

# YEAST CITY HOUSING ANNUAL REPORT September 2008



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## **Report of the Chairman**

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In the previous report the Board succeeded in consolidating systems which made it possible for the company to function in a way that pointed towards a prosperous future. The Sub-Committees of the board are active and function well within the terms of reference delegated to them by the Board.

In the 2007/2008 financial year we sought to align the company with the Tshwane Leadership Foundation for whom the company provides accommodation stock in the main. A memorandum has been drawn and signed between Yeast City Housing and the Tshwane Leadership Foundation which seeks to straighten the relationship between the two organisations.

As a result of the process described in the paragraph above there was a delay in the filling of the position of the Managing Director because both the Tshwane Leadership Foundation and Yeast City Housing had to adopt a new structure to accommodate the newly defined relationship with the head of Yeast assuming the position of Managing Director and reporting to the Chief Executive Officer of the Tshwane Leadership Foundation. Hopefully the position of the Managing Director will be filled relatively soon. We are in the process of compiling the final shortlist of candidates.

Several projects were started in the year under review which will be covered in the report of the Chief Executive Officer. For purposes of this report suffice to mention the TAU Village which has been procured through an auction of the property. The Leyds Street Congregational Church project is under way with some significant milestones identified. The Thembelihle Village has been restarted and is promising to be a good one to pursue.

The financial results show that the company is growing steadily. Rental collection is still high in comparison with other organisations similar to Yeast City Housing. What Yeast City Housing is currently looking at is finding stock which is market related so as to make the company sustainable and less dependent particularly on loans.

Finally may I thank most sincerely all members of the Board of Directors for the dedication and commitment that they have shown and given to all our constituency of the down-trodden. My big thank you to the management and staff for always walking the extra mile to serve others less fortunate than ourselves. Our donors are thanked most heartily for always giving a listening ear to our many pleas for grants, donations and loans. It takes a company of very courageous donors to support the kind of challenges presented by our stakeholders. The shareholders of Yeast City Housing namely our member churches are thanked most heartily.

**PROF. THABO MASIHLEHO**



## **Report of the General Manager (acting)**

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### **1. Introduction**

Whereas 2006-2007 was marked by transition and preparing ourselves to enter a new phase in the life of Yeast City Housing, 2007-2008 brought us into a new space of consolidation and very concrete preparation for new projects.

This report briefly reflects on the operations of Yeast City Housing in this period, referring to its strategic objectives, strategic partnerships, human resources and financial resources.

- **Clarifying institutional relationships**

In the past year much work has been done between the Boards of Yeast City Housing and the Tshwane Leadership Foundation, from where Yeast originated. It was clarified that Yeast City Housing is a separate legal entity, incorporated in terms of Section 21 of the Companies Act (non-profit), but is owned by the Foundation and its member churches. Therefore a Managing Director will be appointed in the 2008-2009 period to run the operations of Yeast, accountable to the Board of Yeast and the CEO of the Foundation.

A Memorandum of Understanding has been developed to outline this relationship.

Yeast in the past year also consolidated and strengthened its institutional relationships with long-term friends and partners. In some instances we had to demonstrate through long-term financial models our intention to become a self-supportive and vibrant housing association in a short space of time.

- **Strategic shifts**

The Board of Yeast made some critical decisions in the past year that will help secure a sustainable institution. It agreed that Yeast could diversify its housing stock, in order to develop surplus funds that will again help ensure the development of units at the lowest end of the spectrum. The Board also agreed that Yeast does not have to constrain itself to the inner city alone and therefore Yeast is considering housing options wherever there are opportunities to contribute to the creation of a more inclusive and accessible city for its people.



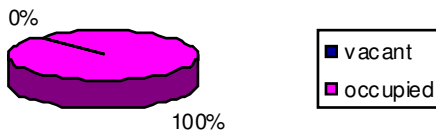
## 2. Strategic objectives

### 2.1 Housing Management

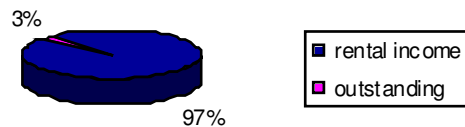
In the past year Yeast ended the financial year with a rental It is one thing to develop housing. It is quite another to manage buildings in sustainable ways that ensure healthy living environments.

