

# Spring Valley Housing Project to provide affordable housing to workers

The lack of affordable housing in South Africa has led to the emergence of informal shack settlements. Workforce housing provided by the private sector could help ameliorate the lack of affordable housing. The R1.35-billion Spring Valley Housing Project is currently under development in Mpumalanga's coal-mining belt, and aims to set a benchmark in the provision of employer-assisted affordable housing.



The new Spring Valley Housing Project is funded in part by International Housing Solutions' (IHS) R1,9-billion SA Work Force Housing Fund. The fund was launched six years ago in SA and includes funding from North American and Southern African organisations, including Citibank, the Development Bank of SA, the Public Investment Corporation on behalf of the Government Employees Pension Fund (GEPF) and the Overseas Private Investment Corporation (OPIC).

IHS is a global private equity investor which has pioneered the financing of numerous affordable housing projects in South Africa with a total value of almost R8 billion to date. The Spring Valley project is located in Duvha Park in eMalahleni, also known as Witbank and is targeted at the lower to middle, so-called affordable housing market, for which there remains an acute shortage of formal housing in South Africa.

## Exciting development prospects

To develop the project, a special-purpose vehicle, Spring Valley Developments (SVD), was established by the shareholders, being SA Workforce Housing Fund SA I (SAWHF SA I), which holds 62.6% and Diluculo Property Trading, which holds 37.4%. IHS acts as the investment advisor and asset manager for SAWHF SA I. Bigen Africa is the project and development manager. The Spring Valley development consists of 2951 residential stands for free-standing houses and 6 stands earmarked for the development of sectional title walk-up units. It is situated on 220 hectares of land in Duvha Park Extensions 3-14 and includes the installation of required bulk and link infrastructure. Provision has been made for schools, churches, crèches and retail developments. The development was launched in mid-2008 and all essential development approvals have been obtained.

"We are very excited about the project and the development prospects in eMalahleni," says Rob Wesselo, managing partner of IHS.

"There is strong demand for affordable, quality accommodation in the area and the overall Spring Valley development will provide a wide range of options from free-standing residential dwellings housing in gated estates to the higher density sectional title units.

"Bulk services for the first phase have been completed and construction has commenced on a large scale. Spring Valley is developing a very strong profile in the area as there are no other township developments of this size and scale to compete with it," adds Wesselo. To date, 500 stands have been sold to a development company, MDV Developments Witbank which specialises in affordable housing and which has already completed about 150 houses, while the balance are under construction.

## **Sustainable urban settlements for industrial workers**

Through its thermal coal division, global mining giant Anglo American has embraced this project and has partnered with Spring Valley to make the housing affordable to its employees through the company's home-ownership scheme. Anglo American says the scheme aims to have the majority of its workforce living in sustainable settlements located in urban centres that are within the vicinity of company mining operations. Since awareness campaigns to Anglo American employees began last year, more than 150 transactions have already been finalised. Anglo American is one of the world's largest mining companies and one of SA's largest private sector employers. Anglo American's Thermal Coal Division owns and operates nine mines and has a 50% interest in Mafube Colliery and Phola washing plant.

There are already some 45 coal mines operating close to eMalahleni with at least a further four set to start operations in the near future. These mines supply coal to both export and local markets and also to electricity utility Eskom's five operational power stations in the area. Another Eskom power station is under construction. The towns of eMalahleni and neighbouring Middelburg are responsible for 43% of Mpumalanga's GDP. The province is therefore highly reliant on the coal mining and energy generating industries in the area. The town of eMalahleni is also strategically located in the Maputo Corridor between Mozambique and the Gauteng industrial complex.

House prices in the Spring Valley development range from R300,000-R689,000 for a free-standing house. The prices of houses supplied to Anglo's employees vary depending on house size and specification, but the average price is estimated to be around R300,000-R400,000.

For more information, email [ruth@lange.co.za](mailto:ruth@lange.co.za), [rob.wesselo@ihsinvestments.co.za](mailto:rob.wesselo@ihsinvestments.co.za) or [moeketsi.mofokeng@angloamerican.com](mailto:moeketsi.mofokeng@angloamerican.com).

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