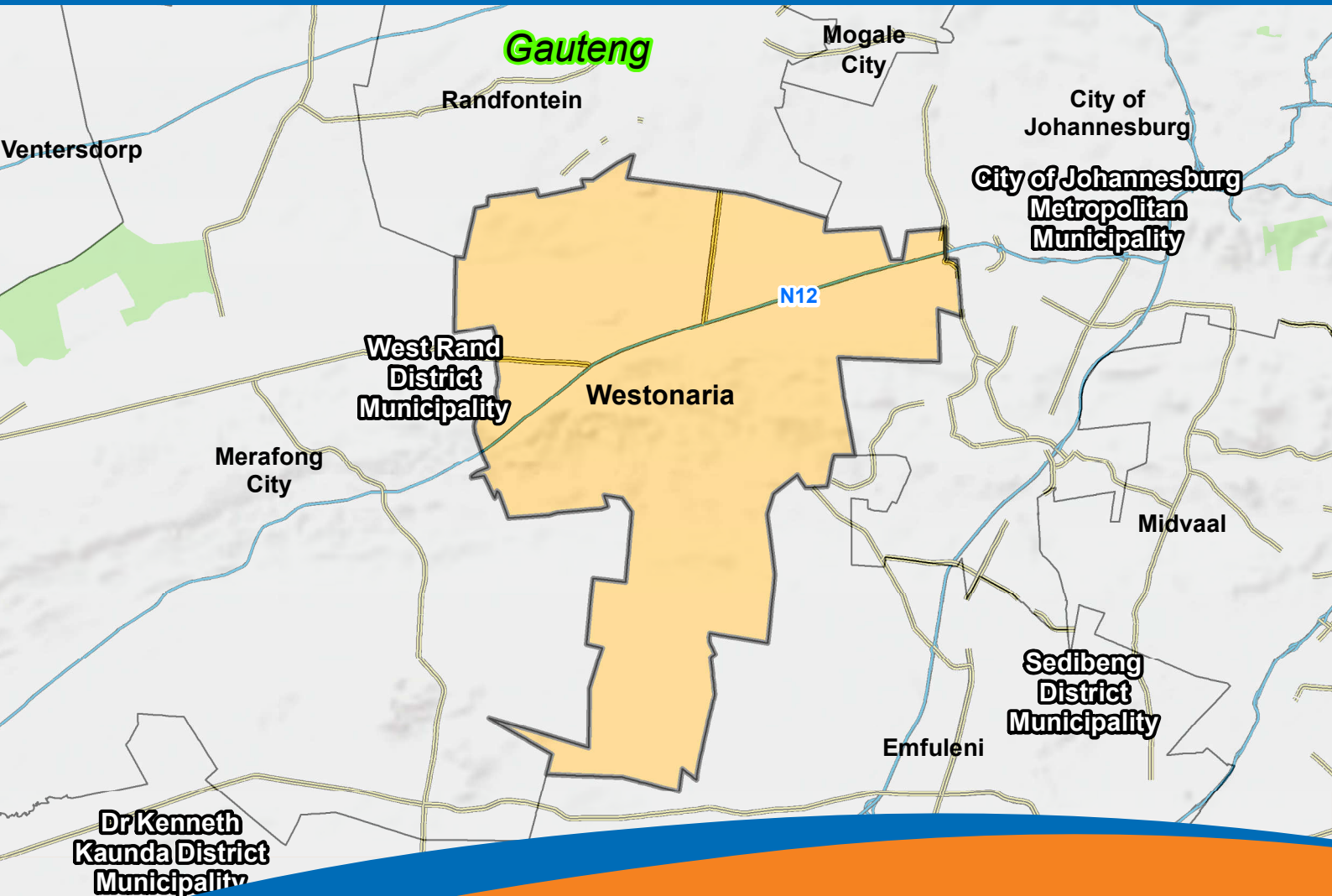


Working for integration



Westonaria – Gauteng

Housing Market Overview
Human Settlements Mining Town Intervention
2008 – 2013

The Housing Development Agency (HDA)

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Acknowledgements

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Disclaimer

Reasonable care has been taken in the preparation of this report. The information contained herein has been derived from sources believed to be accurate and reliable. The Housing Development Agency does not assume responsibility for any error, omission or opinion contained herein, including but not limited to any decisions made based on the content of this report.

Contents

1. Frequently Used Acronyms	1
2. Introduction	2
3. Context	5
4. Context: Mining Sector Overview	6
5. Context: Housing	7
6. Context: Market Reports	8
7. Key Findings: Housing Market Overview	9
8. Housing Performance Profile	10
9. Market Size	15
10. Market Activity	20
11. Lending Activity	28
12. Leverage	32
13. Affordability Profile	35
14. Rental Index	39
15. Key Concepts	41
16. Source List	44

1. Frequently Used Acronyms

CAHF	– Centre for Affordable Housing Finance in Africa
GDP	– Gross Domestic Product
GVA	– Gross Value Added
HDA	– Housing Development Agency
HPI	– Housing Performance Index
IDP	– Integrated Development Plan
NU	– Non Urban, a Stats SA subplace designation
RDP	– Reconstruction and Development Programme
SDF	– Spatial Development Framework
SP	– Subplace
StatsSA	– Statistics South Africa

2. Introduction

The Housing Development Agency (HDA) is a national public development agency that promotes sustainable communities by making well-located land and buildings available for the development of human settlements. As its primary activity, the HDA assembles and releases state, private and communal land and buildings for development. In addition, the HDA provides project delivery support services to organs of state at local, provincial and national levels.

In setting the agenda and asserting its role in the housing continuum, the HDA realised that there is a gap in the provision of accurate and easy-to-understand information regarding the property market, particularly in previously overlooked areas, including the mining towns.

The development of this report is a result of this gap. It aims to explore and present an overview of the formal housing markets in Matjhabeng, Moqhaka, Merafong, Randfontein, Westonaria, Thabazimbi, Greater Tubatse, Elias Motsoaledi, Lephalale, Fetakgomo, eMalahleni, City of Matlosana, Mogale City, Ephraim Mogale, Steve Tshwete, Thaba Chweu, Tsantsabane, Ga-Sekgonyana, Gamagara, Kgetlengrivier, Madibeng, Moses Kotane and Rustenburg so as to change perceptions of affordable markets, and as such, expand and deliver affordable housing options within South Africa's municipalities.

The study was undertaken over a three-month period, relying mainly on the high level indicators developed by the Centre for Affordable Housing Finance in Africa. These indicators consider the market conditions, existing market size and activity, average prices and values, market growth and lending activity in the area to support a better understanding of the opportunity and the impact of various housing policy interventions. The indicators also highlight the range of opportunities across areas to stimulate the affordable housing market in South African municipalities.

The methodology also included site visits to eMalahleni, Randfontein, Westonaria, and Rustenburg so as to confirm findings and to gain more insights about the current housing circumstances.

The report is intended for use by all stakeholders involved in planning, including professionals in municipalities, Government officials, private sector, investors, developers and urban planners, for the mission of enticing a range of development options. The report does not address housing supply for the lowest income levels, but rather seeks to make the case for expanding the gap market in order to entice private sector engagement more effectively.

2.1 Report Contents

The report covers the following aspects of housing markets through maps, charts and graphs to highlight understanding across the municipality and at the neighbourhood level, where housing markets function.

1. **Housing Performance Profile** – the pace of growth by suburb, on maps and in charts, as measured by the Housing Performance Index
2. **Market Size** – total number and distribution of residential properties, households, values and sales prices, key demographic indicators
3. **Market Activity** – properties, sales and new properties and resales over time
4. **Lending Activity** – sales and loans by lender
5. **Affordability Profile** – affordability based on local incomes, compared to sales price, housing gaps and affordability ratios
6. **Leverage** – the value of equity available for purchasing new homes
7. **Rental Index** – those areas most prime for quality, dense professionally managed rental housing

2.2 Definitions and Methodology

For housing supply, title and deeds records were merged at the suburb level, mapped and ranked through the Citymark dashboard. Priority has been placed on actual transaction datasets from familiar sources that can be geocoded to the subplace level, trended over time and updated regularly. For housing demand, StatsSA data was applied as the most consistently collected, widely understood and most common source of demographic data in the country.

2.3 Benchmarks

Benchmarks are indicators used to compare performance across areas and are valuable for understanding meaning. Each indicator was created at the local, municipal and national levels in order to measure performance within and across markets. These benchmarks also highlight areas or trends which are outperforming the overall market in certain ways and might be most receptive to a variety of new housing development options.

2.4 Site Visits

As mentioned, the team conducted four site visits to eMalahleni, Randfontein, Westonaria, and Rustenburg. These visits provided the chance to confirm findings from the data and chat informally with residents about their current housing circumstances: where they had moved from; where they were currently living and how affordable it was; and where they were headed, including their ambitions and concerns. This helps to provide a sense of the housing continuum in the town – what choices residents feel empowered by, and what constraints keep them from realising their dreams and aspirations. Residents who were engaged came from informal settlements, brand new RDP homes, and a stalled RDP project, which had recently been reactivated by the city.

Some of the key insights from these site visits were:

- Residents may not know exactly what their home might be worth, but they are very aware that their home has a value, which includes stability and security for themselves and a better future for their families
- Many residents use their homes to supplement their own income, including renting shacks and rooms and operating home-based businesses
- There might be a relationship between how the houses are handed over and the sense of ownership (as evidenced by improvements to the homes)
- Everyone we spoke to understood the importance of a title deed, that the title deed proved (secured) ownership, even if, in a few cases, they were not sure of its status or how to get one
- Most people mentioned a better future for their children as an integral part of the importance of homeownership
- Residents were aware that there is an acute shortage of housing opportunities and that despite having their homes, they were surrounded by others without adequate housing

Many people understood housing markets around them intuitively — where the better houses were closer to jobs and transportation and what the barriers were — the price, the inconvenience and the cash required to access the houses.

2.5 Using this Report

This report is intended to provide a high-level view of the mining town housing markets overall and by neighbourhood, within areas of particular interest, by measuring and comparing housing market performance amongst each other and with the municipality. This report highlights connections and implications from the findings that are of significant interest to the HDA. The report does not seek to understand why things are, but offers general ideas based on experience with housing markets and new learning about mining town housing markets from these reports.

The report findings emphasise opportunity as opposed to risk or failure. Opportunities are defined as conditions or indicators within areas, which can show:

- The ways in which areas or markets are behaving *positively* (such as growing more quickly), or showing strength (such as stability and consistency)
- The ways in which areas can be connected to common strategies that promote *growth, investment or sustainability* (such as proximity to transit or density)
- A more accurate picture of the *real value of areas* in ways that can leverage economic investment (such as equity, lending levels and new registrations)
- Better ways in which *risk* can be measured and accounted for (such as timing, scale, or location risk)
- A more *comprehensive scope or scale of markets*, to better estimate and project market intervention (such as property or population size, absorption rates, or patterns of behaviour)
- Ways to *challenge and overcome those perceptions* or assumptions that might stymie investment, or slow growth

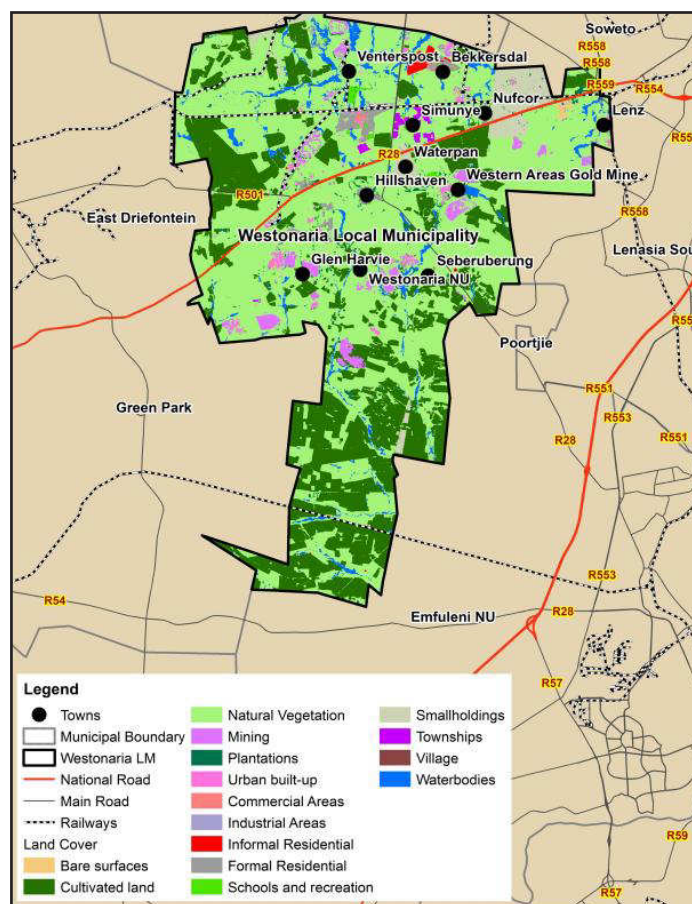
This report is not intended to provide a complete final picture of market conditions or demographic circumstances. It does not reflect conditions in the informal market, nor general attitudes. It is not intended to be the last word on market potential, but is rather the *first*: how can current conditions present opportunities for better housing options, and improved market performance? Where are places that might be performing better in some ways, which might provide areas of opportunity, and how? The highest and best use of this report is to suggest new ways to support the growth of affordable housing in South African mining towns, by exploring and reconsidering areas for new investment, expanding existing investment, and promoting policies and programmes which can support and entice that development. It can also imply the impact of ongoing investment and programmes activities.

2.6 About Formal Housing Markets

This report relies on the South African deeds registry as the basis for analysing local housing markets. Thus, the report **only measures the formal housing market**, which can be defined as those residential properties which have been formally titled to a specific owner or group of owners. While this excludes a large part of the human housing condition in these towns, the advantage of focusing on the formal housing market is that it offers a better understanding of that part of the residential property market, which is most opportune for leverage and investment interventions in ways previously not understood.

Taking into consideration the housing backlog from StatsSA, informal settlements and human mobility, housing markets are quite fluid and difficult to measure. Understanding housing markets more completely is one advantage of the titling initiatives recommended by many housing policy and planning advocates across the country.

3. Context



3.1 Municipal and Regional Context

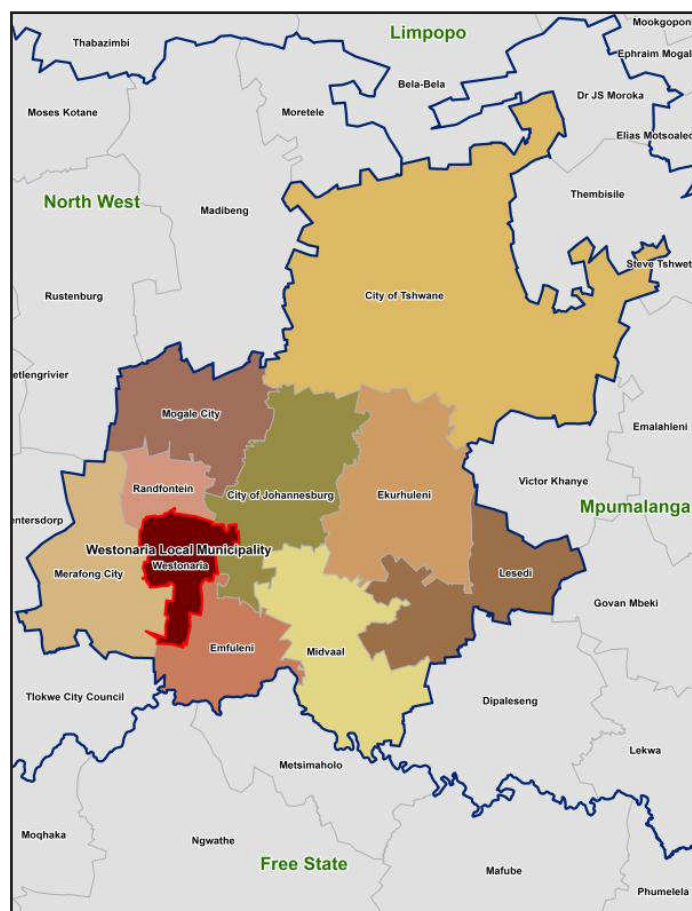
Key aspects of the city are shown from here for contextual purposes which have been published on the city's website. These aspects are summarised from its 2014 IDP, to give important insights to the market overall:

- "Westonaria is located 60km outside of Johannesburg"
- "Westonaria is surrounded by gold fields and forms the hub for five gold mines"
- "Westonaria Local Municipality and Randfontein Local Municipality are in the process of merging into a single Category B municipality by 2016"
- "The land south of the ridge is predominantly used for agriculture and mining"
- "Development areas are earmarked by taking cognisance of local environmental factors, such as dolomite risks and impact on sensitive areas"

3.2 Socio-Economic Profile:

The municipality's current demographic information is drawn from the HDA Municipal Profiles and from the 2001 – 2011 Census Data:

- "Westonaria has a population of 111,767"
- "There was a 0.2% population growth between 2001 – 2011"
- "In 2011, over 15% of the population was unemployed and over 20% of the economically active population earned no income"
- "The mining industry makes up the highest share of the GVA and employment market"
- "There are 40,101 households in Westonaria, with an average household size of 2.4 people"
- "59% of the residents live in formal dwellings"
- "59% of the households have flush toilets connected to a sewerage system, piped water inside the dwelling, weekly refuse removal and electricity for lighting"
- "19% of the houses have been fully paid off"



4. Context: Mining Sector Overview

This brief industry profile is provided to help one understand how the mining sector might affect and engage housing in the mining towns. The mining policies are not specific to the towns – that information is not available. This information has been included because of the mineral mined, the regional location or specific city references (this report does not assess programme efficacy or impact).

Westonaria is located in Gauteng's West Rand region; gold mining is the principal economic activity of the West Rand and is the basis of the socio-economic development of the region. Westonaria, lies between five gold mines and has been synonymous with gold mining since 1910. Westonaria is located in the West Wits goldfield, along the Northern margin of the Witwatersrand Basin. The dolomites of the West Rand comprise one of South Africa's most natural water resources. The West Rand also overlies the reefs of the richest gold mines in the world. South Deep estimates that the current mineral reserves will be depleted in 2052.

4.1 Housing in the Mining Sector

The remote locations of many mining operations means that mining companies have long histories of providing housing solutions for their employees, from executive management to miners. Different approaches to housing policies vary and are not discussed in specific terms. The knowledge of the general mine housing policies assists one in understanding the effects on the housing markets in their entirety in the towns. Unlike large metropolitan areas where housing markets grew more organically (with some historical master planning involved), these towns were largely designed intentionally to serve the interests of the mining franchises above them. The following is only indicative of each company's general approach; the housing models in each town are approached differently and more specific to their context. Essentially, understanding the housing options offered by the mining companies is an important factor in understanding local housing markets.

