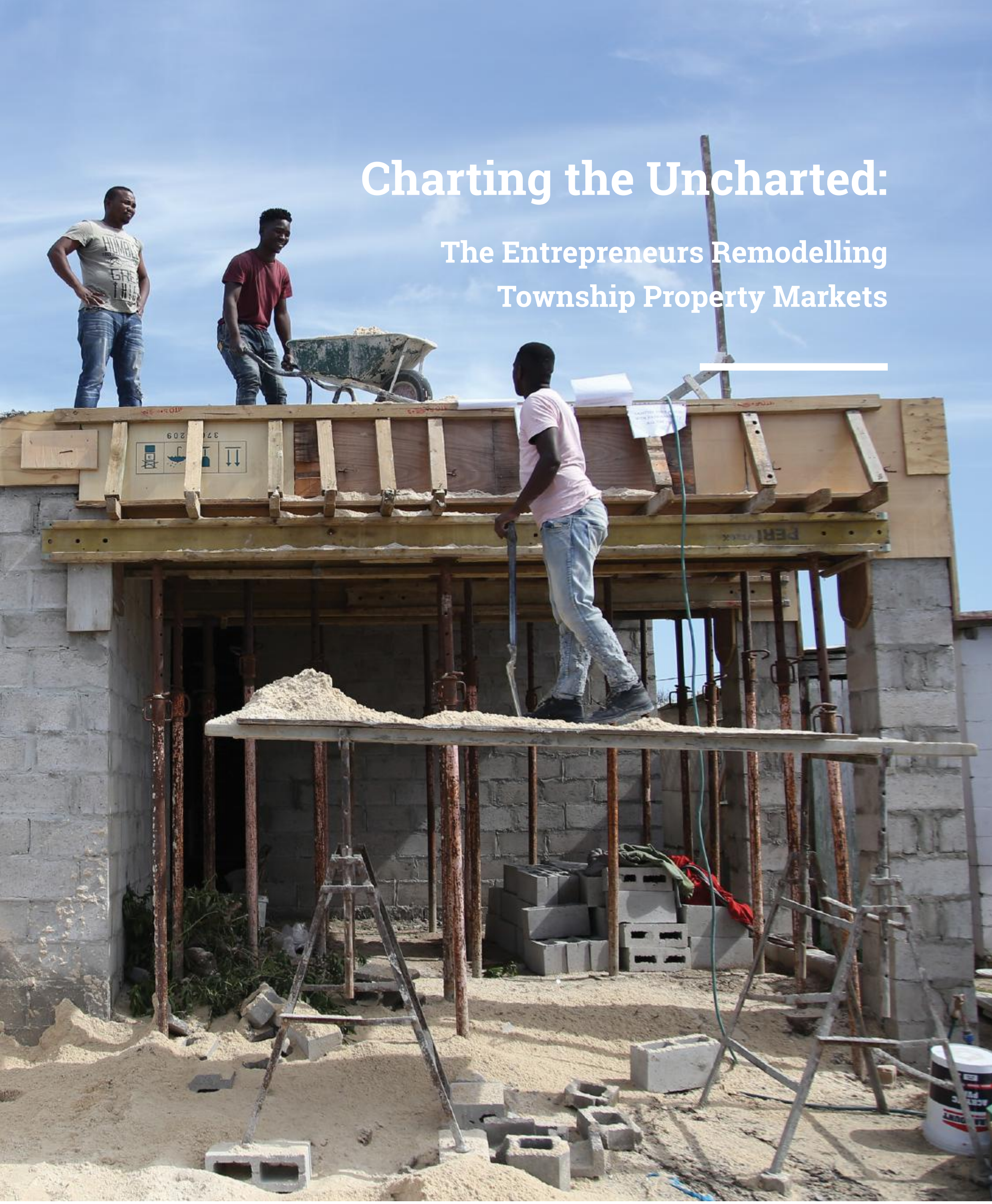


Charting the Uncharted:

The Entrepreneurs Remodelling Township Property Markets

CONTRACTOR & DEVELOPER ACADEMY

DAG Development Action Group

Down a quiet lane in Mfuleni, Khayelitsha, Tando Mdekazi* stands before the 15-unit building that he and his company Ekhaya have spent two years — from land purchase to construction — developing. Although very nearly complete, plastic sheeting blows from the windows of upstairs units, four-months behind scheduled completion.

