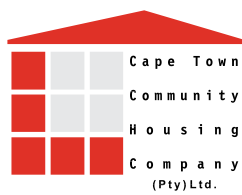


“Building homes,
Building communities through partnerships”



Annual Report
2007 - 2008

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MANDATE

The Cape Town Community Housing Company (Pty) Ltd (CTCHC) is a social housing institution funded and owned by the National Housing Finance Corporation. Its mandate is to “acquire, develop and sell or hold immovable property in accordance with the guidelines issued by the shareholder.

CTCHC was launched in May 1999 with the objective of gearing the institutional form of the National Housing Subsidy to achieve bigger and better quality housing for qualifying beneficiaries. It currently holds residential housing stock mainly in and around Cape Town, especially where the poor and disadvantage groupings live.

VISION

To be the leader in delivering and managing quality affordable housing to our customers.

MISSION

We deliver and manage affordable housing for a defined range of customers, and we are market leaders by virtue of our innovative ideas, professionalism and sound management expertise.

Our Values

CUSTOMER FOCUS

We believe, without this there is no business. This is why we have ensured that the Department of Communications and Client Relationship Center is well equipped with enough staff to deliver quality service to our clients.



INTEGRITY

- We have faith in accuracy of our records & data.
- We are open & honest in all our communications.
- We have respect for one another and we treat each other with dignity.

PROFESSIONALISM

Professional integrity defines who CTCHC is and how it approaches business. In fact, the two are inseparable.

ACCOUNTABLE

We are accountable to our clients, stakeholders, and one another for our decisions and actions.

INNOVATIVE

We approach our work in a creative manner and have innovative solutions.

STRATEGIC GOALS

- To build an effective and efficient business focused organization in which all staff members take ownership.
- To focus on increased levels of clients' satisfaction by being professional, efficient, diligent and swift in providing our services.
- To build a strong brand image through effective internal and external communications programmes.
- To reverse the current financial loss situation by 2010.
- To develop and/or manage gap housing, installment sale housing and social/rental housing that contribute to positive urban environment. These houses need to meet National Housing Standards and be developed at a profit to the company.

STRATEGIC PARTNERS

- National Department of Housing
- Western Cape Department of Housing and Local Government
- City of Cape Town
- National Housing Finance Corporation
- NHBRC
- Social housing foundation
- NASHO
- Woonbrom-Social Housing Institution in Netherlands
- Communities



WOULD YOU BELIEVE US IF WE TOLD YOU THAT CTCHC:

- Is the only housing company in the country that enters into Installment Purchase Agreement with its clients.
- Provides affordable housing to clients earning as little as R1 500, 00 and above.
- Cares about its clients so much that eviction does not become the first option in the event the client genuinely cannot afford to pay.
- Explores a whole range of payment options such as giving clients reasonable time to find employment.



The Woodbridge development after the completion of the rectification process.



The Woodbridge development



Residents at the Newfields development



The Newfields development



Housing completed in Luyoloville



The newly built Highlands Village.

THE BOARD OF DIRECTORS

The directors of CTCHC is responsible for the overall wellbeing, governance and sustainability of the company and to ensure that the company's objectives are met, and that the institution's affairs are conducted lawfully, and in accordance with accepted standards of performance. Typical responsibilities will include the approval of projects and project budgets, as well as company policies.

CTCHC's appointed board members have the necessary experience and knowledge in the building industry to make informed decisions. Pictures of all board members.



Mr Patrick Naylor



Mrs Adrienne D Egbers



Mr Ryland Fisher



Mr Derrick Msibi



Mr Fungai Mudimu

Our Departments, Our Services

OFFICE OF THE CEO

The CEO is accountable to the Board of Directors for the sustainable growth and profitability of the company and ensures that the health of the company is further enhanced through leadership and integrity.

Further to the above, the CEO is expected to create innovative ideas and provide entrepreneurial flair in the quest to drive the triple bottom lines of social, economic and environmental aspects, and by so doing, maximise shareholder's interest in the business. Primary responsibilities include the following:

- Provide strategic direction for the company and to effect key decision making responsibilities.
- Planning and executing the company's vision mission and strategic objectives.
- Developing relationships with the members of the Board and stakeholders.
- Managing and co-ordinating the operational activities of the company with the aid of a matrix approach to the organisational structure.
- Responsible for: the marketing and promotion of the company; procuring grant funding and subsidies; formulation of the company's strategic and business plan; good health; growth and profitability of the company; developing and retaining best skills within the company; effective empowerment of staff in accordance with the matrix approach to the organisational structure; education and training.
- Co-ordinating of the business and activities of the company in line with the overall business strategic plans.



