

SAPOA BREAKFAST

INSIGHT INTO THE SOCIAL HOUSING PROGRAMME

Presented by Shiraaz Lorgat
Senior Investment Officer



SOCIAL HOUSING

Social Housing is defined as:

- A rental or co-operative housing option for low income persons at a level of scale and built form which requires institutional management and which is provided by accredited social housing institutions or in accredited social housing projects in designated restructuring zones

SOCIAL HOUSING

- **Rental**

No outright sale for minimum of 15 years

- **Low income persons**

Subsidy band is currently ceilinged at R7 500

- **Scale**

Minimum 100 units per project

- **Built form**

Minimum specifications and size stipulated as per act

SOCIAL HOUSING

- **Institutional management**

Property management services by social housing institutions or private property managers

- **Accreditation**

Evaluation process undertaken by the Social Housing Regulatory Authority (SHRA)

- **Restructuring zones**

Geographic areas identified for targeted investment based on a need for social, spatial and economic restructuring of the area linked to the local governments Integrated Development Plan (IDP)

SOCIAL HOUSING

The following principles underpin the government's social housing policy:

- Social must promote urban restructuring through the social, physical and economic integration of housing development into existing areas
- Social housing must promote the establishment of well-managed quality rental housing options for the low income persons
- Social housing must respond to local housing demand

SOCIAL HOUSING

The following principles underpin the government's social housing policy:

- Social housing must deliver housing for a range of income groups in such a way as to allow social integration and financial cross subsidisation
- Social housing must support the economic development of low income communities in various ways
- Social housing must foster the creation of quality living environments for low income persons

SOCIAL HOUSING

The following principles underpin the government's social housing policy:

- Social housing must promote a safe, harmonious and socially responsible environment both internally to the project and in the immediate urban environment
- Social housing must promote the creation of sustainable and viable projects
- Social housing must encourage the involvement of the private sector where possible

SOCIAL HOUSING

The following principles underpin the government's social housing policy:

- Social housing must ensure tenure for the residents of the project on the basis of the general provisions for the relationship between residents and landlords as defined in the Housing Act 1997 and the Rental Act of 1999
- Social housing must support the acceptance of roles and responsibilities of tenants and landlords
- Social housing must be facilitated, supported and /or driven by all spheres of government

SOCIAL HOUSING

The following principles underpin the government's social housing policy:

- Social housing must ensure transparency, accountability and efficiency in the administration and management of social housing stock
- Social housing must promote the use of public funds in such a manner that stimulates and / or facilitates private sector investment and participation in the social housing sector

SOCIAL HOUSING

Stakeholders in the social housing programme

Social Housing Regulatory Authority (SHRA)

- Established in terms of the Social Housing Act

Investment Programme

Capital Investment Programme

- The Restructuring Capital Grant
- Quantum R125 000
- Rental split 30 : 70
- Call for proposals twice a year

SOCIAL HOUSING

Stakeholders in the social housing programme

Social Housing Regulatory Authority (SHRA)

Investment Programme

Institutional Investment Programme

- Pre-accreditation and Gear Up Grant
- Project Feasibility Grant
- Specific Intervention Grant

SOCIAL HOUSING

Stakeholders in the social housing programme

Social Housing Regulatory Authority (SHRA)

Regulation Programme

- Accreditation
- Compliance Monitoring

SOCIAL HOUSING

Stakeholders in the social housing programme

Provincial Government / Gauteng Partnership Fund

Institutional Subsidy Programme

- Quantum R58 000

SOCIAL HOUSING

Stakeholders in the social housing programme

Gauteng Partnership Fund

Debt Funding

Mezzanine layer of 20% to 30%

WACC – Prime less

Repayments are cash flow based

SOCIAL HOUSING

Stakeholders in the social housing programme

The Provincial Steering Committee

- Provincial structures established in 2007
- Play a facilitative role to ensure that the three levels of government and delivery agent work together to deliver rental opportunities

SOCIAL HOUSING

Stakeholders in the social housing programme

The Provincial Steering Committee

- To facilitate the sourcing and acquisition of funding to support delivery within the sector.
- To facilitate the removal of blockages to rental housing implementation.

SOCIAL HOUSING

Stakeholders in the social housing programme

Provincial Steering Committee

- Chaired by the GPF
- Recommends projects for RCG

GPF FUNDED PROJECT



GAUTENG PARTNERSHIP FUND
LEVERAGING AFFORDABLE HOUSING FINANCE



GAUTENG PROVINCE
LOCAL GOVERNMENT AND HOUSING
REPUBLIC OF SOUTH AFRICA



PROJECTS PROFILE

Client: JHC

Location: Cosmo City

Units: 281

GPF funding: R20million

Total cost: R85million

Project is *part an Integrated Development with +/-12 000 units, clinic Schools, taxi rank churches, commercial etc. in Kaya Sands Johannesburg.*



Client: JOSHCO

Location: Roodeport

Units: 432

GPF funding: R20million

Total cost: R98million

Project is *within the Roodeport CBD and adjacent to a taxi rank, retail options.*



PROJECTS PROFILE

Client: Yeast City Housing

Project : Tau Village

Location: Pretoria

Units: 109

GPF funding: R9million

Total cost: R30million

Project entails a mixed use facility

Housing, day care, girls at risk shelter, commercial space etc.



Client: GD LG&H

Project: SOWETO, Kliptown

Units: 932

GPF funding: R34million

Total cost: R190million

Project was a part of a greater plan of the Kliptown re-development by the city includes Kliptown square, golf course, hotel, housing etc.



PROJECTS PROFILE

Client: Madulamoho Housing Association

Project : Fleurhof Views

Location: Fleurhof, Florida

Units: 286

GPF funding: R23 million

Total cost: R78 million

Project entails a social housing project in a mixed **housing development – 9 500 units**
3 100 rental units



Client: Madulamoho Housing Association

Project: SOWETO, Jabulani Views

Units: 300

GPF funding: R24, 5 million

Total cost: R84. 5 million

Project entails a social housing project in a high rise **housing development – 4 300 rental units**



SOCIAL HOUSING

Cost per unit breakdown

Cost of unit	R300 000
10% Equity	<u>R 30 000</u>
	R270 000
Restructuring Capital Grant	<u>R125 000</u>
	R145 000
Institutional Subsidy	<u>R 58 000</u>
	R 87 000
GPF Funding 20%	<u>R 60 000</u>
	R 27 000
Other funding	R 27 000

SOCIAL HOUSING

Income and Expenditure per unit breakdown

Cost of Capital

GPF prime less 1% R557

Debt prime R266

Management Fees R850
R1 673

Rental Income R2 200

Income before tax R527

SOCIAL HOUSING

Challenges

Limited number of Social Housing Institutions in Gauteng

Capacity to deliver more than 1 project

Lead time for implementing project

Policy is prescriptive

Design vs cost vs affordability

SOCIAL HOUSING

“Leveraging Affordable Housing Finance”

Thank you !

