

THE STUDENT ACCOMMODATION HOUSING 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.

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.

Student Accommodation Housing Fund

The Student Accommodation Housing Fund was developed for student accommodation service providers that require additional funding to the project. The mezzanine or junior type loan enhances the debt-to-equity ratio for projects to enable senior lenders to finance.

Who Qualifies

- Any company or project Special Purpose Vehicle (SPV) with a recognised legal form that provides student accommodation that conforms to the norms and standards of the Department of Higher Education and Training (DHET).
- A company that can demonstrate access to unencumbered capital of a minimum of 10% of total project cost as equity.
- The entity must demonstrate to GPF that they have the technical resource capacity to successfully complete the project as well as efficiently manage the property thereafter.
- A company with a minimum HDI shareholding of 51%.
- Where the developer has 51% black ownership share holding the following must apply; A main contractor with > 51% black ownership must be appointed and two professionals with more than 51% black ownership.

Investment Guidelines:

- Project must be located within a 5km radius of the targeted tertiary institution.
- Transport must be provided by the project promoter for any projects further than 1km or alternative public transport must be demonstrated to exist to cater for the students.
- Priority will be given to projects located in townships and existing student accommodation hubs.
- Project must have a minimum of 15 units or 50 beds.
- The project must have a social amenities and Wi-Fi for the students.

Types of Projects

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

Exposure

GPF investment of up to 30% 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.
- Comprehensive project information.
- Shareholder's statement of assets and liabilities (Proof of availability of Equity) will be requested.