Clients shown visiting the Client Services Center in Mitchells Plain

Communications & Client Relationship Centre Department

In order to facilitate excellent client service, the Company has established a Client Contact Centre in Mitchell's Plain. The client service centre is centrally situated, thus making it possible for all communities to access information and be assisted speedily with regard their queries.

Client Contact Centre consultants are responsible for:

- The marketing of new housing projects
- Screening and selection of potential clients
- Client Relationship management and attending to routine client queries.
- At any given day during working hours, call centre staff attend to all manner of client enquiries, either telephonically or by direct personal interaction with clients. This time around we even ask the clients to evaluate us.



Receipts of the Institutional Housing Subsidy Project

The extent to which we mean business with excellent communications

The company has established a toll-free line, 0800 371 0677, for clients to call in. Countless number of calls are recorded monthly on this number.

The company's Social Facilitators are also based at the Client Service Centre. Currently, there are 3 social facilitators whose activities are spread across nine communities.

The role of the social facilitators is to establish and maintain good community relationships with various stakeholders including residents committees, local government, government departments, housing institutions etc.

These facilitators are also responsible for implementing the company's community development programmes. In this regard, they work very closely with existing community structures and government departments to fulfill this mandate.

In order to maintain good community relationships, social facilitators convene monthly meetings with residents committees to discuss issues affecting various communities. However, community relations are not only confined to this intervention. Social facilitators are out in the field dealing with clients' issues such as boundary disputes, transfer of ownership, estate planning, etc



A couple with disabilities were also recipients of a new home during the launch of Morgan Village II.

Our understanding of 'Building Communities'

'Building Communities' has somewhat become an interesting phrase for some companies involved in the building industry, but what actually do they mean, do they mean it in the first place or even have a slightest clue of what it really means?

At CTCHC we move from a premise that regards a house as a building with four walls, and in no way does it constitute a community. Beyond this, we see people and their needs that go beyond housing, and where there are people there is interaction. They need physical development of their communities, recreational facilities, employment, and skills development.

We are proud to have facilitated these community needs. In fact, we have concluded a Client Development Policy in which we argued for a certain percentage of our earnings to be allocated to Community Development Programmes.

In this regard, Cape Town Community Housing Company has entered into a partnership agreement with Education Seta, Corporate Collage International to provide mentorship and workspace for six of their sixty students pursuing a course in Community Development Practices.

Project Development And Management Department

The projects department is tasked with the responsibility of sourcing, developing and implementing of affordable housing projects. This will include the stages from inception to completion of houses.

The department has two sub-divisions, namely, Project Development and Project Implementation.

Project Development mainly specialises in obtaining/co-ordinating all relevant approvals for the project and implementation while Project Management focuses on the physical construction of houses and ensuring quality of the end product.

Typical skills in this department would include Town Planning, Architecture, Building Control and Project Management.

Although overlapping to a certain extent, specialist staff see to these different functions of firstly acquiring and packaging of a project and secondly to the physical construction of the buildings. An overview of the main processes within each function are given as follows:

Project Development

- Land scouting/project identification
- Market research
- Acquisition of land
- Appointment of relevant professionals (architects, townplanners etc.)
- Concept & detail design
- Feasibilities
- Land-use applications and local authority approvals
- Securing project finance/subsidies
- Issuing of construction tenders

Project Implementation

- Appointment of contractor
- Contract documentation
- Oversee construction
- Monitor construction progress, quality and budget
- Inspection of completed units
- Unit handover



