



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA



NHFC

27th FEBRUARY 2024

CESA GAUTENG BRANCH FUNCTION

LAYING STRONG FOUNDATIONS FOR TOMORROW'S SUCCESS



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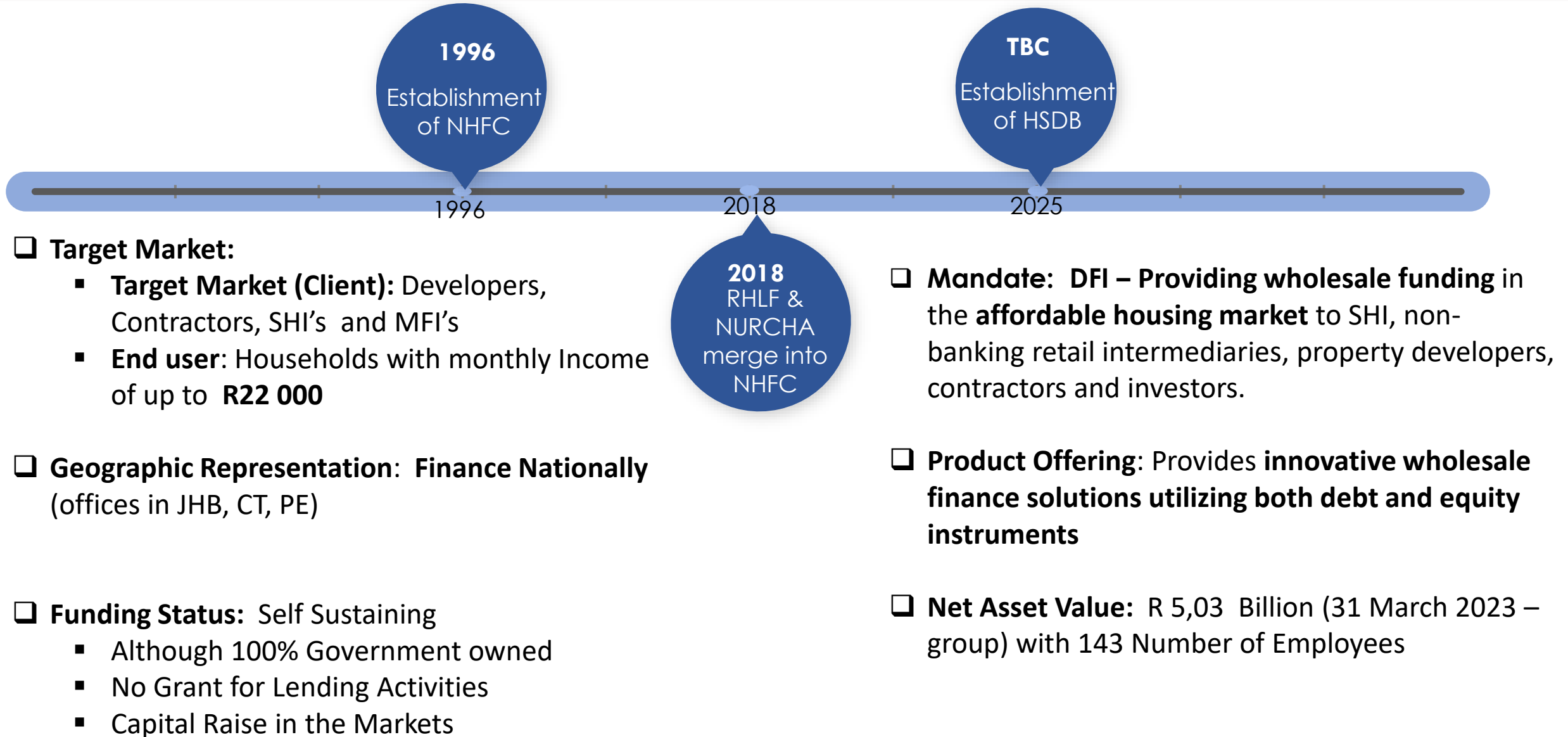
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PROFILE DEVELOPMENTS



NHFC - OVERVIEW



NHFC - OFFERING



Social Housing Finance

- Subsidised rental accommodation
- Long-term finance to SHI's/ODA to develop or refurbish affordable rental accommodation for HH earning between R1 850 to R22 000.



