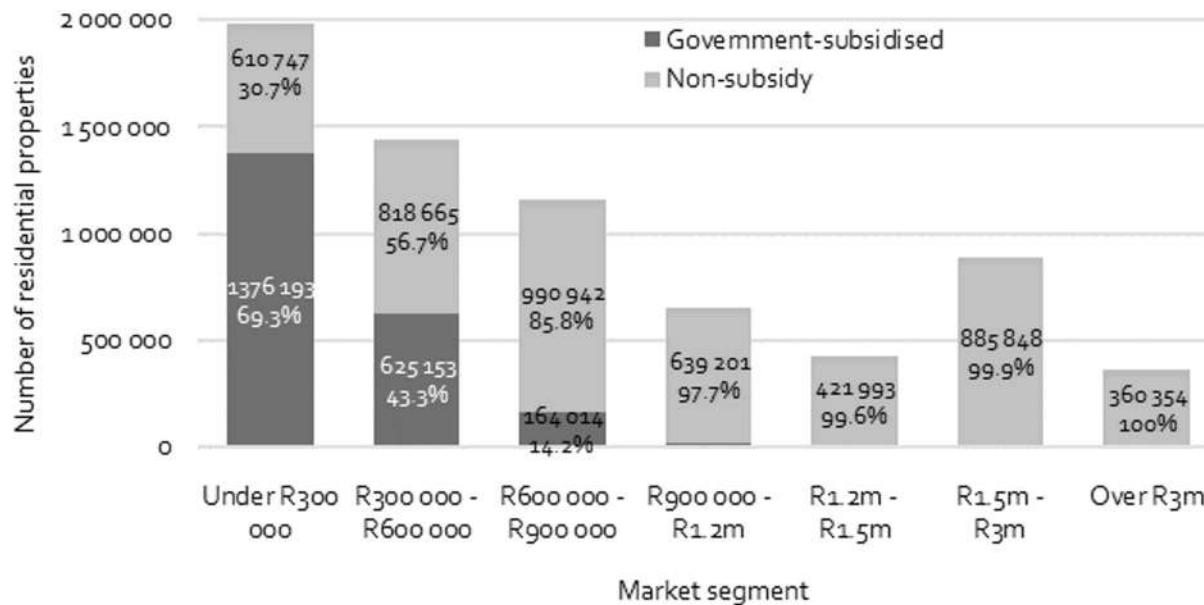
Source: Own analysis with data from Stats SA GHS 2024



Government-subsidized properties comprise 32%

of the total residential property market, and are concentrated in the affordable categories. They are a critical source of supply for lower-income working class. Just over 1 000 000 of these are in the metros and most are older than 8 years.

GSP vs. non GSP by market segment, 2023



Applying the national churn rate on government-subsidised properties in metros, older than 8 years suggests the potential for about:

22 544 transactions

per annum =



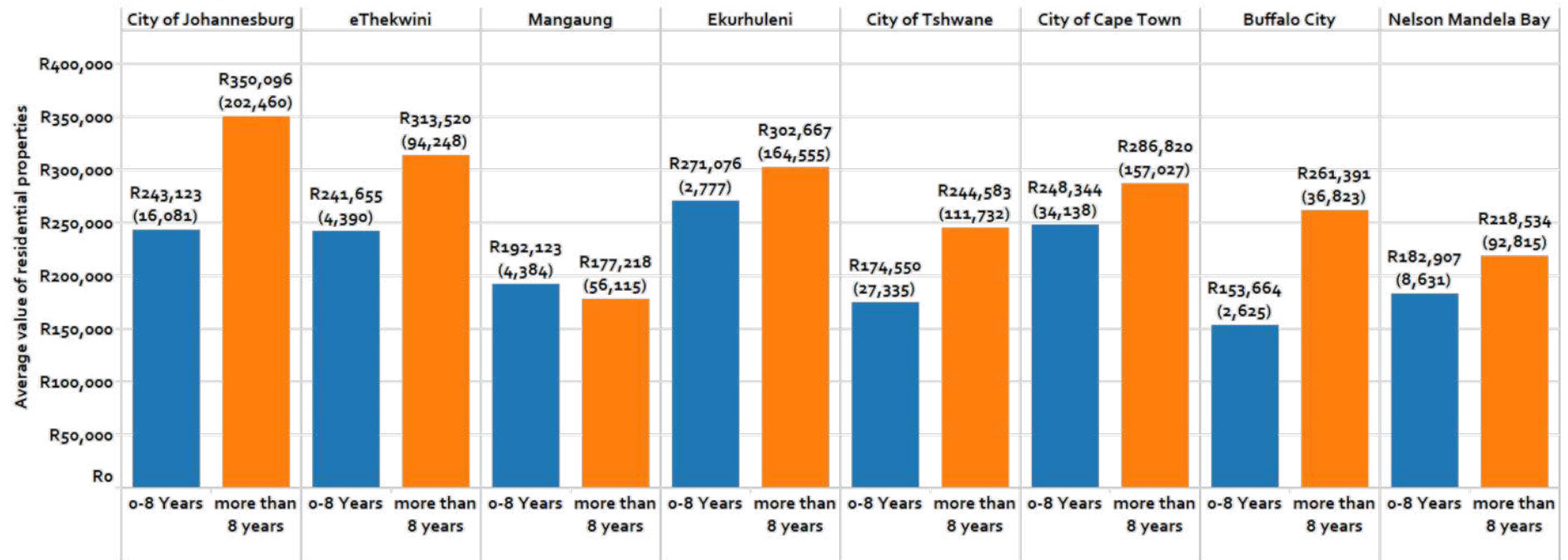


RDP houses are an entry-level rung to the property ladder

They are a real potential for asset wealth. In every city, the average value of RDP properties is lower than the price of the cheapest newly built house. The sale of an RDP house can give the seller a sizeable deposit towards the purchase of their next house.

Average value and number of government-subsidised properties by age

Metro municipalities, 2019



Data source: CAHF's Citymark, using deeds registry data supplied by Lightstone Pty. as at the end of December 2019 (sourced June 2020).