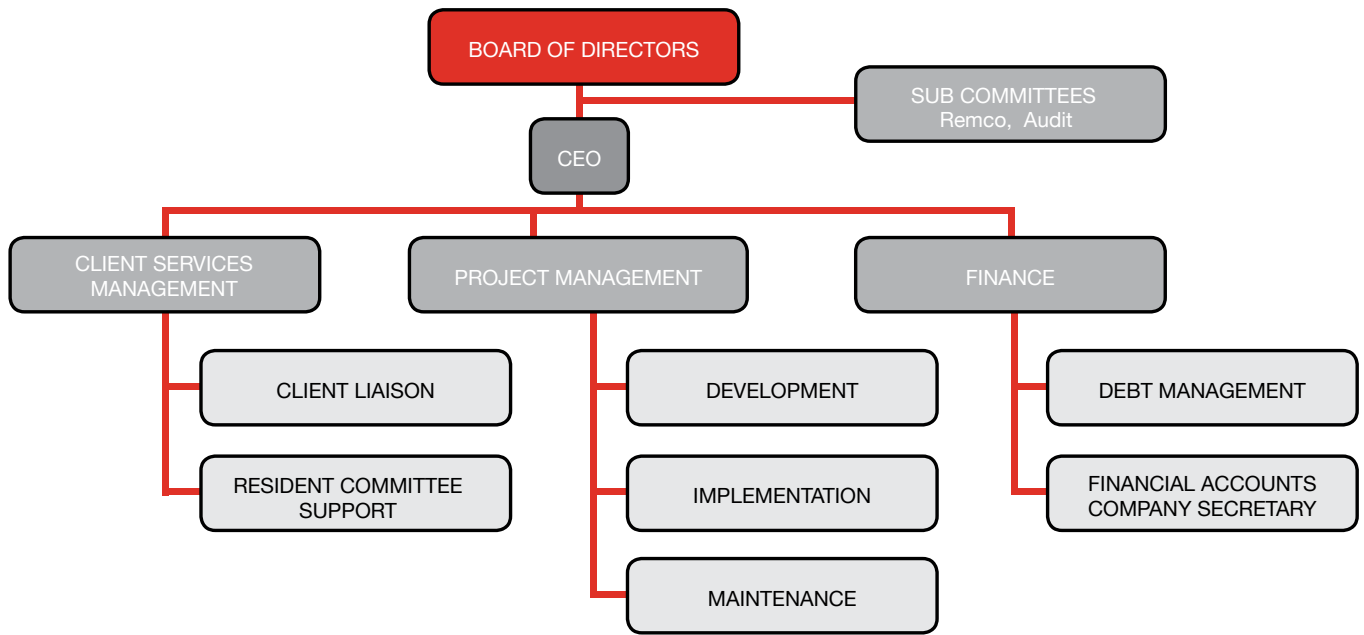
An enthusiastic young couple moving into their own home at the launch of Morgan Village II.



Home owners in the process of renovations, thereby adding value to their investment.

Human Resource Management Department

The Company has dedicated departments dealing with future and existing clients as may be seen from our Organogram. Highly qualified and experienced staffs provide the core expertise necessary for day to day operations.



We Are Proud To Present To You This Gender-Balanced CTCHC
Team Of Outstanding Professionals
SENIOR MANAGEMENT



Mr Fungai Mudimu



Mr Peter Jones
Project Development &
Implementation Department



Mr Werner Jurgens
Finance Department



Mrs Mary-Ann
Human Resource
Management

CTCHC staff during a team building on Robben Island



Social Responsibility

CTCHC has a responsibility to the communities it creates. CTCHC is not driven by projects which offer the largest amount of units, but rather trying to plan and develop integrated settlements that include all the necessary land uses, house typologies and household income categories, in order to become truly integrated communities. CTCHC therefore supports and implements the Western Cape's Sustainable Human Settlement Strategy on integrated housing, Isidima—dignity.

CTCHC also delivers and supports the development of Social Housing and is one of three formal Social Housing Partners of the City of Cape Town. We are committed to taking part in all appropriate skills and social upliftment programs set up by government and other institutions.

Employment Equity

The company is fully committed to the implementation of employment equity based on the premise that all employees in the company should be assisted to achieve their full potential. We aim to provide opportunities to persons who were historically disadvantaged, have potential and can render an efficient and productive service.

Supply Chain Management Policy

CTCHC has committed itself to the process of Black Economic Empowerment and the empowering of small businesses (SMME's). Its Supply Chain Management Policy therefore complies with the Preferential Procurement Policy Framework Act (Act 5 of 2000), the Construction Industry Development Board Act (Act 38 of 2000), Broad-Based Black Economic Empowerment Act, Employment Equity Act (EEA) and the Skills Development Act.

CTCHC Procurement Policy – Value Chain

CTCHC has a comprehensive procurement policy, based on a points system using a preferred supplier database, which is in line with the Constitution, PMFA and the practices of most other government organizations.

This policy ensures the development and empowerment of HDI's, youth, woman, and the people with disabilities and that a fair, transparent, equitable, competitive and cost effective procurement of service providers takes place. This policy will be applied from the appointment of consultants at feasibility stage, up to appointment of the civil and building contractors.

