



NHFC Presentation

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The National Housing Finance Corporation (NHFC) is a state owned development finance institution with a principal mandate of broadening access to affordable housing finance to the low- and middle-income earners of South Africa

Background, Mission & Vision

BACKGROUND

Established by the National Department of Housing in 1996, to offers housing finance, project facilitation and technical assistance to private and public entities ensuring availability of housing stock for the low- and middle-income households

VISION

To be the leader in development finance for the low- to middle-income housing market

MISSION

Provide innovative and affordable housing finance solutions to the low- and middle-income households



Financier · Facilitator · Innovator

Strategic Objectives

STRATEGIC OBJECTIVES

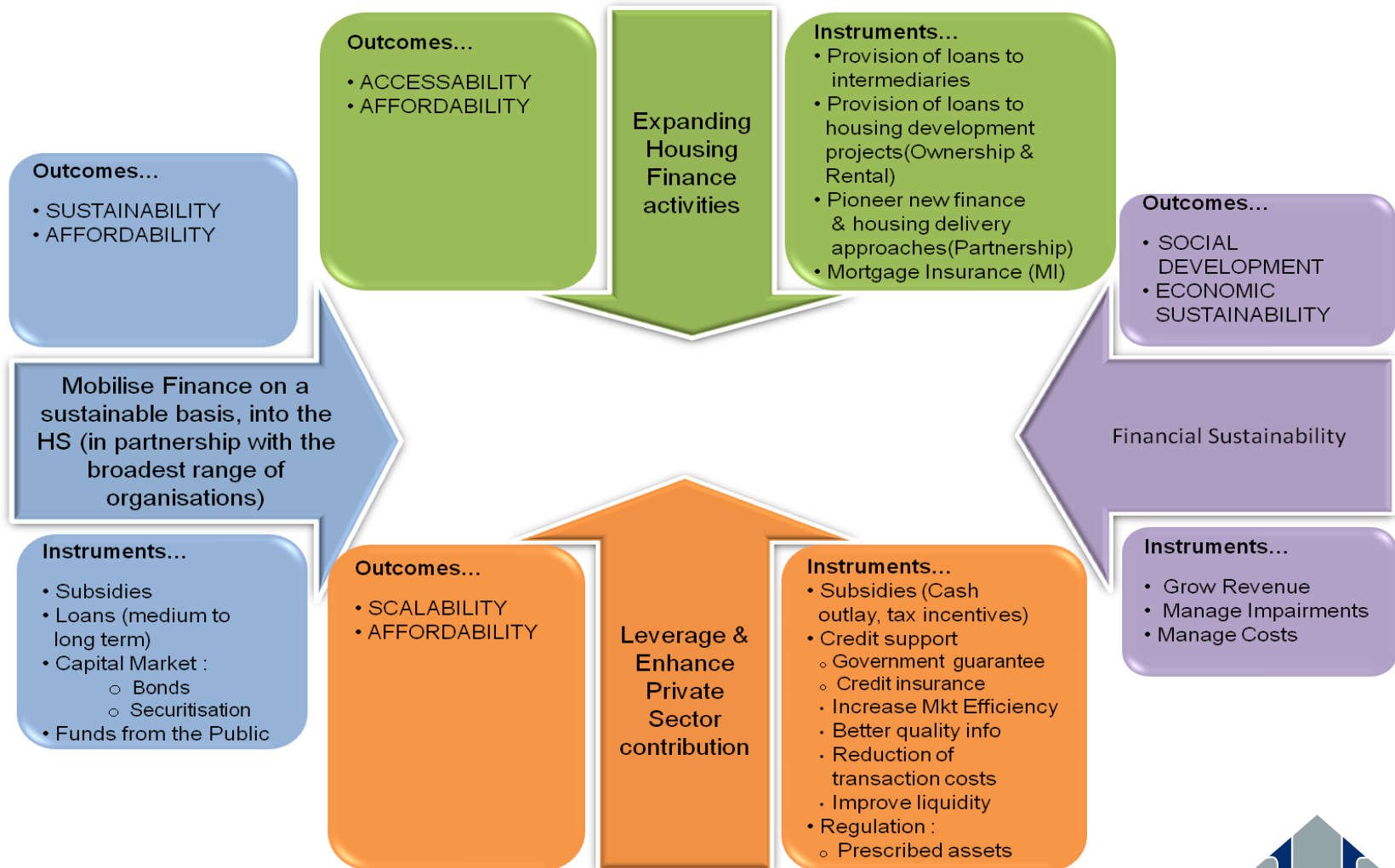
- Expand housing finance activities, through the effective provision of housing finance solutions, enabling target market to either buy, rent or incrementally build property
- Facilitate increased and sustained lending, by financial institutions, to the lower end of the target market
- Mobilise finance into the human settlement space, on a sustainable basis, in partnership with the broadest range of institutions
- Conduct the business activities of the NHFC in a manner that ensures the continued economic sustainability of the Corporation whilst promoting lasting social development
- Stimulate the housing sector, by providing robust, relevant and timely research and market analysis to practitioners and housing consumers on the low- and middle income target market