Property age

- 0-8 Years
- more than 8 years

2

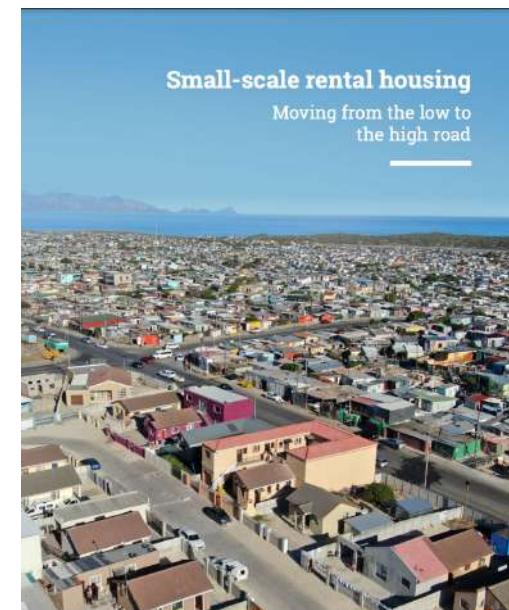
**Entrepreneurial
opportunities for a
new class of landlord**

CAF Small scale landlordism is the primary form of affordable housing delivery in South Africa

– it is growing in scale, experience, quality and investability

Spectrum of Developers

	Subsistence Homeowners	Incremental Homeowner Developers	Debt-finance Homeowner Developers	Micro-developers
FACTORS				
Personal factors	Social and/or economic objectives Necessity driven Primary Property	Social and/or economic objectives Primary Property	Economic objectives, Primary or additional property	Economic objectives, Additional property
Financial considerations	Incremental, intuitive 	Incremental, intuitive 	Calculative Project-based 	Calculative Strategic, (portfolio)
Economic ecosystem	Personal networks 	Personal networks 	Professional networks 	Professional networks
TYPOLGY				
Type of development	Makeshift structures (shacks, wendy houses) 	Flats (single or double storey) 	Flats (single or double storey) 	Apartment blocks



Source: https://landvaluecapture.org.za/wp-content/uploads/2022/06/smallscalerialhousing_movingfromthelowtohighroad.pdf



Financial services, letting services, construction services, management services are growing to support this market

induliving.com/listings

28 results for homes to rent

APPLY FILTERS

Price: R500 - R2500

Architecture Type: - Select architecture type -

Level: - Select floor level -

Category: New

Unit Type: - Select unit type -

Sort By: - Sort by -

Reset Filters

1 Reset Filters

Page 4 of 5 Show map

Property Image	Location	Price	Unit Type	Address
	KEMPTON PARK	R3,500.00	Bachelor - Unit No 21 (First Floor)	Clayville East, Olifantsfontein 63 Oribl Street
	KEMPTON PARK	R2,800.00	Bachelor - Unit No 19 (First Floor)	Clayville East, Olifantsfontein 63 Oribl Street
	ATTERIDGEVILLE	R1,000.00	Standard - Unit No 13 (Ground Floor)	Atteridgeville, Pretoria 22 8th Street
	ATTERIDGEVILLE	R1,500.00	Standard - Unit No 10 (Ground Floor)	Atteridgeville, Pretoria 22 8th Street
	ATTERIDGEVILLE	R1,000.00	Standard - Unit No 7 (Ground Floor)	Atteridgeville, Pretoria 22 8th Street
	COSMO CITY	R3,150.00	Cottage - Unit No 1 (Ground Floor)	Cosmo City, Roodepoort 93 Tanzania Avenue





This form of construction has been codified and legitimised by the City of Cape Town

A new bylaw is a landmark intervention that will change the dynamics of small-scale rental and create substantial opportunities for micro developers

2

Province of the Western Cape: Provincial Gazette Extraordinary 9117

8 August 2025

PROCLAMATION

By the Executive Mayor of the City of Cape Town

NO. 9/2025

CITY OF CAPE TOWN MUNICIPAL PLANNING AMENDMENT BY-LAW, 2025

I hereby determine that the City of Cape Town Municipal Planning Amendment By-law, 2025, as adopted by the municipal council of the City of Cape Town on 26 June 2025, and as published herewith, shall come into operation on **1 October 2025**, except for:

- section 116 which shall come into operation on the **date of this proclamation**;
- the definition for affordable rental flat and affordable rental unit; affordable rental flat as an additional use right in items 21(b), 26(1)(b) and 50(b), subject to item 25D; additional use right conditions in item 25D and the map 'Areas where affordable rental flats are an additional use right (as per item 25D(b) of the Municipal Planning Amendment By-law, 2025); which shall come into operation on **1 September 2025**.

An Afrikaans and Xhosa version of the amendment by-law will be available on request after the effective date of 1 October 2025.

EXECUTIVE MAYOR



Key provisions of the new by-law

Small-Scale Rental Units (SSRUs):

- A new use right for affordable rental flats is introduced in **194 identified areas**, allowing for small-scale rental accommodation.

Unit Limits:

- Properties can have a **maximum of eight** SSRUs if a dwelling house already exists, **or twelve SSRUs** if there isn't one.

Residential Zoning (R1):

- The former Single Residential zoning is renamed R1, now providing for **additional use rights** such as affordable rental flats, supplementary dwelling units, and places of instruction.

Incentive Overlay Zones (IOZs):

- New IOZs are established in areas like Athlone, Bellville, Diep River, Maitland, and Parow/Elsies River to grant **enhanced development rights and reduced development costs**.

Dealing with Illegal Work:

- The bylaw empowers city officials to impound movable property used for illegal building or demolition work, including property belonging to the developer, owner, and contractor.

The primary goal is to make it easier to develop affordable housing, particularly in backyards in lower-income areas.

Regulate High-Density Areas:

- The amendments help the City to regulate development in high-density zones, ensuring that new units comply with national building regulations and have proper utility connections.

Improve Enforcement:

- The impounding of property aims to deter illegal building and provide a more immediate recourse for the City, rather than waiting for lengthy legal processes.