“Our biggest mistake was the planning at the beginning — or the not planning,” says the 31-year-old chartered accountant with a wry laugh.

Mdekazi explains that knowing and planning for all the pieces of the building process from the very start would have avoided costly setbacks with subcontractors, which, added to 2020’s hard lockdown[1], contributed to the unfinished and thus unoccupied status of the upstairs units.

“I would have been disappointed if the quality was not what I wanted, but to some extent it has exceeded my expectations,” he says, gesturing to the solid build and quality workmanship.

He obviously did something right, because, economic hardship from the pandemic notwithstanding, within two weeks of advertising, the seven downstairs units were fully occupied. “The demand is mind blowing. I wish I had another R2 million,” he laughs.

Developing well-located affordable rental units in the townships surrounding Cape Town, Mdekazi is part of a growing army of so-called 'entrepreneurial micro-developers' (*see Box 1*). Typically buying residential properties and demolishing existing top structures, these entrepreneurs are using the whole plots to develop multi-unit rental blocks that represent an important new source of affordable housing across South Africa’s metros.

Because these entrepreneurs have predominantly been operating on existing residential plots, their efforts have until now largely – and somewhat misleadingly – been lumped into the South African housing category known as 'backyarding'.

A practice that originated as a response to apartheid-era laws limiting housing for black people in cities, this practice — which encompasses everything from shacks haphazardly pieced together to formal brick and mortar units that comply with building regulations — remains the most ubiquitous and hands-on response to a countrywide lack of affordable housing. Unfortunately, its controversial provenance and the reality of *where* backyarding occurs (consider how a unit constructed in a Constantia garden would be called a 'granny flat' or 'wendy house') continue to imbue the term with loaded connotations of informality, illegality, and a 'less-than status'[2].

> "entrepreneurial micro-developers are growing an entirely new sector within a historically under-served part of the country's property market."

But backyarding has been evolving, and two streams of production have brought the practice to a point that arguably a new name is needed to distinguish what is happening now from the historic image of sub-standard, overcrowded dwellings.

[1] From 26 March - 1 June, 2020, South Africa instituted one of the world’s strictest COVID-19 lockdowns. [2] See DAG’s publication: Enabling Affordable Rental Housing: Interplay of Finance & Planning Policy 2020. *Names have been changed to protect identities.

The first stream of production could be called 'homeowner micro-developers'. Not radically dissimilar from 'typical' backyarding, this model typically is undertaken by female- and/or pensioner heads of household who add a few rooms (generally two to six) in their backyards, and remain on-site as landlord. The shift here is slight, but evident in both structure — the rooms are constructed of brick and mortar, and intent — this is a once-off effort to secure a long-term source of income rather than to accommodate family[3].

The second stream, and the subject of this case study, is made up of 'entrepreneurial micro-developers' like Mdezaki. Targeting well-located township locations — but also harbouring aspirations to grow their businesses to other suburbs beyond the township — these entrepreneurs are developing two- to three-storey structures with a minimum of six formal units on a single plot; they also intend to repeat the process, creating portfolios of rental properties catering to the gap market[4]. In doing this, entrepreneurial micro-developers are growing an entirely new sector within a historically under-served part of the country’s property market.

The potential of this 'm**assive-small**' approach to development[5] to shift the dynamics behind affordable housing provision across South Africa is exciting. It is also crucial,

01

What is an Entrepreneurial Micro-Developer?

While the need for additional household accommodation (some of which will continue to be informal in structure) remains, different forms of 'backyarding' should be distinguished with new names. We are calling the individuals or property stokvels engaging in this market 'micro-developers'.

