



Revitalising Inner Cities & Densifying Townships through Innovative Finance

How TUHF is empowering property entrepreneurs and unlocking job creation



Content

- The Partnership: TUHF & The Jobs Fund
- About TUHF
- TUHF's WHY & Impact Objectives
- TUHF's Strategic Imperatives & Massive-Small Approach
- TUHF's Areas of Impact
- Affordable Housing and the Real Economy
- Politics of the Periphery: urban sprawl drives unsustainable development
- Job Creation: The Housing Value Chain
- Reflections on what worked



The Partnership: TUHF & The Jobs Fund

TUHF successfully partnered with the Jobs Fund on two funding rounds- JF3 and JF7 (a model for PPP)

- JF3- TUHF Limited for R200 million (drawn R157 million)
 - Matched Funding Raised over R1.6 billion
(warehouse R800 million and DMTN rolled 3 times at R280m each time)
- JF7- uMaStandi and Intuthuko Equity Fund for R100 million
(R25 million uMaStandi and R75 million IEF)
 - Matched Funding Raised of over R135 million (R52.2 million paid out to date) for uMaStandi
 - Matched Funding Raised of R181 million to date for the Intuthuko Equity Fund



About TUHF



- [TUHF](#) is a non-bank financial services company
- Supports property SMEs with an affordable housing outcome
- **Finance + Offering:** access to commercial property finance for ordinary South Africans
 - Character-based client assessment model
 - Hands-on advice and support by portfolio managers
 - Custom-made training & mentorship programme
- Started the only private sector land reform fund: The Intuthuko Equity Fund in 2004
- Now financing affordable rental housing in SA Townships: uMaStandi
 - 50000 affordable housing units delivered where they are needed
 - 410 Beneficiaries financed
 - 837 loans
 - 685 projects
 - **>10 163 jobs created** (2013 – 2023)
 - 3700 Permanent jobs created
 - 6463 Short term jobs created

TUHF's WHY & Impact Objectives

Our Core Purpose

Financial inclusion for ordinary South Africans, delivering quality affordable housing & improving urban livelihoods

What problems are we trying to solve?

South African cities & townships are characterised by a massive 3,7million affordable housing backlog, urban sprawl, spatial & economic disparity, and a lack of access to development finance for ordinary citizens

How are we solving them?

TUHF creates spatial transformation & urban land reform by providing inclusive development finance to property SMEs in Inner Cities, In-Cities & Townships with an affordable rental housing outcome. Tailor-made training & mentorship is provided to qualifying SMEs to augment their skills & increase their chance of success

TUHF's Strategic Imperatives & Massive-Small Approach

We create **MASSIVE** impact through many **SMALL** changes in our areas of investment.

1. Spatial Transformation
 2. Urban Densification
 3. Urban Regeneration
- Many small projects achieve BIG Impact
 - Results in urban densification and curb the challenge of sprawl (people living far from economic opportunities)
 - Use of existing physical and social infrastructure


We do not support large housing projects located on the Urban Edge

Poverty is likely to be entrenched on the periphery

Fiscal impact of urban sprawl is Net Negative

TUHF is committed to funding SMEs, catalyzing spatial & economic integration & facilitating urban renewal & affordable housing delivery

“Massive small to combat urban sprawl – the antidote to bigness....small everyday actions drive hope”



MASSIVE SMALL **SMART URBANISM IN AN UPSIDE DOWN WORLD**

Kelvin Campbell's research and development project is funded by a scholarship from the Royal Commission for the Exhibition of 1851. It looks to evolve the simple rules, conditions and leadership necessary to deliver a viable human habitat within the context of an evolved planning system. Its prime purpose is to make a big difference by clearly showing a different way of dealing with complex urban environments in such a way that gives us far better outcomes.

Date: Tuesday 20 January 2015
Time: 6.15pm for 6.30pm, followed by drinks and light supper from 8.00pm
Place: The Gallery, 77 Cowcross Street, London EC1M 6EL
RSVP Kelly Coxall, kecoxall@alanbaxter.co.uk
020 7250 1555

Join Kelvin for an evening exploring progress so far, and to contribute to the ongoing development of the ideas at its core.