Private Rental Housing Finance & Student Accommodation Finance

- Long-term finance to develop or refurbish affordable **privately-owned rental (unsubsidised) accommodation**



Bridging Contractor & Affordable Housing Finance

- **Bridging** development finance to **contractors** and **developers** involved in the development of fully subsidised (**BNG**) and affordable housing (**GAP & FHF**).



Incremental Housing Finance

- Funding to non-banking retail intermediaries(MFI s) who on-lend to homeowners for incremental improvements (Rural & Urban)

NHFC - OFFERING



Strategic Partnerships & Investments

- Work with **private investors, developers, housing development agencies** and **fund managers** to **leverage private sector** and create **affordable housing stock**



Programme & Fund Management

- **Provide Programme management and project implementation services** to **provincial and local authorities** to **enhance service delivery** in the **human settlement sector**.



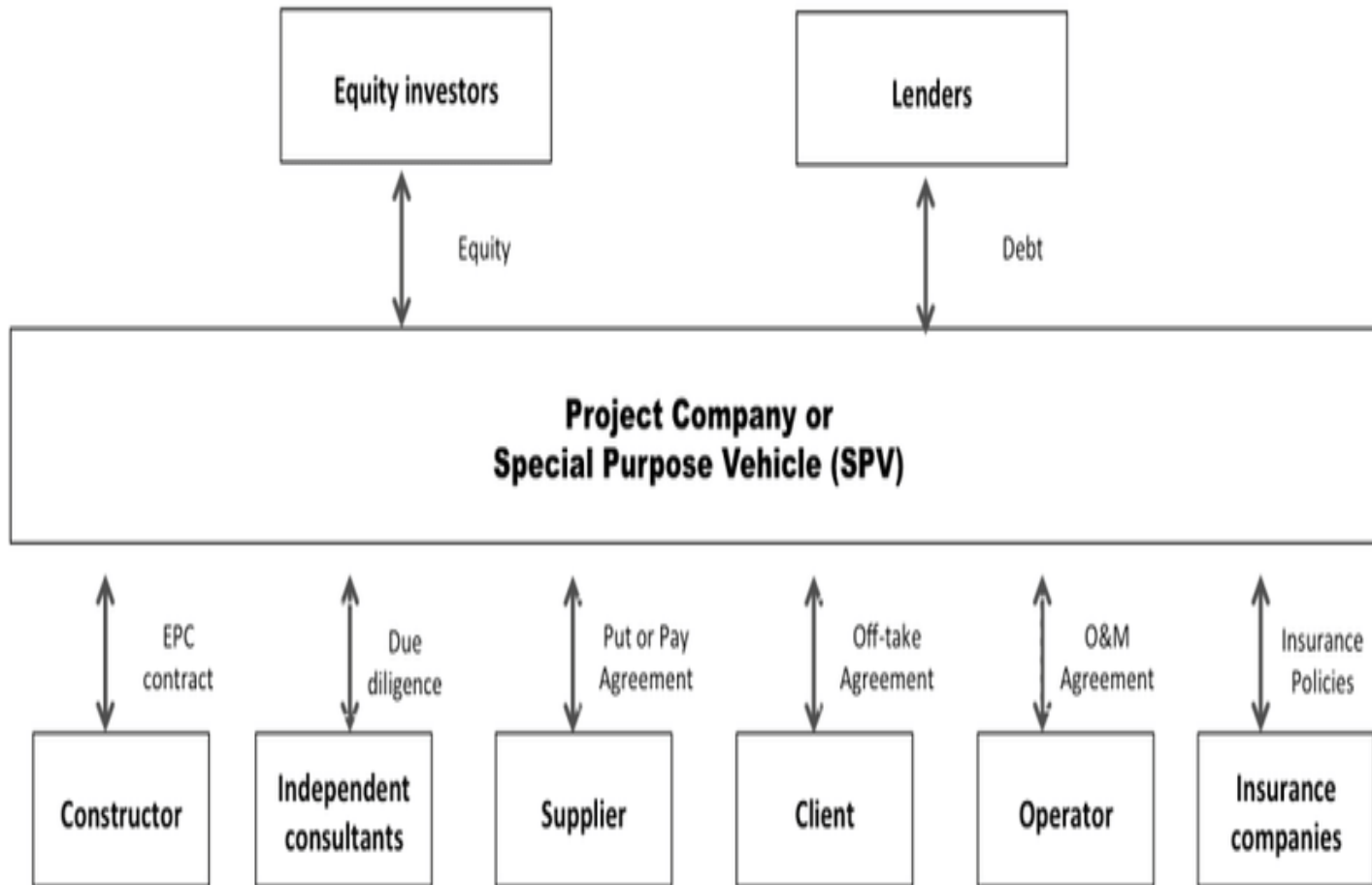
First Home Finance

(formerly referred to as Finance Linked Individual Subsidy Programme)

- **Implementing agent** for First Home Finance **nationally**. The **Programme enables qualifying beneficiaries to reduce the initial home loan amount** or **augment the shortfalls**

FINANCING STRUCTURE

TYPICAL PROJECT FINANCE STRUCTURE



- Finance either off balance sheet or in a project finance structure
- Preference – Ring fenced SPV structure
- SPV – preferred as **funders** look primarily to the **cash flow from the project as the source of funds** to service the debt and provide a **return on equity** invested in the project
- **At Project or PPP Programmatic level**
- Provides an opportunity for funding collaboration at scale, and **crowding in banks and investors**
- **Require Collaboration between Government, Funders and Investors**
- Funding at programmatic level provides opportunity to **provide unit delivery at scale**

COLLABORATION OPPORTUNITIES

To address the housing backlog we need to re-imagine the future where Collaborations between the housing sector and engineering fraternity become critical in some of the following areas:



INNOVATIVE AFFORDABLE HOUSING SOLUTIONS