As distinct from homeowner micro-developers, entrepreneurial micro-developers are those who are buying properties and demolishing existing structures to maximise space for multi-unit developments intended as affordable rental properties, which also will be one in a portfolio of such developments. Some general characteristics:

- Business owner(s) or permanently employed.
- Self-finances the developments through personal savings, personal bank loan, or unsecured housing finance loan
- Chooses land that is well-located, close to social and public amenities.
- Develops a minimum of six rental units per property
- Average unit size 17m^2 -25m^2

Some gaps identified:

- Lack of access to affordable finance models (including equity development securities if the bank guarantees scaling up).
- Land-use regulations and planning approval processes do not speak to this kind of development
- No sector coordination for collective bargaining: Micro-Developers, Built Environment Professionals & Finance institutions are all operating as individuals.

[3] See DAG publication: Building a Legacy: A single mother’s journey to becoming a homeowner micro-developer, the first in this series of case studies, which focuses on homeowner developers. [4] The gap housing market can be referred to a creation and promotion by government of housing opportunities in partnership with the private sector for households earning between R3,501-R22,000. [5] CDE 2020.

as existing efforts by both the state and private sector have failed to provide the amount of affordable housing so desperately needed. Moreover, it is a business opportunity that township entrepreneurs are seizing upon.

But the question of how to support this sector to not only maximise the number of affordable housing opportunities created, but also ensure that the housing produced complies with municipal regulations, results in safe structures, and contributes to building sustainable and healthy neighbourhoods, is both the challenge and opportunity of this moment.

Pictured above: Ekhaya's building work in 2020.

> "how to support this sector to not only maximise the number of affordable housing opportunities created, but also ensure that the housing produced complies with municipal regulations, results in safe structures, and contributes to building sustainable and healthy neighbourhoods, is both the challenge and opportunity of this moment."

From Mdekazi's upper storey, the view over Mfuleni is changing. Long dominated by single-storey RDP houses and the glint of tin signalling the informal shacks squeezed in between, the neighbourhood is increasingly punctuated by double-storey developments like Mdekazi's. And while many of these may have been built in compliance[6] with South African Bureaus of Standards (SABS)[7] and National Home Builders Registration Council (NHBRC) regulations[8], it is almost a certainty that few if any have been rezoned.

There are two issues at hand here. The first is around building with approved plans that comply with regulations that exist to ensure safety measures around fire, public-health, and structural soundness; that is, the material foundations that distinguish a healthy and safe neighbourhood from a slum. Most entrepreneurial micro-developers understand this need, and make at least some effort to comply, though that effort is often commensurate with the perceived efficiency and helpfulness of their local District Office (where plans are submitted).

The second issue is zoning. Often striking laypeople as an opaque bureaucratic nicety (it is important to note that most entrepreneurial micro-developers are rarely

02

Differences between Single Residential and General Residential Zoning Summarised

The General Residential zonings are designed to provide a healthy, safe, and pleasant environment for urban living at higher densities, in order to promote efficient urban development, manage the pressure of urban growth, and reduce urban sprawl. Different zonings and sub-zonings permit different levels of development intensity, particularly relating to height and floor space. Within these zonings there are controlled opportunities for home employment and low-intensity, mixed-use development.

The Single Residential zonings are designed to provide locations for predominantly single-family dwelling houses in low- to medium-density neighbourhoods, with a safe and pleasant living environment. There are controlled opportunities for home employment, additional dwellings, and low intensity mixed-use development on a Single Residential property. In recognition of the different socio-economic circumstances of the city, there are two Single Residential zonings, one for conventional housing and one for incremental housing (where upgrading of informal settlements is encouraged).

Summary extracted from CoCT Municipal Planning By-Law, 2019

[6] A recent CoCT study found that 40% of backyard structures in a sampled Khayelitsha neighbourhood met formal building regulation requirements (CoCT 2020). [7] SABS is the country's chief national standardisation body. [8] National Home Builders Registration Council (NHBRC) is a regulatory body of the home building industry, established in accordance with the provision of the Housing Consumer Protection Act, 1998 (Act No. 95 of 1998). All new homes, by law, should be registered with the NHBRC. Some exemptions exist, but the certification is there to protect the safety and interests of those occupying the buildings.

built-environment professionals by training), zoning is in fact a crucial tool to regulate and manage land-use. Determining the type and intensity of a given area's 'use', zoning is also what dictates a neighbourhood's bulk infrastructure allotment — functional roads, sanitation and potable water systems, etc. Most township plots are zoned Single Residential (SR2), a relatively liberal category that allows for a primary dwelling, second and third dwellings[9], domestic staff quarters, and additional outside bedrooms[10]. However, the addition of kitchens to any of the additional bedrooms triggers the need to rezone from Single Residential (SR2) to General Residential (GR1-6) category (*See Box 2*). According to a the Land Use Management Tariff Rules 2021-22, the cost of a rezoning application alone starts at R6,900, with other related fees such as advertising carrying a minimum price tag of R10,000.