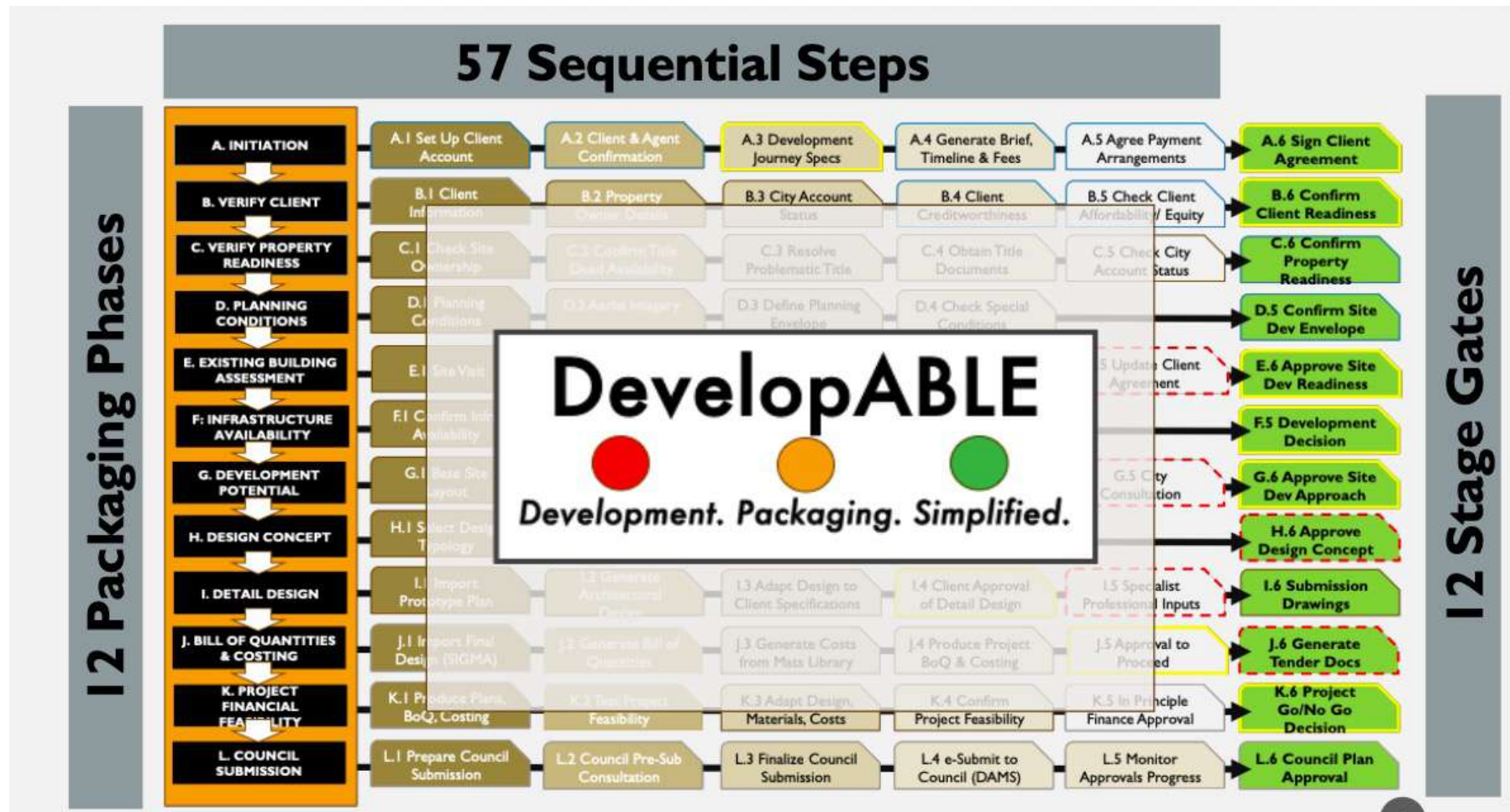
Encourage Mixed-Use Development:

- The creation of Incentive Overlay Zones aims to make it more cost-effective to develop property in specific focus areas, promoting mixed-use and other forms of development.



Already, an entrepreneur has developed an app

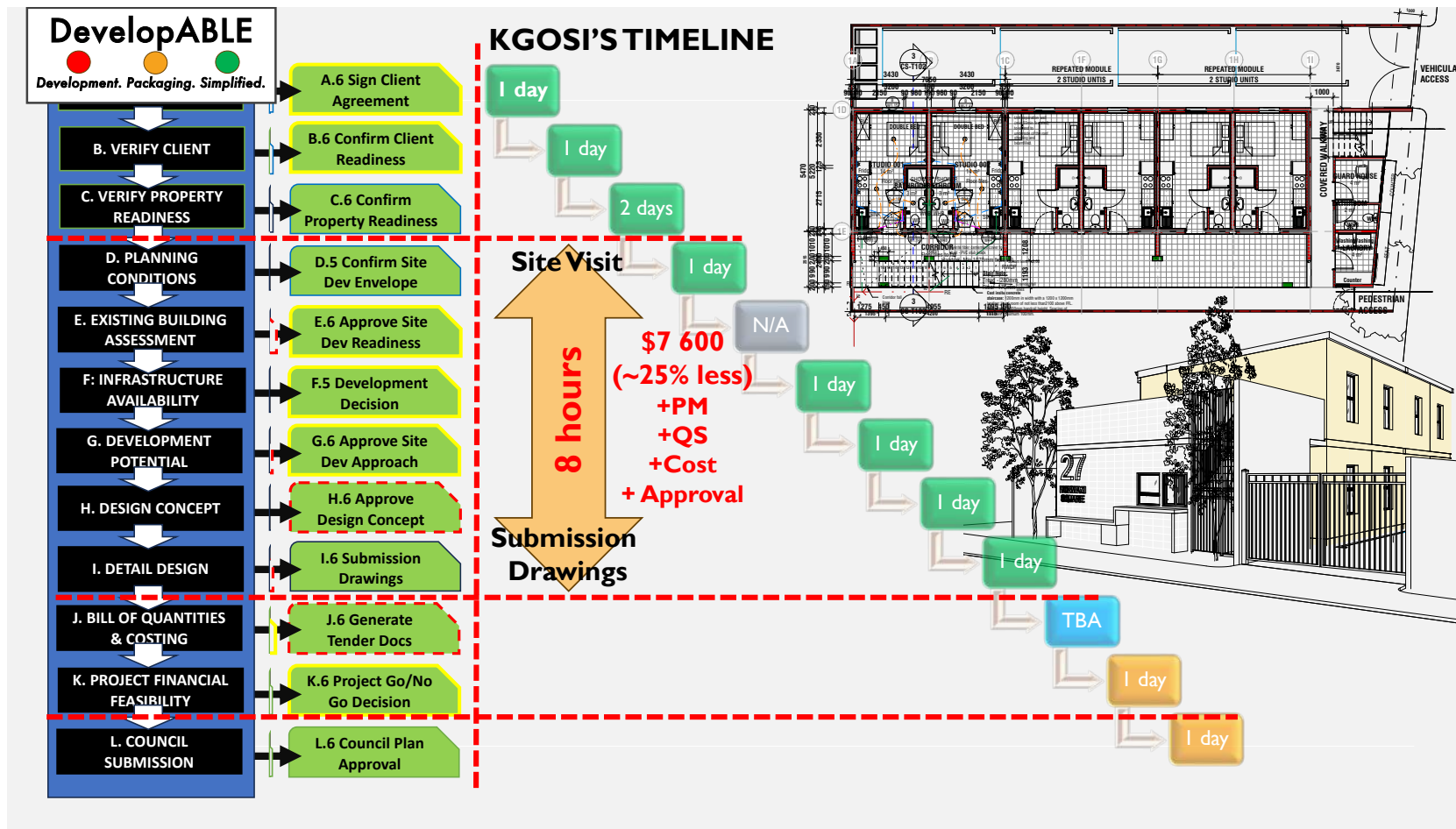
to simplify the development conception, application, delivery and handover process, reducing time, and improving compliance. This will be a game changer, especially with the regulatory permissions created in Cape Town.