SMART URBANISM **TUHF** **CSO**

www.smarturbanism.org.uk

Alan Baxter

TUHF's Areas of Impact

TUHF measures impact areas as informed by the Theory of Change & our business



Affordable Housing

Affordable units created

Affordable housing buildings
financed

Projects in construction



Local Economic Development

Permanent jobs created

Short term jobs created

Number PDIs trained

PDIs attending the property
incubation programme

SMEs received PRC technical
support

SMMEs mentored



Financial Inclusion

New PDI SMMEs financed

Loan value to SMMEs

New SMMEs financed

Women SMMEs financed

Total loan book value to
women

Loans to PDIs



Local Fiscal Impact

Utilities & rates paid to
Fiscus

Land values improved

Neighbourhoods regenerated



Green Building

EDGE Certified Projects

Buildings refurbished & reused

Energy & water efficiency

Affordable Housing & the Real Economy

CITIES are BUILT the WAY they are FINANCED!

- Affordable Housing and Residential property is part of the **Real Economy** and a major source of **Local Economic Development**.
- **Inclusive Economic Growth** is primarily a **Micro-Economic Concept**. SME formation and Job creation happen at Neighbourhood and City block level
- Housing investment has wealth, livelihoods & inclusive growth effects.
- There is a **Dislocation** between Human Settlements policy and practice
- Well-located housing is **Fiscally Net Positive**
- Use of **Existing Infrastructure**, Physical Infrastructure, Social Infrastructure and Administrative Infrastructure is **Fiscally Prudent**
- Well located housing is **infill and densification** in nature. **Many small projects** will give large scale
- A **well-functioning housing sector** is critical to the health of the economy – Housing contributes to economic development and thus further deepening and growth of housing markets.
- **Urban Land Reform** through Housing is an instrument of **economic transformation**:
- Property values increase faster than inflation creating asset value for low-income households.
- Opportunities to **leverage property wealth** - supporting the development of small businesses, important in the context of low employment.
- **Urban Economies** Specifically Township Economies and In City Economies are important sources of **economic growth**. **Local Government** should focus on **stimulating** these economies.



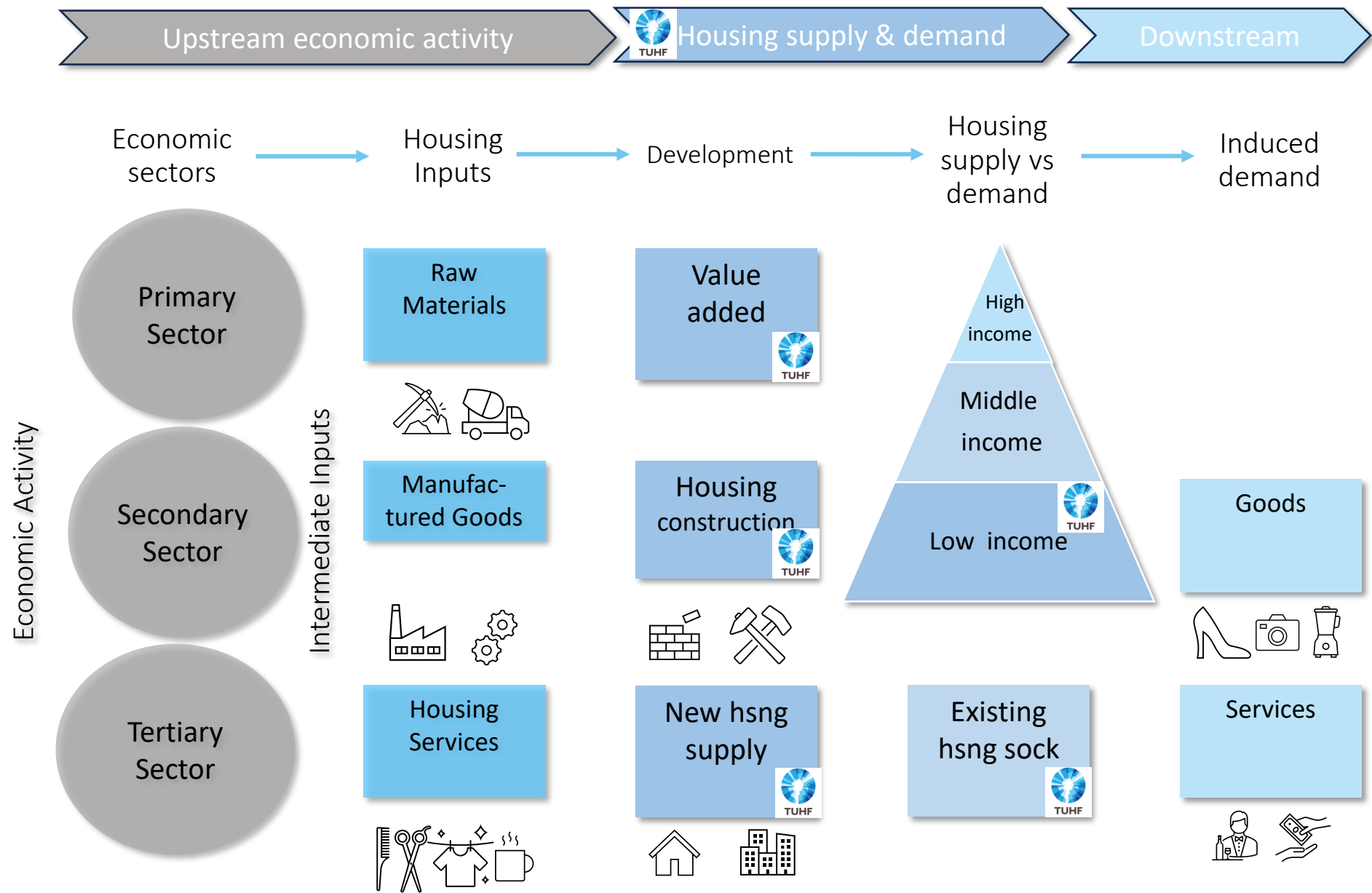
Politics of the Periphery: urban sprawl drives unsustainable development

