

MEDIA RELEASE

R10.5 billion financing injected towards affordable housing for government employees and qualifying members of the public

13 July 2016

PRETORIA -The Government Employees Pension Fund (GEPF) through its investment manager Public Investment Corporation (PIC) has announced an investment commitment of R10.5 billion into SA Home Loans (SAHL) to facilitate housing financing for qualifying government employees and members of the public.

The investment aims to provide government employees and qualifying members of the public with end-user home finance and development finance for approved affordable housing projects.

The investment comprise of the following:

- R 5 billion for public service employees;
- R 2 billion for affordable housing end user financing as defined in terms of the Financial Sector Code;
- R 2 billion to enable SAHL to extend home loans to the rest of qualifying home loan applicants; and
- R 1.5 billion will be used to fund affordable housing developers.

The investment in SAHL is part of the developmental investment mandate that the PIC is carrying out on behalf of the GEPF. Specifically, this investment addresses the social infrastructure element which has housing as one of the key components.

Dr. Claudia Manning, Member of the PIC Board said: “The PIC is intentionally implementing a developmental investment mandate, which primarily seeks to achieve two types of returns, namely: financial and social returns. Financial return means that PIC must generate profit for clients and social return means our investments should positively affect the social conditions of the stakeholders. Our view is that members of the GEPF should benefit during their active working years and during retirement – and this is a social return. Investing in affordable housing finance schemes such as this provides these members with a real benefit.”

Lack of access to housing has been identified by the National Development Plan (NDP) as one of the challenges facing South Africa. In its diagnostic report, the NDP notes that: “the growth of property value has led to an overall average house price that has made housing unaffordable to many South Africans, and has further excluded participation in the property market by historically excluded groups. The growth has largely benefitted middle and higher income groups.”

Abel Sithole, Principal Executive Officer of the GEPF, said: “We believe there are many GEPF members who often do not qualify for bank-issued housing loans and housing subsidies offered by the government. We are, therefore, excited about this investment as it will enable many government employees to own their own houses at a much more affordable rate. Most importantly, we believe home ownership can restore people’s dignity.”

The Government Employees Housing Scheme (GEHS), an agency of the Department of Public Services and Administration, will assist government employees to access funding from SAHL.

Mashwahle Diphofa, Director General of the Department of Public Service and Administration, DPSA said: “The DPSA welcomes the participation of the GEPF through the PIC in the Government Employees Housing Scheme. The GEHS housing finance access service seeks to secure and deliver affordable and enabling housing finance for government employees. It is even more pleasing to see the PIC stepping forward as the first investor and participant in the GEHS housing finance service to bring this much needed value-added service to government employees.” Interface systems between GEHS and SAHL have already been developed and are operational. Government employees may also approach SAHL directly to apply for home loans.

Kevin Penwarden, Chief Executive Officer of SAHL, said: “We are excited about this partnership. More than anything, this investment is an expression of confidence in our service offering. We believe we have the necessary capacity and skills to deliver excellent home financing services to clients that will be coming through the GEHS platform, as we have consistently done with all our clients.”

End.../