Westonaria's primary extractive is gold. According to the 2013/2014 IDP the three most prominent gold mining companies operating in the Westonaria Region are:

Gold One, Gold Fields South Deep and Kloof / Sibanye Gold – their mine housing policies outline the following:

- "South Deep's Employee Housing Programme prioritises renovating houses, upgrading all single accommodation villages and provision of new family homes"
- "South Deep indicates that they have provided 2,100 employees with accommodation in South Deep owned hostels, family units, houses and flats"
- "Further to this, the employees that choose not to live in company-provided accommodation receive a R1 840/month living-out allowance to cover the cost of renting a home or subsidising mortgage payments on a house"
- "South Deep's long-term housing strategy is aimed at offering employees with enough accommodation options to suit their circumstances, while ensuring that the cost of accommodation is affordable"
- "Kloof/Sibanye Gold prioritises family accommodation, upgrading single person hostels, promoting home ownership and living out allowances"
- "Further to the above, Kloof/Sibanye Gold provides a monthly living out allowance of R2 000"

5. Context: Housing

The municipality has identified the following challenges and opportunities from its 2014/2015 IDP:



5.1 Housing Challenges:

- “Westonaria currently has a housing backlog of 15,584 units”
- “There are significant dolomitic conditions north of the ridge which have resulted in a limited land for new developments; consequently the existing settlements can only be extended in a very limited way”
- “Suitable land for social housing must be identified”
- “The Westonaria area has several service delivery and housing protests which have resulted in the destruction of public property”

5.2 Housing Strategies:

- “The municipality collaborated with the Provincial Department of Human Settlement in implementing the following housing projects:
 - “Westonaria Borwa Housing Development – the project will yield 2 300 housing units. The first phase has been completed and 1 200 have been handed over to the beneficiaries by Gauteng Premier David Makhura”
 - “Mohlakeng Ext 11 Housing Project – the project has provided 319 housing units for beneficiaries”
 - “Thusanang Housing Development – the project is currently at a planning phase and is expected to provide 6 300 housing units”
- “The Westonaria SDF has indicated that it will include estimates of the demand for housing units across different socioeconomic categories and the planned location and density of future housing developments”
- “Westonaria Local Municipality (WLM) has indicated that higher intensity development will be concentrated in the northern part of the WLM because of environmental factors”
- “WLM intends to manage and provide a support system to allocate new houses to beneficiaries; assist with the registration of beneficiaries for RDP houses and set up systems to assist with the relocation of informal settlers to formal houses”

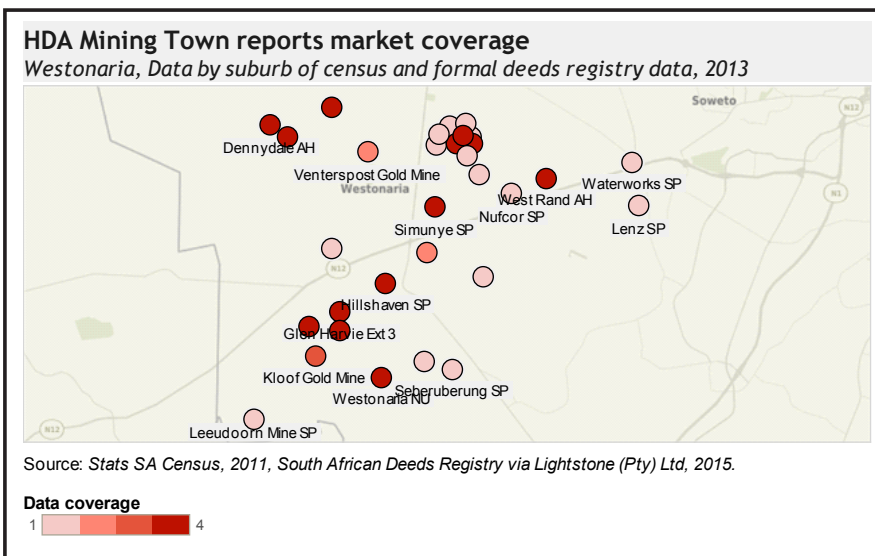
6. Context: Market Reports

6.1 Report Coverage

It is important to keep in mind that these reports only cover the *formal* housing market, as captured by the Deeds Registry. Thus, there are four layers of information in the report:

1. Total StatsSA suburbs
2. Suburbs with residential properties
3. Suburbs with residential properties sold
4. Suburbs with residential properties sold with a bond

This map shows all the census suburbs in the town (pink) to all the suburbs with residential properties with bonded sales (dark red). The chart shows what percentage of the town has a formal residential housing market. This may help explain some of the maps and why some suburbs are included and some may be omitted. As an example, information on bonded sales will only reference suburbs in which bonded sales took place.



Westonaria Housing Report Coverage

Total Census Subplaces (SPs)	35	
Total SPs with registered residential properties	20	57%
Total SPs with sales	16	46%
Total SPs with bonded sales	17	49%

Market Area By The Numbers

Suburbs	35
Suburbs with residential properties	20
Households	40 103
Residential properties	12 711
Housing backlog	15 584
Backlog as percent of all properties	122%
Households to properties ratio	3.15
Total residential value	R5.5 billion
Average monthly income	R7 400
Average property value	R438 000
Average sales price	R343 000

Source: Centre for Affordable Housing Finance in Africa, Lightstone, StatsSA

7. Key Findings: Housing Market Overview



The Westonaria's **housing market has experienced one of the lowest levels of growth of the 22 mining towns**, which is likely due to a decrease in growth and expansion of the mining sector and jobs and the decreasing urbanisation of previously undeveloped or rural areas within the municipality. Recent market activity continues to decline, creating an opportunity for markets to be carefully assessed in order to best position the next wave of growth. Housing options are not currently diversely distributed across the municipality.



At 1.74, Westonaria's **affordability ratio is below the national average despite** – which may be largely attributed to the overall, suburbs appear affordable for households in specific suburbs as they can afford those houses, however, at the citywide level the overall average income is much lower and therefore, the few average sales are unaffordable. Nonetheless, there remain large disparities among incomes and affordable housing access within the municipality. This may prioritise housing strategies and solutions which propose creative financing tools and techniques to reduce financial barriers (such as down-payments, interest rates and principal requirements) as well as unlocking equity rather than simply trying to push costs down.



Within Westonaria, about 38% of all registered residential properties are Government-sponsored, i.e. provided through programmes such as RDP. The presence of these **units within the municipality represent an important opportunity to leverage that investment** in affordable housing in the years ahead, as owners seek to sell and move up the housing continuum if opportunities are positioned properly. Average equity in these areas double purchasing power, putting moderately priced housing within reach of lower income families. This situation can be used to drive developers to build more gap housing and financiers to finance RDP acquisition loans. The value of these homes, if sold in the private market, can be applied towards the cost of a new home.



The area has a diversity and integration of housing values – despite some clustering, which suggests **a market that is accessible for various income groups**. However, there could be more diversity in property types. Formal mixed-income housing options, which offer much-needed internal cross subsidisation to keep prices affordable will likely do very well and bodes well for a market less reliant on Government and mining intervention.



Westonaria has experienced the emergence and significant activity of non-traditional lenders, however, the major traditional lenders still appear to be the most active throughout the municipality. **Lending from non-traditional lenders has almost doubled from 2008 to 2013**. Non-traditional lenders have more flexible regulatory environments and more creative, competitive financing tools which may facilitate housing ownership opportunities for the lower segment of the market. With the presence of hundreds of RDP units, it will be an important strategy to encourage traditional lenders to develop creative loan programmes targeting those homeowners in order to unlock the value of those homes and allow owners to move up the housing continuum.



Despite low rental housing options, the **opportunity for rental housing development is strong within specific areas**. Those areas with greater density, modest incomes and affordability challenges are more likely to support quality, professionally managed affordable rental housing. Rental housing also provides flexibility to employers and workers as mining markets expand and contract from time to time. **In Westonaria, one subplace scored high on the rental index, showing a strong potential for rental housing**. Skierlik Section is surrounded by mines and informal settlements, thus it might explicitly target mine workers, whereas rental housing in other areas might target support service workers and families.

8. Housing Performance Profile



8.1 Key Findings: Housing Performance Index

Westonaria's **housing market has experienced one of the lowest levels of growth of all mining towns**, which is likely due to a decrease in growth and expansion of the mining sector and jobs and the decreasing urbanisation of previously undeveloped or rural areas within the municipality.

Recent market activity continues to decline, creating an opportunity for markets to be carefully assessed in order to best position the next wave of growth. Housing options are not currently diversely distributed across the municipality.

8.2 Policy Implications

With a market growing as quickly as Westonaria, **meeting housing demand** will be a crucial factor in stabilising the town through this period of growth. In slow growth neighbourhoods, where most of the lower-priced housing currently exists, housing will be built more affordably but will need to be situated well to better integrate housing markets. Site development initiatives should include rental housing to meet the increased demand.

8.3 Quick Definitions:

Housing Performance Index (HPI): provides an understanding of local housing market performance by tracking six key indicators which most effectively convey fundamental components of real estate markets and then comparing them to the results for the entire municipal property market to determine areas of growth or strength relative to the entire metro.

Housing Performance Profile: this describes housing market performance of local areas as growing (those areas where the index is 6.5 or higher), stable (the index is 4 or higher) or slow (the index is less than 4) compared to the metro in which it is located.

Formal Housing Market: residential properties that are registered on the South African deeds registry. This does not include informal settlements or other houses otherwise not on the deeds registry.

Indicators: suburb-level measures used to convey a more complete understanding of housing markets, sometimes a point of data (such as number of properties), or a calculated factor (such as the housing index or the affordability ratio).

Housing Continuum: a range of housing options which are available to a wide range of income levels, budgets, housing types and ownership opportunities.

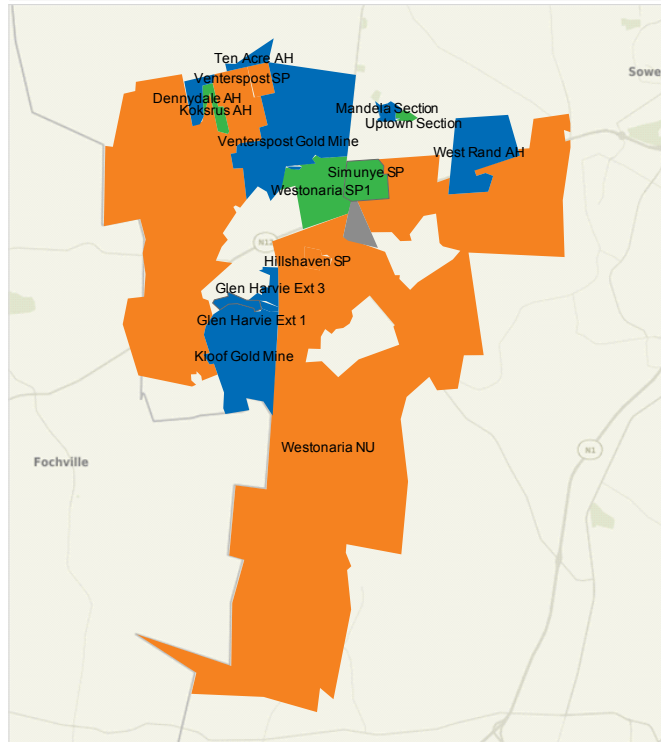
Bonded Sales: the total residential properties that were transacted with a bond collateralised or secured by that property.

New Registrations: residential properties that have never appeared on the deeds registry before. This is an important indicator of the growth of a market, whether the property has just been built or was built previously and never registered.

Churn: an indicator of the sales activity within an area similar to turnover, it is the number of residential sales transactions divided by the total number of properties.

Housing Performance Index Westonaria, 2013

Market growth of six key housing market indicators, compared to the metro



Source: Centre for Affordable Housing Finance in Africa, 2015. All indicators reflect formal market data as reflected on the deeds registry.

Housing Performance Profile

- Growing
- Stable
- Slow
- Null

8.4 The Housing Performance Index

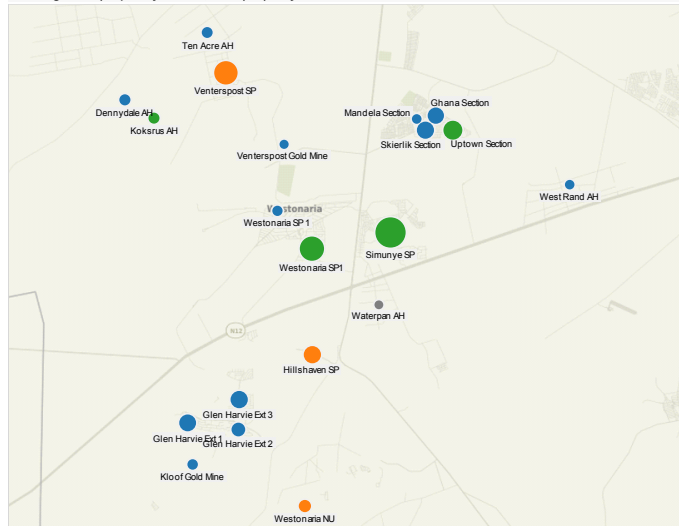
This map identifies the Housing Performance Profile by suburb (top) and total residential properties (bottom), to provide a sense of how local property markets are performing compared to the metro as a whole. The Housing Performance Index (HPI) provides a glimpse of the formal housing market only, and does not include any demographic information. The weights were determined by how well the indicator reflects activity, increased investment and demand (and how reliably the indicator can be measured).

This information is useful in understanding how the formal market is behaving (which is influenced by the presence of mines, informal settlements and the people who move in and around the towns). This picture is intended to help understand how key housing sector partners (developers, investors) seek and measure opportunity, in order to better inform and coordinate Government planning processes and private sector motivation.

“**Growing**” suburbs are areas which exceed the municipality's rate of change in any four of six key market indicators. “**Stable**” areas meet or beat the municipality in at least three indicators, and “**Slow**” areas are growing at rates less than the municipality in two (or fewer) of the six indicators. While an index provides quick understanding, it is important to look more closely at the indicators themselves to understand more clearly the underlying factors affecting market growth and stability.

Housing Performance Index Westonaria, 2013

Market growth profile by suburb, with property volume



Source: Centre for Affordable Housing Finance in Africa, 2015. All indicators reflect formal market data as reflected on the deeds registry.

- Total Residential properties**
- 0
 - 1 000
 - 2 000
 - 3 000
 - ≥ 4 000
- Housing Performance Profile**
- Growing
 - Stable
 - Slow
 - Null

CAHF Housing Performance Index

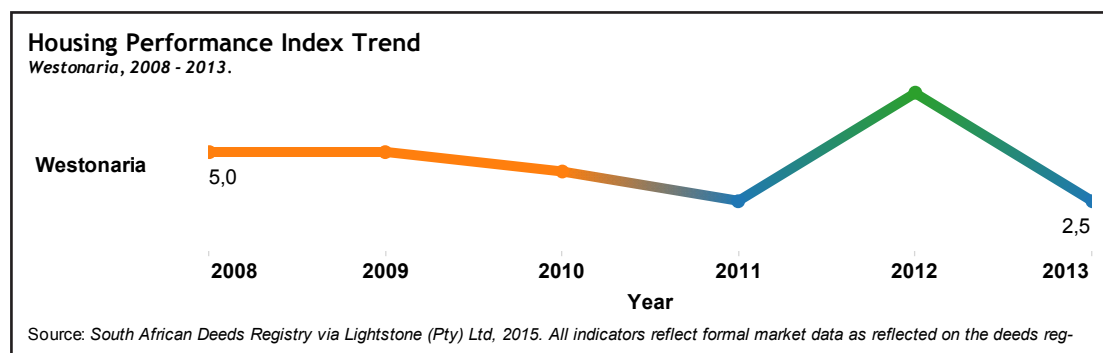
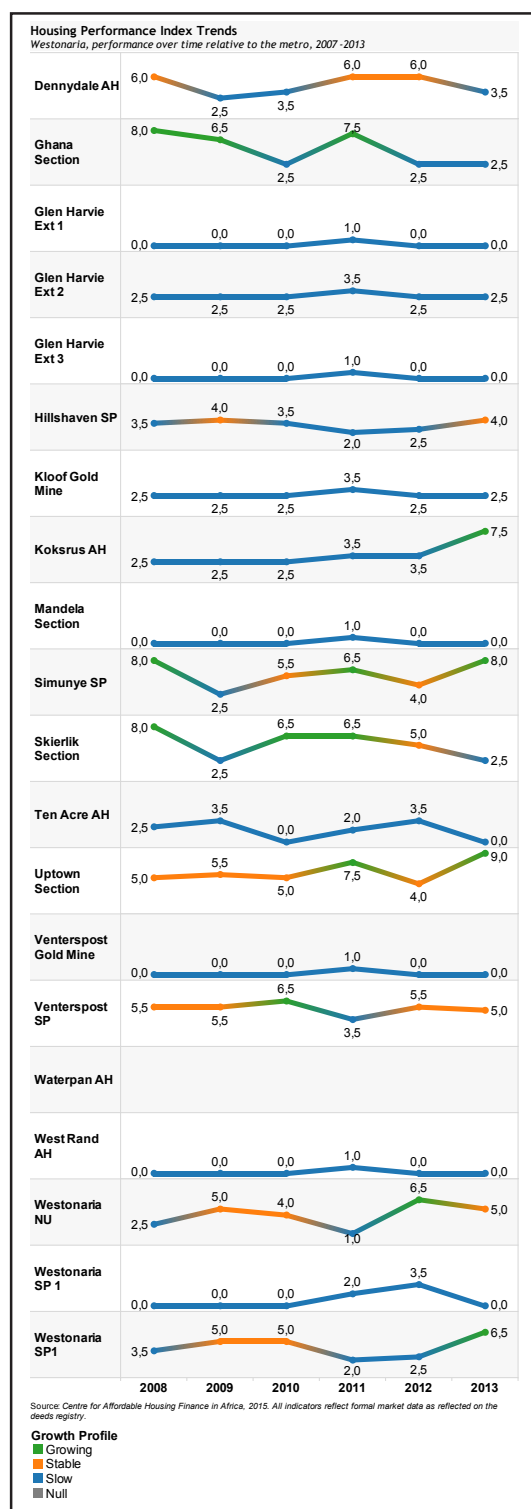
Indicator	Measured	Implies	Weight
Price	Average sales price	Appreciation	25%
Value	Average property value	Appreciation	25%
Transactions	Number of sales	Demand	15%
Percent bonded	Bonds per sales	Investment	15%
Churn	Repeat sales as a percent of total properties	Activity	10%
New properties	New properties added to the registry	Growth	10%

8.5 Performance Over Time

These charts provide the housing performance index, by suburb, over time using the six key indicators (price and value appreciation, sales and bonded sales, churn and new properties). Growth is relative to the municipality (and change from the preceding year), so it is important to compare these lines to the area's overall performance, and the direction in which the trends are headed. The city's growth overall (below) is in the top 6 growth markets for mining towns and appears to be on a stable upward trend, as compared to the province. **While most areas are experiencing extremely slow or no growth, only four areas appeared to have grown significantly in 2013 compared to the prior year: Koksrus, Simunye SP, Uptown Section and Westonaria SP1.**

Considering development investment over the long term, stability of growth is often a more important consideration, when projecting future performance, than high growth. Notably, lower-cost suburbs are more impacted by investment and thus their performance often outpaces the metro, whether the growth is stimulated by Government or private sector investment. This information can help inform one how to create a more cohesive and stable housing continuum, with fewer spikes and drops and where to begin.

Areas with no data have no residential properties or sales transactions, such as farms or open space, mines or industrial uses like power generation.



8.6 Housing Performance Indicators

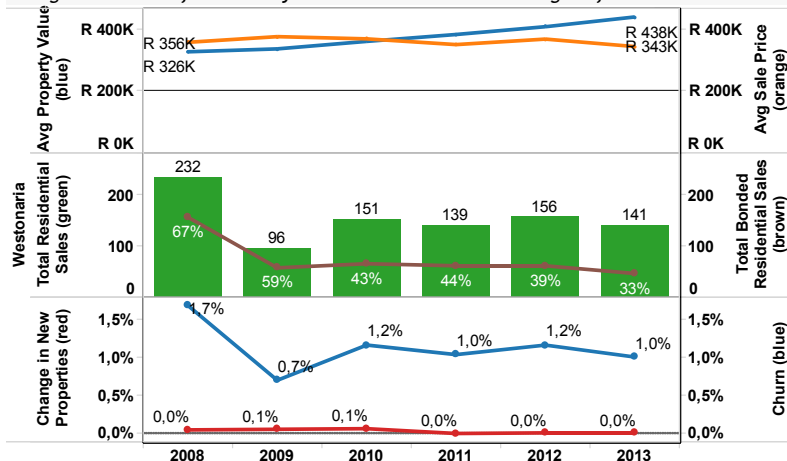
Six indicators – price and value appreciation (top orange and blue lines), total sales and bonded sales (middle green bars and brown line), change in new properties and churn (bottom red and blue lines) – are the most telling of growing, active housing property markets. The relationship between indicators provides clues as to what may be driving performance – and what that might mean for future development potential – and how it might affect or be influenced by different housing types, prices or target incomes.

These charts focus on smaller areas to allow for comparisons across the larger context. The market appears to be slowing down, for example **the overall number of bonded sales has decreased by 34% over the measured 5 year period**. Further to this, sales prices have continued to decrease. Sale prices may possibly be dropping to lack of access to credit.

