

**MINISTRY**

**HUMAN SETTLEMENTS**

**REPUBLIC OF SOUTH AFRICA**

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**561. Ms M R Semenya (ANC) to ask the Minister of Human Settlements:**

1. Whether her department considered working with trade unions and groups representing the so-called missing middle to enable them to buy homes through the Help-Me-Buy-A-Home housing scheme that has the potential to address the housing needs as they neither qualify for both the government housing subsidy scheme nor the private sector housing loans and/or bonds; if not, why not; if so, what are the relevant detail.
2. What has been the approach of her department in disseminating information about the specified housing scheme?

**REPLY:**

1. Yes, the National Department of Human Settlements has considered working with trade unions as it recognises the important role that is played by the trade union movement in terms of providing benefits and financial services for employees to realise their housing needs in partnership with the broadest range of organisations.

The Department through its National Implementing Agent, the NHFC, has signed a Memorandum of Understanding (MoU) with the Government Employee Housing Scheme (GEHS) located in the Department of Public Service and Administration (DPSA) and regularly engages with Organised Labour through the Public Service Co-ordinating Bargaining Council (PSCBC).

The PSCBC resolution 7 of 2015, whose founding objective of the Government Employee Housing Scheme (GEHS) is to assist employees to access affordable housing loans and finance. The resolution further requires the GEHS to facilitate and support access to housing finance, including housing subsidy instruments and other housing programmes. The GEHS serves a total of approximately 223 272 of the 1,1 million government employees who may qualify for First Home Finance (FHF) (previously named Help-Me-Buy-A-Home)

The guideline principles of the MoU are to fulfil government’s mandate of providing quality and affordable housing to low- and middle-income households. These are defined by the GEHS as those employed at levels 1-10 currently receiving a monthly housing allowance of R1456.00 and are within the FHF qualifying monthly gross income criteria of R3 501 to R22 000, which is reviewable periodically by the Department.

Furthermore, the Department through the PSCBC is advocating for measures to re-examine and recalibrate the GEHS implementation partnership arrangements for greater market participation. The benefits to the proposal will be valuable for prospective homeowners and consumers as it will: (i) enhance market competition amongst lenders; (ii) provide attractive and favourable interest rates; (iii) empower consumers to select appropriate loan instruments from diversified product offerings; (iv) enable consumers to choose repayment schedule that suits them; and (v) improve the quality of service.

With respect to other groups representing the gap housing market, one of the Department’s key priorities is to develop appropriate policy frameworks that address funding instruments, affordability issues and the leveraging of our subsidies and grants to enable sector growth and investments in the economy. We are introducing a policy-oriented Employer Assisted Housing (EAH) framework. At the heart of the EAH is the notion that employees should be able to afford to live in the communities in which they work as there are multiple spin-offs from both the demand and supply side perspectives. The implementable EAH policy advocates for a structured partnership approach between employers, governments, developers, financial institutions, and communities.

In addition to that, the NHFC has concluded a Memorandum of Association (MoA) with BASA which is aimed at stimulating the affordable housing market especially the informally employed households with irregular sources of income for housing finance.

1. The Department in partnership with NHFC and DPSA have designed a compelling marketing and communications strategy towards ensuring a broader market outreach to the GEHS-FHF target market. This is rolled out through various types of communication channels using both the print and electronic media platforms. Additionally, the GEHS-FHF advocacy and awareness campaigns are implemented through interaction with government employees, provision of brochures, use of social media pages, pre-screening assessment and providing GEHS-FHF employees with pre-approval FHF certificates.

Finally, we consider the digitization of the GEHS-FHF business as paramount thus we have introduced software solutions as part of our technological driven efforts to expand consumer access to home-financing and home-buying services. This is done by streamlining and interfacing both the front end and back-end processes at the point of origination, processing, underwriting, and loan servicing to enable smoother and faster consumer service experience.