

GPF and NHFC partner to fund Affordable Rental Housing Entrepreneurs

The Gauteng Partnership Fund (GPF) has partnered with the National Housing Finance Corporation (NHFC) on a R200 million Entrepreneur Empowerment Property Fund (EPPF) programme aimed at HDI owned companies pursuing rental housing opportunities in Gauteng. GPF and NHFC formally entered into this co-funding agreement on the 18th June 2012. The EPPF is an incubator programme designed to promote participation of black entrepreneurs in the affordable rental property market.

These participants are selected through a public call and vigorous selection process on an annual basis says GPF's Chief Investment Officer, Boni Muvevi. He further stated that this partnership will ensure that EPPF projects would have up to 95% project funding available.

The GPF mandate has evolved over the years in line with the evolving provincial government housing objectives. Thus GPF have extended their funding facilitation reach to cover the wider affordable rental housing market. It is estimated that 25% of the households in South Africa has no access to housing due to affordability challenges. These would be households that earn above the government housing subsidy threshold while at the same time not qualifying for bank mortgages due to the perceived high risk and low credit rating. The assumption would be that the percentage could be much higher in Gauteng.

GPF launched EPPF in 2010. After a public proposal call was made, prospective entrepreneurs are short-listed and put through a rigorous induction programme that covers aspects such as property, facilities and resources management. Once a project is approved, a dedicated GPF programme manager will be available to assist with any challenges. The first proposal call yielded 11 successful participants, of whom 8 have secured projects after their proposals were approved. In total, the Board of Trustees of the GPF has approved R100 million for the EPPF facility and another R100 million from the NHFC as part of the co-funding agreement. Additional funding will be considered depending on the programme's success.

In line with the provincial government objective of delivering 20000 rental accommodation units by the year 2014, GPF has committed in their current strategy to the objective of facilitating funding for 6000 of those units. This calls for over R1.4 billion in funding resources of which the government will need to contribute about R450 million.

With the new partnership between GPF and NHFC, as well as the benefit of experience, the provision of affordable accommodation makes economic sense and is therefore a good investment for entrepreneurs.

For further information on the EPPF programme, please contact the Gauteng Partnership Fund (GPF) on (012) 685-6600 or email us at info@gpf.org.za

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Issued by:

National Housing Finance Corporation (NHFC)