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INVESTMENT

Township economies filled with potential

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For decades townships have been kept on the outskirts of broader economic discussions, often considered too volatile or uncertain for traditional investors. But my experiences and observations tell a different story – one that is brimming with potential and opportunity.

As SA grapples with socioeconomic challenges we must seize this moment to transform our perspective on township economies, recognising them as the nexus of our growth and prosperity.

I often reflect on the vast sprawl and low densities in our townships, remnants of an era marked by inefficient space usage. But within this lies an opportunity, a chance for

densification and integration of mixed-use developments.

This is not merely about real estate. Rather, it is about fostering sustainable urbanisation and invigorating local economies.

uMaStandi is just one such example. It's a property financing company that provides commercial mortgage finance, training, mentorship and guidance to property entrepreneurs who wish to build quality, compliant and sustainable income-producing rental accommodation in townships.

By providing such microdevelopers with the tools and financial backing they need, we are laying the groundwork for prosperous townships. Every spaza shop, hair salon or laundromat in one of our financed properties contributes

to employment and growth.

Feedback from our clients reaffirms this sentiment, with many witnessing a substantial augmentation in their income streams when they include some retail space offering in their medium-density residential buildings.

But despite these achievements there is still much more to be done.

The department of public works & infrastructure recently unveiled the second phase of its National Infrastructure Plan 2050. I believe the plan has the potential to revolutionise affordable housing in townships. But this cannot be fully realised without coherent strategies and integration between national, provincial and local governments.

Moreover, we cannot afford to delay its 2024

implementation target. SA's socioeconomic landscape is fraught with challenges, from the high rates of unemployed youth to rising protest levels over poor service delivery.

Addressing these issues is not just about ticking boxes as part of environmental, social & governance (ESG) criteria. It demands a deep, unwavering commitment to societal welfare.

Our initiative needs to prioritise the "S" and focus on achieving positive social outcomes: job creation or increasing access to income opportunities for young people in townships will be a key focus.

Regarding the "E", we need to resolve the energy crisis and find ways to reduce reliance on the grid. The "G" should really be about seeking significant improvements in service delivery at local government

level to stimulate live, work and play communities in townships.

It is clear that investing in the township economy goes beyond capital returns. It is a step towards creating a more inclusive, resilient SA. The recent R125m investment in the uMaStandi Fund serves as testimony to the confidence and promise this sector holds.

We have always championed this vision and for two decades have continued to invest in affordable housing property markets and nurture property entrepreneurs. However, to truly transform the SA landscape there must be collaboration and knowledge sharing across all sectors.

Private enterprises, especially those familiar with townships, must play a pivotal role, guiding strategies and policies and ensuring they

resonate with ground realities. And while we have made strides with initiatives such as uMaStandi, it is crucial for the entire ecosystem – from policymakers to financiers – to come together, ensuring that township developers thrive, with or without overarching government support.

Let us reimagine SA's townships not as peripheral economies, but as epicentres of innovation, entrepreneurship and growth. Let us invest wisely, collaboratively and passionately, believing in the boundless potential that lies within our nation's heartbeat – its townships.

● Netshitenzhe is CEO of TUHF21, an NPO niche property financier focused on supporting rental entrepreneurs in townships.