“Morgan Village”

Another positive investment.



“Luyoloville”

Safe & secure environments.



“Highlands Village”

The newly built Highlands Village taking shape.



Finance Department

The finance department is responsible for the management of income and expenditure of the company. A dedicated department is established to collect monthly instalments from individual households. Staff component includes accountants, debtors/credit clerks, and they all have the necessary financial skills.

Chairpersons Comments



I'm once again pleased to report that the Rectification Programme has already started to show some good results. We are now beginning to see a reversal in the huge impairment losses. The collection rates in different townships have improved. In some villages 95% of our clients have virtually paid off their houses,

and we are proud to have been the vehicle through which these homeowners have acquired their homes.

Over the last eight years, the relationship of trust between the Company and the Communities has deteriorated to the extent that outright mistrust was the order of the day. Thanks to the Chief Executive Officer and his team who devoted their time in the past eighteen months to ensure that the levels of trust are restored and that the perceived 'poor quality' issues on the houses are laid to rest.

The CEO has restructured the Company in such a way that it would be able to meet the new strategic objectives. He has put in place fresh operational leadership in almost all departments, the immediate results of which are: greater discipline in Client Service Management, Project Development, Procurement and Project Implementation.

The CEO has managed to secure funds for the NHBRC Rectification Programme from the Honorable MEC for Local Government and Housing in the Western Cape, Mr. Whitey Jacobs who after joining the department just recently, was able to hit the ground running, and has been extremely supportive to the company.

The programme itself is nearing completion and will go a long way in restoring trust in the company and in improving the company's collection rates. I am however, pleased to report that over 800 of the 2400 purchasers have fully paid up their houses, and have either received or in the process of receiving transfer for their properties. From the valuation survey conducted earlier in the year, the 2400 houses in the different villages, were valued at close to R350 million.

Even though we were not happy with the way in which the City disposed of its shareholding in the company, we are pleased to report that CTCHC is now fully owned by National Housing Finance Corporation. We however, enjoy a good relationship and are strategic

partners with the City of Cape Town and will continue to value their support.

We also pride ourselves on our creative approach to the delivery of housing, in this regard; we have explored new markets and innovative building technology to enhance housing delivery. I am pleased to report that we have just completed our Dan Pienaar Light Steel Weight Housing Project.

The coming year we will witness the delivery of Social Rental Housing units, Institutional Housing Subsidy units and Gap Housing units for a wide range of clients in the low income sector in Cape Town and other towns in the Western Cape, which will improve the company's finances for the year to March 2010.

The company is fortunate to have loyal and committed staff at all levels of the business. In this regard I would like to express my sincere appreciation to all CTCHC staff for their invaluable contribution to the success of the company.

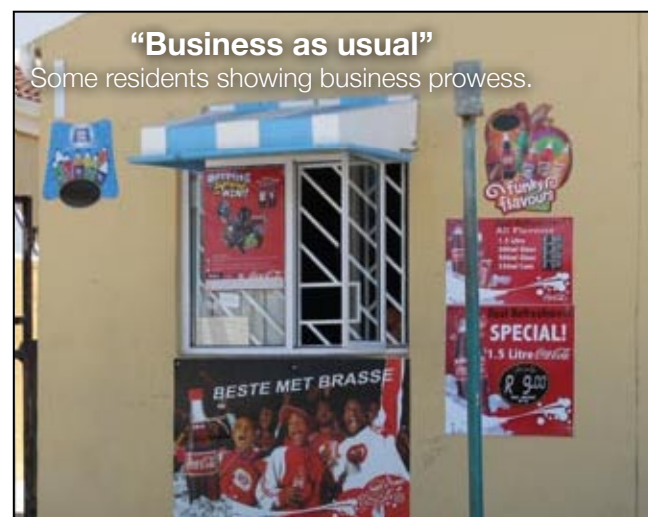
I am also mindful of the supportive role played by my other board members. A special word thanks goes to directors who serve in various sub committees of the board, Ms Adrienne Egbers, who chairs the audit committee and Mr. R Fisher who deals with strategic communication matters as well as the newest member, Mr. Derrick Msibi. I have no doubt that his impeccable record will enhance the company to perform even better. Their contributions in these activities and deliberations of the board are highly valued and appreciated.