- Yeast has operational tenant committees in every building and relationships with these committees were strengthened in the past year.
- Yeast ended the financial year with a very positive rental income of 97% for the second year going.
- The vacancy rate in the past year was 0%.
- After serious problems in our maintenance response to tenants, this has been addressed in the past year and the response time and quality of maintenance, as well as tenant feedback, have improved substantially.
- We have addressed the concerns there were in the relationships with the City Methodist Mission and PEN, and these concerns have been resolved.

**Vacancy Rate**



**Rental Income**

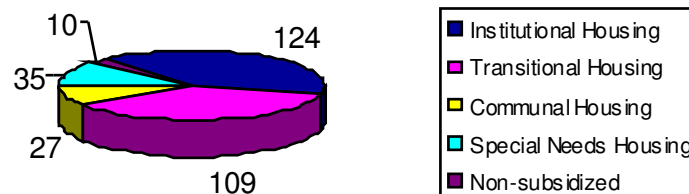




**Table of current projects**

Projects	Housing Type	No. of Units	Status
Litakoemi	Transitional	31 units	Ow ned by YCH
The Potter's House	Transitional	24 units	Ow ned by YCH
Hofmeyr House	Transitional	54 units	Ow ned by YCH
Inkululeko Community Centre, Salvokop : current	Non-subsidized	10 units	Ow ned by YCH
Living Stones	Communal Institutional	28 units	20-year lease
Burgers Park - the Jubilee Centre	Institutional	16 units	Ow ned by YCH
Kopanong	Institutional	62 units	Ow ned by YCH
Sediba House	Institutional	45 units	20-year lease
Riv oningo Care Centre	Special needs	20 units	Ow ned by YCH
Lerato House	Special needs	15 units	Currently registered in the name of YCH
Tau Village	Mixed-use	Under planning	Ow ned by YCH
<b>Total:</b>		<b>305 units (excl. Tau)</b>	

**Housing Units**





## 2.2 Housing Development

The following new projects were prepared and are at different stages of being implemented:

- Redevelopment of a portion of the property of the Leyd Street Congregational Church, to offer 40 housing units for women and girls at-risk towards independent living: construction to start in January 2009
- Redeveloping our Salvokop property (Inkululeko Community Centre) to include 35 institutional housing units and strengthen the community centre: township establishment needs to be done on this site and should be finalized by January 2009 after which construction could start
- A property was purchased in Struben Street, now known as Tau Village, to be converted into a mixed-use facility, including 70 social housing units; a 20-bed facility for Lerato House, a project of the Tshwane Leadership Foundation and PCM, to accommodate 20 girls at-risk; a 8-bed elderly unit; a baby care centre; and 4 commercial spaces
- The Gilead Community House will be implemented soon, which is a 20 bed facility for people with chronic mental illness, redeveloping a current residential property of Yeast
- In partnership with Missions Exposure and Training we started to conceptualize a mixed-use development for what will be known as the Aslan Village, next to the National Zoo.
- Yeast has made an offer on two residential houses in the Berea area to be used by PCM for a foster care group home
- The Thembelihle Village has the support of the officials in the City of Tshwane and a new resolution is taken to the Council for consideration. This means, if approved, that Thembelihle could go on site somewhere in 2009.