As a Financier, Facilitator and Innovator of affordable housing finance solutions, the NHFC is mandated to:

- ▶ undertake funding as a wholesale intermediary to promote broader access to housing
- ▶ underwrite the flow of wholesale funds to retail intermediaries (provide cover, security or guarantee)
- ▶ specialise in identifying, assessing, pricing, monitoring and managing risks associated with the placement of wholesale funds with retail intermediaries

The NHFC defines the low- and middle-income housing market as any South African household with regular monthly income between R1 500 and R15 000. This market sector is able to contribute towards its housing costs, but finds it hard to access bank-funded housing finance

Human Settlement Interventions





OPERATIONAL DIVISIONS

As the FINANCIER, the NHFC offers the following broad housing finance solutions:

- ▶ Term Loan: minimum 3years - maximum 20years term loan
- ▶ Bridging Finance: up to 3years term period
- ▶ Revolving Credit Facility: up to 5years term period
- ▶ Property Guarantee: maximum 12months term loan
- ▶ Incremental Facility: up to 5years term period
- ▶ Homeownership Facility: minimum 12years - maximum 20years term loan

The NHFC does not fund the following:

- ▶ land purchase in isolation of an approved housing development project
- ▶ establishment of site offices, initial wages, transportation of building materials and/or workers
- ▶ working capital outflows required in the start up phase of the project

Scope of Finance / Funding

- ▶ housing project or financial intermediary benefitting NHFC target market's housing and housing finance needs
- ▶ long-term project finance to social housing and private rental landlords
- ▶ affordable integrated development project may obtain bridge finance
- ▶ wholesale finance extended to intermediaries for retail home loans and small home improvement loans to the lower end of the housing market
- ▶ 'may' finance land purchase if linked to approved housing project
 - land must have access to, or, is assigned to receive bulk services
- ▶ finance, for the following infrastructure development, may be considered:
 - internal roads, streets, paving, recreational areas, etc., related to the project
 - electrical installation, street lights, unit connectivity , etc., related to the project
 - sewerage, storm water drainage , etc., related to the project

TERM LOAN / PROJECT FINANCE

Loan description:	Medium to Long-Term Loan for the development or re-furbishing of social, rental and/or bonded housing structures
Target market:	Social Housing Institutions, Private Landlords, Developers & Local Authorities
Loan size:	depends on realistic projections, capacity to manage project, potential market
Loan term:	minimum 3years - maximum 20years

Details:

- ▶ housing end-beneficiary, are households with a monthly income up to R15,000
- ▶ disbursement linked to project delivery and progress reports
- ▶ repayment period linked to exit finance kicking in
- ▶ capital repayment moratorium, during the construction period, up to 24months
 - depending on project completion time period
 - time period effective from first draw-down against initial disbursement
 - interest capitalized, loan amortised over the balance of the loan term

INCREMENTAL /WHOLESALE FUNDING FACILITY

Loan description:	<ul style="list-style-type: none">○ Incremental / Wholesale Funding Facility for Intermediaries/Lenders to on-lend to qualifying households who want to incrementally improve their homes through small loans of sums up to R10 000.○ loans to broaden scale of impact and penetrate new markets
Target market:	established and accredited Intermediaries / Lenders Parastatals registered as Section 21 Companies (considered with conditions)
Loan size:	depends on realistic projections, capacity to manage finances and the potential market
Loan term:	up to 12month term period

Qualifying criteria:

- ▶ Lender/Intermediary registered as a credit provider with the National Credit Regulator (NCR) and adheres to terms and conditions of the National Credit Acts (NCA)
- ▶ end-beneficiary, are low- to middle-income households with monthly income up to R15,000
- ▶ established legal entity with sound financial standing and track record
 - compliance with the NHFC Statements of Sound Practice
- ▶ disbursement linked to project delivery and progress reports
- ▶ repayment period linked to exit finance kicking in

HOMEOWNERSHIP FACILITY

Loan description:

- wholesale housing finance for Intermediaries to on-lend to qualifying low- and middle-income households who want to buy their homes

Target market:

established and accredited Intermediaries / Micro-finance Lenders

Loan size:

depends on realistic projections, capacity to manage project, potential market

Loan term:

minimum 12years - maximum 20years term loan

Qualifying criteria:

- ▶ Adherence to National Credit Regulators' terms and conditions
 - established legal entity with sound financial standing and track record
 - compliance with the NHFC Statements of Sound Practice
- ▶ repayment period linked to exit finance kicking in



Thank You