Housing markets are very sensitive to access to credit, so lending information will be helpful in understanding this more closely (see Lending below). Churn rates have steadily dropped (blue line), indicating slower turnover of existing homes over time as well, except for sectional title properties.

Key Performance Indicators Westonaria, 2008 - 2013

Change over time of the six key indicators within the Housing Performance Index



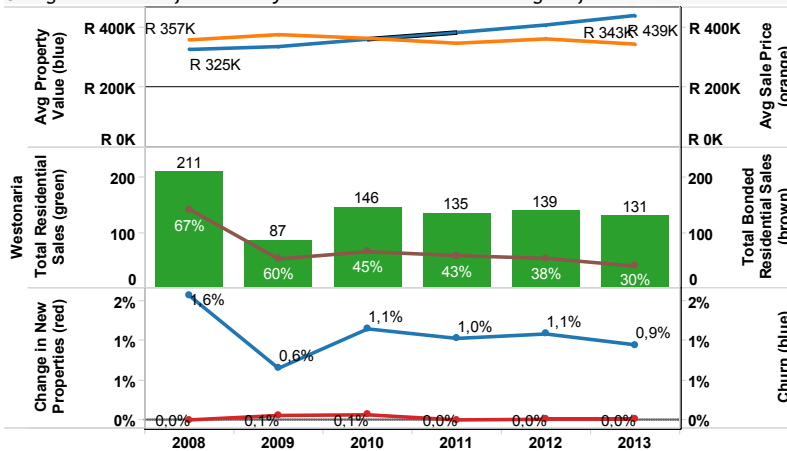
Source: SA Deeds Registry from Lightstone. All indicators reflect formal market data as reflected on the deeds registry.

Key Indicators

- Avg Property Value
- Avg Sales Price
- Total Residential Sales
- Total Bonded Residential Sales
- Change in New Properties
- Churn

Key Performance Indicators Westonaria, Freehold properties, 2008 - 2013

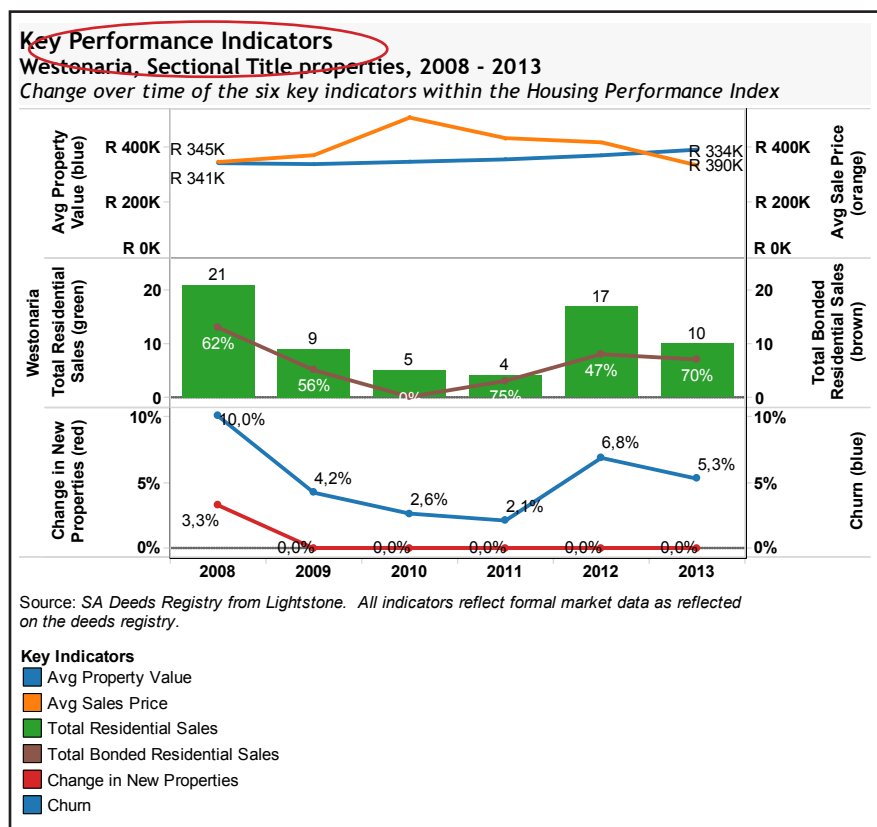
Change over time of the six key indicators within the Housing Performance Index



Source: SA Deeds Registry from Lightstone. All indicators reflect formal market data as reflected on the deeds registry.

Key Indicators

- Avg Property Value
- Avg Sales Price
- Total Residential Sales
- Total Bonded Residential Sales
- Change in New Properties
- Churn



8.7 Housing Performance Indicators by Property Type

Different housing markets perform in different ways, including freehold (free-standing) homes and sectional title (subunits within a single property). The area is predominantly freehold (see Market Size below), yet sectional title market activity is growing significantly in terms of sales transactions, lending and rates of new properties added to the registry (red line).

Lending appears to have shifted towards sectional title properties; a slight demand in sectional title properties is evident in the high percentage of resales (bottom blue line) and in sale prices which have mostly been above the property values. Sectional title properties have also maintained relatively above-average bonded sales.

Lending is instrumental in the growth of housing markets and the ability to access bonds to buy sectional title houses has driven the growth of this housing type. The sectional title is also an important affordable homeownership option.

Sectional title properties are the only property types experiencing higher churn, or turnover rates (blue lines), suggesting a solid market in the sale of existing sectional title properties.

9. Market Size



9.1 Market Size: Key Findings

Westonaria's housing market is essentially three markets: Government-sponsored housing built as part of the national housing initiative over the past 20 years, privately traded and financed homes, and informal settlements. Markets are diverse by value segment but segregated in their geographical locations, actively selling private growing markets near the city centre, and lower-income, non-bonded government sponsored developments also in close proximity to the CBD as well as further flung informal settlements (not on the deeds registry).

The implied demand for housing is high. The current estimated housing backlog is greater than all the residential properties currently on the deeds registry and represents about 120% of the town's current total formal residential properties. Demand creates opportunities for new housing supply to be positioned between the existing segregated markets to better integrate the town's spatial, income and housing markets.

9.2 Policy Implications

Government can use this existing investment to identify areas of future development and entice private sector participation. Existing **Government investment in housing can be leveraged** to guide new development opportunities, if and when those homes can be sold to new buyers and the proceeds then used to purchase new housing further up the housing continuum. As an example, **Government might prioritise new development between Government-dominated and private markets** for more integration into mixed-income sites and fill spatial gaps within the town.

The encouragement of the expansion of financing to lower income families will allow for those homes to be sold and the proceeds then used to support housing development further up the housing continuum.

Rapidly changing housing demand, driven by mining activities, makes a strong case for prioritising quality rental housing. If rental housing is well-situated and convenient to transport and centrally located in dense areas, it can bring social and economic cohesion to housing markets over the longer term.

9.3 Quick Definitions:

Market Size: the total number and distribution of important aspects of areas, including average home prices, home values and total households in order to inform the potential scale of housing intervention strategies and the impact of proposed development schemes.

Property Value Segment: in order to better understand the performance of housing markets, data has been grouped into four property value bands: properties valued under R250 000; between R250 000 and R500 000; between R500 000 and R1.2 million; and over R1.2 million. This helps one to understand the various trends and strengths inherent in each segment and to see how properties are integrating across the housing continuum, especially over time.

Freehold / Full Title: a permanent and absolute tenure of land or property by a person or entity (such as a corporation or trust) with freedom to dispose of it at will. Freehold or Full Title describes the assumption of full ownership rights when one owns a property, often including the building and the land it is built on.

Sectional Title: Separate ownership of units or sections within a complex or development. These are often comprised of mini subtype houses, semi-detached houses, townhouses, flats or apartments and duet houses. These are governed by the Sectional Titles Act and managed by a body corporate comprised of elected representatives of the sectional title owners in the development.

Absorption: the pace with which homes to be developed might be sold in a specific market during a given period of time. This can be calculated by dividing the total number of available homes coming on line by the estimated number of sales per month, often based on the rate of sales nearby.

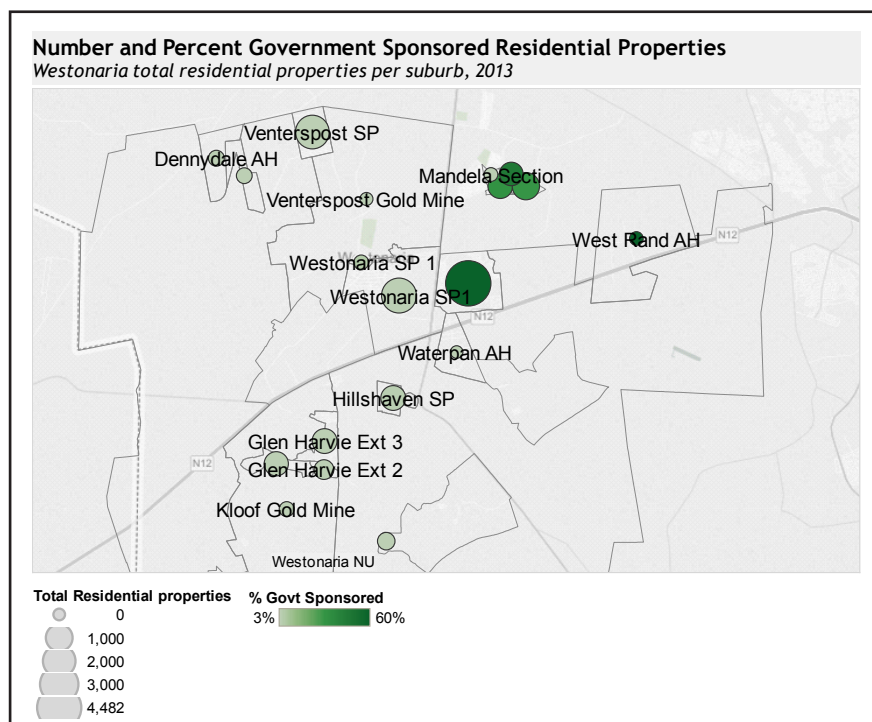
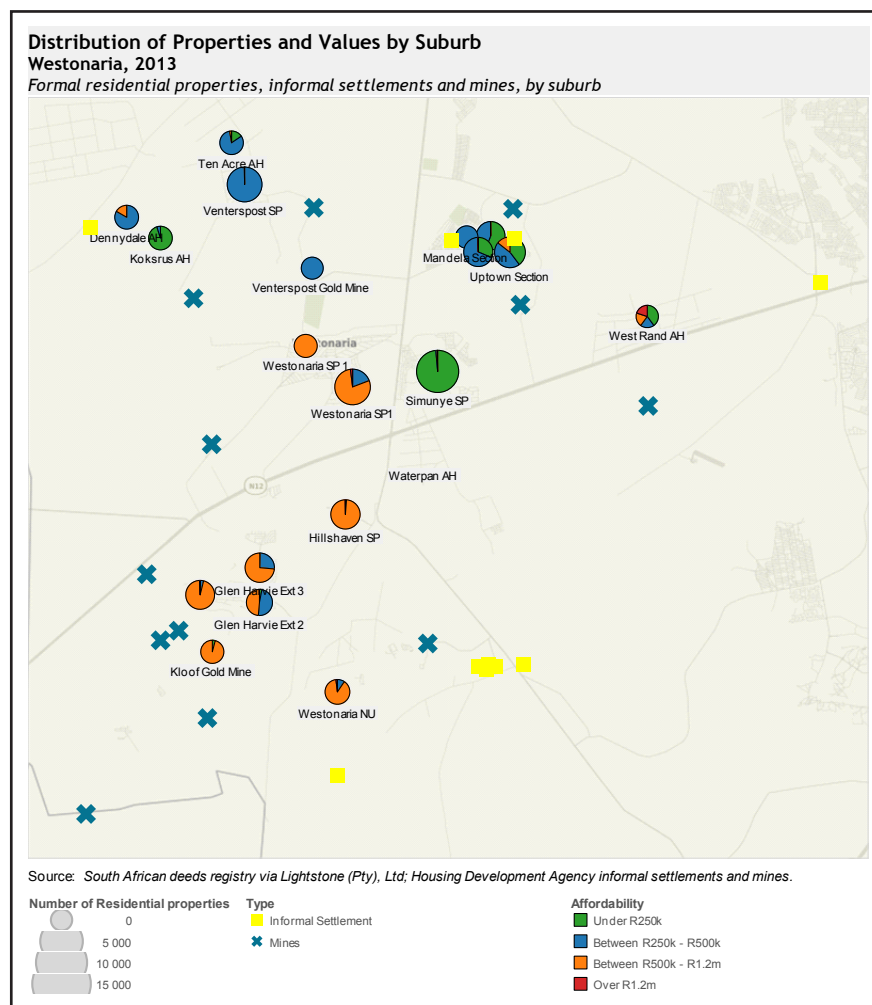
Households to Properties Ratio: the total number of households (as reported by the census) divided by the total number of residential properties on the deeds registry. This is a quick easy relative indicator of household density and formality of a suburb as compared to other areas.

9.4 Market Size and Government Investment in Housing

Market size measures the distribution of home prices, households and values in order to inform the potential scale of housing intervention strategies and the impact of proposed developments on the surrounding area. It can also show the impact of Government investment in housing markets. Comparing the distribution of values to the housing performance map, several moderate income areas are growing faster than the municipality.

In Westonaria, properties with higher values are concentrated south of the town centre, while suburbs with more diverse property values are towards the north where some Government- sponsored housing units are apparent. Government sponsored units are highly concentrated in the centre of Westonaria, which stands to further diversify the housing values in the area (as shown on map two). It is a very positive fact that so **many Government-sponsored housing units are on the deeds registry**. Often, these homes are undervalued, for two reasons. The subsidy value was often noted as the sales price (rather than the cost), or sales prices are driven low because buyers lack access to credit with which to purchase the homes at a more realistic sales price and must pay with the cash they have.

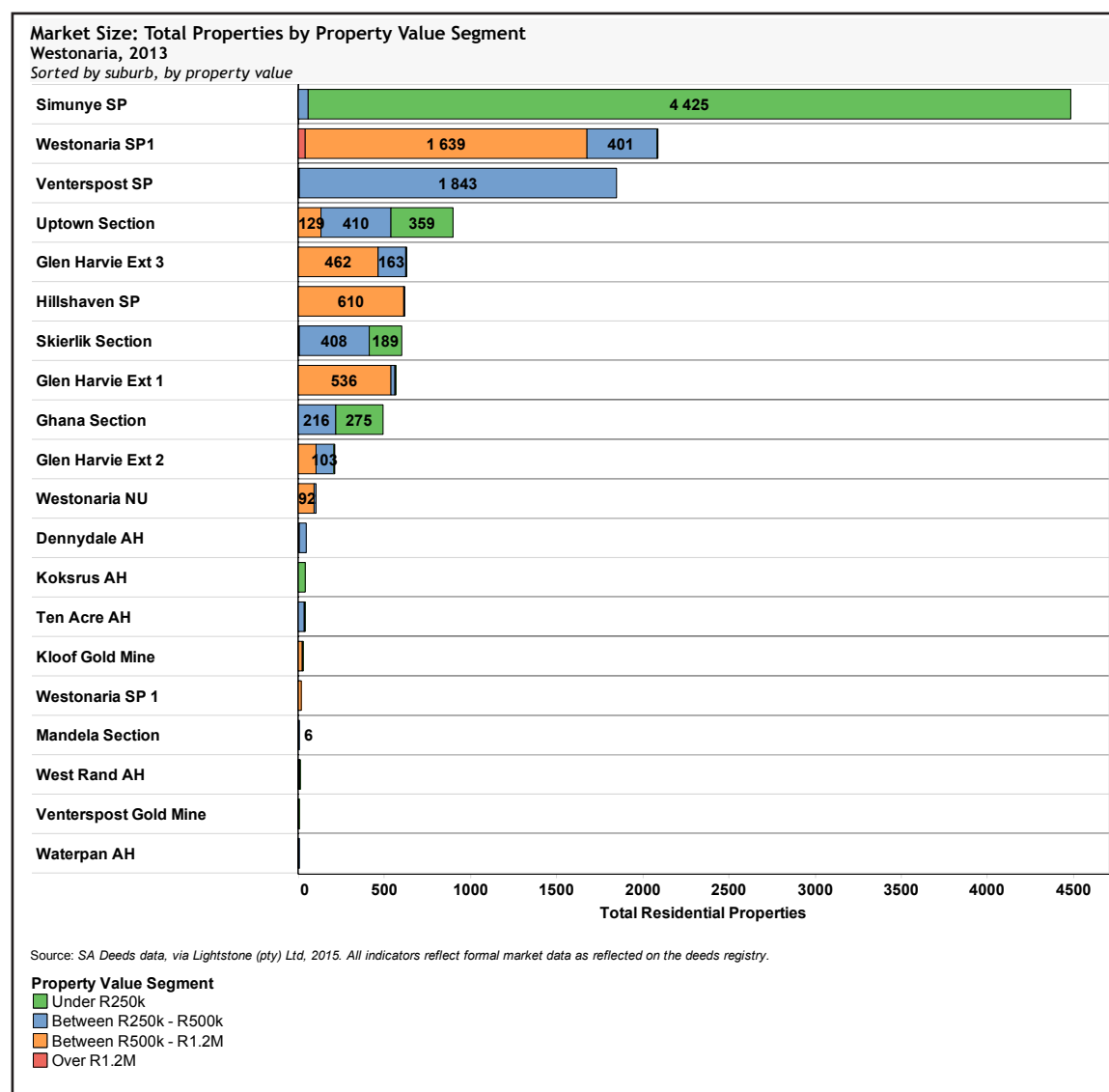
The encouragement of the resale of government sponsored housing is an important means of expanding housing options – for the sellers, who can move up the ladder with the equity from the sale of their property, to the first-time homebuyer purchasing the existing home. More activity in these markets will also raise the value of the home, which is often a family's most valuable asset.



9.5 Market Size by Value Segment

These charts provide the total properties within each suburb by property value segment below: R250 000 which includes most of the government-sponsored housing), between R250 000 – R500 000, between R500 000 and R1.2 million and over R1.2 million).

