

## RENTAL HOUSING FUND

### Gauteng Partnership Fund 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 funding as equity cushion to investors.
- Risk sharing and co-funding with prospective funders.

On a project-by-project basis, GPF will assist the rental housing entities by providing a financial facility 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.

### Rental Housing Fund

The Rental Housing Fund was developed for rental housing entities that require funding.

### Who Qualifies

- 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 of a minimum of 5% 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 project that is ready for implementation from a town planning perspective

### Types of Projects

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

### Exposure

GPF investment of up to 30% of the total project costs depending on the discretionary assessment of

the project needs. GPF will provide 100% funding for projects with total loan exposure of R8 million or below.

#### Investment Term

15 - 20 years depending on project cashflows and company HDI participation level.

#### Investment Pricing

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

#### Investment Instrument

Subordinated debt

#### Security

- Mortgage Bond.
- Personal sureties.

#### Client Contribution

- Minimum 5% of project cost depending on project cashflows.

#### Documentation Required

- Comprehensive Business Plan (Recommended business plan framework is available on request).
- Company registration documents.
- Tax clearance certificate.
- Essential project information
- Approved correct zoning
- Geotech
- Elemental bill of quantities
- Plans and elevations
- Proof of ownership/OTP
- Copy of latest Audited Financial Statements.
- Shareholders statement of assets and liabilities may be requested