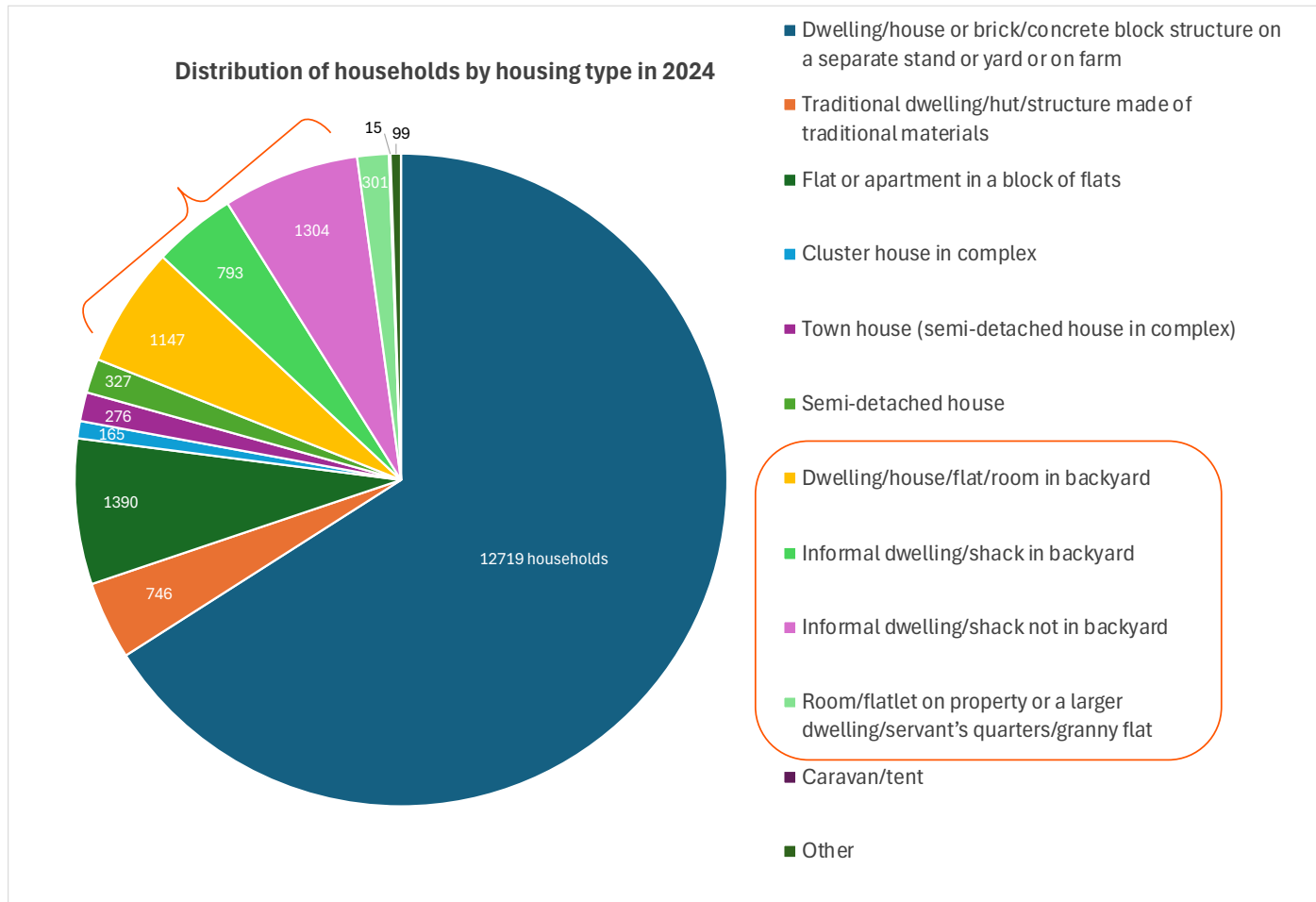
Already, an entrepreneur has developed an app

to simplify the development conception, application, delivery and handover process, reducing time, and improving compliance. This will be a game changer, especially with the regulatory permissions created in Cape Town.





Together, backyard units comprise 12% of total stock, while informal dwellings are another 7%. Just looking at those who rent, 17% already live in formal backyard units. The potential for investment in refurbishment and development is significant.



3

Market innovation in multi-family rental

CAHF Multi Family Residential Rental is a newly-defined asset class making waves in surprising places. **For example, in Maboneng in the Johannesburg CBD**

Divercity

<https://www.divercity.co.za>

Property investor, developer and property manager established in 2017, specialising in well-located, amenity-rich, affordable rental. Portfolio comprises more than over 9,000 residential units and a disclosed asset value of R4.5bn.

*Jewel City
Inner city
urban infill
newbuild and
conversion
Johannesburg
CBD, Gauteng*

*Bachelor from
R3299
1-bed from
R4299
2-bed from
R4899*



CAHF Multi Family Residential Rental is a newly-defined asset class making waves in surprising places. For example, in an old PWC office park in Sunninghill.

Africrest

<https://www.africrest.co.za/>

Owens more than 4,200 apartments with a portfolio value of over R3bn – set to expand to over 7,000 apartments within the next 18 months. Africrest's residential estate appeals to a high income tenant. The company specializes in both greenfield developments as well as converting office buildings into residential apartments, with resort-style facilities and amenities.

*The Apollo
Suburban
conversion
office to
residential
rental.
Sunninghill,
Johannesburg,
Gauteng*

*Studios from
R5890
1-bed R6490
2-bed R8890*



CH F Multi Family Residential Rental is a newly-defined asset class making waves in surprising places. For example, in an historic department store in Johannesburg CBD.

First Mile Properties

<https://www.firstmileproperties.com/>

Property developer, investor and asset management company established in 2004, specializing in creating affordable living spaces in mixed-use spaces. Portfolio comprises around 4,000 units.