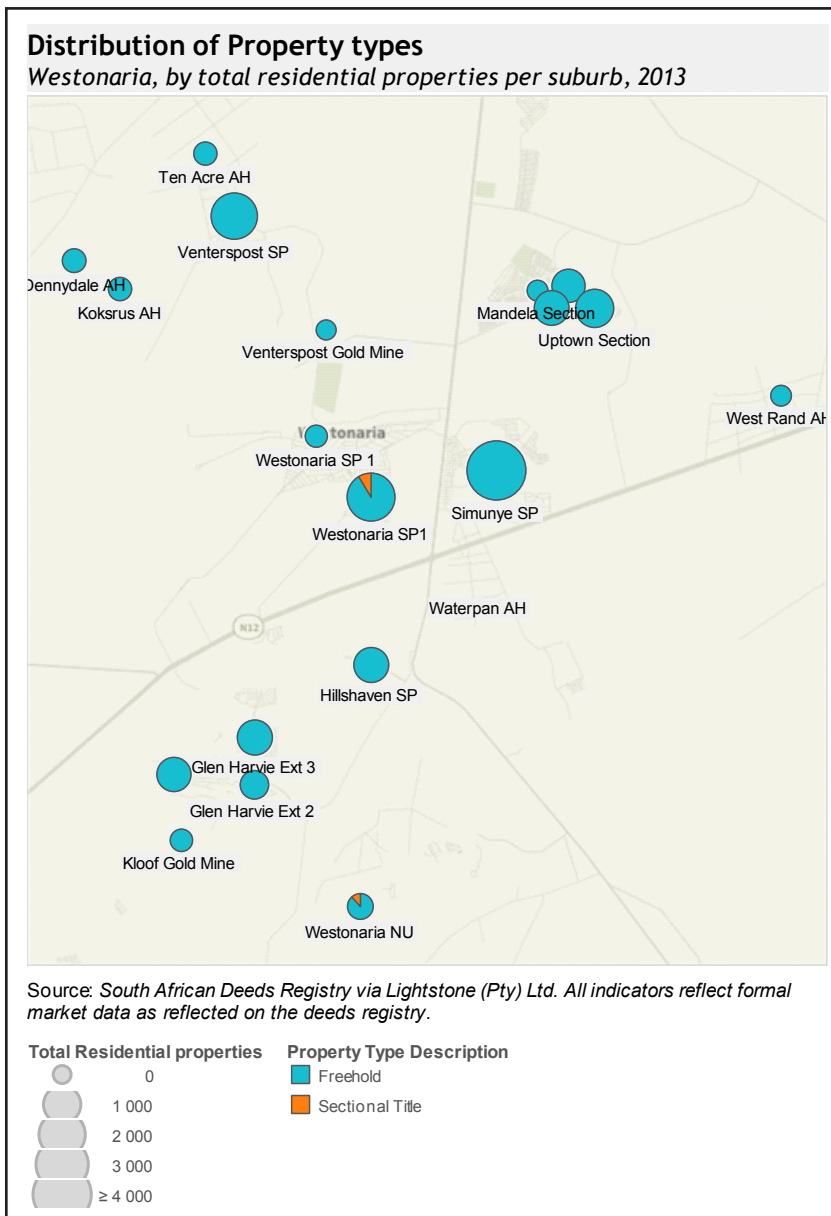
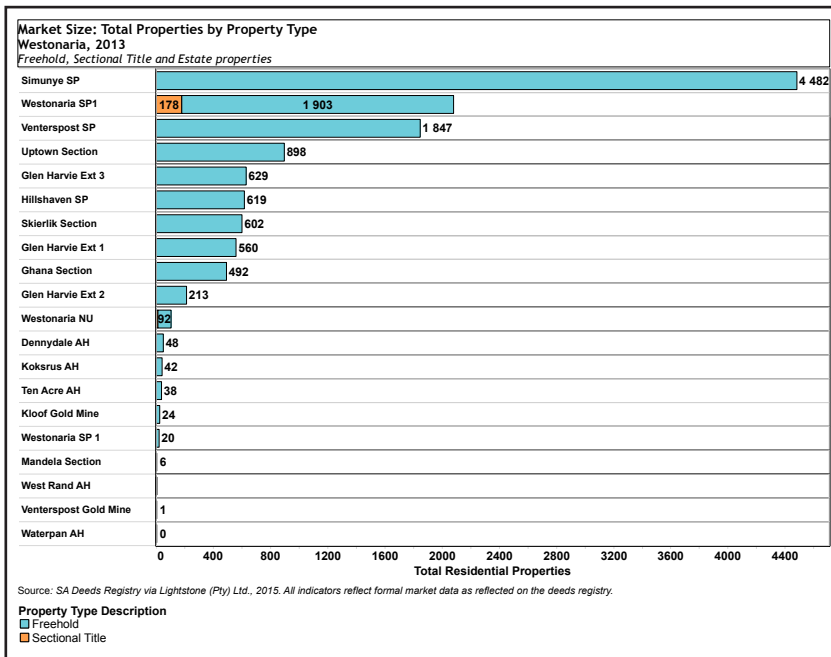
Keeping in mind that more diverse properties tend to be more stable, can Government consider policies which diversify housing markets? **Simunye has the highest percentage of Government-sponsored units and the highest number of properties in the R250 000 segment and is located in close proximity to properties in other value segments, which stands to diversify property segments in that specific area.** Generally, markets that offer a wide range of property values tend to be more stable and lack sensitivity to changes in prices, financing or income changes. This suggests a good place to consider deploying a wider range of housing options to build bridges across housing markets.



9.6 Market Size by Property Type

Westonaria residential properties are almost exclusively freehold. It appears that the sectional title properties are located in only two subplaces of municipality, i.e. one along the N12 and the other towards the South where there is some mining activity, **highlighting the importance of positioning suitable property types in close proximity to access and transit routes and employment opportunities.**

Where sectional title units are located might provide important information on where different housing options are best located.

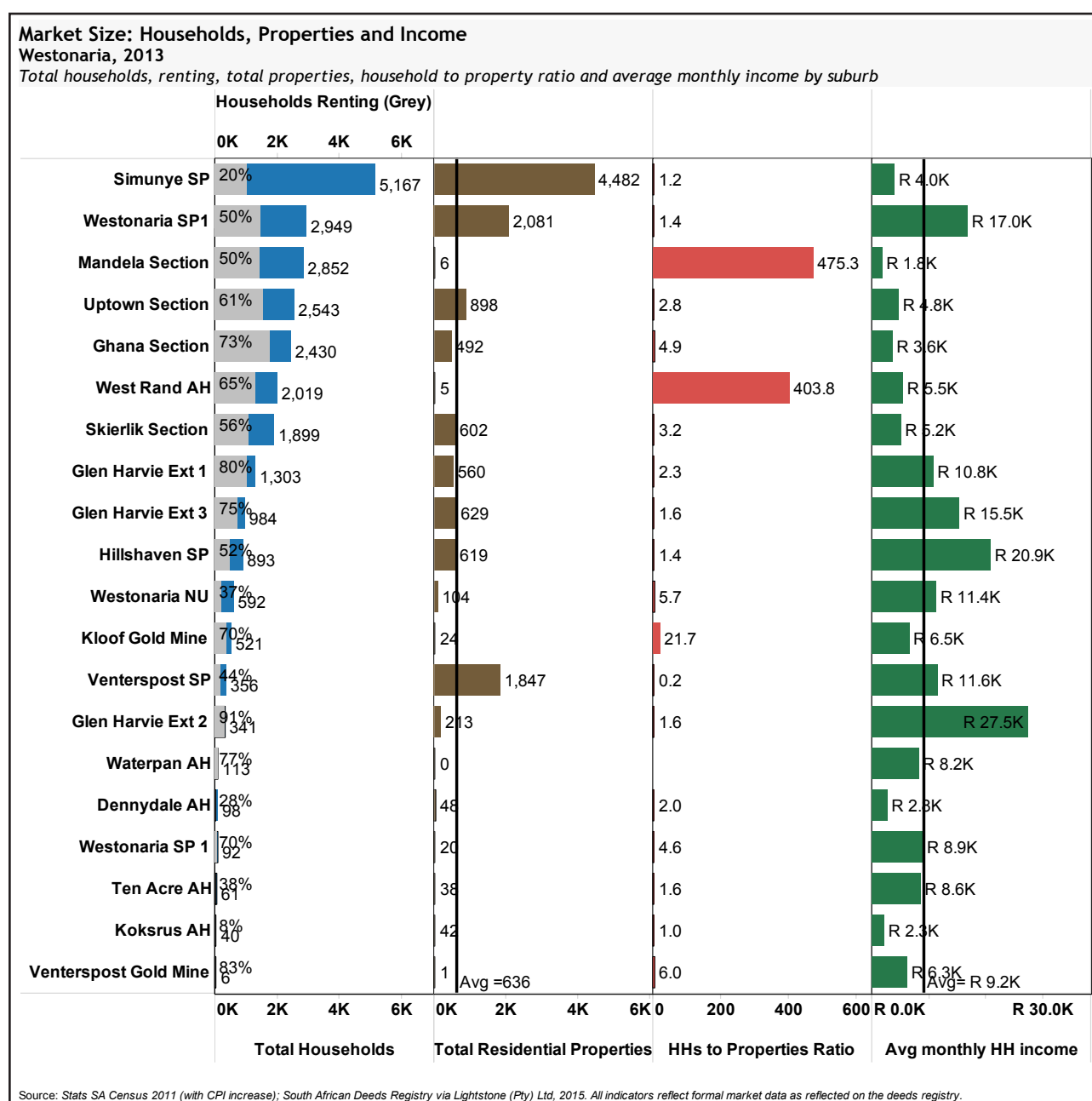


9.7 Market Size by Households and Income

The understanding of the distribution of households and incomes within Westonaria helps to inform one scale, development impact and programme targets. Census data is useful as the only source of demographic information consistently available at the suburb level and provides interesting insights into local differences.

Areas with high levels of renters (grey bars) also very often have the highest household incomes (i.e. Kloof Gold Mine SP, Glen Harvie Ext. 1, 2 and 3, Hillshaven, Westonaria SP1.) We suggest these high levels of renters might be the combination of mining executives who rent (instead of own) and eation of quality, affordable rental housing in those areas can help to address some of the housing backlog more quickly.

Areas with above-average renters and moderate incomes (green bar) might display families ready for more formal rental options (such as Venterspost Gold Mine). **Ratios of households (from StatsSA) to properties (from the deeds registry) – the red bar – can show degrees of limited supply or informality.** The informal settlements in Mandela Section and West Rand AH have high populations, low formal properties, few registered properties and low incomes.



10. Market Activity



10.1 Key Findings

Sales of units are concentrated in centrally located suburbs, interestingly in both upper and lower income areas. Sales dropped across the country after 2008 and have picked up slowly afterwards in Westonaria, and mostly in higher priced housing.

Bonded sales in lower markets are an extremely small portion of the bonded market. Sales continue to be dominated by repeat sales with very few new housing sales. Property value (the home's worth) and sales prices are closely related in active markets. In less active markets, sales prices are significantly less than their suggested value.

10.2 Policy Implications

Focus on **increasing access to lending**, determining what barriers exist to make credit more accessible, through lower cost products, more flexible terms, and/or inclusion of existing debt into a mortgage loan product.

Create financing products that can bring down the cost of quality rental housing as an affordable alternative to homeownership for lower-income families.

10.3 Quick Definitions:

Market Activity: performance of key housing property market indicators over time, such as sales, bonds, registrations and churn.

Market Share: the share of the market according to certain indicators, such as loans, types of properties, or property values.

Property Value Segment: in order to better understand the performance of housing markets, data has been grouped into four property value bands: properties valued under R250 000; between R250 000 and R500 000; between R500 000 and R1.2 million; and over R1.2 million. This helps one to understand the various trends and strengths within each segment and to see how properties are integrating across the housing continuum, especially over time.

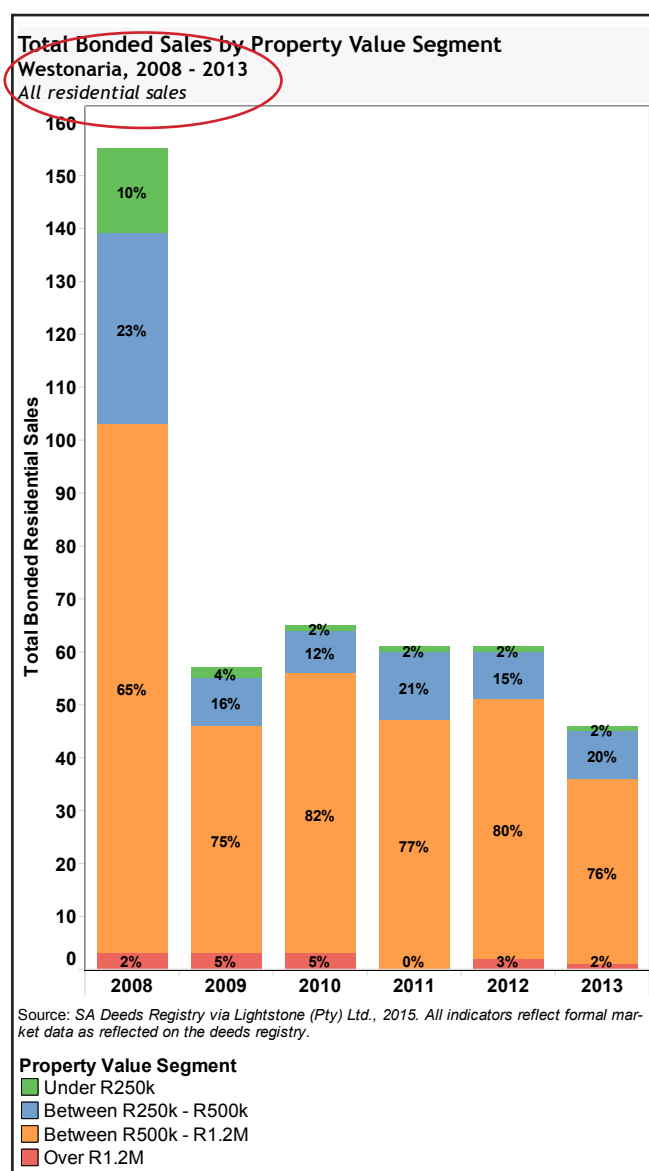
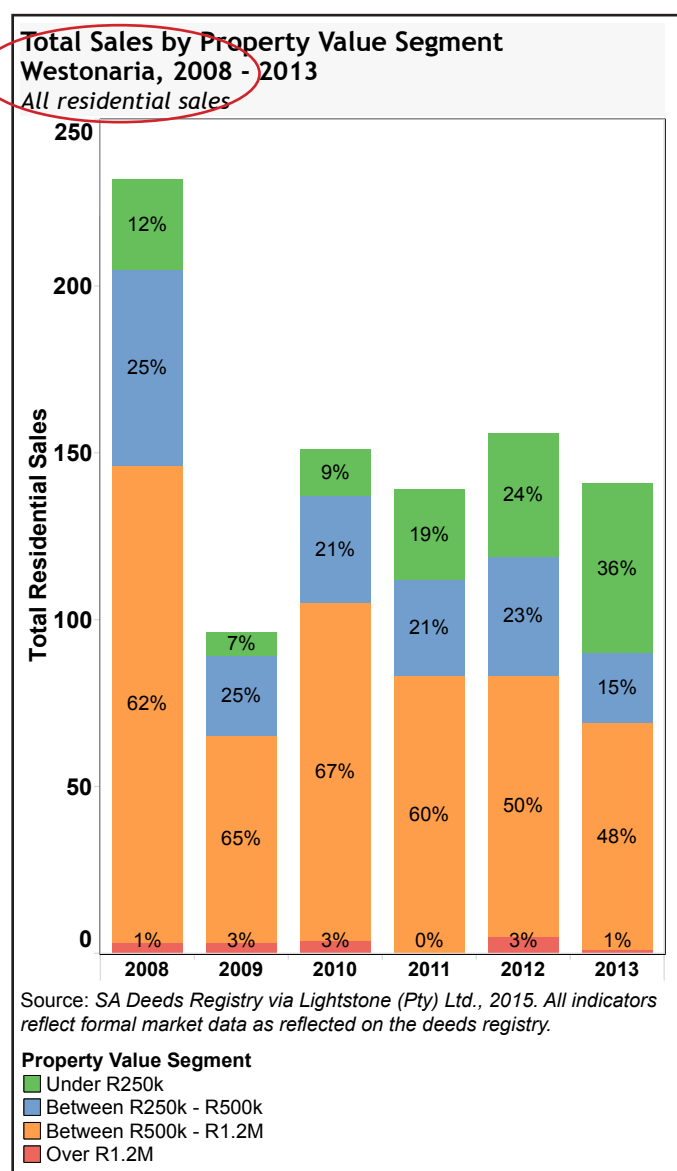
Bonded Sale: a transfer of deed on the deeds registry with an associated bond from a lender, including the property as collateral for the bond.

New Sale / New Registration: the appearance of a residential property on the deeds registry for the first time. It might include new construction or previously existing units being recorded for the first time (such as previously built RDP homes.)

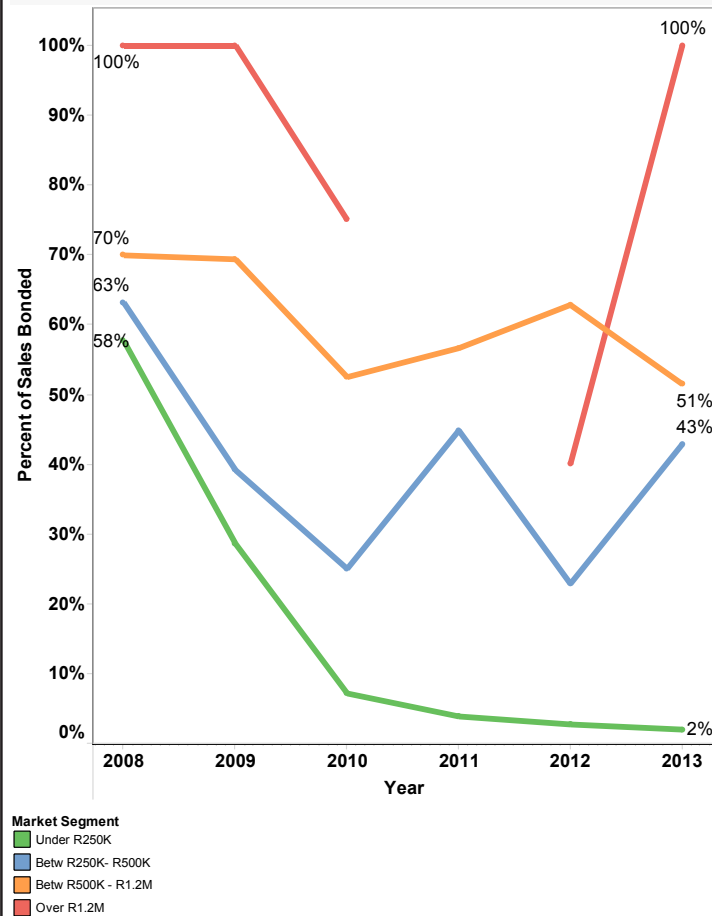
Resale / Repeat Sales: the sale or transaction of a property which has existed on the deeds registry before (as opposed to a new sale or new registration).

10.4 Sales and Bonded Sales by Property Value Segments

Sales below R250 000 (green bars) have seen an increase of 24% over the measured period, however, it has received the least amount of bonded sales, contrasted with properties in the R500 000 – R1.2M (orange) value segment, which have seen a 14% decline over the same period. Despite this, bonded sales in the latter segment continue to take up the largest share of the market. The largest value segment for both residential sales and bonded sales in Westonaria has been over R500 000 (orange). Market share (the portion of the total) by property value segment has remained relatively consistent since 2009, with most changes occurring in 2011. The relationship between sales and bonds shows the importance of access to credit to growing housing markets, in particular the lower valued segments. The lack of bonds in the under R250 000 (green) segment might be due to credit indebtedness which disproportionately impacts lower income borrowers or lack of access to affordable homes to buy. Policies that help expand access to credit and provide more housing opportunities under R500 000 in the lower bands, can expand the number and market share of transactions within that band.



Percent of Sales Bonded by Value Segment
Westonaria, All residential sales, 2008 - 2013



10.5 Lending per Property Value Segments

This chart shows (by contrast to the previous charts) the percent of bonded sales within the various property value segments. The relatively few formal bonded sales in the town make the trend lines more dramatic. **Overall, the percentage of sales receiving bonds in Westonaria went down over the past six years but the drop was not evenly experienced.** The lowest (green line) property value segment experienced the greatest decrease since 2009, with a decline of 57% over the measured period, perhaps due to decreased supply of housing that falls within this segment or limited access to credit.

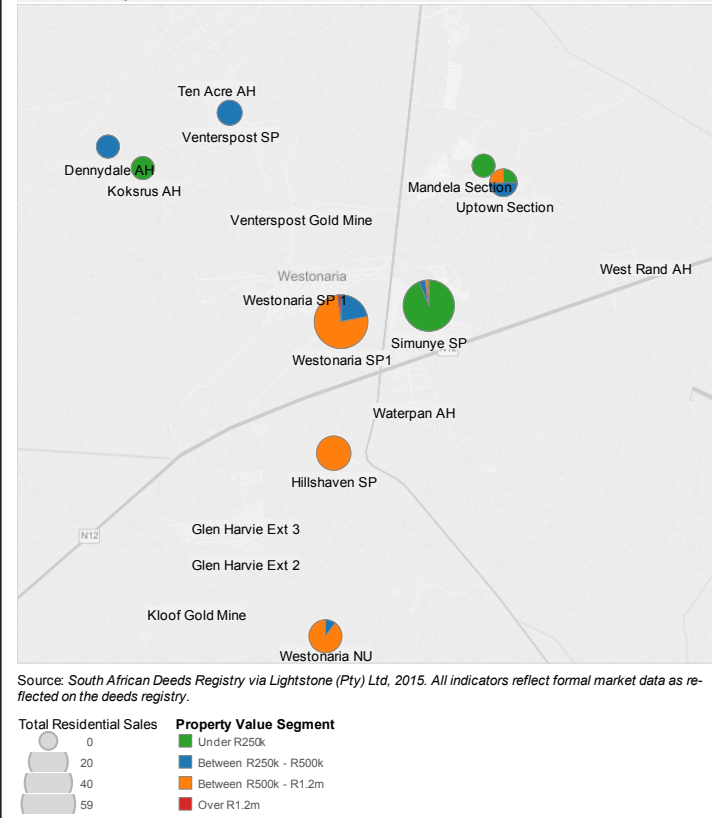
Mid-range (blue) sales experienced a recent upsurge in bonding, perhaps due to new housing being added.

