



Fleurhof will be developed in six phases over four years

An artist's impression of a semi-detached unit in the development

Integrated housing projects get financial boost

The multi-billion rand Fleurhof integrated property development is set to kick off. This follows the announcement by International Housing Solutions South Africa (IHS) of its acquisition of a 30% equity stake in this ground breaking project.

Fleurhof, which will provide homes, schools, churches, shops and business areas is situated on Main Reef Road in the western Johannesburg area. It will be developed in six phases over four to six years. The project comprises 6 400 homes ranging from basic houses which would qualify for government subsidies, to bigger but still affordable homes. It will also have six crèches and six religious sites, three schools, five commercial and retail centres as well as a community centre. In addition it will have 38 parks as well as a nearby industrial site area to provide easy access to work.

The project is being developed by Calgro M3 Holdings Ltd. Equity injected by IHS will be used (alongside finance provided by First National Bank) to satisfy the medium term funding requirements of the project, and partly to assist in lowering the risk of the wider Calgro M3 Group by providing a source of easily accessible capital.

Phia van der Spuy, business development director at IHS South Africa says its equity investment in Fleurhof fits perfectly with IHS's philosophy to partner with developers in the provision of quality affordable housing in projects that drive economic growth, enhance communities and create new jobs.

"The project will be one of the first to adhere to the government's Breaking New Ground (BNG) principles. In line with government's focus on ensuring that all South

Africans are afforded the same standard of living and social environment, the developer is committed to providing the same quality services and surroundings for all the homes in the project irrespective of whether they are the traditional RDP houses or more upmarket residences. Affordable housing is not about cutting corners and building bad quality residential environments," she says.

"We are not bankers, but business partners, so we do not charge interest on our investment but instead share in the profits of the project. We also operate on an equity basis rather than on interest-based income, which helps developers as a portion of their finance does not require an interest payment," she explains.

She says that in the current challenging economic environment, particularly with banks increasing their lending criteria to such an extent that it is becoming extremely difficult to obtain debt finance, the equity that IHS provides allows developers to grow their businesses and manage their own capital more efficiently.

IHS successfully launched its R1,7 billion South Africa Workforce Housing Fund late last year and the Fleurhof deal is one of a string of projects funded by the company that is set to come on stream this year. IHS recently announced its participation in the conversion of the old Greatermans building in downtown Johannesburg to homes costing less than R2 000 a month. Other IHS projects include one of over R500 million in Witbank in which it has partnered with Bigen Africa and ABSA, and another development in Carnival City in Gauteng comprising some 2 400 units which will also be launched towards the end of this year. ■