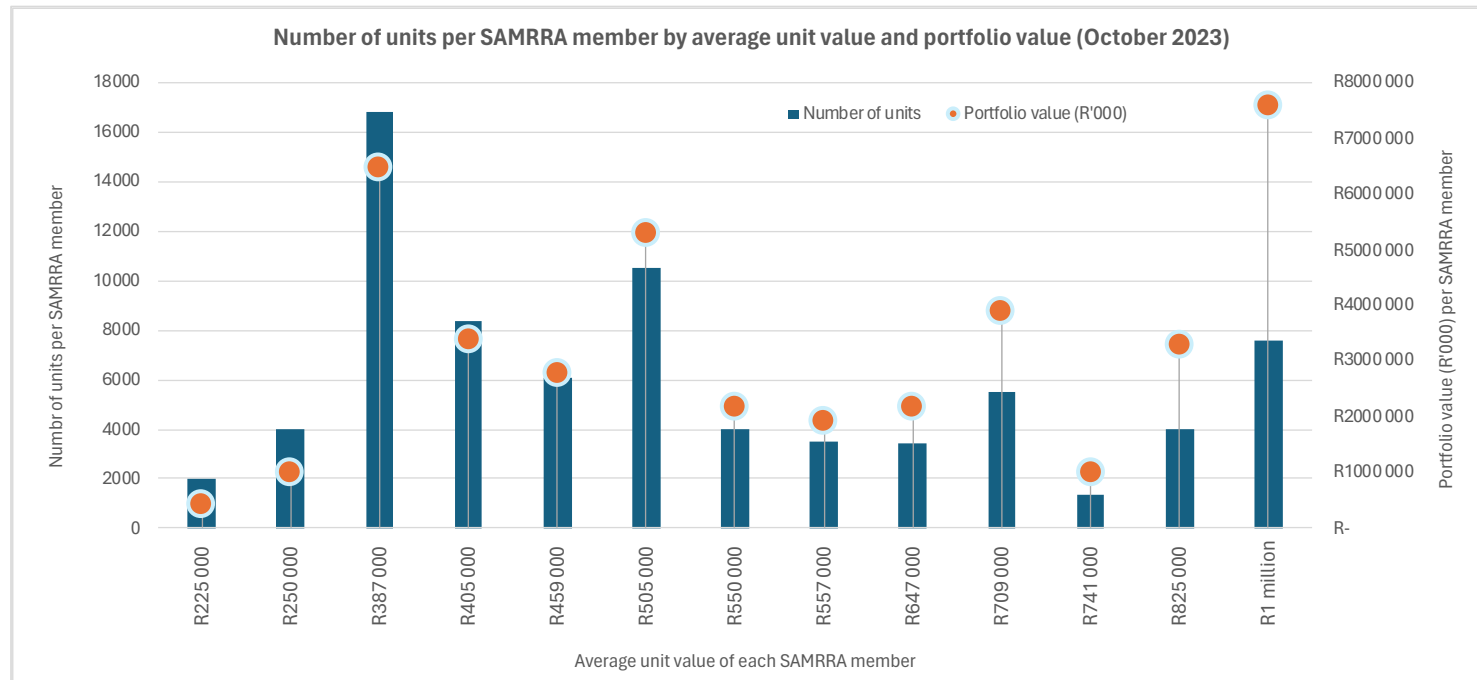
*Greatermans,
220
Commissioner
Street
Inner city
refurbishment
Johannesburg
CBD, Gauteng*

*Rentals from
R3200*





The newly formed SAMRRA is formalizing the asset class and making it accessible to investors



- 13 members
- portfolios between 3,500-10,000 units each
- units valued between about R350,000 and R1mn

SAMRRA member data

NOI Quartile	Net operating income psqm	Gross Rental Range per unit #
Top quartile	94	R8,800-R11,500
Second quartile	64	R6,200-R7,600
Third Quartile	44	R4,300-R5,600
Bottom quartile	23	R2,200-R3,432
Total	60	

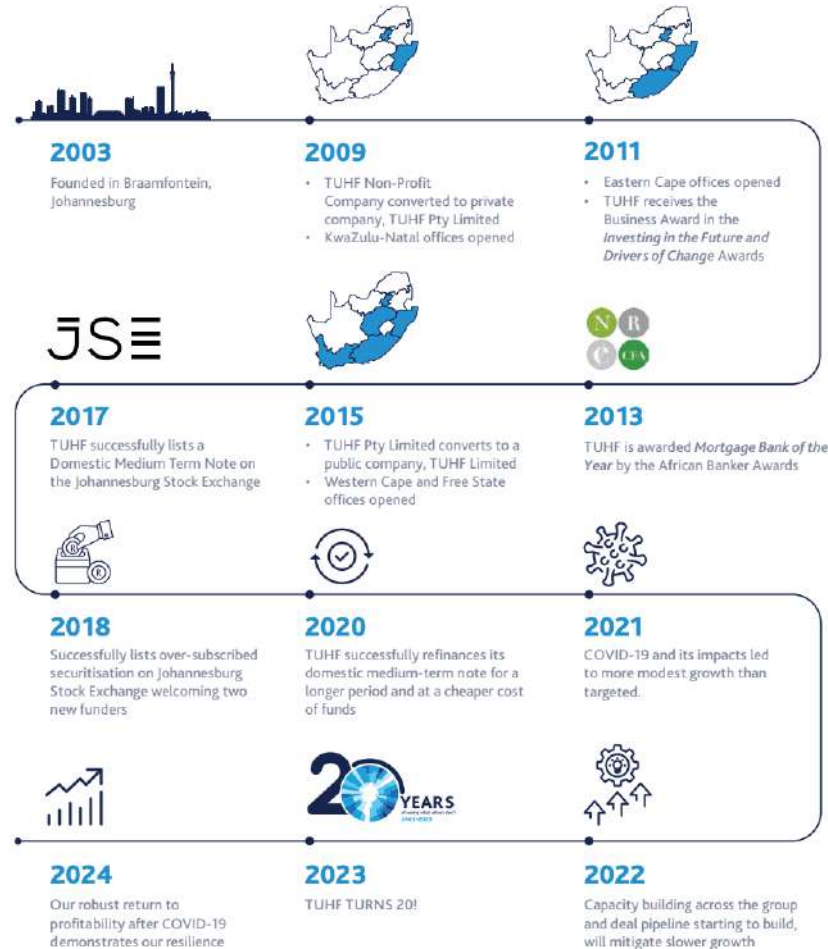
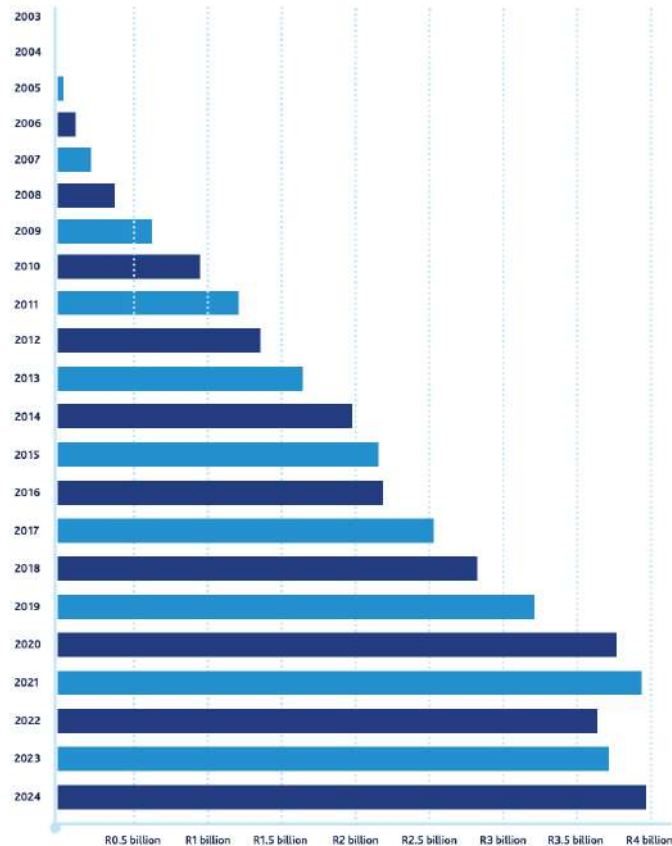
Rentals ranging between R2200 – R11 500.

