



**MINISTRY**  
**HUMAN SETTLEMENTS**  
**REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE MINISTER OF HUMAN SETTLEMENTS, MMAMOLOKO KUBAYI,  
LAUNCH OF FIRST HOME FINANCE, SKY CITY PROJECT, ALBERTON, 24 FEB  
2023.**

**MEC Lebogang Maile**

**Chairperson of the NHFC, Luthando Vuthula**

**Acting CEO of the NHFC, Bruce Gordon**

**Director Cosmopolitan Projects, MR Kgothatso Meka**

**Property Developers**

**Distinguished guests**

**Ladies and gentlemen**

**Good Morning**

Let me start by welcoming you all to this momentous occasion as we launch this very important programme. The remodeled scheme we are launching today, if properly implemented, has the potential to significantly reengineer the housing market by expanding access to the previously excluded. The housing gap market is on the increase and the supply, both in terms of stock and finance, has neither been sufficient nor accessible.

The inaccessibility of the financing for this market has been the major factor in the underperformance of Finance Linked Individual Subsidy Programme (FLISP) or Help-Me-Buy-A-Home scheme. The under-performance was largely attributable to poor turnaround time due to a lack of a compatible software tool and poor communication, marketing and

visibility. It is for this reason that we have recalibrated the FLISP or Help-Me-Buy-A-Home roll-out modalities. The scheme will be run on a new system that will create seamless automated interface to reduce significantly the turnaround time. The communication strategy has been developed to reach every inch of our country where the gap in the market exists.

It gives me great pleasure to introduce to you the new restructured scheme which will now be called FIRST-HOME-FINANCE. This scheme will be accessible and will be bolstered by partnership with DFIs, commercial banks, and other financing institutions. This scheme is necessary because:

- Number of mortgage loans granted to households with income below R15k per month is very small which is less than 2% of mortgage loans granted.
- Most public servants might be struggling to access mortgage loans
- Lack of affordable housing stock that is accessible to the target market - large proportion granted are for housing stock priced above R700k
- Situation is worse for households earning below R10k per month - less than 1% mortgage loans were granted to this segment

In the financial 2022/23, we revised the subsidy quantum from what existed in 2018 by 20.9 percent to ensure that they remain consistent with the ability of the Department, and that the current quantum is aligned to inflation increases over the period. The revision of the income range of this policy instrument was aimed at scaling up the delivery impact. Our key policy interventions included increasing the upper income band from R15 000 to R22 000, meaning households earning between R3 501 and R22 000 now qualify for FIRST-HOME-FINANCE subsidy on a sliding scale. It is a sliding scale because the amount a beneficiary receives is dependent on the level of income within targeted income range.

The NHFC (National Housing Finance Corporation) has signed an MOU with DPSA on GEHS to enable government employees, through FIRST-HOME-FINANCE, to access mortgage finance from commercial lenders. The GEHS office is under the Department of Public Service and Administration (DPSA) and has managed to set up the project

management office, the housing, advisory services and customer care centre to engage beneficiaries, lenders on loans and subsidies. The Department in partnership with the DPSA, NHFC and other stakeholders have refined the operating model for greater alignment and created an automated process which reduces the turnaround time and provide access for affordable housing initiatives at a touch of a button in one delivery point.

Currently, the total number of employees eligible to receive the monthly housing allowance is 1 162 494. The amount of an employee's monthly housing allowance is R1 456.00 for those employed at levels 1-10.

The number of employees who may qualify for the Help-Me-Buy-A-Home Subsidy is approximately 223 272. The programme will undoubtedly strengthen the contribution towards leveraging increased home loans to government employees as part of the government's mandate of providing quality and affordable housing to low and middle-income households in South Africa.

A key aspect of the FIRST-HOME-FINANCE will be the ability of households to access the programme within a set of non-mortgage finance instruments. In addition, the programme allows for the funding of households who hold "Permission-To-Occupy" certificates. This is particularly important in relation to the extension of credit and funding to households in rural areas. The ability of households to improve and upgrade homes and properties has a number of socio-economic benefits. This will be a game changer of the rural property market and rural economies.

We are launching this Programme today in this Cosmopolitan Projects' Integrated Housing Development Project where we can showcase that people from different creeds and classes can live together.

I am informed that the Sky City project will total R1.5 billion. The infrastructure for the first five phases has already been completed at a cost of R610 million. These five phases comprise 5 827 residential stands and 534 high-density units, the shopping centre, filling station, transport hub, six education and seven social node stands for community facilities.

This project exemplifies the meaning of a sustainable human settlement in that it has brought commercial/economic activities, social amenities and many other activities. We need more of this kind of projects and we need the private sector to work with us and invest in project development.

Many a times, as leaders, we go to communities for sod turning events for green field projects or to inspect progress in ongoing projects. Exciting as these events may be, what matters the most with all these human settlements projects, in the end, is when a family finally receives a house, a home, a roof over their heads. Not only a roof over their heads but a decent shelter that brings comfort and security. More than that, with the FIRST-HOME-FINANCE scheme, it is the property ownership which is an opportunity given to those that our mainstream financial system has excluded - with no chance of ever owning a property.

To meet the housing demand for all market segments, we need to crowd-in investments from public and private sectors, so that we can accelerate the development of new sustainable settlements.

Let me thank the team that has worked tirelessly on reengineering the FIRST-HOME-FINANCE scheme and those who made this launch possible.

I thank you