



human settlements

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA

National Housing Finance  
Corporation/Human Settlements  
Development Bank

# FIRST HOME FINANCE

FIRST HOME FINANCE



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**1996**  
Establishment  
of NHFC

TBC  
Establishment of  
HSDB

1996

2018

2024

**Target Market:**

- **Target Market (Client):** Developers, Contractors, SHI's and MFI's
- **End user:** Households with monthly Income of up to **R22 000**

**Geographic Representation: Finance Nationally** (offices in JHB, CT, PE)

**Funding Status: Self Sustaining**

- Although 100% Government owned
- No Grant for Loan Activities
- Capital Raise in the Markets

**2018**  
RHLF &  
NURCHA  
merge into  
NHFC

**Mandate: DFI – Providing wholesale funding** in the **affordable housing market** to SHI, non-banking retail intermediaries, property developers, contractors and investors.

**Product Offering:** Provides innovative wholesale finance solutions utilizing both debt and equity instruments

**Net Asset Value:** R4,8 Billion (31 March 2022 – group) with 119 Number of Employees

## NHFC PRODUCT OFFERING

**SOCIAL HOUSING FINANCE** ( finance for subsidized **rental accommodation** for households earning between R1 850 and R22 000 per month)

Finance to SHRA **accredited** developments for subsidised rental accommodation

**PRIVATE RENTAL FINANCE** ( developing/refurbishing for purposes of **leasing to tenants** earning up to R22 000 per month (Incl Student Accommodation)

Finance to **develop or refurbish** affordable privately-owned rental accommodation (un-subsidised)

**AFFORDABLE HOUSING BRIDGING FINANCE** ( short term product **financing working capital** for servicing of sites, constructing freestanding and sectional titles units, for purposes of selling to households earning up to R22 000 per month)

Bridging finance for **developers** in the affordable housing market (**units and servicing stands**)

## NHFC PRODUCT OFFERING Cont..

**CONTRACTOR FINANCE** ( short-term financing for contractors who have been awarded building contracts for construction of Subsidy / BNG housing)

Revolving Finance for contractors appointed to Build BNG Housing (Certificate Lending)

**INCREMENTAL HOUSING FINANCE** (wholesale finance product that enables finance intermediaries to access finance for purposes of **on-lending to household** earning up **R22 000**)

Finance to non-banking intermediaries who on-lend to homeowners, for housing improvements

**EQUITY FINANCE** (equity investing for the long term, in projects/companies aligned to the NHFC strategy)

NHFC identifies opportunities to take equity (& quasi equity) risk in investment opportunities

**FIRST HOME FINANCE** ( a **once-off housing subsidy grant** aiming to assist low to middle income households)

Qualifying Households can buy or build a house or buy a serviced stand



## WHAT IS FIRST HOME FINANCE ?

First Home Finance is a once-off housing subsidy that enables qualifying beneficiaries to buy or build their homes on an affordable basis

- The Programme was developed by the Department of Human Settlements to enable sustainable and affordable first-time home-ownership opportunities to South African citizens and legal permanent residents
- Target is Low to middle income households earning between R3 501 and R22 000 per month, (the 'affordable' or 'gap' market).
- Households in these salary bands **generally find it hard to qualify for housing finance**; their income is regarded as low for mortgage finance, but too high to qualify for the government 'free-basic house' subsidy scheme.
- Subsidy amount is a once-off subsidy on a sliding scale—dependent on household income:
  - The lower the income, the higher the subsidy;
  - Household with total gross income of R3 501 qualifies for maximum subsidy of R169 265
  - Household with total gross income of R22 000 qualifies for R38 911



## FIRST HOME FINANCE IS OFFERED WITH EXPANDED HOUSING FINANCE PRODUCTS

### Old: Mortgage Option

- Mortgage (Traditional FIRST HOME FINANCE)
- Implemented in urban areas where title to land is available
- Benefitted households in higher income brackets of FIRST HOME FINANCE market—R3 501—R22 000 p.m.

### New: Various Options—in addition to mortgage

- Subsidy only—i.e., a subsidy can be used independent of any loan.
- First Home Finance with an unsecured housing loan
- First Home Finance with Pension Backed Loans
- First Home Finance with GEHS
- First Home Finance with Employer-Assisted Housing Scheme
- First Home Finance with Community Schemes (e.g. Stokvel)
- First Home Finance with instalment sale (Deed of alienation Act )
- First Home Finance with Rent-to-Buy (Own) agreements
- First Home Finance with own resources (savings)
- First Home Finance used to buy serviced stands in IRDP projects:
- Can be accessed with Permission to Occupy--PTO (Traditional Authority)

## HIGH LEVEL: CURRENT SUBSIDY QUANTUM RANGE—w.e.f. 1 April 2023

GROSS INCOME BRACKET		
Lower	Higher	Subsidy
R3 501,00	R3 700,99	R169 265
R5 301,00	R5 500,99	R156 229
R7 101,00	R7 300,99	R143 194
R7 301,00	R7 500,99	R141 745
R8 901,00	R9 100,99	R128 711
R10 701,00	R10 900,99	R117 124
R12 501,00	R12 700,99	R104 088
R14 301,00	R14 500,99	R91 054
R18 001,00	R18 200,99	R64 982
R20 401,00	R20 600,99	R49 050
R21 801,00	R22 000,99	R38 911