I conclude by extending my sincere thanks to the company's CEO, Mr. Fungai Mudimu and his management team for all their dedicated efforts during the past two years. Under Mr. Mudimu's vision and guidance much progress has been made during 2007/8, and I remain confident that the future growth of the company is in capable hands.

Regards

Mr. Patrick Naylor

Chairman: CTCHC Board of Directors



CEO's REVIEW

2008 was by no means the easiest year for the Cape Town Community Housing Company.

"We have had both exciting and challenging times, but am glad to report that all those challenging moments did not prove insurmountable for the CTCHC team."

Together, we managed to mend our relationship with communities and restored organization's credibility. We achieved all of this through the implementation of the Rectification Programme, premised on a very strong communication strategy. In part, the Rectification Programme was a demonstration of our commitment to working with communities and taking into consideration all matters they raised.

Fixing these homes was about adhering to fair business principles. It was about living up to our very own values- that of approaching our business with distinct degree of professional diligence.

We also did so because we believe quality service leads to improved communication, and improved communication leads to smooth relations, which happened to be one of the things we value most. In fact, I would even argue, it is the cornerstone of our business.

We then took upon ourselves to engage the Western Cape Department of Housing and Local Government, and I must say, they were more than helpful. You will recall that the budget increased from R36 right up to R82 million.

We collectively reached the decision to replace all windows in all nine villages, and the total budget of that decision amounted to over R19 million. In demonstrating our commitment to improved communications, we ensured the involvement of communities in every step we took. In fact, we planned with them as opposed to planning for them.

When all the funding issues were sorted and agreed upon by all parties, we took the consultative process even further. Together with the then Housing MEC, Honorable Richard Dyantyi we visited all nine townships, taking communities step by step with regard to the entire Rectification Programme, and how it would unfold.

We set up community structures, all in the name of communication and community involvement. We set up Residents Committees, Project Steering Committees as well as Programme Steering Committee. The overall responsibility of these structures was to oversee the entire programme in their individual communities. Together with them we workshoped the terms of reference, and did not impose a single one of them. In short, we agreed on what needed to be done.



In line with our community empowerment approach to doing business, we ensured that local labour was employed, thus transferring skills to the communities. In fact, we even went as far as appointing Community Liaison Officers who would act as links between communities and the company, the links we so much value.

Our 'turn around' strategy to addressing the historical problems of the company did not only look at the external imperatives but also spoke to the need to design our staff composition that would effectively serve our communities even better. We assembled a fully-fledged Client Relationship Center, equipped it with competent staff that from time to time would undergo serious Client Relationship Training Courses, and again, this was done all in the name of excellent service.

We further appointed the Social Facilitators, at a managerial level to deal with all social and communications related matters. Part of their responsibilities is to facilitate the Community Development Programme. Together with community structures, democratically elected by communities themselves, they identify issues that are of strategic importance to individual communities and bring them to the attentions of company for facilitation.

In fact, we have just concluded our Client Development Policy in which we propose to Board of Directors to approve a certain portion of our funding to be allocated

to strictly Communities Development Programme as part of Social Investment Strategy.

Through this process of facilitation, engaging the stakeholders who specialize in these related fields, we have seen the greening, providing of recreational facilities, planting of trees programmes become a reality to these communities. Once again, this is an extra mile our company goes to truly live up to 'building communities' concept.

Without necessarily downplaying some of the teething problems we still have with communities, I am certain you would concur with me in asserting that the relations between the company and communities have remarkably improved. Now we can sit down with communities to agree on some issues and disagree on others without any animosity.

In this regard I would like to thank the community leadership for displaying the kind of leadership that indeed helped us prosper. (Pull quote) We would like to appeal for the same kind of leadership to address some of the remaining problems.

The fact that some villages are nearing practical completion of the Rectification Programme is the kind of progress that could be attributed to professional diligence and leadership quality.

We further acknowledged that we could not have achieved these important milestones without constant training and retraining of our staff. In this year alone, we have had more than three training courses provided by our strategic partner, Social Housing Foundation, who without charging us a cent helped provide the technical training. Our sincere word of appreciation goes to SHF in this regard.

It is also through this strategic partnership that we will soon be sending our staff to the Netherlands to learn more about Social Housing under the guidance of Woonbroom, a Social Housing Institution with more than 100 years of experience in this field. We have already signed the Memorandum of Understanding in this regard. We therefore look forward to even better and quality service in the coming years.