- Urban sprawl is a driver of:
 - Entrenched poverty _ peripheral population
 - Greenhouse gas emissions
 - Physical fragmentation
 - Social fragmentation & lack of social cohesion
 - Congestion
 - High infrastructure & service delivery costs
 - Lack of critical density to support public transport
 - Increased costs of access to affordable housing & economic opportunity
 - High crime neighbourhoods – dormitory neighbourhoods
 - Infrastructure cost shifted to private sector & end users (high DCs)
- Low-density development contributes to less inclusive cities, as the regulatory mechanisms maintaining it (e.g. building height restrictions) reduce housing supply, rendering housing less affordable
- Sprawl is the anti-thesis of sustainability & inclusive growth



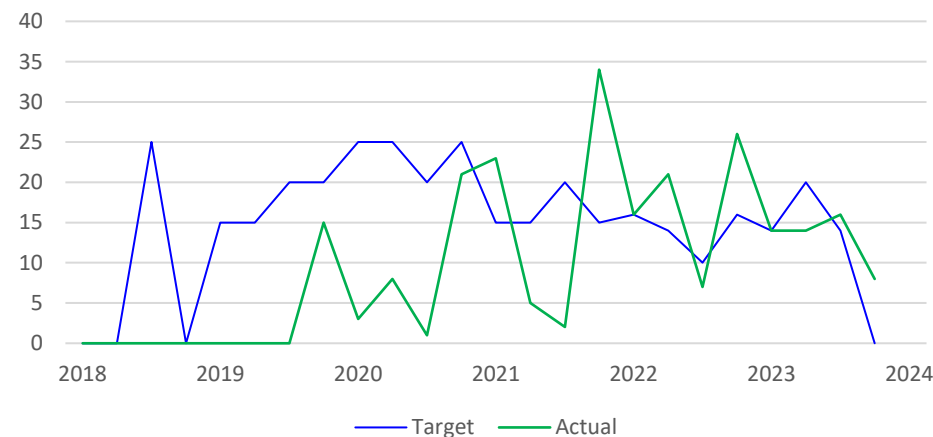
Funding increased density in brownfields areas = Resilient Cities