10.6 Sales by Property Value Segments

This map shows the **volume of sales activity (the size of the dot)** by suburb and value across the town. Sales activity is most evident in Westonaria SP and Simunye SP, closest to the N12 transit route, with the least activity happening further from this main route. The volume of activity is similar in both these subplaces despite the difference in value segments, i.e. under R250 000 (green) and between R500 000 and R1.2M (blue segment).

Access to credit is a significant boost or barrier to housing market growth. While some suburbs offer a range of housing price options, pinpointing product prices and types to specific areas, especially considering local affordability, is key to ensuring programme success.

Sales by Property Value Segments
Westonaria, by suburb, 2013

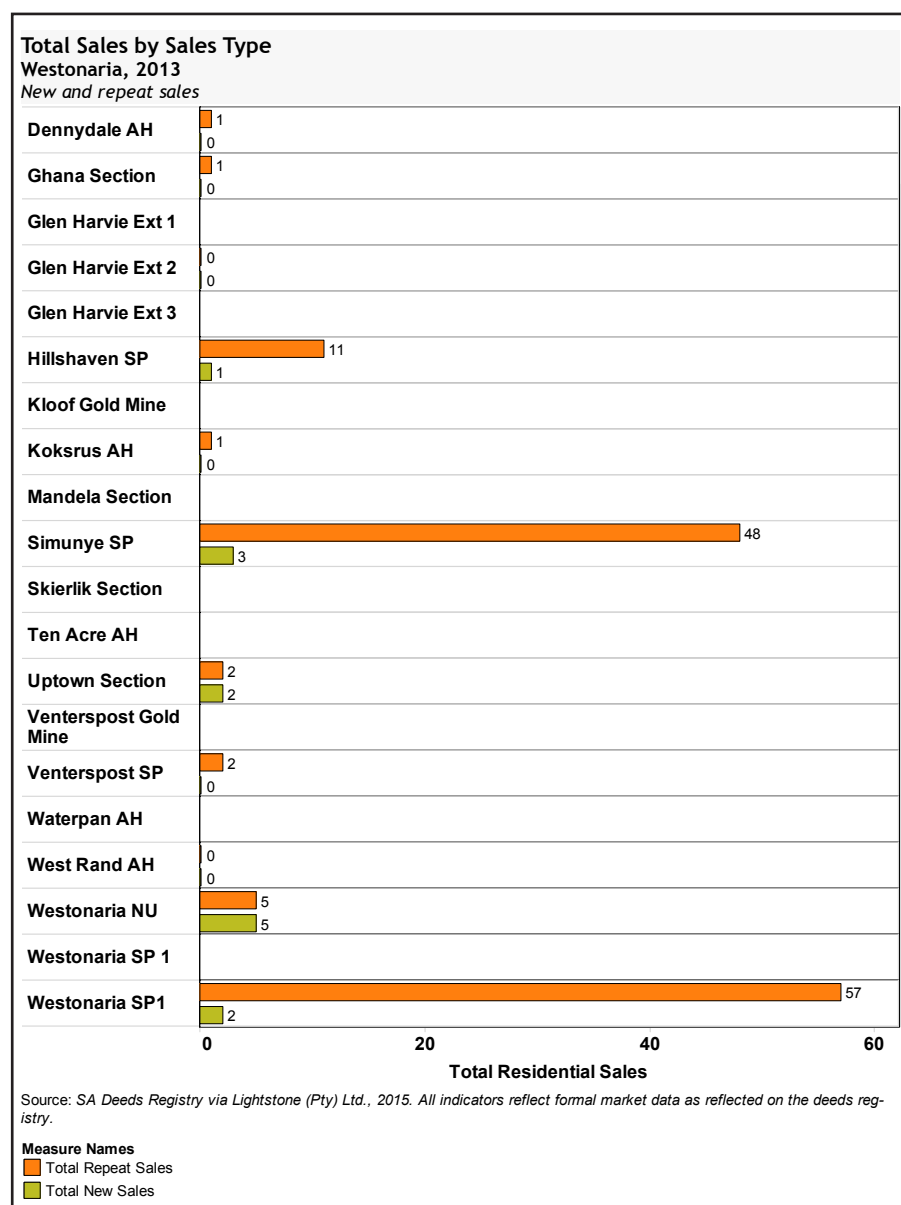


10.7 Sales by New and Repeat Sales

An important distinction in market performance is the transacting of new homes (which have never appeared on the deeds registry) and the resale of existing homes. The chart shows new (green) and repeat sales (orange) by suburb. **In most mining towns, new registrations are clustered in only a few subplaces, whereas Westonaria has several new registrations which are distributed more than usual.** The highest number of new sales, 5, took place in Westonaria NU which had the same number of repeat sales. These non-urban subplaces are wide areas surrounding the towns, so it's not possible to pinpoint those sales.

New sales often show the recent registration of Government-sponsored housing investment. An important point is to recognise the impact of newly registered Government investment in housing. Often, these registrations may be perceived as a market distortion, but the deeds issued on Government-sponsored housing represent real assets which now can be traded and loaned against, and are key to moving up the housing ladder. Thus, the housing market has in fact grown. **As an example, Simunye SP has had high Government-sponsored housing investment and has the second highest repeat sales in Westonaria. This shows the positive effect these properties have on the market.**

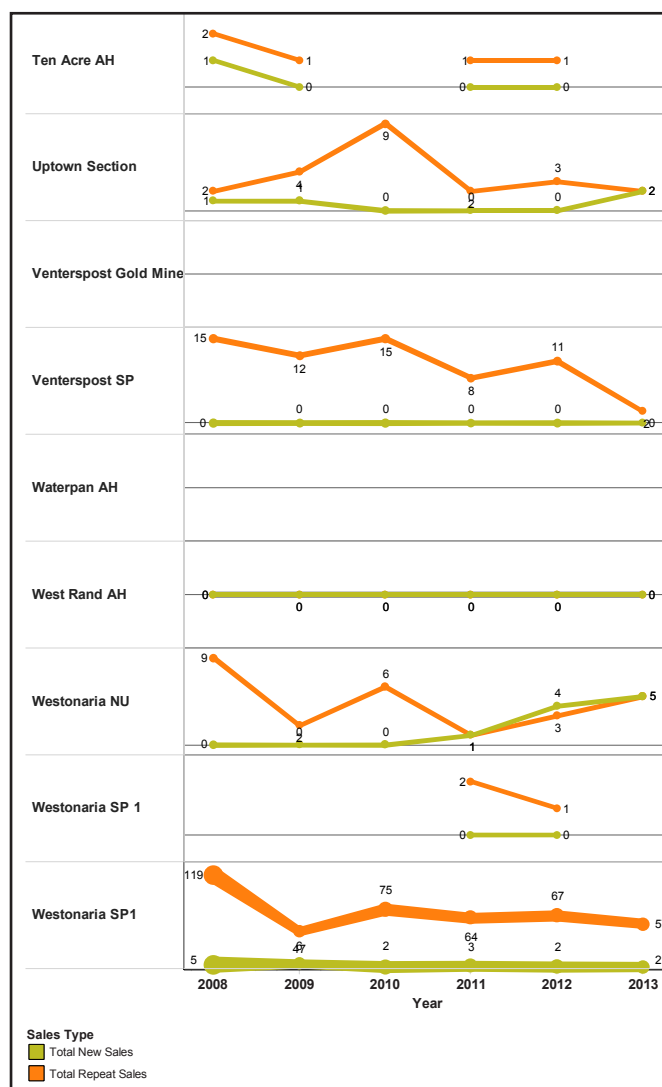
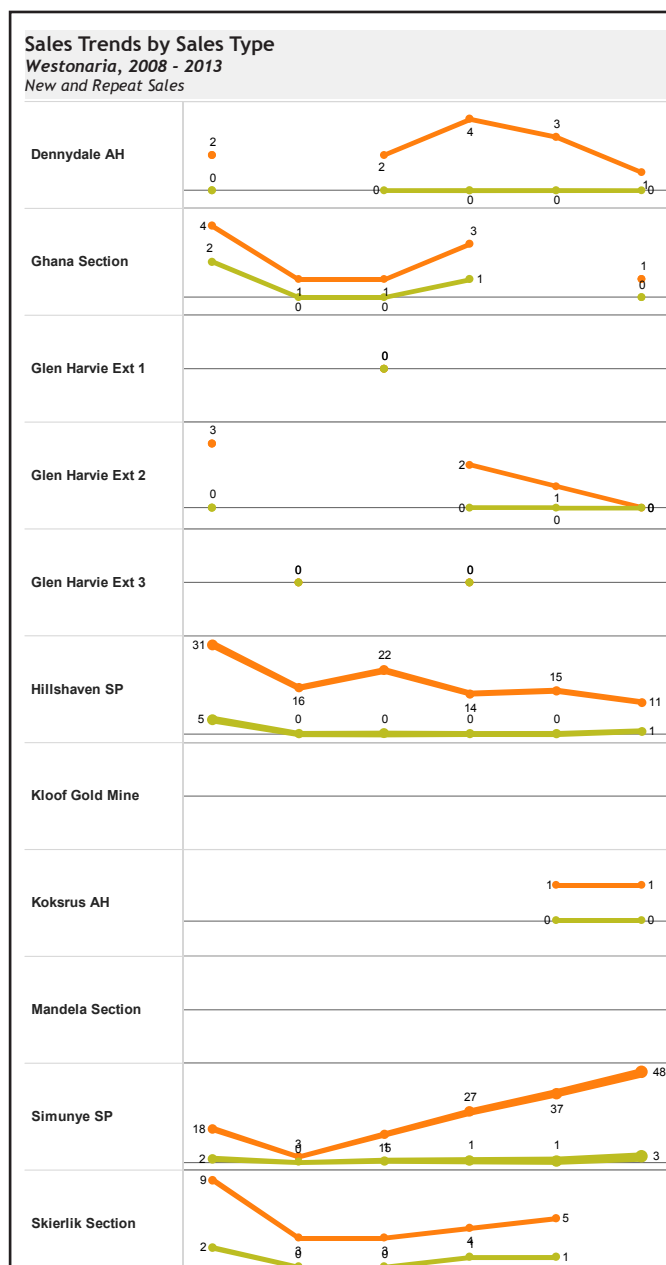
Suburbs with no data reflect areas with no sales or new registrations.



10.8 Market Activity Amongst New and Repeat Sales

The **growth and maturity of housing markets can often be found by comparing new homes and resales over time**. The growth of existing home sales (the orange line) indicates sustained interest of housing markets by borrowers and lenders. The thicker lines reflect areas with more sales, often volumes of new homes in prior years which become resales in later years. As an example, Hillshaven had five new registrations in 2008 and a small uptick in repeat sales two years later. **Overall, Westonaria appears to have regular repeat sales, suggesting that the market is quick to absorb new residential properties.**

Understanding how mining companies create new units helps one understand their existing and potential contribution to expanding the local housing economy.

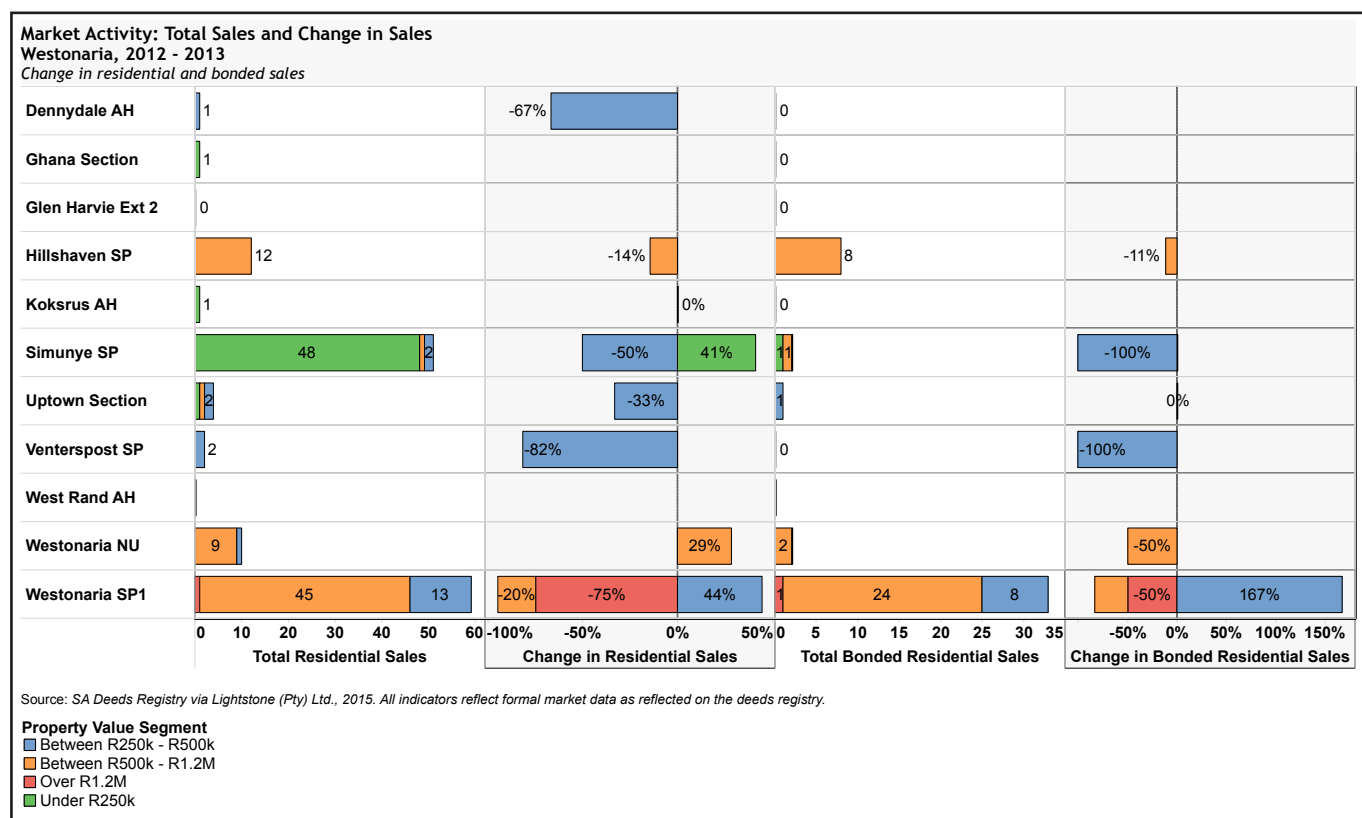


10.9 Total Sales by Property Value, Change from the Prior Year

This chart shows the change in activity for property sales and bonded property sales from 2012 – 2013; it is possible to see important market shifts by comparing the change in activity within particular property markets from one year to the next.

Sales in the lower property segment (green and blue bars) e.g. Simunye SP and Westonaria SP1, have seen the highest increase in residential sales and have outpaced those in middle to high value segment (orange and red bars). This growth may suggest opportunity for increased investment in properties that fall within this value segment. Interestingly, all value segments and subplaces have seen a decline in bonded sales except Westonaria SP1 which falls in the mid value segment (blue bar) with an increase of eight bonds, or 167% in bonded residential sales, all under R500 000.

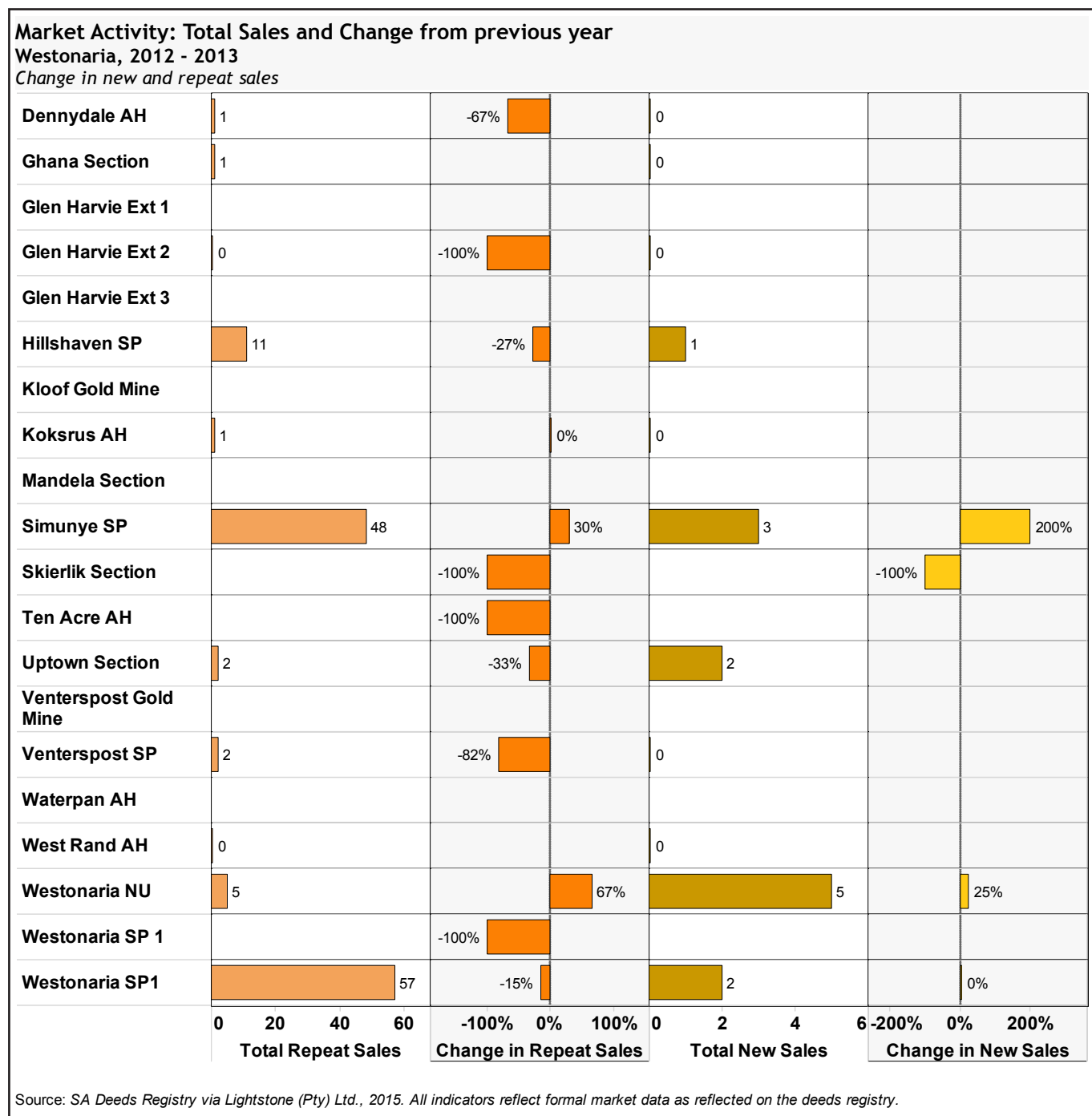
Suburbs with no information had no residential sales transactions in the past two years.



10.10 Change in New and Repeat Sales

The chart shows the specific rate of activity of new and repeat sales from 2012 to 2013. As seen before, new sales were concentrated in several subplaces throughout the municipality, however, Simunye is the only one with such an increase in the percentage of change in new sales. There were very few new sales in Westonaria in 2013.