I am aware there has been general talk with regard to the company's shareholding arrangements. You will recall that the company had two major shareholders, namely, the City of Cape Town as well as National Housing Finance Corporation. The City of Cape Town has since decided to dispose of their 50% shares, which were later on bought by NHFC. This effectively makes Cape Town Community Housing Company wholly owned by NHFC.

These new developments in the shareholding arrangements do not in any way begin to imply the end of the relationship the company enjoyed with the City of Cape Town. They remain our strategic partners on matters relating to land acquisition.

On behalf of the Cape Housing Company Management and the entire staff, we would like thank all partners and stakeholders for their contribution to our success. We particularly like to thank our Board of Directors, Department of Housing and Local Government in the Western Cape, the City of Cape Town, NHFC, NHBC and communities

Kind regards

Mr. Fungai Mudimu
Chief Executive Officer



GO DOWN THE MEMORY LANE WITH US AS WE TAKE STOCK OF OUR VICTORIES

In ten years of existence we pride ourselves on having been instrumental in building homes and communities. We have done so in the following areas:

Philippi, Eastridge, Pylon, Railway, Manenberg, Heideveld, Woodridge, Newfields and Morgen's Village.



“Setting Goals”

Roads being marked at the new Morgan Village III development.

Table 1: CTCHC Installment Sale Housing

Morgen's Village 1 & II	330
Woodridge	90
Eastridge	349
Philippi	605
Luyoloville	246
Heideveld	80
Manenberg	280
Railway	318
Newfields	412
TOTAL	2 803

GAP HOUSING

The award winning Royal Maitland development in Maitland has set a benchmark for urban regeneration through affordable housing. 268 units of this GAP Housing development was completed and sold to a range of qualifying purchasers, typically first time buyers. In literally one weekend all stock had been bought, isn't it amazing?

Dan Pienaar

Funding for this project, situated in Plumstead Southern Suburbs) has been secured from the City of Cape Town. You will recall that we said, we are innovative in our thinking. This housing is the living proof of the light-steel weight building technology.

Morgen's Village 2

Located in Mitchell's Plain, this development offers 268 units with a choice of either 2 or 3 bedrooms. Picture

Highlands Village

Also located in Mitchell's Plain, this GAP development will provide 230 homes. The development was officially launched on 12 – 13 May 2007. The anticipated completion date for this project is June 2009.

OTHER PROJECTS IN THE PIPELINE AND UNDERWAY

Morgen's Village 3 & Westcape

Located in Mitchell Plein just adjacent Westgate Mall, the project proposes mixed Institutional and Gap Development consisting of 336 units. The Civil Engineers are already ahead of schedule.

Royal Maitland 3

This is a sectional titled Gap Development, and consists of 288 units. Some financial institutions have already indicated their interest in funding 80% of the project. Sufficient pre-sales would be one of the pre-requisites. Construction tenders for civil and building works have been issued to a shortlist of identified contractors.

Royal Maitland 4

Also located in Maitland, this project aims at building social/rental units. The process of land acquisition is still underway.

Upington

This is a partnership project development between the CTCHC and Khara Hais Municipality. It entails the development of approximately 450 affordable houses in Upington.

Pickwick Street

This is the development partnership between CTCHC and the City of Cape Town to develop approximately 100 social housing units partially subsidized by high income units.



New Woodbridge after successful completion of the Rectification Programme



Eastridge Rectification Programme Completion



Housing complete in Luyoloville



Housing complete in Pylon



Light Steel Weight Building Technology in progress



Land being cleared for future development, Morgan Village III

COMPANY FINANCIAL Information & Statistics



PROJECTS	HOUSES COMPLETED AND SOLD AT 30 JUNE 2008
Guguletu	80
Hanover Park	824
Luyoloville	246
Manenberg	280
Mitchells Plain	439
Royal Maitland 1 and 2	268
Stock Road	605
Morgens Village 1	92
Morgens Village 2	238
TOTAL	3 072

CURRENT DIRECTORS

- Mr P Naylor
- Mrs A D Egbers
- Mr R Fisher
- Mr Derick Msibi
- Mr Fungai Mudimu

CURRENT PROJETSCS

CURRENT PROJETSCS	TOTAL No. of units	GAP Housing	Institutional Subsidy	Social Housing
Royal Maitland 3	288	288	-	-
Royal Maitland 4	100	-	-	100
Pickwick Street	500	-	-	500
Upington	453	453	-	-
Morgan's Village 3	208	-	208	-
Morgan's Village 4	474	341	133	-

*Social Housing



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