## WHAT FIRST HOME FINANCE CAN BE USED FOR?

- To buy an already-built house**, whether brand new or existing
- To buy a housing stand** but which must be: **(1)** connected to municipal services/off-the grid sources; **(2)** zoned for housing.
- To pay for the building of a house** on a stand which the **household/applicant already owns** and which must be: **(1)** connected to municipal services/off the grid sources; **(2)** zoned for housing; **(3)** enrolled with NHBRC; and **(4)** linked to a building contract with an NHBRC-registered contractor.
- To pay for the building of a house** on a stand which is **part of an IRDP project**, and which must be: **(1)** connected to municipal services/off the grid sources; **(2)** zoned for housing; **(3)** enrolled with NHBRC; **(4)** linked to a building contract with an NHBRC-registered contractor.
- To buy or build a house on a stand:** **(1)** that is owned by or vested with the government or a government-recognised traditional authority **(2)** which may or may not be connected to permanent municipal services; but **(3)** which must be attached to a Permission to Occupy (PTO) issued by government recognised traditional authority
- To pay for house buying costs** (such as **conveyancing fee, transfer fee, deposit, NHBRC enrolment fee**, etc.)



## WHO CAN APPLY FOR THE FIRST HOME FINANCE SUBSIDY?

*Applicants intending to acquire residential property may apply for First Home Finance if they meet the following qualifying criteria:-*

- South African citizen** with a valid ID; or permanent residents with a valid permit;
- The applicant is **legally competent to contract** and of a sound mind.
- Household** i.e. living with a partner (either married or habitually cohabiting) or living with financial dependents. **Financial dependents** : children, grandchildren, parents, grandparents, sisters or brothers under 18.
- The **Applicant or spouse** has not previously benefited from a **Government Housing Subsidy Scheme** from any sphere, arm or entity of government
- The applicant or spouse has **not previously owned a house**.
- The household gross monthly must be within range from **R3 501** to **R22 000 p.m.**

# PROJECT DOCUMENTS REQUIRED

- If applying for a Subsidy **with any type of option allowed in Policy:**
  - Home Loan Approval in Principle/Grant letter from an accredited Lender **for mortgage and non-mortgage** / Proof of community savings or stokvels resolution confirming home loan,
  - Proof of own resources or savings** applying for subsidy to add to own resources.
  - If will use **subsidy only**, none of the above are required
- Agreement of sale** for the residential property **if buying existing property (stand or house)** in urban areas  
**OR Permission to Occupy** in rural areas
- Title deed/Letter of stand allocation** issued by a Municipality in urban areas **OR Permission to Occupy (PTO)** issued by a Traditional Council in rural areas, **building material and labour quotations** - if building a house on a stand



## INCOME CONSIDERED AND PROOF OF SOURCE

Income refers to single or joint **gross household income** excluding incidental income e.g. commission, overtime but includes **housing allowances** as made available by employers:

- Basic salary and/or wages.
- Income received through self-employment.
- Any retirement or disability benefits received on a regular (monthly) basis; and
- Where the sole source of income is commission-based, then an average will be calculated over a period of 12 months.



## HOW DO YOU APPLY FOR FIRST TIME FINANCE?

- We are **moving away from** hand delivery of First Home Finance applications and receipt of applications via email
- We have **upgraded our IT system** to enable automated processing of applications:
  - Applicants (beneficiaries, developers, lenders, bond originators or any institution assisting beneficiaries) can **login to the First Home Finance Application Online Portal** – which can be accessed via the NHFC website page <https://www.nhfc.co.za/finance-solutions/first-home-finance/> OR via [www.firsthomefinance.co.za](http://www.firsthomefinance.co.za)
  - The portal allows for the processing of **pre-approval** as well as **full applications**
  - NHFC First Home Finance team conducts quality control and if all correct, application is --passed to the CRM system environment for processing
  - At each stage of processing, **an applicant receives automated message updates** on the status of the application
- Applicants who struggle with internet access can make telephone to Call Centre Agents on **010 085 2199** for assistance



## APPLICATION OUTCOMES

- If application is **unsuccessful** - Decline letter stating reason/s for decline will be issued
- If application is **successful** - Funds will be disbursed

**NB:** No First Home Finance funds may be paid directly to any beneficiary or individual seller. Only the following parties may be paid directly :

Purchasing Property	<input type="checkbox"/> The Lender <input type="checkbox"/> Provincial Department <input type="checkbox"/> Municipality <input type="checkbox"/> Attorney
Building Property	<input type="checkbox"/> The Lender <input type="checkbox"/> NHBRC-registered contractor <input type="checkbox"/> Merchant/Materials Supplier <input type="checkbox"/> Provincial Department <input type="checkbox"/> Municipality
House-Buying Costs	<input type="checkbox"/> Attorney

# THANK YOU

**For more information, please contact**

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**National Housing Finance Corporation SOC Ltd**  
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