Many of these developments built by the Government are heading into their 8th year and become eligible for resale by their owners. By understanding when those units come on line for resale, Government can align policies that encourage the sale and **development nearby, which can help leverage that prior investment expand housing options and stimulate movement up the next rung on the housing ladder. Resales are an important means of recycling existing homes to make available more housing options.**

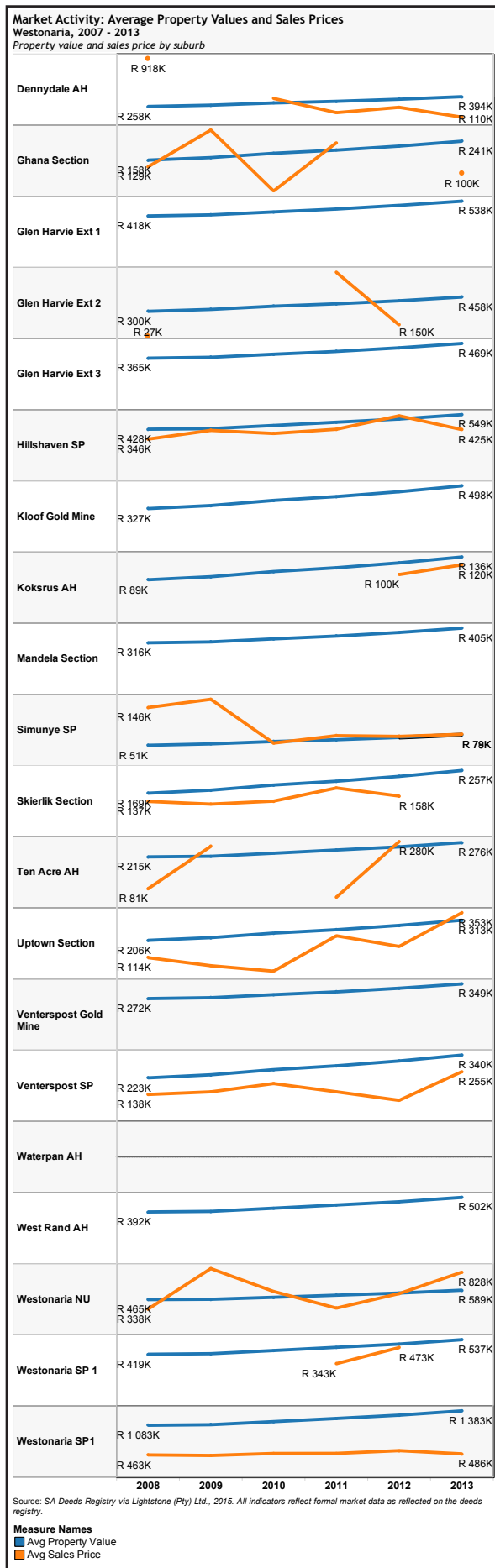


10.11 Average Property Values and Sales Price

The relationship between local sales prices (orange lines) and average property values (blue lines) can tell one much about the activity and integration of supply and demand. Every house in a suburb has a value, determined by the number of sales, changes in prices, churn (repeat sales) and other factors present in a robust housing market. Only houses which have been sold have sales prices but this lowers the value of homes in markets with fewer sales.

As markets formalise and strengthen, these trends inform each other more effectively and the trend lines become almost parallel over time (such as Hillshaven and Simunye SP, where there is a high volume of Government-sponsored units). Several other residential properties in the municipality have almost consistently sold below their value. Sales in several areas of Westonaria have been robust and values are rising, indicating steady demand, however sales prices continue to be low and this may indicate difficulties in access to credit.

Rising sales prices in affordable areas may possibly reflect improved access to credit as well as increasing interest in the neighbourhood. An example of this is Simunye SP where sale prices were almost three times the property value until 2010, thereafter the sale prices remained almost consistent with the property value.



11. Lending Activity



11.1 Key Findings

Lending is highly concentrated in Westonaria by area and loan size. Bonded sales are almost entirely concentrated in housing and sales over R500 000, with those new loans concentrated in two central city higher-priced housing markets, i.e. Westonaria SP1 and Hillshaven SP. While the share of lending by each of the four major banks in the country has remained consistent, lending from non-traditional lenders has almost doubled in Westonaria from 2008 to 2013, perhaps to make up for the lack of expanded lending by the existing institutions.

11.2 Policy Implications

Policies and programmes should target expanding access to credit, including the creation of new funds, with broader investment guidelines and possibilities and small loan programmes with which to make financing more accessible to lower-income households. Loans to entice the development of more middle-market housing would create more integrated markets. Financing with which to build affordable rental housing options could offset some of the credit accessibility issues in the market overall.

11.3 Quick Definitions:

Lending Activity: the performance of key lending indicators over time, such as bond volume, new loans and bonded sales, by lending institutions.

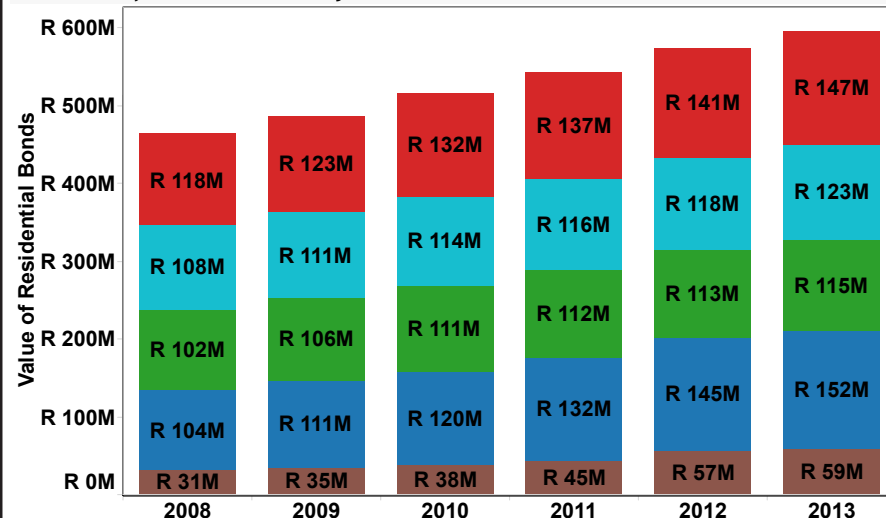
Portfolio Size: the total number and value of loans given out by particular lending institutions in the study area.

Property Value Segment: in order to better understand the performance of housing markets, data has been grouped into four property value bands: properties valued under R250 000; between R250 000 and R500 000; between R500 000 and R1.2 million; and over R1.2 million. This helps one to understand the various trends and strengths inherent in each segment and to see how properties are integrating across the housing continuum, especially over time.

Residential Bond: a loan made for the intention of acquiring a property, which is secured by the title to the property. These are determined by the property address and the timing with which bonds and sales transactions are recorded on the deeds registry.

All Loans by Lender Westonaria, 2008 - 2013

Total value of residential bonds by lender



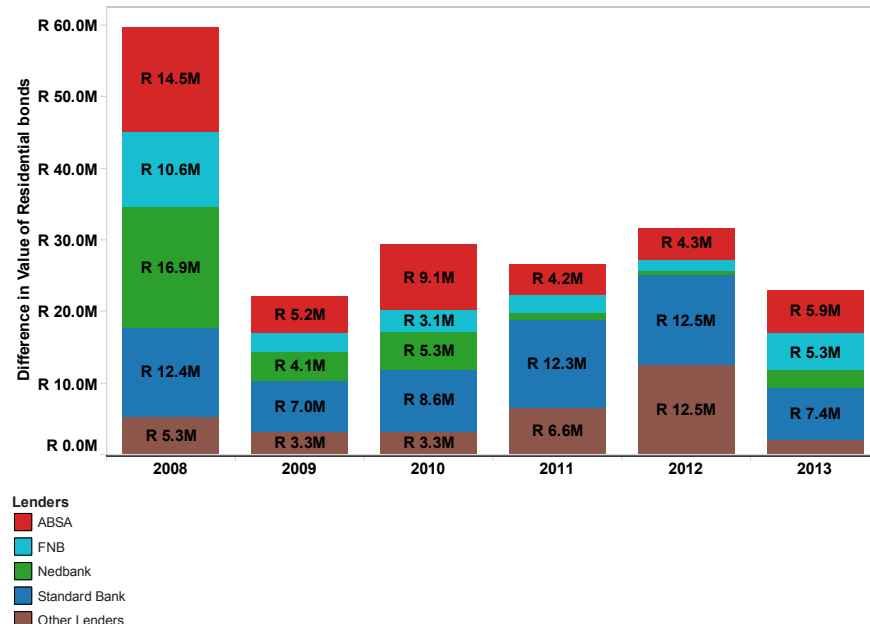
Source: SA Deeds Registry via Lightstone (Pty) Ltd., 2015. All indicators reflect formal market data as reflected on the deeds registry.

Banks
 ■ ABSA
 ■ FNB
 ■ Nedbank
 ■ Standard Bank SA
 ■ Other Lenders

New Loans by Lender

Westonaria, 2008 - 2013

Total value of new residential loans by lender



Lenders
 ■ ABSA
 ■ FNB
 ■ Nedbank
 ■ Standard Bank
 ■ Other Lenders

11.4 Lending Over Time

Loan data taken from the deeds registry can provide lending activity by lender, which has grown consistently in the area. By comparing the top chart (all loans held by each lender) and the bottom chart (activity by lender per year), it is possible to note that lending in the area has grown cyclically, that is, every other year. The volume per year varies from lender to lender – for example annual lending decreased significantly from 2008 – when the highest new lending activities by all lenders took place.

The real game changer has been the infusion of other lenders into the area, who in 2012, provided the same amount in new loans as Standard Bank, the largest bank lender in town. These other lenders primarily include companies providing home loan benefits to their employees. This is most often employer-assisted lending. **Standard Bank has maintained the highest market share in Westonaria in recent years though all other traditional lenders have also expanded their lending in the municipality.**

The following charts explore lending by bank, by, suburb to understand more specifically where bank investment has been made by suburb and what that may mean about financing availability for various development sites and scenarios.

11.5 New Loans by Lender

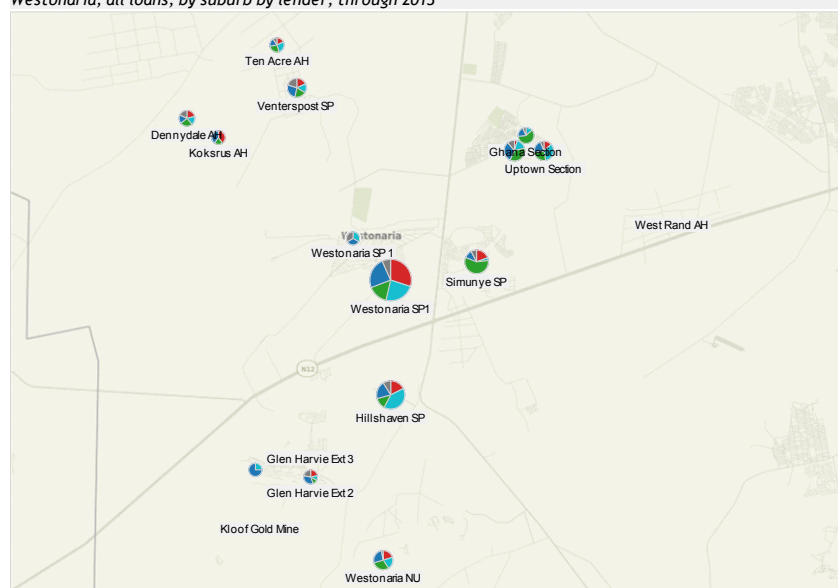
As markets shift, different lenders respond in different ways. These maps show the previous bar charts on a map. The first chart – all loans by lender – is represented on the top map. All loans made in 2013 – the second chart – is shown on the lower map. By comparing the two maps, it's possible to see where lenders invested loans in the last year (pies in the lower map). In Westonaria, all lenders appear to be active throughout the entire municipality, with all lenders giving new loans in 2013.

Non-traditional lenders, such as private equity funds and employer lenders, have more flexible regulatory environments and more creative, competitive financing tools. It will be important for Government to engage these investors as well to ease access to credit, lower costs of financing and share in the commitment towards growing housing markets in the mining towns.

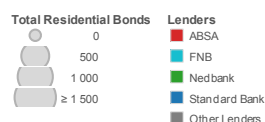
The areas with no dots have no residential properties on the deeds registry – they are farms or open space, mines or power plants, or informal settlements.

Market Share by Lender: All Residential Bonds

Westonaria, all loans, by suburb by lender, through 2013

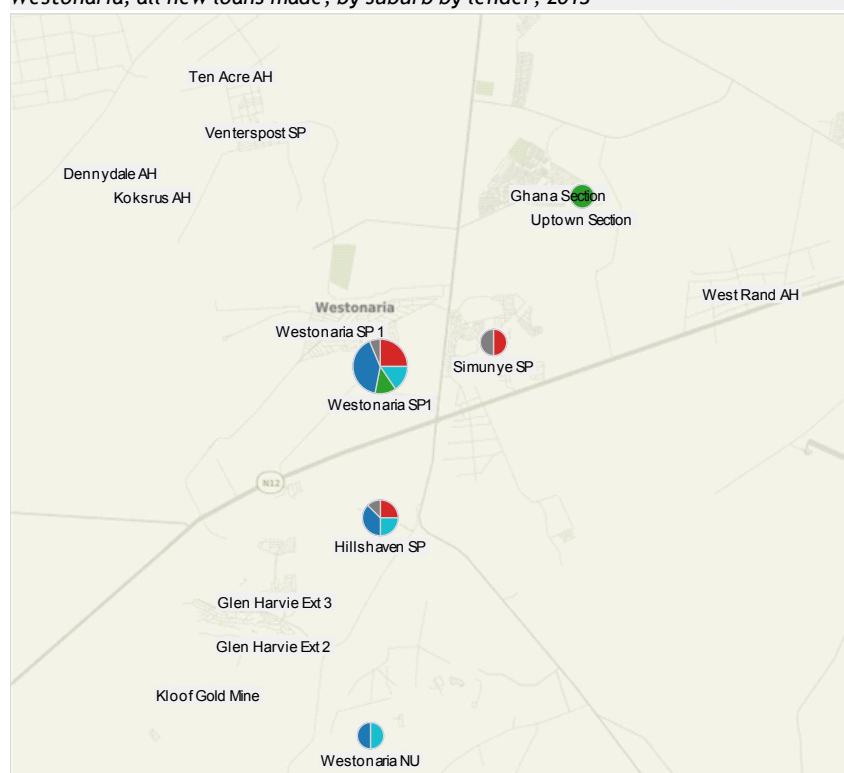


Source: South African Deeds Registry via Lightstone (Pty) Ltd. All indicators reflect formal market data as reflected on the deeds registry.

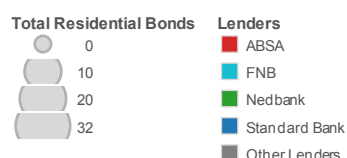


Market Share by Lender: New Loans 2013

Westonaria, all new loans made, by suburb by lender, 2013



Source: South African Deeds Registry via Lightstone (Pty) Ltd. All indicators reflect formal market data as reflected on the deeds registry.



11.6 Market Share

Understanding market share at the local level is key to understanding the potential for end user finance, where gaps might exist, and how to make the case for more lending. Lenders have consistently invested in several suburbs, as have other lenders.

Comparing lending over time and by suburb also shows which lenders perceive value or risk.

New Loans by Lender Westonaria, 2008 - 2013 <i>The value of new bonds by lender by suburb over time</i>						
	ABSA	FNB	Westonaria Nedbank	Standard Bank	Other Lenders	
Dennydale AH	2008	R 545,000	R 0	R 1,225,000	R 150,000	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 525,000	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 250,000	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Ghana Section	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Glen Harvie Ext 1	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Glen Harvie Ext 2	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Glen Harvie Ext 3	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Hillshaven SP	2008	R 2,134,000	R 2,997,200	R 2,135,916	R 1,851,200	R 1,845,000
	2009	R 1,242,000	R 1,061,000	R 500,000	R 565,000	R 740,000
	2010	R 0	R 300,000	R 701,642	R 2,764,500	R 921,646
	2011	R 0	R 1,289,000	R 0	R 1,726,000	R 870,000
	2012	R 630,000	R 0	R 0	R 3,103,000	R 610,000
Kloof Gold Mine	2008	R 1,094,000	R 858,500	R 0	R 1,345,000	R 370,000
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Koksrus AH	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Simunye SP	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 80,000	R 568,636	R 801,646	R 770,000	R 88,000
	2010	R 50,000	R 0	R 151,739	R 165,000	R 0
	2011	R 0	R 180,000	R 0	R 0	R 0
	2012	R 232,000	R 0	R 212,312	R 261,000	R 0
	2013	R 0	R 0	R 0	R 415,000	R 0
	2013	R 300,000	R 0	R 0	R 0	R 370,000

Skierlik Section	2008	R 180,000	R 204,000	R 363,824	R 622,000	R 0
	2009	R 170,000	R 350,000	R 0	R 0	R 147,507
	2010	R 0	R 0	R 0	R 252,000	R 0
	2011	R 0	R 0	R 0	R 635,000	R 210,000
	2012	R 0	R 0	R 0	R 180,000	R 0
Ten Acre AH	2008	R 0	R 0	R 76,397	R 300,000	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 280,000	R 0	R 0	R 0	R 0
Uptown Section	2008	R 0	R 0	R 259,156	R 0	R 19,104
	2009	R 0	R 0	R 127,643	R 0	R 0
	2010	R 0	R 0	R 0	R 250,000	R 0
	2011	R 0	R 0	R 0	R 230,000	R 198,526
	2012	R 0	R 0	R 0	R 330,000	R 0
Venterspost SP	2008	R 145,000	R 360,252	R 1,379,446	R 270,000	R 28,000
	2009	R 455,000	R 0	R 0	R 800,750	R 0
	2010	R 503,000	R 0	R 350,000	R 346,500	R 0
	2011	R 238,000	R 0	R 0	R 0	R 0
	2012	R 315,000	R 0	R 0	R 0	R 370,000
West Rand AH	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 0
	2012	R 0	R 0	R 0	R 0	R 0
Westonaria NU	2008	R 0	R 0	R 0	R 0	R 0
	2009	R 380,000	R 0	R 527,082	R 0	R 0
	2010	R 0	R 0	R 1,257,268	R 0	R 0
	2011	R 1,355,000	R 0	R 200,000	R 0	R 0
	2012	R 0	R 0	R 475,000	R 172,500	R 0
Westonaria SP 1	2008	R 0	R 1,920,000	R 0	R 540,000	R 0
	2009	R 0	R 0	R 0	R 0	R 0
	2010	R 0	R 0	R 0	R 0	R 0
	2011	R 0	R 0	R 0	R 0	R 100,000
	2012	R 0	R 0	R 0	R 0	R 0
Westonaria SP1	2008	R 10,989,000	R 5,884,831	R 10,128,562	R 8,401,006	R 3,360,460
	2009	R 3,233,500	R 800,000	R 2,081,026	R 4,521,926	R 2,420,000
	2010	R 6,718,000	R 2,594,000	R 4,089,216	R 4,911,062	R 2,370,000
	2011	R 3,084,000	R 1,165,000	R 300,000	R 8,210,156	R 5,180,000
	2012	R 3,083,500	R 1,641,945	R 700,000	R 7,894,800	R 11,050,000
	2013	R 4,476,000	R 2,500,000	R 1,894,350	R 5,530,000	R 1,350,000

Source: South African Deeds Registry via Lightstone (Pty) Ltd, 2015. All indicators reflect formal market data as reflected on the deeds registry.

Banks
■ ABSA
■ FNB
■ Nedbank
■ Standard Bank
■ Other Lenders

12. Leverage



12.1 Key Findings

In Westonaria, an estimated 38% of all registered properties were Government-sponsored, that is, they were financed, built or otherwise sponsored by Government programmes and activities. The presence of these older **Government-sponsored units within the municipality represent an important opportunity to leverage that investment** in affordable housing in the years ahead, as owners seek to sell and move up the housing continuum if opportunities are positioned properly. The value of these homes, if sold in the private market, can be applied towards the cost of a new home.

This situation can be used to **drive developers to build more gap housing** and financiers to finance RDP acquisition loans.

12.2 Policy Implications

Policies should **focus on enticing developers to build more housing in the gap market** and encourage lending to the RDP and other lower-cost home markets.

