

# FUNDING

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## HOUSING & ENTREPRENEURS

**Boni Muvevi**, newly appointed CEO of the Gauteng Partnership Fund, has spent a decade at the Fund. His background in the industry as Chief Investment Officer vast experience in project management and commercial property finance, has given him all the necessary credentials to lead it on a growth path.

Since 2002, GPF has tackled funding social, rental and gap market housing in line with its mandate from its capital funder and founder, the Gauteng Department of Human Settlements (GDHS). The GPF has created a niche market and partnership base and will continue to increase and address the housing challenges.

However, the global financial crisis' impact on the South African banking sector saw commercial banks pull funding for projects and reducing their risk appetite across all sectors.

Against this backdrop, Muvevi says that GPF has maintained its track record and continues to meet its housing sector targets. The final figures will be released shortly after the Auditor General report.

"The exception was the Entrepreneur Empowerment Property Fund. Our funding partner reached their limit and preferred exposure to property entrepreneurs and we now need co-partners on this project," said Muvevi.

He told Housing in Southern Africa, "We are also looking at our business model and that is key especially the issue of sustainability. Government has limited resources and it's important that our operational efficiencies and product mix responds to our market.

On the topic of social housing, Muvevi says, "It relies on availability of national grant funding through government's regulatory authority,

SHRA, but the project has to be developed first before the developer can seek funding from SHRA. If it needs a provincial top up or other services, GPF then become involved. There has been very little social housing activity in municipal areas outside Johannesburg and we have had to create forums to discuss social housing."

In an ideal world, he says, GPF would initiate and facilitate social housing

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projects in areas such as Diepsloot and Alexandra Townships. "So how do we unlock it? – it comes down to co-ordinating the funding! We need to find a way to ignite interest. Since the global financial crisis, we have had to focus more on the Development Financial Institutions (DFIs) such as the Development Bank of South Africa (DBSA), Trust for Urban Housing Foundation (TUHF) and the National Empowerment Fund (NEF), but all have had operational or financial challenges so there hasn't been much opportunity. We are hoping that other institutions will come up with creative funding mechanisms and we are developing broader based

partnerships. We are currently looking for more housing investors."

GPF has been tasked by province to explore the facilitation of funds for integrated housing developments between 6 000 to 10 000 units, mixed income and tenure. Muvevi adds that it's like building a new mini city. →→



Boni Muvevi



He says that GPF has relied on developers approaching them instead of taking a more proactive role to provide social, rental and Gap market housing. With funding challenges he is optimistic that the GPF will not be limited to waiting on government as the only source of capital funding.

"These are the conversations that we have started having and are looking at ways to work around it to allow us to tap into other alternatives."

GPF is currently partnering with social housing provider Yeast City Housing to roll out projects in Tshwane. With the shortage of student accommodation, GPF is keen to investigate and find opportunities to partner in order to provide quality student accommodation.

"Our partner on the Entrepreneur Empowerment Property Fund (EPPF) was the National Housing Finance Corporation (NHFC), who reached their limit of preferred exposure to property entrepreneurs. We have now had to look at alternatives partnerships as our appetite to fund 100% is limited. We view entrepreneurs as the future in addressing housing challenges and to date the GPF has assisted 60 entrepreneurs to enter the market." But Muvevi aims to develop 100 entrepreneurs across the province. The innovative and creative programme funds previously disadvantaged individuals in order to contribute to social economic development.

On the subject of job creation, he says that there are massive spin offs from the professionals, agents, architects, contractors, sub contractors,

*'Our next challenge is property management – as there are very few black-owned property management companies.'*

engineers and post construction, maintenance and smaller businesses. What starts off as a one-man show will grow and that business will then require an accountant, cleaning crew, a project manager etc, and when quantified, that is a business that is sustainable and does not need further assistance except to go on to the next opportunity.

The entrepreneur can continue building and developing and creating housing opportunities and this will address the social issue and aid economic growth. A number of housing projects are currently underway in Kempton Park, Ekurhuleni, Tshwane, Jabulani, Soweto and Cosmo City. Mentorship forms a big part of the EPPF programme and a core of professionals are on hand to assist budding property developers. Most newcomers in the sector don't want theory but

*'In an ideal world, he says, GPF would initiate and facilitate social housing projects in areas such as Diepsloot and Alexander Townships.'*

practical help from mentors, who are able to offer them guidance and the benefit of their years of experience in the industry.



"Our next challenge is property management – as there are very few black-owned property management companies. This will open up more opportunities for small businesses and we perhaps need to reserve a portion of grant funded projects in the social and rental market for property management entrepreneurs," adds Muvevi. The GPF has made a strong case for funding from other stakeholders and has played a crucial role in the sector to provide social, rental and Gap market housing in the province. Perhaps the passionate CEO and his housing team could provide funding and assist with developments in other provinces.

Muvevi is extremely positive about the future and says, "We were set up to create those housing solutions." ■