Cost of housing developments is becoming unsustainable in the affordable housing market

Collaboration opportunities –
Developing **innovative and cost-effective construction techniques, sustainable materials, and efficient designs** to address this housing backlog

(Financial Viability)



INFRASTRUCTURE MAINTENANCE AND UPGRADES

There is a need for **maintenance and upgrades of existing** housing infrastructure.

Collaboration opportunities –
Provision of **structural assessments, repairs, and retrofitting services to ensure the longevity and safety of existing stock**

(SH)



GREEN BUILDINGS AND SUSTAINABILITY

There are increasing concerns about environmental sustainability and a demand for green building solutions

Collaboration opportunities –
Provision of:

- **Renewable energy integration**
- **Water conservation systems, and**
- **Waste management solutions for housing developments.**



CAPACITY BUILDING & SKILLS DEVELOPMENT

Housing sector tends to attract emerging developers who are not able to provide at scale due to skills and capacity challenges:

Collaboration opportunities –
Provision of **Deal Packaging and Mentoring Support Services to Emerging Developers**



CHALLENGES AND OPPORTUNITIES

Common Challenges throughout the property sector – Demonstrating how Offering helps to address

Challenge

vs

Offering

Access to Finance - Difficult for previously disadvantaged businesses and start ups to **access finance**

01

01

Provides Concessionary pricing for BBBEE Level 1 - 4, black, women and youth owned entities

Security - Asset-based secured lending is a **high barrier of entry**

02

02

Provides products such as **Contractor Finance** - No tangible security for loan amounts **below R15 million**

Equity - Its **difficult** for black, women and youth owned businesses to raise equity

03

03

Requires 10% - 20% equity from project sponsor, **viability dependent** (lower than the market)

NHFC – PROJECT PROFILE



Project Name: Dersley Ext 5, 6, 9, 10
Location: Dersley
Province: Gauteng
Extension 330 Serviced Stands completed



Project Name: Conradie Social Housing
Location: Pinelands
Province: Western Cape
Extension 512 family homes completed



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