To encourage an increase in the supply of gap housing, Government can unlock sites, supply infrastructure or grants, or hook-up fee discounts. Governments can also reduce the cost of construction finance, which can all be passed down to the buyers in the form of lower sales prices.

Government can **create programmes using funds pooled from a range of government and private sector partners that provide bonds for small properties** and offset risks through loan guarantees, loan loss reserves and interest rate discounts. Funds can also organise to implement homebuyer counselling, debt consolidation and moderate rehab costs of the existing home to ensure loan performance of the portfolio.

These programmes would work together in the mining towns to create better social, housing and economic integration.

12.3 Quick Definitions:

Leverage: the ability to use the percentage of the property that has been paid off as a down-payment for another property.

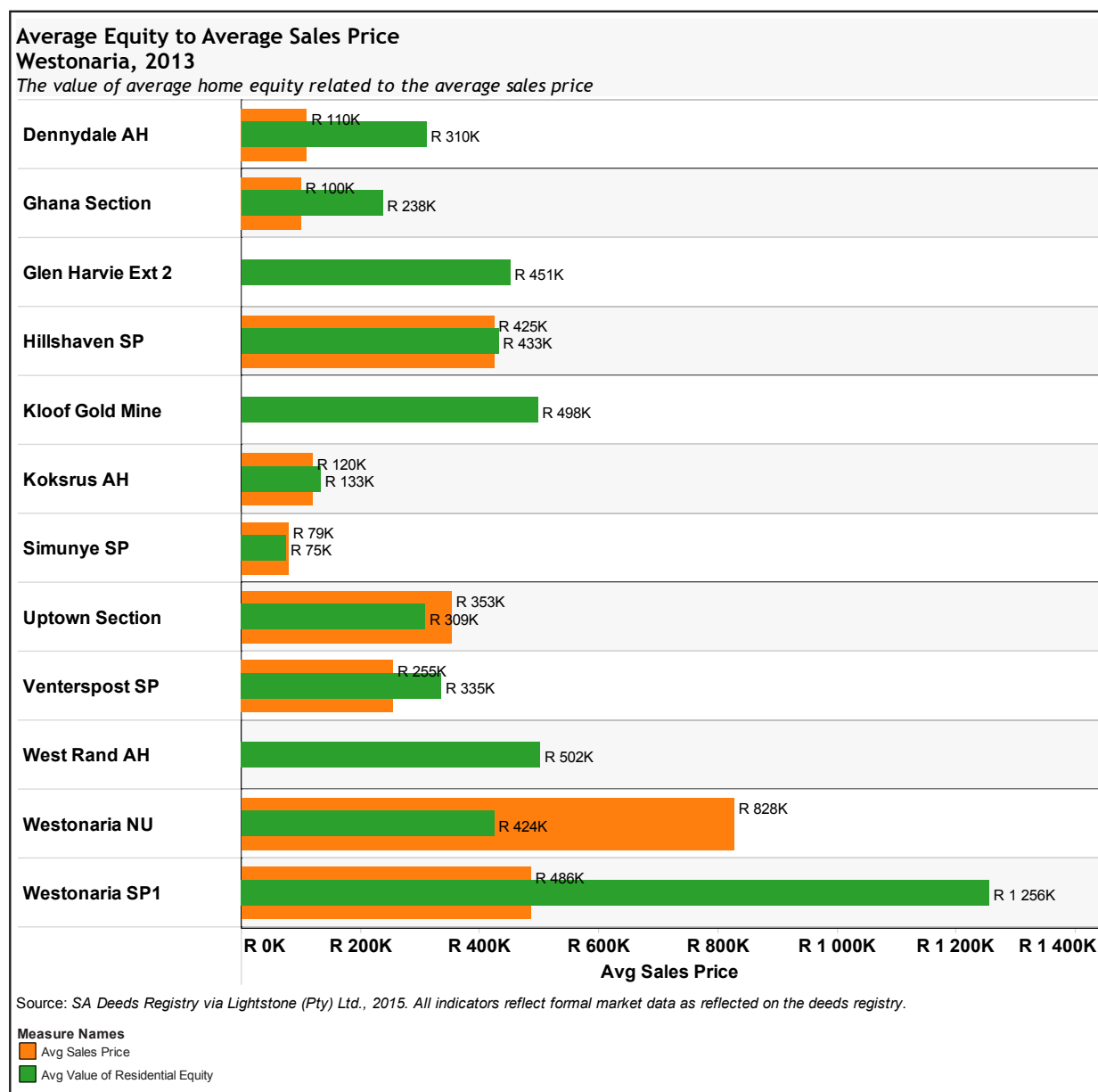
Equity: the value of the residential property less the outstanding balance of the bond. This represents the value of ownership built up in a property and is often used as the down-payment for the owner's next house purchased up the housing ladder.

12.4 Equity Fills the Gap

Equity is the value of one's home, less the amount owed to the lender. The chart shows the average equity per suburb (the green bar) compared to the average sales price per suburb. This helps to show what portion of the sales price might be paid for by homeowners' equity. If a homeowner in Ghana Section wished to purchase a home in Hillshaven, for example, they could sell their home and apply the equity towards the cost of the new home, reducing the amount they would have to borrow. Instead of borrowing R425 000 (the average sales price), they would only need between R200 000 and R300 000 depending on their sales price (the orange bar in Hillshaven minus the green bar in Ghana Section). Thus equity makes homeownership in higher-priced neighbourhoods affordable, expanding housing options. **Equity closes the housing gap for less affluent homeowners because their properties are less likely to have a bond, and those markets have experienced more appreciation of value.** It is important to consider this value in addition to a homeowner's income.

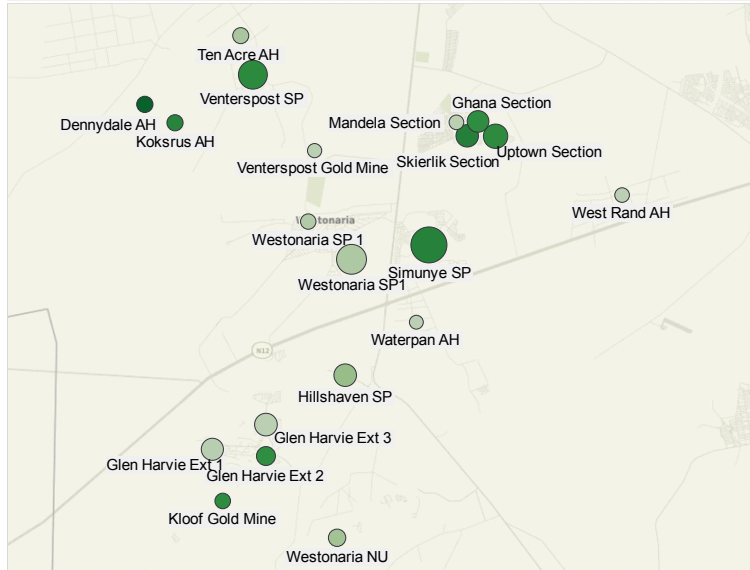
Equity invested by homeowners also **reduces risk by increasing their financial stake in their home**. This is the same way upper income families move up the housing continuum and is now available at scale for lower-income families as well, thanks to the massive Government investment in homes for the poor. This requires financing available for the lower income buyers – something to explore with lender partners.

While averages in such diverse housing markets are hard to consider meaningfully, the picture does indicate that purchasing power increases – and gaps close – when equity is taken into consideration.



5 Year Equity Growth Westonaria, 2013

Rates of equity growth, since 2007 to 2013



Source: Stats SA Census, 2011, South African Deeds Registry via Lightstone (Pty) Ltd, 2015. All indicators reflect formal market data as reflected on the deeds registry.

12.5 Accessing Equity Closes the Housing Gap and Can Drive Demand

Understanding the difference in equity growth rates on a map allows a better understanding of which property markets can be leveraged to support more new development. Many higher priced areas have experienced modest equity growth (grey areas) – or loss (red areas) – over the past five years, likely due to increasing sales prices (rather than amortisation as new buyers tend to have less equity – and this market has been very active recently). The greatest equity growth over five years (green areas and green lines) has been in less developed areas with fewer sales – and values have accrued to the existing homeowners. Homes worth less than R500 000 typically have fewer loans, a faster-growing value, and an initial housing cost that was low or free (thanks to government investment in housing). Homebuyers can reduce the amount they have to borrow through savings or the equity in their home, if they have an existing house which they can sell. This lowers their monthly payment or increases the price they can afford. Leverage is the practice of using this equity to increase their housing affordability. This indicator thus becomes very useful for meeting – and closing – the housing gap.

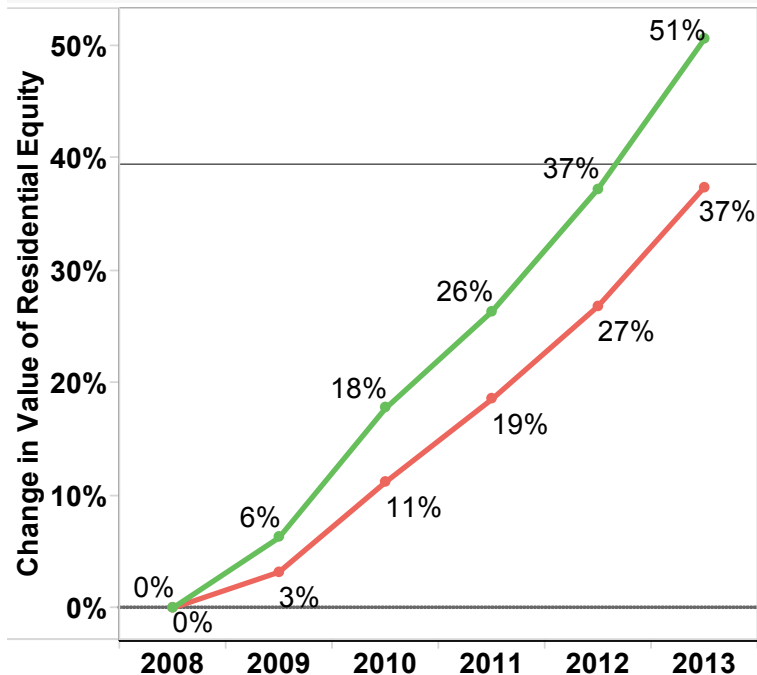
Westonaria's properties under R500 000 show consistently higher growth in equity than the market overall, suggesting a good source of funding for the next house up the housing ladder. The highest levels of equity growth (the darkest green) are those areas with heavy Government investment, such as Simunye SP and Ghana Section.

Constraints to using leverage in affordable housing markets include the availability of credit for potential buyers to pay the full value of the house, maximising the equity available to the homeowner, the availability of homes up the housing ladder to buy and, in the case of RDP owners, the ability to sell Government-subsidised stock (which comes with an eight-year resale restriction). Other constraints include household indebtedness and the willingness of existing homeowners to sell their most important assets.

However, policies which address these constraints can expand the housing ladder in remarkably quick and cost-effective ways. Closing cost assistance, interest rate write downs and loan loss funds all cost a fraction of new construction and put the opportunity – and choice – in the hands of the homeowner, rather than the Government.

Growth in Equity Westonaria, 2008- 2013

The change in the value of average home equity from 2008



Source: SA Deeds Registry via Lightstone (Pty) Ltd., 2015. All indicators reflect formal market data as reflected on the deeds registry.

Change in Equity

- Affordable properties (under R500 000)
- All residential properties

13. Affordability Profile



13.1 Key Findings

Westonaria's affordability ratio, at 1.74, is below the national average of 4 and the mining town average of 2.8 – this may be mainly attributed to its below-average sales prices. Nevertheless, there remain large disparities among incomes and affordable housing access in certain areas within the municipality. Overall, suburbs appear affordable for households in those specific suburbs as they can afford those houses. However, at the citywide level the overall average income is much lower, therefore the few average sales are unaffordable.

In some areas, sales prices are very low, probably the result of lack of credit access, forcing sellers to sell for whatever cash might be offered regardless of how much the house may be worth.

13.2 Policy Implications

Affordability constraints, due to below-average incomes, can be addressed through housing strategies and solutions which propose **creative financing tools and techniques which can reduce financial barriers** (such as down-payments, interest rates and principal requirements) as well as unlocking equity, rather than simply trying to push costs down.

Lowering the cost of financing can also increase the amount that can be borrowed, which can increase sales prices and the amount of equity a home seller will be able to access to buy their next home.

Lack of adequate affordable supply in areas with very low incomes can often be quickly addressed through the carefully considered provision of well-located quality rental housing.

13.3 Quick Definitions:

Affordability: affordability is generally defined as the ability to allocate less than 25-30% of a household's monthly income towards housing costs. While upper-income families' incomes enable them to cover the cost of producing and selling housing units and thus provide many housing options, lower-income families struggle because their income often does not adequately cover the cost of producing and selling a housing unit. Supply is limited and others must collaborate to provide decent affordable housing.

Affordability Ratio: the purchasing power of local incomes to afford local sales prices. The local average sales price is divided by the target house price. This shows the relationship between local incomes and local sales prices – a larger number means that local sales prices are harder for local income households to afford, implying a mismatch between local housing options and residents.

Housing Gap: the shortfall between the target house price a household can afford and the sales price (or construction cost) of a house. This can be calculated by the difference between the target affordable price and the cost or price of the house.

Target House Price: the sales price affordable to local households, which is calculated using the average area median income available for housing (25% of monthly income) using standard underwriting criteria (typically 20 year amortisation at 11%, with 5% down).

Mind the Gap Table

Westonaria, 2013

Affordability indicators per suburb

Subplace Name	Avg Monthly Income	Target house price	Average Sales Price	Affordable Price Gap	Affordability Ratio
Dennydale AH	R 3K	R 74K	R 110K	R -36K	1.5
Ghana Section	R 4K	R 94K	R 100K	R -6K	1.1
Glen Harvie Ext 1	R 11K	R 285K			
Glen Harvie Ext 2	R 28K	R 726K			
Glen Harvie Ext 3	R 15K	R 408K			
Hillshaven SP	R 21K	R 551K	R 425K	R 126K	0.8
Kloof Gold Mine	R 7K	R 172K			
Koksrus AH	R 2K	R 60K	R 120K	R -60K	2.0
Mandela Section	R 2K	R 46K			
Simunye SP	R 4K	R 104K	R 79K	R 26K	0.8
Skierlik Section	R 5K	R 136K			
Ten Acre AH	R 9K	R 227K			
Uptown Section	R 5K	R 126K	R 353K	R -226K	2.8
Venterspost Gold Mine	R 6K	R 167K			
Venterspost SP	R 12K	R 307K	R 255K	R 52K	0.8
Waterpan AH	R 8K	R 218K			
West Rand AH	R 6K	R 146K			
Westonaria NU	R 11K	R 302K	R 828K	R -526K	2.7
Westonaria SP 1	R 9K	R 236K			
Westonaria SP1	R 17K	R 448K	R 486K	R -38K	1.1

Source: StatsSA Census 2011 (with CPI increase); South African Deeds Registry via Lightstone (Pty) Ltd, 2015. All indicators reflect formal market data as reflected on the deeds registry.

13.4 Affordability

Actual affordability relies on understanding local household income to determine what is reasonably afforded by existing residents, how much of a gap exists and what is required to ensure more realistic affordability. The Affordability Ratio is determined by dividing the purchase price affordable to the average household income by the average sales price. **Nationally, it takes three times the average income to afford the average sales price; within the mining towns, this ratio averages 2.8.** This doesn't mean that families are paying that, it means that most homes on the deeds registry are not affordable to the majority of South Africans. This indicator provides an important benchmark, by providing a degree of affordability. We can measure that disparity at the local level as an indicator of how well local markets might be catering to local residents.

In Westonaria, some formal markets appear more affordable to local residents, creating the potential for a fairly stable formal housing market. However, the lack of registered sales activity overall highlights either unbuildable land, or the need for new products or strategies which would be more responsive and sustainable to current residents.

The target home price in column 2 can also be compared to estimated potential per-unit construction costs to determine the amount of subsidy which may be required to build and sell the units to local residents.

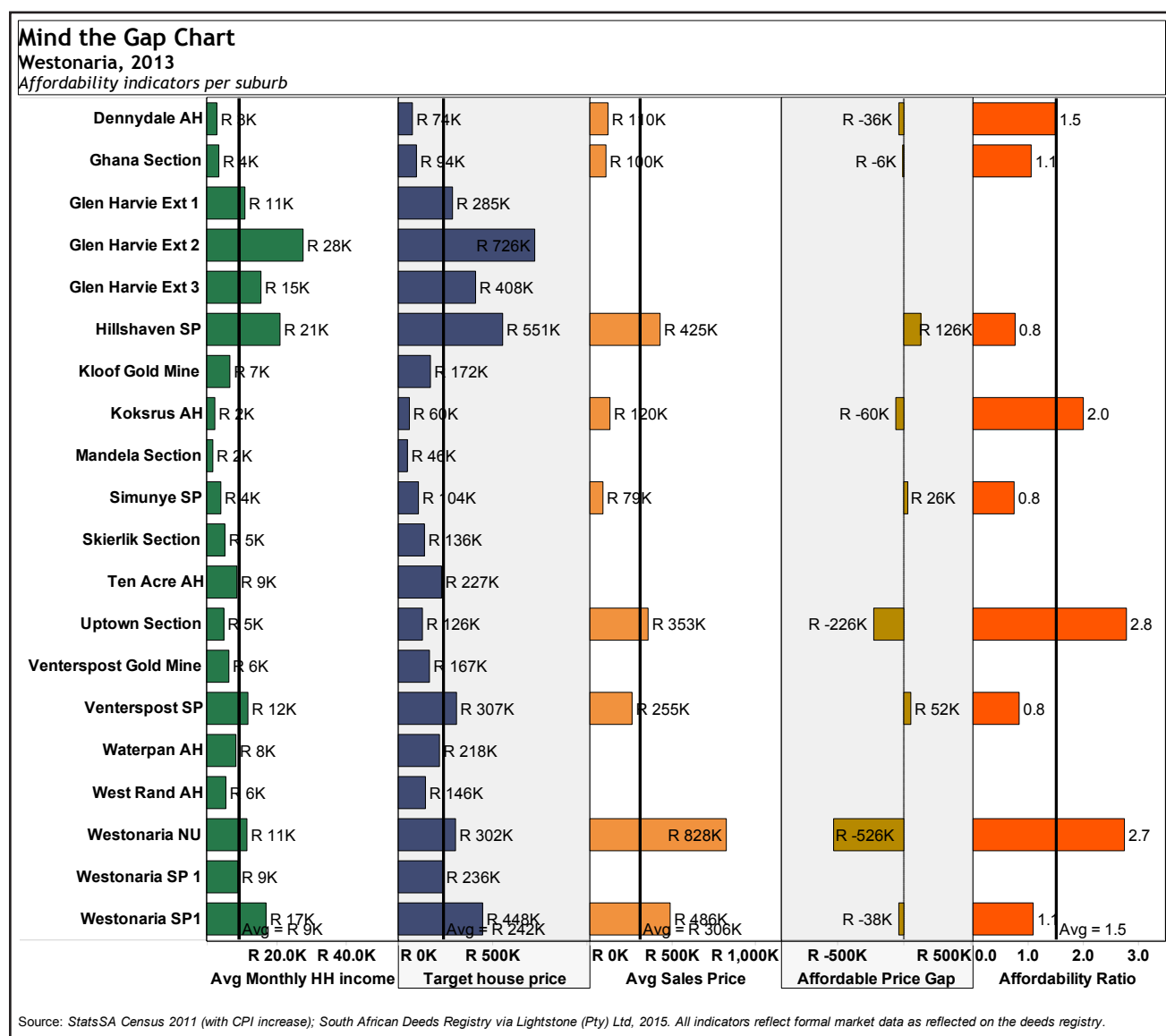
13.5 Mind the Gap

This chart is identical to the previous chart but shows bar lines to better visualise a difference across the area. These tables measure relative affordability for each suburb in the target area in three ways: starting with the average income (column 1), it calculates the average sales price affordable to the average family using standard underwriting terms (5% down, 11% for 20 years, up to 25% of household income, in column 2). It compares that to the area's average sales price (column 3). Column 4 (affordable price gap that shows the difference between the average sales price and the local target (affordable) house price. Column 5 divides the two values to show the affordability ratio and the number of times it might take the local income to afford the local house.