Job Creation: The Housing Value Chain

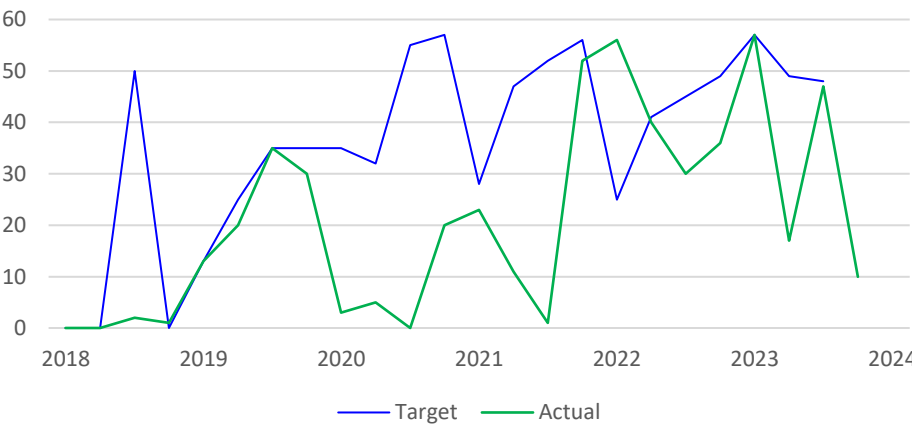


TUHF JF7 Partnership: Job Creation vs Trends

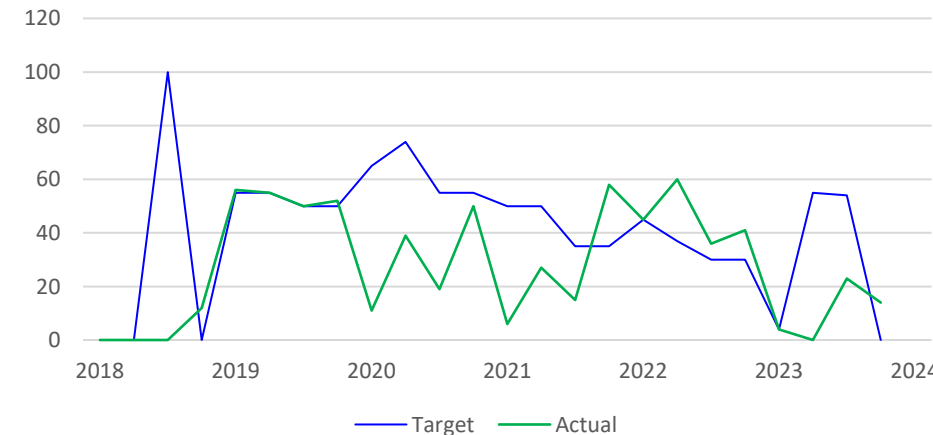
uMaStandi Job Creation Trend: Actual vs Target 2018 - 2024



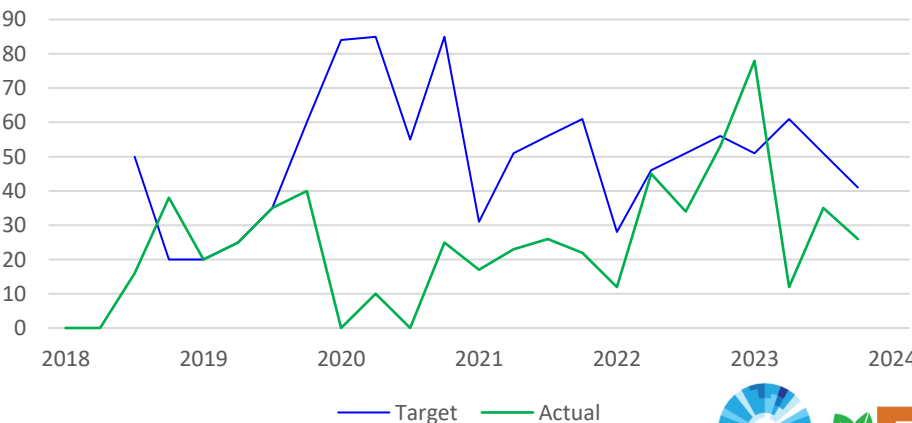
Intuthuko Job Creation Trend: Actual vs Target 2018 - 2024 (Permanent)



uMaStandi Job Creation Trend: Actual vs Target 2018 - 2024 (Short Term)



Intuthuko Job Creation Trend: Actual vs Target 2018 - 2024 (Short Term)



TUHF Stories

Cape York (Focus 1))



Previously abandoned, Cape York was hijacked, severely overcrowded with several ‘owners’ collecting rent illegally. It was an infamous hub for drug trafficking and prostitution, had no water, power or sanitation. Two fires in the building had claimed lives.

Samuel Beyin saw potential in the embattled building and bought out the shareholding of the Cape York owned entity. Samuel was determined to realise the building’s potential and transform it into a viable and safe rental property. He renamed the building Focus 1 and invested his own capital before approaching TUHF for a loan. The total cost of the project including refurbishment was close to R100 million.

““Focus 1 represents the very essence of what TUHF aims to achieve by investing in inner-city property refurbishments – seeing and realising the potential in run-down buildings and declining areas to transform them into safe, secure environments for people to live and thrive,” Nano Makwela, Portfolio Manager at TUHF.

The refurbished building consists of spacious two-bed and four-bed unit apartments as student accommodation, communal study and social areas on the 5th floor. Each apartment is leased fully furnished,

The building has full communal kitchens, where students can prepare meals, as well as social areas to allow tenants a safe and comfortable space to interact and relax. Wi-Fi, laundry facilities, an in-house gym, a library, football and basketball fields, state-of-the art biometric access to ensure safety and transport to and from campus complete the list of amenities that make Focus 1 such a sought-after home for students.

