

## THE ENTREPRENEUR EMPOWERMENT PROPERTY FUND

### Gauteng Partnership Background

The Gauteng Partnership Fund (GPF) was established by the Gauteng Department of Housing to address funding challenges in the affordable housing sector.

The GPF assists the affordable housing sector by:

- Providing public funds as equity cushion for projects.
- Risk sharing and co-funding with prospective funders.
- Implementing human settlements projects on the behalf of Gauteng Department of Human Settlements.

On a project-by-project basis, GPF will assist the rental housing institutions by providing finance at the most favourable terms to promote affordable, quality accommodation that is well managed for the target market.

The GPF will fund developers that will provide affordable housing units to households earning gross monthly income of between of R3500 and R20 000. The maximum rentals charged should be up to 35% of the affordable housing income bracket (depending on the project location).

### Product Offerings

The GPF seeks to continually develop products aimed at addressing housing market funding challenges. GPF products are reviewed annually to determine their effectiveness.

### The Entrepreneur Empowerment Property Fund

The Entrepreneur Empowerment Property Fund (EPPF) is a programme designed to promote participation of previously disadvantaged owned companies in the affordable rental property market.

The programme is designed for first time property developers.

### Who Qualifies

- A company with 100% HDI shareholding, HDI women and youth owned applicants are encouraged.
- Applicants who are first time property entrepreneurs are encouraged.
- A potential project that can yield a minimum of 15 affordable housing units in the Gauteng Province.
- A company that can demonstrate access to unencumbered capital minimum of 3% of total project cost as equity.
- A company that demonstrates appointment of at least 75% of professionals and contractors with majority HDI shareholding.
- First time property developers will be limited to the maximum total project cost of R20 million.
- A project that is ready for implementation from a town planning perspective.

### Types of Projects

- Inner-city refurbishments of dilapidated buildings
- Conversion of offices to residential units.
- Greenfield developments.

### Exposure

GPF investment of up to 40% of the total project costs. GPF will provide 100% funding for projects with total loan exposure of R8 million or below.

### Investment Term

Maximum period of 20 years depending on project cashflows.

### Investment Pricing

Minimum of Johannesburg Interbank Agreed Rate (JIBAR) plus a margin.

### Investment Instrument

Subordinated debt

### Security

- Mortgage Bond.
- May require personal securities.

### Documentation Required

- Comprehensive business plan.
- Company registration documents.
- Essential project information.
- Shareholder's statement of assets and liabilities (Proof of availability of Equity) may be requested.