

# Gauteng Partnership Fund makes it happen!

By Rory Macnamara

*SA Affordable Housing* (SAAH) recently spoke with the Acting CEO, Mr Daniel Malokomme and Chief Investment Officer, Ms Vinolia Mashiane of the Gauteng Partnership Fund (GPF).

The GPF, formed in 2002, is an agency of the Gauteng Department of Human Settlements (GDHS) with the initial mandate of accelerating the delivery of social housing projects. This was expanded to include affordable housing projects as well as the implementation of sustainable human settlement projects referred to as 'Mega' projects.

Ms Mashiane explains, "Investment in affordable housing is viewed by most financial institutions to be of high risk with relatively low margins, the GPF was brought in to entice the private sector involvement through our funding model."

The GPF has four programmes that are used to intervene in the market, namely, Rental Housing Fund, Social Housing Fund, Student Accommodation Fund and the Entrepreneur Empowerment Property Fund (EPPF), which is our main focus in this article.

The EPPF was established in 2010 to contribute toward addressing transformation challenges within the property sector. The property sector has not fully transformed to include participation of black-owned companies in the delivery of affordable housing.

Mashiane continues, "The programme was designed to encourage participation of the historically disadvantaged

individuals owned companies to gain entry into the sector and to actively participate in the delivery of affordable housing. Participants in the programme were initially identified, through an open tender process, and they were placed under our mentorship programme. The purpose of the mentorship programme was, amongst others, to enable them to identify suitable properties for development, to package bankable property investment proposals, identify risks during the construction as well as post investment and generally to understand what it means to invest in property.

Since its inception there are around a hundred companies in the programme of which 50 have secured projects, and around R500-million of government funding was made available toward funding projects within the programme. Our projects are located across the Gauteng Province within in-fill sites in areas such as inner city of Johannesburg, Kempton Park, City of Tshwane/Pretoria North. Over 1 700 units have been completed by these entrepreneurs. We have forged successful partnerships with institutions such as Trust for Urban Housing (TuHF) and the Public Investment Corporation (PIC) through their subsidiary in co-funding these projects."

SAAH then asked about funding and the GPF offering as compared with other funders.

"Our funding is concessionary in a sense that we provide up to 40% of the total project cost as junior loan with with a minimum of 5% equity on project cost and leverage the balance of the funding from our co-funding partners. Our base pricing is three months' Johannesburg Interbank agreed rate (JIBAR). This is relatively low when compared to other funders in the market. Our loan term is between 15 and 20 years ensuring less pressure in the project's cash flows. In 2010 when the programme was initiated, the entrepreneurs were only required to contribute R200 000 as equity for the project. Most importantly we wanted *commitment* and a hands-on approach from our entrepreneurs – they were required to take ownership of the project to ensure skill transfer that will enable them to increase their portfolio and approach any financial institution on their own. We also recommend that they appoint a reputable property management company."

SAAH asked if this was drawing in the private sector. "Yes, certainly. Not only financing but also the expertise we bring in like architects, engineers and building professionals."



1. Acting CEO, Daniel Malokomme.
2. Chief Investment Officer, Ms Vinolia Mashiane, at her desk.

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Pride of place for the GPF is the empowering of individuals backed up by the mentorship programme which focuses on the property development value chain and ownership. The Windsor project is an excellent example of an investment of R8-million providing 22 affordable rental housing units. This project is owned by a woman. Two other examples are developments in the Inner City where each project is owned by women. A combined value of R53-million – R19-million provided by the National Empowerment Fund and GPF the rest – providing 106 affordable rental units.

“We are very proud to be part of empowerment and particularly of women, so that they can have such valuable assets and grow their portfolios,” continued Mashiane. “Whilst the funding is available to any 100% black-owned company we have noticed that women are taking up the challenge which is pleasing indeed. The property sector is inclined to be a male-dominated sector.”

SAAH asked if there was any particular reason for this trend – as exciting as it is for women. “In the cases referred to, we found that the women were hands-on, provided leadership to development teams and demonstrated that women can do this,” said Mashiane.

Appreciating that land, title rights, and general bureaucracy at municipal level is not at its best, how does one embark on these projects which typically cause some costly delays, asked SAAH.

“A coordinated and aligned approach is what works in most instances, for example the GPF ensures that projects funded are in line with the Municipal Integrated Development Plans (IDP). And are constructed in accordance with the National Building Regulations, compulsory standards and municipal bylaws,” Mashiane concluded.

We asked the Acting CEO for any comments and he made two very valid points, “We do not talk enough about the good work being done,” and “Empower a woman and you empower the Nation.”



Neo Mokhobo's apartment block, called Bataung Heights.

**SA Affordable Housing SAAH spoke with Neo Mokhobo (NEO), developer of the Bataung Heights in Johannesburg, opposite Joubert Park.**

**SAAH: What were the main factors that benefitted you in working with GPF?**

An aspiring black female entrepreneur with no demonstrable track record would have found it difficult, if not impossible, to obtain financing from traditional banking institutions. GPF is geared to provide financing at competitive rates, and in addition, are committed to empowerment. They provide access to capital to those like myself, and equally important they are there to provide support and mentorship all the way.

**SAAH: What is your view on addressing the shortfall of rental accommodation in South Africa?**

Everyone has the right to a safe, clean, habitable place to stay – it is a social imperative. Currently, we have a situation where the demand far exceeds supply within the affordable housing space, so by partnering with the GPF, we have the opportunity to provide for this segment of the population,

and thus make a meaningful contribution towards the GAP housing shortage in South Africa.


**SAAH: How do you believe that women benefit from the Entrepreneur Empowerment Property Fund (EPPF)?**

Given the history of our country and women typically being disenfranchised and marginalised, without access to finance, the GPF opens up a new and exciting industry for women to meaningfully participate given that property is largely male-dominated. Property ownership is a powerful base upon which to grow an asset base and create wealth over the long-term; therefore, the EPPF is a unique enabler for historically disadvantaged women in this regard.

**SAAH: Can you describe your property?**

The development is a greenfields project, consisting of a total of 9 storeys. There is retail on the ground floor anchored by Shoprite U-Save, plus 8 storeys of 106 two-bedroom apartments. It is a transit node oriented development with close proximity to Park Station and the Gautrain station. Building features include biometric access control, CCTV cameras, uncapped free WiFi and an entertainment roof terrace with wonderful view of the city and surrounds.

**SAAH: We have mentioned the male dominated sector that is property. How did you deal with this from concept to completion?**

My approach is a people-centric leadership style, which allows one to respect what the professionals bring to the project. In this manner, I believe that more is achieved. 



Neo Mokhobo – Founder and Managing Director of Urban Kraal