See page 25 of MSCI (2024) Residential Property: Quantitative Analysis of an Emerging Asset Class. Analysis of residential property investment and fundamental performance in a Global and South African context. <https://samrra.co.za/wp-content/uploads/2024/03/MSCI-Residential-Final-Print.pdf> (Accessed 14 August 2024).



With over 66 000 units financed & delivered, TUHF has built a strong track record – this is no longer a pilot and no longer experimental.

21 Years of Growth and Resilience



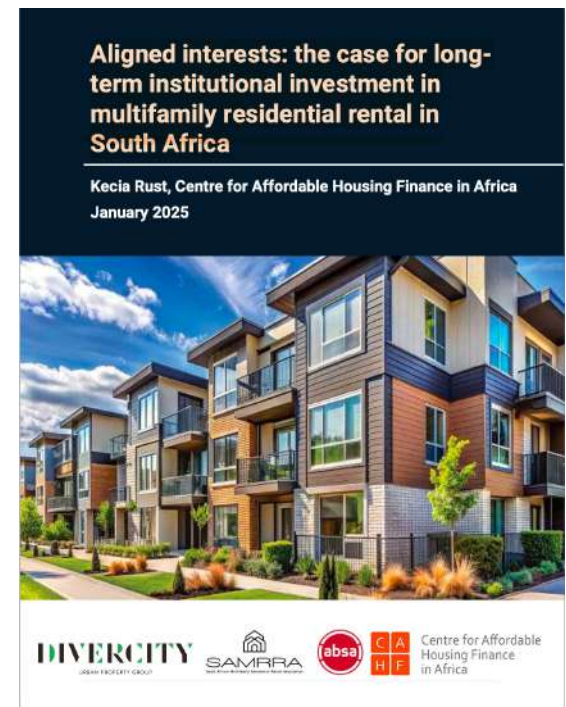
- **66 691 units** financed since inception (22 years)
- **712** buildings
- **172** suburbs
- **587** borrowers – 68% of new loans to PDIs
- **R5.1 billion** loan book
- **R9.2 billion** financed since inception
- **8% avg loan book growth** over last 10 years

https://www.tuhf.co.za/wp-content/uploads/2024/11/TUHF-1AR_2024_V7-WEB.pdf and presentation on 15 Oct 2025



There are clear reasons to invest – most significant is that this is a well-managed, emerging asset class that is responding to very real needs, while consolidating our cities & diversifying built form.

1. **Demand:** The units attract quality demand with low levels of default and low vacancies that are themselves easily filled with an established waiting list.
2. **Supply:** Multifamily residential developers and landlords are trailblazing a new form of rental that has been gaining popularity in the United States, Australia, Europe and the UK – leveraging off the latent value in South Africa's wider real estate market and the improved performance of residential over office and commercial property.
3. **ESG:** Multifamily scores high across all ESG metrics both in terms of risk management and impact, offering investors comfort that they will be able to themselves fulfill their ESG goals.
4. **Experience:** With over 75,000 units currently under management among the SAMRRA membership, property management expertise is developing, leveraging the benefits of evolving technology, maximizing economies of scale.
5. **Quality, track record and pipeline:** **the multifamily residential rental sector consistently outperforms office and commercial real estate and is second only to industrial real estate primarily on a risk relative return basis.** A pipeline of developments suggests that the sub-sector is only growing, honing its experience and building a new style of urban living across South Africa.



<https://housingfinanceafrica.org/documents/aligned-interests-the-case-for-institutional-investment-into-multifamily-residential-rental-in-south-africa/>

4

**Green sustainable
housing through
well-located
conversions**



What is green?

- **Energy efficiency** – Solar power, LED lighting, smart meters, and insulated roofs. Solar geysers and dual flush toilets.
- **Water conservation** – Low-flow fixtures, rainwater harvesting, and greywater recycling.
- **Sustainable materials** – Eco-friendly building materials and proper insulation.
- **LOCATION!** – inner city vs. urban periphery



MEET THE KHUMALOS



Urban
Low Income

Jackie Khumalo
33 years old | Pre-School teacher

Norman Khumalo
36 years old | Shopfitter

Jo Khumalo
7 years old | Primary School learner and skater

Jackie is 33, Norman is 36 and little Jo is 7. Jackie and Norman both hail from KZN and met through a friend 8 years ago. They had their first date at the Joubert Park gardens and have been city dwellers ever since. They have lived in Koch Street in the city centre for the last six years.

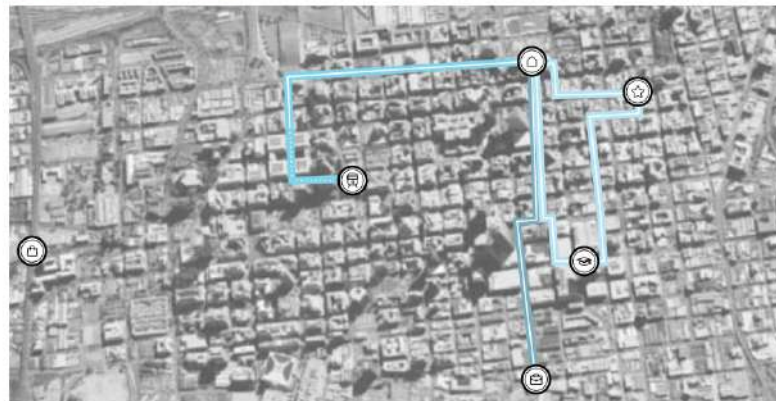
"We love living in the inner city. It really is the heart of Johannesburg. Even though I work in Midrand I can access transport services through only a short walk and I feel confident that my family is safe as they walk home from school and work as the streets are always busy."
Norman K.