Area	Doornfontein
Use	Student Accommodation
Typology	530 Student beds fully subscribed
Av rental	R4 000
Created value	R85,2m off a zero base
Jobs created	190 during construction
Retail jobs created	50 in adjacent retail
Permanent jobs created	22 building managers and shuttle staff



Intuthuko Stories

Anele Gqokoma; LT Court

Anele and her husband experienced challenges finding accommodation in their university days and wanted to assist students by creating quality, affordable student accommodation in East London. She and her husband transformed a run down, single storey residential 1 house into modern, affordable rental units. The onset of Covid, lockdown and squatters on the property presented tough challenges for Anele to overcome. But TUHF's portfolio manager assisted them to keep their eye on their vision and they worked through the issues together.

"Working with TUHF meant we had incredible support from the onset. They don't just give you funding, they hold your hand as an entrepreneur and help through things which you may have overlooked. TUHF is very involved, understand the risks and how to overcome them."

Area	East London
Use	Affordable Housing & Student Housing
Typology	12 Bachelor units
Av rental	R4 000
TUHF loan	R2,010m
IEF facility	R620 000



Intuthuko Stories

Nthabiseng Masithela; Fatima Court

Nthabiseng Masithela is an electrician by trade, owns part of a construction business and became a property entrepreneur in 2019. Seeking to expand her portfolio, she worked with TUHF and the Intuthuko Equity Fund (IEF) to invest in Fatima Court in Rosettenville, Johannesburg in August 2020.

Nthabiseng attended the TUHF Programme for Property Entrepreneurship where she learned about the affordable housing industry, project management, construction management and financial management. Thereafter she worked with TUHF and IEF to develop a cashflow positive feasibility and went on to acquire Fatima Court.

“It’s easy to go out there, find the property and do the numbers, but it’s not always the case that one has the money for the equity contribution. That’s where IEF really helped me. They funded the portion that I didn’t have on hand.”

Area	Rosettenville
Use	Affordable residential units & retail
Typology	8 two bed units + 2 retail units
Av rental	R4 000
Leveraged loan	R

Value created for Khosi R2,24m



uMaStandi Stories

Nomakhosi Makolota ; Sisana Heights

Khosi Makolota's dream was to develop two stands in Soweto, which she had owned for some time. Her vision was to refurbish the stands into a high-quality residential rental property for middle-income tenants.

A single mom to two daughters, Khosi ran out of funds to develop her property and had to return to employment as she could not find anyone to finance her. Her dedication to realising her dream led her to put her home up for sale to fund the development.

Khosi underwent training & mentorship with uMaStandi.

"You know how it is when you're working for someone, and all the time you're thinking 'You know, I could be doing this thing?' It was like that," says Khosi.

Area	Soweto
Use	Affordable residential units
Typology	14 one bed units
Av rental	R2 500
Leveraged loan	R1.3m

Value created for Khosi R2,24m



A photograph of a modern, two-story residential building with a light grey and white facade. The house features large windows and a balcony. In the foreground, there is a concrete wall with vertical grey pillars and a black metal gate. A large tree with green leaves is on the right side of the image. The sky is clear and blue.

MICRO DEVELOPERS





Reflecting on the Partnership:

Challenge Fund Objectives

Scalable, Replicable and Sustainable Investments

Derisking and Servicing Underserved Markets

Additionality



Partnership reflection: What has worked? What needs to change?



- Implementation timeframes underestimated
- Time taken for each project to realise jobs longer than originally **projected (min 8 months from approval to permanent job)**.
- Timeframe of the grant agreement should reasonably match the project cycle of a given industry (additional 2 years)
- Project take-off time underestimated – unable to report jobs created during build-up/preparation period to funding agreements being concluded- **(application to agreements period jobs missed)**.
- Reporting is time & resource intense. Streamline data verification and reporting requirements. The current requirements impose strenuous verification procedures on beneficiaries.
- Frequent changes to JF Team (4 project managers, 2 M&E specialists, 3 Financial Analysts) in the JF Team, inefficient & expensive. Time taken for team to understand programmes.
- Cost per job = fewer jobs.
- Reporting
 - Narrative repetition
 - GMS Dashboard super slow
- Project start / take-off time underestimated
- Impacts of Covid, macro-economy, interest rate environment & load shedding
- TUHF to gain more control over job creation & reporting process.



- Impact leverage
- Financial leverage
- Partnerships leveraged
- The Jobs Fund catalysed growth and scale. JF funding served to strengthen Intuthuko's business case and to revitalise it by building an investable project pipeline.
- Rigorous reporting & internal systems
- Communication with JF team
- Site visits – NB to give JF team understanding & insight
- GMS
- Job creation through implementation:
 - Construction rotation strategy
- Legacy of thorough training & mentorship programmes
- Internal targets & committee established to track performance. Assisted project implementation & governance

JF 14 !!

Thank you