Additionally, changes in land use or zoning that result in intensified utilisation of the land and thus infrastructure give rise to Development Charges (DCs). Imposed on all development applications to the City and determined according to relevant land use or planning legislation, DC fees tied to rezoning escalate according to the number of units in question, but start at about R35,000 per additional unit[11].

In principle all of the aforementioned fees pay for the added capacity and maintenance of the bulk infrastructure required by the increased population the rezoning accommodates.

> "the City needs to do everything it can to make it easier for micro-developers to comply with regulations, because development is happening, with or without its blessing."

But for entrepreneurial micro-developers contemplating whether or not to rezone, the already inadequate infrastructure of township areas coupled with the City's perceived neglect of these neighbourhoods going back generations often answers that question for them.

"There are hundreds [of incorrectly zoned structures] around here. It's impossible for City to come after all of us with that issue," says Mdekazi, who, having secured all his certificates (electrical, plumbing, structural engineering, etc.) as well as NHBRC approval, has gone to great lengths to comply with all regulations that speak to clear material risks. But evaluating the cost-benefit of rezoning, he and his partners at Ekhaya deemed the price too high, and the benefit too speculative.

This reluctance speaks to a few key issues inhibiting this sector from fulfilling its potential to serve the greatest good for the greatest number. First, how the excessive cost of the finance that most entrepreneurial micro-developers can access, and an initial lack of building expertise, forces them to find savings elsewhere. And second, how the City needs to do a better job of explaining, enforcing, and also simplifying its regulatory requirements if it truly wants to see mass compliance.

This second point is a bit of a Catch-22, as the City is struggling to provide infrastructure that it has no funds for, but people are disinclined to pay fees for new infrastructure in light of the inadequacies and poor maintenance of the existing system.

Fortunately, the City of Cape Town (CoCT) made encouraging headway in late 2020 when it formally recognised the contribution micro-developers are making to the City's housing crisis, and pledged various types of support. These included prioritising and expediting plan approval for this type of development, and establishing overlay zones — regulatory tools that create a special zoning district over existing base zone(s), identifying special provisions in addition to those in the underlying base zone(s)[12]. But such interventions will require extensive studies before they can be written into the bylaws that would then need to be passed as amendments — part of a process that only happens every two to three years. In other words, it could be a while.

In the meantime, the City needs to do everything it can to make it easier for micro-developers to comply with regulations, because development is happening, with or without its blessings. Ignoring these issues is asking for a repeat of what happened in DuNoon, where "because of the hands-off approach of the public sector, buildings are not up to scratch and the infrastructure has collapsed — the potholes are so bad you need a 4x4 to enter," as Zama Mgwatyu, programme manager at the Development Action Group (DAG), notes.

The state of affairs Mgwatyu describes not only made a mess of the neighbourhood in question, it also effectively prevents financiers from considering a loan to anyone keen to build something legitimate in DuNoon in the future — thus almost ensuring the area will remain in shambles in perpetuity.

An urban land rights NGO that was one of the first to grasp the significance of this sector — both in terms of its provision of affordable housing, but also its economic potential for township-based

Pictured above: CDA offerings and model for emerging micro-developers.

[9] Size limitations on the second and third dwelling are $60m^2$ each. The construction of additional dwellings carries a development charge, which goes towards sewage and road capacity, etc. [10] The differentiation between an outside bedroom and a dwelling is the addition of a kitchen and bathroom. [11] Exact amounts depend on the size, and there are also rebates depending on if it is gap, market, or subsidised housing. [12] The City has said that it plans to amend the zoning scheme either through creating an overlay zone or introducing small-scale rental units as an additional use within the SR2: Incremental Housing zone. What remains unclear are the limitations/conditions that will come with the overlay zone, and how it will contribute towards increased delivery of micro rental units.

micro-developers and builders — DAG in 2017 incubated the Contractor and Developer Academy (CDA).