Jackie works as a teacher in a preschool in the city. She walks to work in the summer and takes a short ride on the BRT system in the winter. She drops Jo off at Eagle primary school on her way to work. Jo enjoys school. Now that he is older, he sometimes walks home with a group of friends. They often stop at the End street park on their way home. A new skating ramp was added to the park last year and Jo is getting a lot better at skating. He dreams of going pro and will enter the inner city junior champs next year.

Norman is a carpenter. He works for a shopfitting company in Midrand as a joiner. Once a month the Khumalos take the taxi from Park station to visit Norman's sister in Mamelodi.

The family shops every Saturday at Newtown Junction. This is Jo's favourite day as his mom always gets him an ice cream after the 20 minute walk.

— Jackie's commute — Norman's commute — Jo's commute



MEET THE SONGA'S



Periphery
Low Income

Elna Songa
26 years old | Receptionist

John Songa
28 years old | Clerk

Busi Songa
2 years old | Creche

John is 28 and Elna is 26, they are parents to Busi who is 2. John works as a clerk in the inner city and Elna has recently started an internship as a receptionist at a media company but dreams of a career in fashion. She has had put that dream on hold and took the reception job because it was closer to her home.

"Living closer to work could save us so much money which I could use to further my dream of a career in fashion."
Elna S.

She previously worked in Randburg in a boutique, but once she had a child she couldn't afford the commute costs. The daily journey took an hour and a half just one way and she needed to take two buses, one into the inner city and then a second to Randburg.

John takes the taxi to the inner city. If he is late he missed the direct route and has to take two taxis which cost him more money. It takes him an hour to get to work.

Elna drops Busi off at creche so she also has to take 2 taxis, one for the school trip and the other in the opposite direction to her workplace.

Getting to work and school costs the family around 25% of their income.

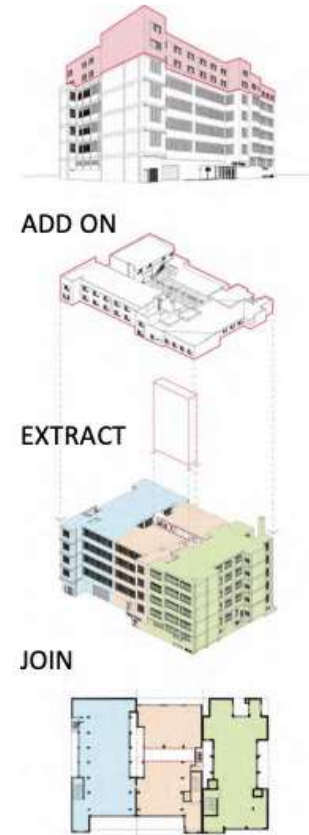
— Elna's commute — John's commute — Busi's commute





Recycled buildings are GREEN – scoring carbon neutral in terms of EDGE.

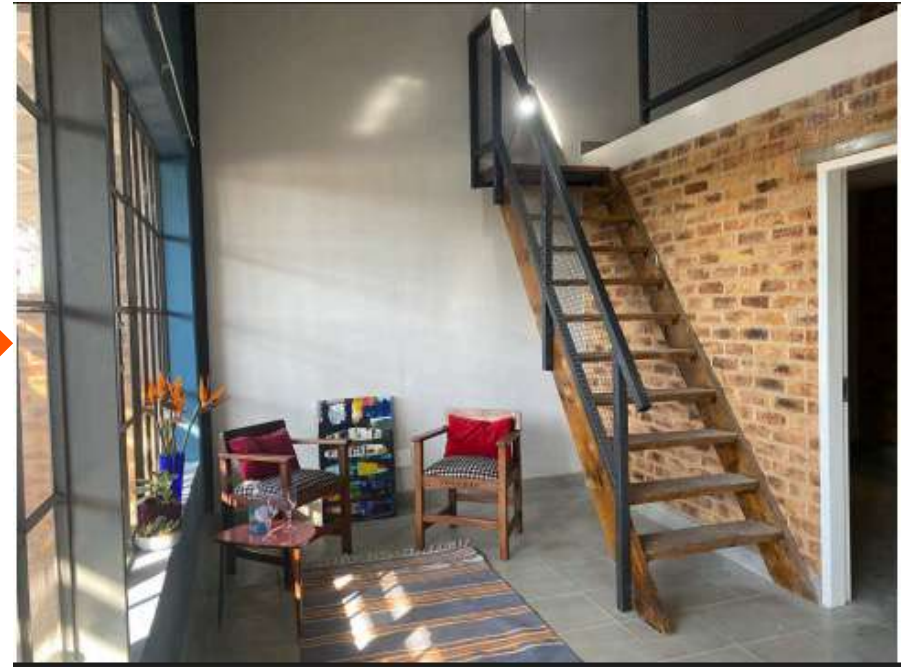
Paris House, Johannesburg – Savage + Dodd