**Table of envisaged projects for 2009-2011**

Ley d Street: redev elopment	Communal /Institutional	40 units	20-y ear lease
Inkululeko Community Centre: redev elopment	Institutional/non-subsidized	35 units	ow ned by YCH
Tau Village	Institutional/special needs/commercial	98 units	Ow ned by YCH
Gilead Community Home	Special needs	20 units	Ow ned by YCH
Aslan Village: redev elopment	Institutional Special needs	100 units	Combination: ow nership/man't
Loop Street	Special needs	10 beds	Being purchased by YCH
Thembelihle Village: greenfields	Institutional Communal Transitional	481 units	still negotiated
Total new units (2007-2009)		784 units	
<b>Total units</b>		<b>1,090 units</b>	



### **2.3 Community Empowerment**

- Yeast is part of the broader movement of the Tshwane Leadership Foundation (TLF) that includes the social and human development programmes of Pretoria Community Ministries (PCM). Much of the community empowerment is happening within this broader alliance of programmes and projects.
- Yeast participated in the Feast of the Clowns and Christmas in the Park, and both staff and tenants participated in monthly celebrations in conjunction with TLF/PCM. Participation in these events contributed to the hope of Yeast to offer more than shelter, but to integrate people meaningfully into supportive communities.
- Some of our tenants participated in the art workshops and art competitions hosted by the Feast and the poetry competition was won by a tenant.
- Yeast has identified the importance of more dedicated children's programmes in their buildings, both because we value our children highly but also because constructive children's programmes will contribute to healthy buildings. After careful consideration, it has decided to employ a children's worker in conjunction with TLF.
- 75% of the employees of Tshepo Urban Trading, a business incubator initiated by TLF, are tenants of Yeast. This is important as it gives expression to the hope that housing can be created in close proximity to jobs, or that more jobs can be created in close proximity to housing.
- In addition door-to-door visits were paid to tenants in different buildings, enabling Yeast to learn about challenges tenants are facing. We conducted memorial services for tenants who passed away in our different buildings.



## 2.4 Housing Information

- Yeast provides continuous housing advice and information to people visiting the office.
- In the past period we received 435 telephone enquiries and 760 walk-in enquiries for accommodation. We received an additional 182 specific enquiries about housing subsidies.
- Currently there are 277 people on the Yeast waiting list without any specific marketing being done. 50% of the waiting list is women, 20% male and 30% couples.



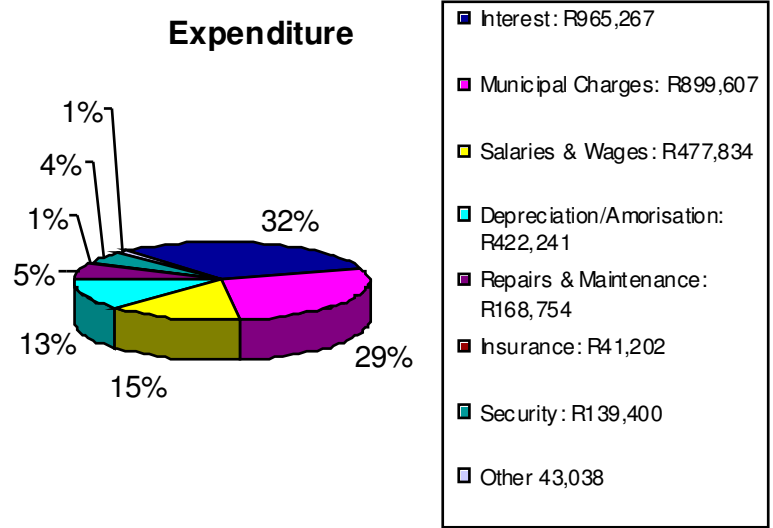
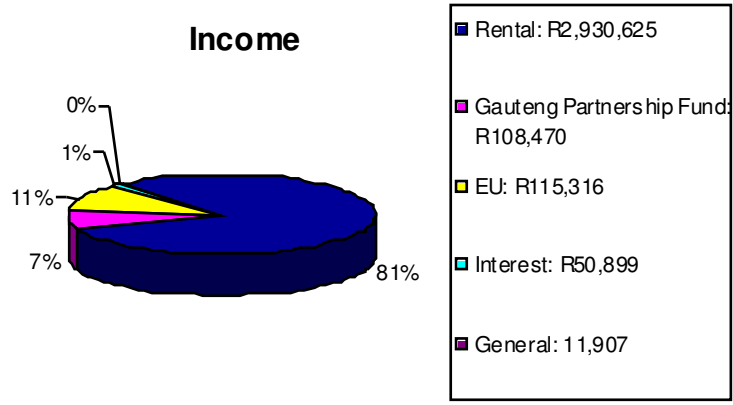
### 3. Strategic partnerships