Providing trainings and support to both emerging micro-developers and contractors, the CDA also exists to better understand the sector, whose expansion it advocates for, but in lines with the building and planning regulatory compliance that underlie the creation of safe and sustainable neighbourhoods.

"We're saying, City of Cape Town, simplify your land use management policies and regulations so that it's easier for micro-developers to engage with and get support from your District Offices. That's number one. Number two, the City has eight District Offices, but [between them], their approach and interpretation of their own regulations is different. So how can the City standardise that support?" Mgwatyu says.

Mgwatyu is referring to the anecdotal, but commonly made observation about a link between the different treatment micro-developers receive depending on which District Office they must work with, and the number of people submitting their plans for scrutiny. That is, in Khayelitsha — where the District Office has become known for its supportive interpretation of the bylaws, proactive assistance to applicants, and the speed with which it turns applications around, the volume of applications has markedly increased[13]. (The Khayelitsha-Mitchells Plain office aims for plans to be returned within four weeks of submission. Other offices are said to take anywhere from 'six months to a year'.)

Aware of these intra-District differences in approach, former Khayelitsha-Mitchells Plains District Office Manager, Charles Rudman, says that creating things like overlay zones that provide the necessary planning permission could

Pictured above: Project management team meeting.

help curtail such inconsistent treatment, as "there would be then no need for a planning process to be followed… meaning we will be able to stop different interpretations from preventing this [type of building] from being accepted from a planning perspective."

While unifying the District Offices' approach to this sector will likely be a difficult and contentious task, affordable housing advocates like DAG say that if the City is sincere in its desire to see the sector both grow and comply with formal regulations, a more supportive and accountable approach needs to be the standard.

Rudman agrees, saying: "We need to become responsive to our communities out there. How do we make experience the best for our clients? That's the attitude we need to instill in our staff."

As to the potentially prohibitive cost of development charges and rezoning, some have suggested that national government could offer subsidies to entrepreneurial micro-developers. While others counter that this would be unfair, the question of who pays would perhaps be less controversial if these micro-developers could catch some breaks elsewhere.

[13] CoCT 2020.

"Finance remains the biggest challenge," affirms Mdekazi, explaining that Ekhaya funded its Mfuleni development through shareholders' combined personal savings and, eventually, a R1m loan.

Indeed, the first — and by far most common — finance option used by entrepreneurial micro-developers is an ad hoc combination of savings plus personal loans and credit cards, the latter carrying interest rates from 20-27%. The fact that developers are willing to use such an expensive form of finance speaks simultaneously to the unwillingness of traditional banks to loan in this space, and the sector's potential profitability — estimated to yield an average return on investment of 20-25%[14].

But a few institutions offering different development finance models have appeared since 2017[15]. Of these, iBuild, which describes itself as providing "innovative lending solutions to low-income workers that banks would typically reject based on affordability" came forward to fund Ekhaya's development. Offering mortgage-backed loans of a minimum of R60,000 with a repayment rate less than traditional personal loan financing options, iBuild is also one of the most flexible lenders to emerge in this space (unlike its competitors, it doesn't observe strict geographic limitations).

"Although it is true that where there's a will there's a way, it is also the case that the more circuitous the route, the higher the risk to would-be entrepreneurs of falling prey to loan sharks and bad debt."

Based on its credit-worthiness, Ekhaya only qualified for an initial loan from iBuild of R700,000, an amount all parties knew would cover only the shell structure of the 15 units envisioned (the total estimated cost was R1.4m). Not wanting to overcapitalise in Mfuleni, iBuild would not budge on this figure. Ekhaya decided to proceed, planning to source additional finance once the shell was up.

