



COMMERCIAL 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.

On a project-by-project basis, the GPF will assist affordable rental housing developers by providing finance to promote affordable, quality accommodation that is well managed for the target market, these are 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.

Commercial Housing Fund

Commercial Affordable Housing Fund is designed to promote the participation of experienced housing developers and rental property owners in the affordable housing market.

Funding Criteria

- No BBBEE required for the developer, however at least two professionals appointed must have 51% BBBEE shareholding
- Maximum total GPF exposure 20% of development amount
- Equity contribution of 20%
- Loan term of 15 years
- Moratorium of up to 24 months
- 3% fee on GPF loan facility plus VAT - minimum of R300 000
- Pricing is base rate at prime, plus margin of 100 basis point

Types of Projects

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



Exposure

GPF investment of up to 20% of the total project costs. GPF will provide 100% funding for projects with total loan exposure of R 10 million or below.

Investment Term

Maximum period of 15 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 such as approved zoning, Geotech, elevation plans & elemental bill of quantities.
- Shareholder's statement of assets and liabilities (Proof of availability of Equity) may be requested.