- The Gauteng Partnership Fund (GPF) agreed to consider capacity-building finance for a further two years once Yeast on site with any of its new projects. They were expressing concern about the lack of new projects over the past 3 years. They are also processing various subsidy applications for new projects.
- The Gauteng Department of Housing remains a critical partner. There are concerns about the implementation of the Special Needs Subsidy Programme and Yeast participates in a forum to draft new policy proposals regarding this. The Department also identified possible areas in which it wants to partner with Yeast.
- The City of Tshwane Metropolitan Municipality remains a vital partner in local housing delivery. We are currently in the process of developing a joint strategy between Yeast, Housing Company Tshwane and the city, identifying possible projects and targets for the next 5 years. The City also wants to enter into a Memorandum of Understanding with Yeast.
- The National Housing Finance Corporation was a critical partner in securing the Tau Village with the bridging finance they provided at short notice.
- We have repaid the first payment on the loan from the Dutch International Guarantees for Housing (DIGH) that was used to refinance our current property portfolio. Due to exchange rate fluctuations they have adjusted their interest rate upward and Yeast is currently exploring options with them of how best to service this loan.
- We are still exploring the best way to strengthen the partnership with our housing counterparts in the Netherlands – Parteon, Wooncompagnie and Woonwaard. We will probably have an external audit done in this financial year to assess how best they could partner with us.
- Yeast is currently investigating different possible partnerships to strengthen our equity standing, but also to assist with project preparation funds.



#### 4. Strategic future considerations & financial resources

- Many of the strategic future considerations mentioned in the previous financial year, have been institutionalized through Board and management decisions: clarifying the institutional relationship with the Tshwane Leadership Foundation, revisiting the constitution, the decision to diversify our stock and geographical area of focus, and recruitment of a Managing Director (to be complete by end of September 2008).
- The Tau Village will be the first property of Yeast that will be modeled on an entirely mixed-use, mixed-income template. We will probably adjust the mixes for Thembelihle Village as well, as these will provide the possibility for the institution to become not only sustainable but also to help subsidize housing at the lower end of the market or special needs housing units.
- Yeast should still find financial partners willing to offer equity, risk capital or grants, partly for new developments but also to bridge the interim period as Yeast works towards the ideal number of units to make it sustainable.





## 5. Corporate identity

- All Yeast's properties have new signage making it more visible for the public eye. Our brochures and website are also helpful to create a clear and professional identity for the company.

## 6. Human resources

- The CEO of the Tshwane Leadership Foundation, Stephan de Beer, was also the acting General Manager of Yeast since March of 2007. With the appointment of a new Managing Director in September 2008, Stephan's role will change to be that of CEO with a Managing Director running the company on a day-to-day basis.
- The appointment of Don McDougall as Financial Manager and Eddie Stopforth as Bookkeeper has gone a long way to stabilize the financial management of Yeast, to provide succinct and timely information, and to ensure happy tenants.

## 7. Conclusion

The past year was exciting from the perspective of overcoming relational difficulties, streamlining institutional structure, and conceptualizing 7 exciting new projects. We can build on this for the next few years.

The greatest challenge in Yeast is still its operational cash-flow deficits until such time as it has adequate scale of units to fund itself, and / or funding partners that will help carry the deficit for the next 2-3 years.

We have added one word to our slogan in the past year.

*Building communities, building lives... together!*

It is the combination of a good Board, good staff, good tenants and good partners, that together helped sustain Yeast against many odds yet another year. Thank you to all of them. I believe this was a turning point for Yeast as the seeds of new projects and relationships sown in the past year, will grow trees in which many will find shelter.



## **Finances**

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**Please see our audited financial statements attached.**