When it saw the quality of the shell structure, iBuild approved the company for an additional R300,000 to complete the ground floor units, the rental income from which could then fund the completion of the top floor units. Although it is true that where there's a will, there's a way, it is also the case that the more circuitous the route, the higher the risk to would-be entrepreneurs of falling prey to loan sharks and bad debt.

"We're very strict now about asking if the money we're going to give is enough to complete the build," says Sibusiso Zitha, iBuild's CEO, who is nothing if not willing to learn from experience, and whose nimble and open-minded approach to the sector has recently gained the company a number of big investors.

Although it is the micro-developer who is ultimately responsible for making the finance work, as a lender, iBuild wants clients to succeed, which means making things as seamless as possible. Ekhaya's piecemeal funding structure was further belaboured by a system of incremental disbursements (e.g., tilers submit their invoice, and then iBuild pays that amount out), which frustrated the developers' ability to run processes in parallel. Fortunately, iBuild has also changed this, now

[14] Rob McGaffin, personal communication, November 2020. For more detail about financing this sector, see DAG's publication: Enabling Affordable Rental Housing: Interplay of Finance & Planning Policy 2020. [15] The main players are the Trust for Urban Housing Finance (TUHF)'s uMaStandi programme; BitProp; and iBuild. See DAG's publication: Enabling Affordable Rental Housing: Interplay of Finance & Planning Policy 2020 for more detail.

disbursing large lump sums to clients. "We were trying to protect ourselves," Zitha explains of the original system.

Some argue that the best way for lenders in this sector to protect themselves is to protect their investment; that is, provide more active support for micro-developer clients in the form of training, mentorship, and guidance from experienced project managers.

"We've changed our approach not to be just an arms-length lender," says Zitha, explaining that the company started to see how its 'hands-off' lending style had in some cases led to poor quality or even unfinished builds, which ultimately translated into unoccupied units and defaults on repayments.

"We realised we had to move beyond just giving loans," Zitha says.

This meant being involved with everything from helping clients with the blueprints and selecting the right builder, to educating them through the build, and finally assisting with rental management at the end.

In large part, iBuild's newly adopted 'hands-on' approach is modelled on its pilot partnership with the CDA — a relationship iBuild initiated when it asked the CDA to serve as project manager for Ekhaya's build.

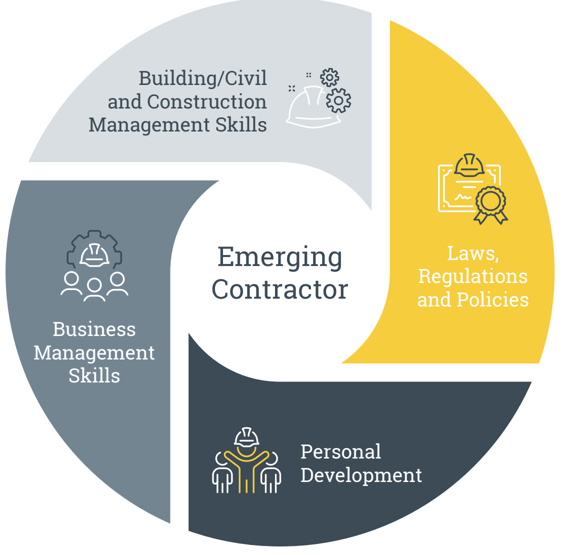
As Ekhaya's project manager, the CDA advised the company to use Kuhle Quality Projects, a CIDB grade 4 contractor that had participated in several CDA trainings. Although Kuhle's quote exceeded the amount Ekhaya initially had hoped to pay, Mdekazi says they are grateful they went with the recommendation. "It was a good decision, in terms of the structure and quality we got," he affirms.

Pictured above/opposite: Project team meeting to monitor site progress.

> "We need to become responsive to our communities out there. How do we make experience the best for our clients? That's the attitude we need to instill in our staff."

That said, the shortfall in the initial loan amount led to Ekhaya asking Kuhle to stop work after the shell structure was complete, with the rationale that it could then save money by bringing in individual artisans for the finishes. While this approach did reduce contractor costs, it required more intense and astute project management from the CDA and Ekhaya. Even so, because the artisans used were not planned for from project inception, a number of things happened out of order — chasing carved out of walls already plastered for the plumber — requiring refits and do-overs, which again, added to the bill and the delays.