In Westonaria, the average income is R7 400, the average target house price is R197 000 (how much house that income can afford) and the average sales price is R343 000; however, not all subplaces have sales activity. **Thus, in 2013, it took just 1.74 times the average income to afford the average house** – the narrow gap suggests that house prices are more closely aligned to local incomes, i.e. meaning less disparity between incomes and prices. Overall, suburbs appear affordable for households in those specific suburbs as they can afford those houses. However, at the citywide level, the overall average income is much lower, therefore the few average sales are unaffordable.

These very high level indicators are useful when comparing affordability, to see which areas are more or less affordable. This helps one to understand how housing strategies need to address affordability within the town, including what resources or policies might be required to help fill these gaps, i.e. affordable financing, buyer subsidies.

When affordability is an issue, perhaps equity of existing homeowners can help fund the gap. Policies will need to encourage the sale of lower-cost homes that can allow housing purchases further upstream for lower-income households.



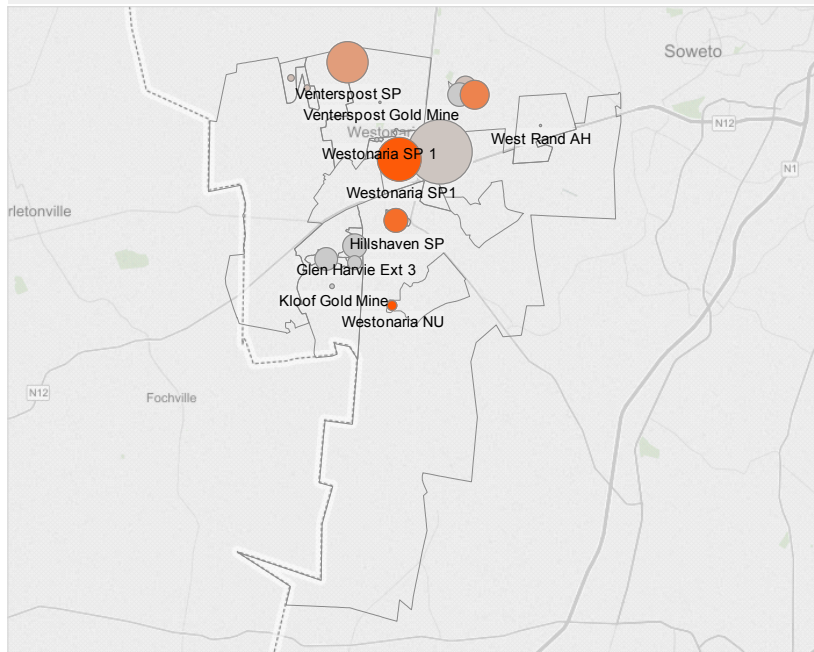
13.6 Mapping Affordability

These maps show the importance of taking local household income, or purchasing power, into the understanding of affordability. The first map shows average sales prices by suburb, with the darker areas having higher prices. The second map shows the same area by affordability ratio, the darker areas (those with higher affordability ratios) showing greater difference between suburb incomes and suburb sales prices. **Some areas appear affordable by sale price, such as Uptown Section, which is not as affordable when considering local incomes (they show darker green on the second map).** These analyses do not take into account the indebtedness of potential buyers, an important factor in determining bond eligibility. Rental housing, therefore, might be an important option towards providing well-located and professionally managed affordable housing in those areas.

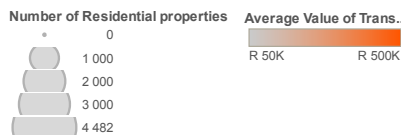
The areas with no dots have no residential properties on the deeds registry – they are farms or open space, mines or informal settlements.

Affordability by Average Sales Price

Westonaria, Suburbs by average sales price and number of properties, 2013



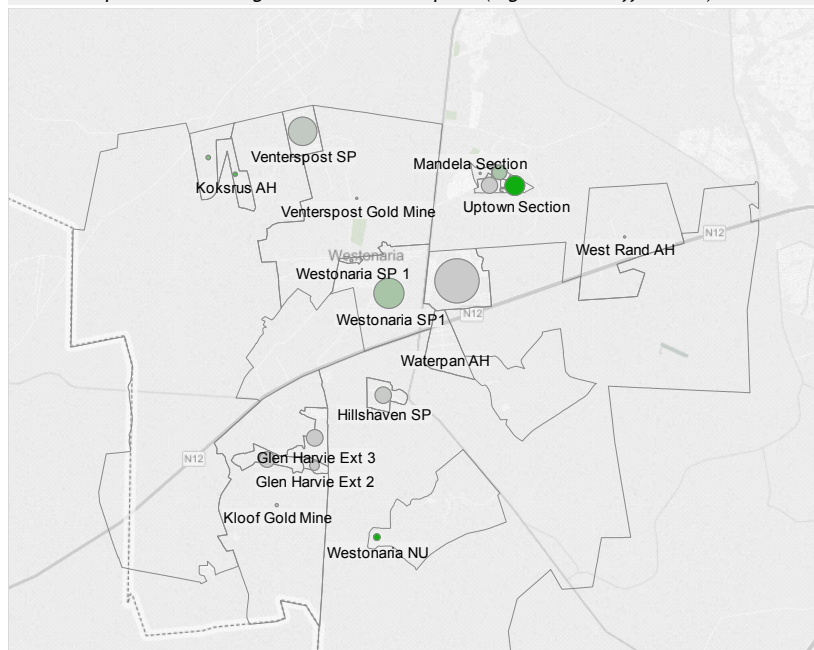
Source: Centre for Affordable Housing Finance in Africa, with StatsSA Census 2011 (with CPI increase); South African Deeds Registry via Lightstone (Pty) Ltd, 2015. All indicators reflect formal market data as reflected on the deeds registry.



Affordable Suburbs by Affordability Ratio

Westonaria, by suburb, 2013

Relationship between average income and sales price (higher is less affordable)



Source: Centre for Affordable Housing Finance in Africa, with StatsSA Census 2011 (with CPI increase); South African Deeds Registry via Lightstone (Pty) Ltd, 2015. All indicators reflect formal market data as reflected on the deeds registry.



14. Rental Index



14.1 Key Findings

In Westonaria, **50% of households rent**, according to the 2011 StatsSA census, well above the mining town average of 31%. The **opportunity for rental housing development within Westonaria is strong within specific areas**, specifically Skierlik Section which is surrounded by mines and informal settlements – it might explicitly target mine workers, whereas rental housing in other areas might target support service workers and families.

Those areas with greater density, modest incomes and affordability challenges are more likely to support quality, professionally managed affordable rental housing. Rental housing also provides flexibility to employers and workers as mining markets expand and contract from time to time.

14.2 Policy Implications

Due to the cyclical, commodity, and demand, driven nature of these towns' primary industry, rental housing becomes a very important housing solution.

Rapidly changing housing demand driven by mining activities makes a strong case for prioritising quality rental housing. If rental housing is well-situated and convenient to transport and centrally located dense areas, it can bring social and economic cohesion and vibrancy to housing markets over the longer term. Densifying housing markets requires infrastructure upgrades and financial mechanisms which provide for long-term affordability and sustainability.

14.3 Quick Definitions:

Rental Index: A tool used to measure the potential suitability of local areas for rental housing, as measured by a group of five indicators which support rental housing, including density, area median income, the affordability ratio and market growth as measured by the housing performance index. A higher score implies greater success for rental housing.

Affordability Ratio: the purchasing power of local incomes to afford local sales prices. The local average sales price is divided by the target house price. This shows the relationship between local incomes and local sales prices – a larger number means that local sales prices are harder for local incomes to afford, implying a mismatch between local housing options and residents.

Area Median Income: the percentage of the average local income to the municipal average income, which allows for understanding of the income relative to the market overall and across many municipalities.

Housing Performance Index: the growth of the local suburb in six key housing market indicators as compared to the municipality growth. A higher number implies more growth.

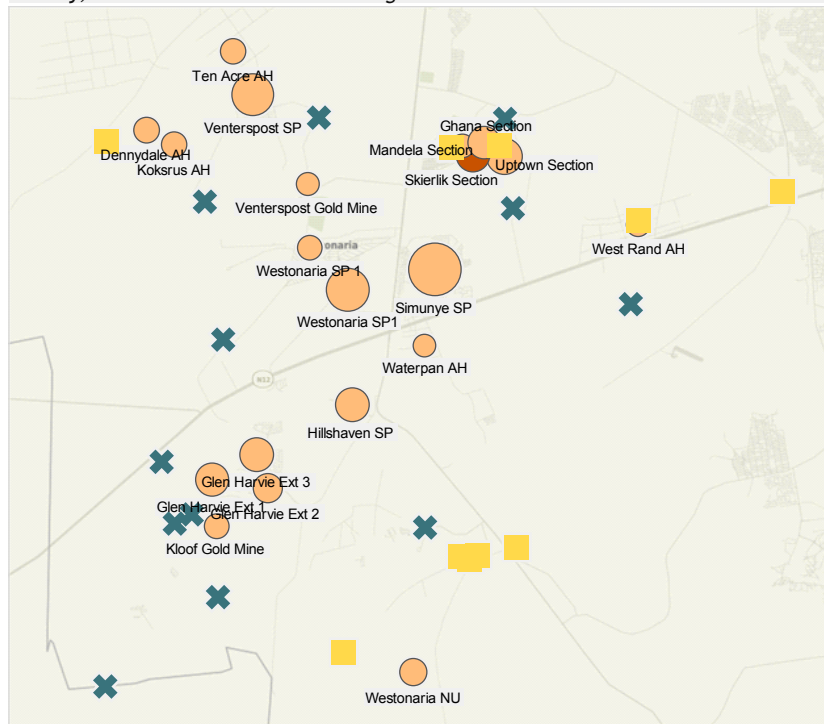
Percent Households Renting: the number of surveyed households that rent divided by the total number of households, per StatsSA census 2011. This includes everything from bedrooms and backyard shacks to single family homes and sectional title units.

Population Density: the number of people per square hectare of the suburb, as provided by StatsSA.

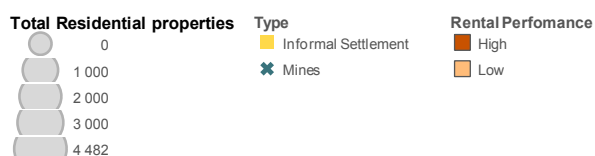
Tenure: the terms under which land or buildings are held or occupied, e.g. rental, ownership etc.

Rental Index Westonaria, 2013

Areas which scored highly on a group of indicators targeting rental housing, including density, moderate incomes and market growth.



Source: Centre for Affordable Housing Finance in Africa, 2015. All indicators reflect formal market data as reflected on the deeds registry.



14.4 Rental Housing: Driving an Affordable Housing Option

Rental housing is one of the most efficient and effective ways to provide affordable accommodation. In most South African towns, this means backyard shacks, an important but inefficient way of meeting overwhelming housing need. While a social housing sector exists, targeting lower income families in multi-unit buildings, these are primarily in large metropolitan areas. **Many private developers and investors are considering expanding significantly into the rental segment. If the demand is better understood, governments can meet housing backlogs quickly and affordably by promoting policies that target affordable rental housing.**

Several conditions are crucial for the creation of successful and sustainable rental markets: density, high demand and affordability. In order to sustain rental housing at scale, projects must be able to achieve density to keep costs down and access ready markets, with good proximity to jobs, transport and educational opportunities to keep projects running smoothly. It is possible to bundle those indicators and find those areas primed for rental housing.

14.5 Locating Rental Housing Markets

The map shows those areas more dense than others, with moderate incomes and housing market growth, all important factors when considering the placement and promotion of rental housing. **In Westonaria, one subplace scored above 6 on the rental index, i.e. Skierlik Section, highlighting that it has strong potential for rental housing.** Skierlik Section is surrounded by mines and informal settlements, thus it might explicitly target mine workers, whereas rental housing in other areas might target support service workers and families.

Security of tenure through a lease agreement means that residents have access to quality, accountable property management and consistent utility access and can even build up their credit history with positive rent and utility accounts. Rental housing providers must locate their properties competitively to ensure monthly occupancy therefore rental housing provides affordable access to transport hubs, jobs and community services.

Rental Index Indicator	Method	Implies	Weight
Median Income	80 - 120% area median income	Affordability	35%
Population Density	Exceeds metro average	Density	35%
Housing Performance Index	Growing	Demand	15%
Affordability Ratio	Ratio exceeds metro average	Affordability	15%

15. Key Concepts

The definitions of the concepts used in this profile are set out in alphabetical order below.

15.1 Affordable

Traditionally, affordable refers to housing or areas with prices or values below the overall market which target below-average incomes. It is often defined as R500 000 or less (but can be higher or lower depending on intent) because this is the amount that a household earning less than R16 000 on average can afford, the target limit of many Government subsidy schemes. Affordability is the relationship between the cost of housing (a mortgage bond payment or rent) and the income of the tenant or owner. Affordable housing is that which can be rented or purchased within certain constraints in this report, with a mortgage equal to 28% of the borrower's income, at 11% over 20 years, with 5% of the sales price paid as down payment. Areas where the average income can afford the average sales price or more are considered affordable.

15.2 Affordability Ratio

This ratio measures relative affordability by comparing the **AVERAGE** sales price to the average income within the same area – higher ratios meaning less affordability. The average sales price is divided by the **AFFORDABLE** sales price, which is calculated as the present value of typical mortgage terms using 28% of the average income (95% of the average sale price, at 11% for 20 years). A ratio of 1 means that the average home price is exactly equal to the average household income. Ratios over 1 represent the number of times by which the average income must be increased to afford the average home.

15.3 Appreciation

The rate, or percent change over time between two values (most often price or value) is calculated by dividing the difference between the beginning and end values of the property in the timeframe by the beginning value. The result is the percent by which the property value or price changed. It is a valuable means of comparing the rate of change across very different property markets, areas or market sizes.

15.4 Average

The result obtained by adding several amounts together and then dividing this total by the number of amounts. For instance, average sales price is calculated by adding up all sales within an area and dividing this total by the total number of sales within an area. The average is useful for comparing and understanding different areas, market sizes, and property types.

15.5 Benchmark

An indicator that is calculated in the same way across a larger level (such as national or municipal levels) to compare with smaller areas (such as main places or suburbs). Benchmarks are useful for understanding the performance of housing markets because they provide a consistent means of comparing markets to each other and to larger areas. For example, local markets perceived as having modest appreciation rates may actually be growing quickly when compared with other areas, the metro or the country as a whole. Benchmarks are a key component of the Housing Performance Index, which uses them to determine whether local areas or metros are changing faster than; about the same as; or slower than the metros or the country.

15.6 Bonded Sale

A sales transaction transferring ownership of a property, which includes an associated mortgage bond used by the buyer to purchase that property and which the lender requires to be secured by that property. Bonded sales reflect lender investment in an area and perceptions of market strength and risk levels.

15.7 Churn

This refers to the total number of homes sold within an area over a one-year period divided by the number of homes within that area. Similar to turnover, churn represents active market interest, a large pool of eligible buyers and willing sellers, and ready access to mortgage financing. In affordable areas, lower churn can reflect reduced housing mobility rather than less marketability, as the result of fewer upward housing options for potential sellers, and less access to bond financing for potential buyers. Other indicators (such as bond rates or types; loan to values; equity rates and income) can help differentiate marketability from pent-up market mobility.

15.8 Equity

The value of ownership interest in a property, primarily the current **VALUE** of a property minus the current value of any bonds or other claims on the property. Equity value grows as mortgage balances are paid down and property values increase. Equity is realised when a house is sold and is most often used to purchase another property, by either increasing the amount available to purchase or lowering monthly mortgage payments (or both). Individual circumstances within neighbourhoods may vary widely, but areas with higher aggregate levels of equity represent greater opportunity for upward mobility, both for existing residents who can sell and invest the equity in a new home and for lower income households able to purchase the existing home.

15.9 Equity Growth

The rate at which an owner or investor's equity value has changed over time, calculated by dividing the difference between the values of equity at the beginning and end of the period by the beginning year's equity value. Growth in equity (along with income levels) can be used to determine market potential, as equity significantly boosts the purchasing power of potential buyers. Circumstances that increase equity return include prices that appreciate faster than debt is paid down, less debt, and registrations of new properties with no debt.

15.10 Formal Housing Market

A formal housing market is an area where owners sell or otherwise transfer residential properties (which have been registered on the national title and deed registry) to willing buyers who become the legal owners of those properties. Housing markets also include residences that are rented, traded, bartered or otherwise swapped, or legally occupied. This report tracks formal housing markets, as it only uses actual sales reflected on the South African deeds registry. It is estimated that 25–50% of all properties in South Africa are not registered.

15.11 Government-sponsored housing

Housing which was created through some government intervention, from site and infrastructure provision, direct construction or finance, such as Site & Service, RDP and BNG. While these homes are not recorded as such on the deeds registry, their presence is estimated based on surrounding registrations, timing, prices, and volume of activity.

15.12 Housing Continuum

The housing continuum includes all ranges and options of housing, from temporary shelter and informal housing to the highest variety of housing ownership and occupancy models and prices. A continuum implies a continuous, connected marketplace of housing options, which serve the full range of conceivable housing demands as people's lifestyles and life circumstances change over time. In reality, most housing markets are an uneven distribution of housing supply and housing demand.

15.13 Leverage

Leverage is the practice of purchasing something by borrowing part of the total cost and is measured by the degree to which a buyer has borrowed funds to purchase a home. Also called gearing, leverage can be measured in several ways (such as loan to value or equity ratio), but all compare bond amounts to the housing value. Generally, homes or neighbourhoods that are highly leveraged are understood to be higher risk because owners lose less equity if they default. Areas with lower leverage rates are generally considered more attractive because lenders have less risk, while owners have more invested and have more potential **EQUITY** to invest in new housing options.

15.14 Market Segment

This refers to the aggregate of all properties within a certain rand value. Properties are aggregated by their **VALUE** to better understand the unique dynamics of these market segments. Values are divided into three bands: values under R250 000; between R250 000 and R500 000; and above R500 000. Generally, properties at or below R500 000 are considered affordable because the estimated monthly housing cost (R15 000 to R16 000) is considered the maximum income eligible for many Government subsidy programmes, above which potential buyers must access the unsubsidised housing market.

15.15 Market Share

Market share is the percentage of a market accounted for by a specific entity in that market. Lending market share is determined by the number of all loans in an area or bond portfolio, originated, or held by a single institution, divided by the total number of bonds in the area or portfolio. Market share can reflect the business model or the prevailing attitudes of particular lenders towards opportunity within certain areas. Lenders track their market share by area and value carefully: too high could mean that they are at greater risk if values decrease, while too low means that the lender may be losing business to competitors.

15.16 Rental Index

A score calculated for each suburb, to measure the potential suitability of local areas for rental housing, as measured by a basket of six indicators, which are more favourable towards rental housing. A higher score, between 1 and 10, implies a greater likelihood of success. These indicators include density; the number of households currently renting; area median income; the affordability ratio; households to properties ratio and market growth as measured by the Housing Performance Index. The index gives higher weight to aspects more suitable to rental housing, such as density and income, and moderate weight to the current number of households renting (as reported to the census), the local income as a percentage of the municipal median income, affordability (the relationship between local incomes and sales prices), and the number of households in the area to formal housing units on the deeds registry.

15.17 Suburb

A neighbourhood (within or beyond the central metropolitan area), with an identifiable name, often socially accepted borders and common characteristics. This report uses suburb boundaries as established and demarcated by StatsSA (and referred to in its documentation as sub-places). In 2011, there were about 22,000 sub-places within South Africa.

15.18 Value or Worth

The value of a property as determined by several factors, including recent comparable sales nearby; **CHURN**; lending activity in the area; specific and area property details, such as the size, age, and amenities. A property's worth is often related to the amount of information available to make an appropriate determination, which is a contributing factor in undervaluing affordable areas where details on formal market activity is inconsistent. This study uses Lightstone's (www.lightstone.co.za) proprietary valuation methodology to determine value.

16. Source List

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