Repurposed buildings are also GREEN – scoring carbon neutral

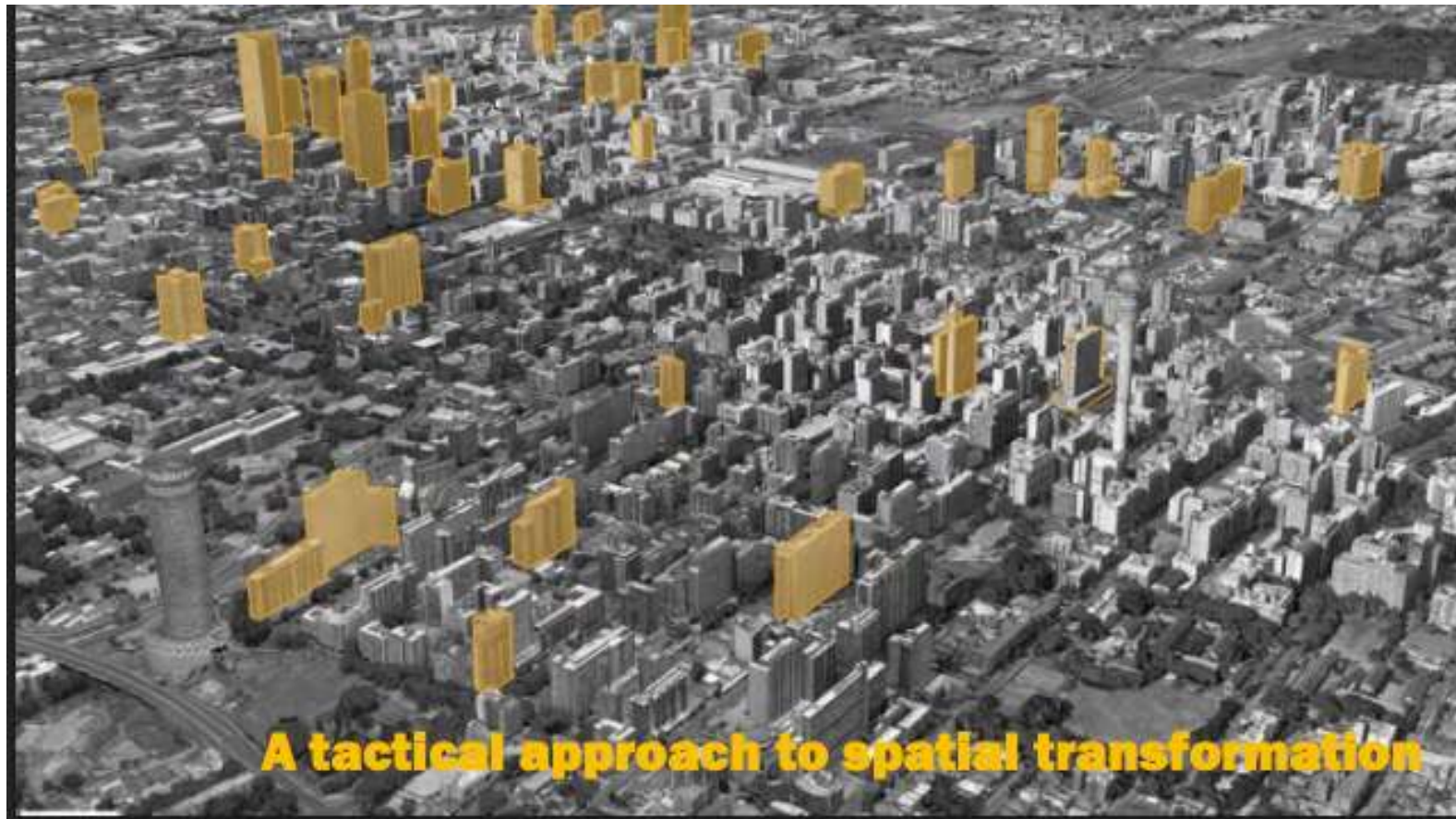
Boksburg Mall, Adaptive Reuse – Savage + Dodd



C A
H F

Working with the existing city

, adding, reconfiguring, recycling, repurposing, these investments stay within the urban core, leverage existing infrastructure, and enable the 15-minute city



What is the role of the city if this is the pathway to sustainability?

What are the design considerations?
The technological opportunities?

What are the finance needs?



Conclusion

Back to the housing asset: working with what we already have, and growing it, provides pathways to sustainability.

Social asset



Financial
asset

Economic
(income-earning)
asset

1. Unencumbered assets on household balance sheets
2. Entrepreneurial opportunities for a new class of landlord
3. Market innovation in residential rental
4. Green sustainable housing through well-located conversions

Economic
growth &
job creation

Sustainable
human
settlements

Financial
intermediation



So, if these are the pathways to sustainability, what are the vehicles?

1. Unencumbered assets on household balance sheets
2. Entrepreneurial opportunities for a new class of landlord
3. Market innovation in multi-family rental
4. Green sustainable housing through well-located conversions

Support for transactions – title deeds, sub-divisions, zoning, plan approvals, market information

Infrastructure installation, expansion, maintenance, refurbishment in green and brown fields, like acupuncture, delivering engineering services & urban amenities, good transport, communal spaces.

Niche market, targeted finance: equity & debt, wholesale, commercial, retail, blended, for the variety of housing investments taking shape

Governance, service delivery, and urban administration & management: efficient, effective, targeted

Market monitoring – demand | supply | flow | change of use

EACH AND EVERY ONE OF US



Centre for Affordable
Housing Finance
in Africa

THANK YOU!

Kecia Rust

Kecia@housingfinanceafrica.org
www.housingfinanceafrica.org



Centre for Affordable
Housing Finance
in Africa

HOME

DONATE TO CAHF

CONTACT



About Countries Our Work CAHF Library Market Players News & Events Get Involved



A FREE MASSIVE OPEN ONLINE COURSE (MOOC)

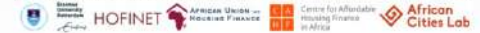
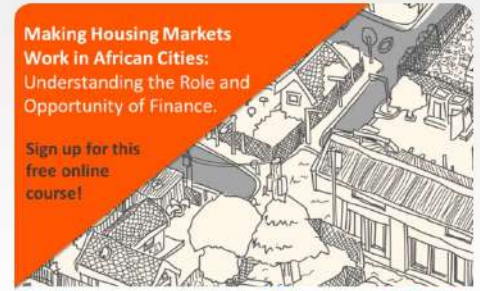
Making Housing Markets Work in African Cities: understanding the role and opportunity of finance

Housing finance in Africa matters. The lack of adequate and affordable housing requires action.

Because how housing is financed impacts on what housing we build, it impacts on how we build housing, and it affects how housing supports our lives and livelihoods. Many households across Africa do not have a home to comfortably stay in, let alone work in. There are innovative approaches that can make a positive difference to housing on the continent.

Making Housing Markets
Work in African Cities:
Understanding the Role and
Opportunity of Finance.

Sign up for this
free online
course!



Register

To sign up for the course, register on the African Cities Lab's Open edX platform.

Once registered, select the course titled

**MAKING HOUSING MARKETS WORK IN AFRICAN CITIES: THE
ROLE AND OPPORTUNITY OF FINANCE.**

REGISTER

**THIS MOOC TACKLES KEY QUESTIONS AROUND
AFFORDABLE HOUSING THROUGH AN IN-DEPTH
EXPLORATION OF HOUSING FINANCE IN AFRICAN CITIES:**

- How does housing impact the economy?
- What is the demand for and affordability of housing?
- What are housing supply networks?
- How are the steps to constructing, maintaining and transacting housing financed across African settlements?
- What are the innovative financial instruments?
- How can these be expanded down-market?

DETAILED

Course Outline

DOWNLOAD COURSE OUTLINE

The course is for all housing professionals-including developers, lenders, small scale organisations, micro-builders, bankers and all practitioners in Africa who wish to understand more about affordable housing finance for better housing outcomes, better future cities and a more prosperous Africa. Input is provided by expert practitioners and academics at the cutting edge of new and innovative approaches to housing finance on the continent with interactive and engaging content which brings together experiences from multiple African cities through case studies and discussion forums. The course comprises of 50 videos and additional learning materials given across 6 modules. Download the detailed course outline for more information.