In addition, retaining skilled and reliable artisans proved another challenge. "We lack credible skills in South Africa: plumbers, bricklayers, plasterers, electricians… everything really. The only thing you find easily are labourers," notes Kuhle's founder and director, who thinks the FET training colleges of old should be reinvested in.



Pictured above: CDA's capacity building course outline for emerging contractors.

Pictured above: Ekhaya's development of 15 units.

Also attempting to address the skills issue, the CDA has created a database of trusted contractors who have gone through its trainings and workshops, which it shares with micro-developers. That said, it too has found a deficit of certain professionals; in particular, engineers and architects who understand the needs of the sector, and, more importantly, how to work with entrepreneurial micro-developers, who themselves often still lack building experience.

In the end, as a pilot project, Ekhaya's build provided numerous learnings for the partner trio of the entrepreneurial micro-developers, the financer (iBuild), and the project manager (CDA). Mdekazi says the major learnings were around planning ahead and having all the contractors and subcontractors onboard from the start. iBuild came away saying that the total amount of finance required must match the plans and be secured before starting the build, and that disbursements should come in larger lump sums. Doing that, however, requires the 'protection' provided by a more hands-on relationship with micro-developer clients. To that end, iBuild has recently contracted its own Quantity Surveyor to crosscheck quotes from independent builders, and established a 'building panel' of trusted, qualified NHBRC-registered contractors to help vet builders under consideration for iBuild-financed projects. The CDA applauds these developments, but also emphasises the need for its own services — the crucial project management role — to be baked into the funding mechanism.

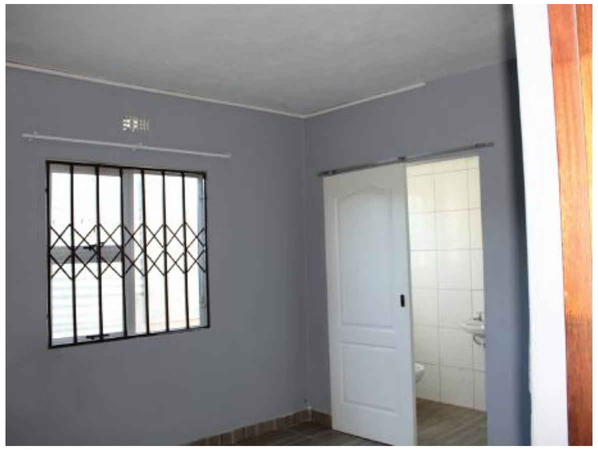
That is, when lenders determine a development's project cost, they need to include the real costs of experienced project managers who will guide the micro-developer the whole way through.

Two young women who rent one of Ekhaya's downstairs units wash their lunch dishes in a sink with a green tile backsplash, a metre away from a double bed taking up a third of the room. Their landlord's mention that the WiFi router across from their unit will be up and running soon gets big smiles.

"Some things don't fit — like if people have a fridge or TV. So we'll extend the size, but we'll keep it one room, no dividers," Mdekazi says, his two months as a landlord already sparking new ideas. "Once we've got three or four developments, maybe we'll change [design]. Or we could change our mind tomorrow," he laughs. "But with the incredible demand we've seen for this set up, there's no reason to change yet," he says, his voice bright with enthusiasm for the future.

While he can visualise the destination, this entrepreneur is still working out how to cross the bridge of securing another loan while paying this first one off. Whatever the configuration, Ekhaya's partners will all be reaching into their own pockets for the foreseeable future. That said, Mdekazi is hopeful that the income from the 15 Mfuleni units will act as a 'stepping stone', allowing them to negotiate with iBuild for a loan to buy the next plot, which the budding property development company has already identified.

Zitha says that while Ekhaya hit the affordability ceiling with the last loan, the income now being realised could be used to lift that ceiling. "Their repayment history is good, a relationship has been built, and that relationship has value and merits. It also gives us a sense of comfort that we as lenders know who we are dealing with," says Zitha. "So yes, there's definitely scope."



Pictured above: Completion stage of Ekhaya's development.

"Some argue that the best way for lenders in this sector to protect themselves is to protect their investment, that is, provide more active support for micro-developer clients in the form of training, mentorship, and guidance from experienced project managers."

Lessons and Recommendations:

Regulatory

- Rezoning from Single Residential to General Residential: this is a crucial source of funding for urgently needed bulk infrastructure additions, and speaks to the health and sustainability of the neighbourhoods being developed. However, many issues impede entrepreneurial micro-developers from rezoning:
  - CoCT needs to better communicate the need for and rules around rezoning.
  - Communities need to see that the City is in fact meeting existing infrastructure backlogs, so they are more inclined to comply with fees related to additional infrastructure.
  - CoCT should expedite overlay zones for key areas.
  - Need more clarity and specificity around what triggers the rezoning requirement (e.g., how many rooms are allowed in the three dwellings allowed by SR2?).
  - Discussions around national government providing subsidies for bulk infrastructure provision in these areas (thus allowing municipalities to waive or reduce rezoning fees in specific areas for this type of micro-development).
- A more developmental role is needed from the side of local authorities:
  - Simplify planning approval.
  - Support the micro-developers in the process of compliance.
    - Such support should be standardised and applicable across all District Planning Offices.
- Need for more consistency from more efficient District Offices:
  - Need for policy guided by a spirit of support, but also including specific, practical guidance around how District Offices should approach this sector.
  - The discrepancies in length of time it takes for applications to be processed needs to be addressed.

Finance

- Correct finance for the project: don't start a project with inadequate finance — adjust the project to the funds, not the other way around.
- Finance should be disbursed in larger allotments, allowing micro-developers to work more efficiently.
- Need financial instruments (bridging finance) to assist micro-developers trying to reach the next level:
  - Equity finance for next project once title deed on first development is held by lender. Institutions like the NHFC could create packages for bank guarantees, bridging finance, etc. to address this need.
  - iBuild is developing a model for trusted clients to borrow against rental income.

Project Management / Construction

- Hands-off approach by finance institutions doesn't work: loans in this space should come with a package of project management support, the costs of which must be included in total project cost:
  - Finance institutions need to take responsibility for providing capacity building assistance to their clients if they want to see quality results.
  - Use of Quantity Surveyors should be standard.
  - Database of trusted builders/contractors should be maintained (as with CDA, or with iBuild's Building Panel).
- Everyone involved in the build (contractors, subcontractors) should be identified from the start, and meet to confirm an initial master plan, so that micro-developer/project management can order the sequence of activities and relevant material procurement most efficiently.
- Lack of certain professional skills and experience:
  - CDA to continue growing its database of skilled and recommended contractors.
    - There is especially a need for engineers and architects who can work in this space with micro-developers.
  - Need well-trained artisans like plumbers, etc.
    - Re-examine roles of institutions like Construction Education & Training Authority (CETA) and FET colleges.
  - Established built-environment professional bodies should directly engage with this sector, invite micro-developers to workshops, trainings, conferences.
- Questions around costing and understanding the requirements of CoCT aren't straightforward:
  - Hold trainings linked to live projects.
  - CDA has developed a cost estimation tool that could be further developed, and shared more widely.

References

City of Cape Town (CoCT). 2020. *Facilitating Small Scale Rental Units in Khayelitsha: Smart Citizen Action Adding Public Value in the Provision of Affordable Rental Units.* August 2020.

Development Action Group (DAG). 2020. *Enabling Affordable Rental Housing: Interplay of finance and planning policy.*

Development Action Group (DAG). 2021. *Contractor and Developer Academy.*

The Centre for Development and Enterprise (CDE). 2020. *Building Better Cities: A new approach to housing and urban development.*

The CDA is a recognition that government alone cannot deliver on its mandate of housing and economic transformation. In fact, only through **appropriate support for emerging entrepreneurs and businesses**, can we realise a **complete rethink** of the economy and ultimately the housing crisis.

+27 (0)21 448 7886 | dag@dag.org.za

101 Lower Main Road, Observatory, Cape Town, 7925

www.dag.org.za

Text: Lee Middleton | **Photography**: Development Action Group | **Design**: Laurissa vd Walt