

# RURAL HOUSING LOAN FUND 14<sup>TH</sup> ANNUAL WORKSHOP



## RHLF's Current Corporate Plan & The Year Ahead:

Presented by:

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# Outline

- ▣ RHLF Mandate
- ▣ Economic realities of the past 18 months
- ▣ Impact performance year ending 31 March 2010 and first 6 months of 2010/2011
- ▣ Strategic plan 2011/2012
- ▣ General

# RHLF Mandate

The current mandate can be summarised as follows:

- To provide repeat access to housing credit to low income rural households
  - Housing vs. Human Settlements
  - Low income: Less than R9,800p/m
  - Rural: broadly defined to include all non-metropolitan areas and peri-urban areas
- To support the implementation of the government's rural development programme, namely: Comprehensive Rural Development Programme.
- To support government effort to expedite housing delivery in rural areas—specifically on communal land—through administering the delivery of the Individual Rural Housing Voucher Programme.

Potential new interventions (in line with Minister's Delivery Agreement)

- Gap Market in Rural Areas**
- Upgrading of Informal Settlements**
- Backyard rentals**

# Department of Human Settlements - Requirements

- RHLF must be self sustaining and protect its capital base.
- End user loans must be for “Housing” – limit leakage
- End users in all 9 provinces must have access to loans.
- Must focus on rural parts of SA
- Loans must be in terms of NCA
- Must reduce the cost of credit to end user – still allowing intermediary right to make profit

## Impact performance becoming more important:

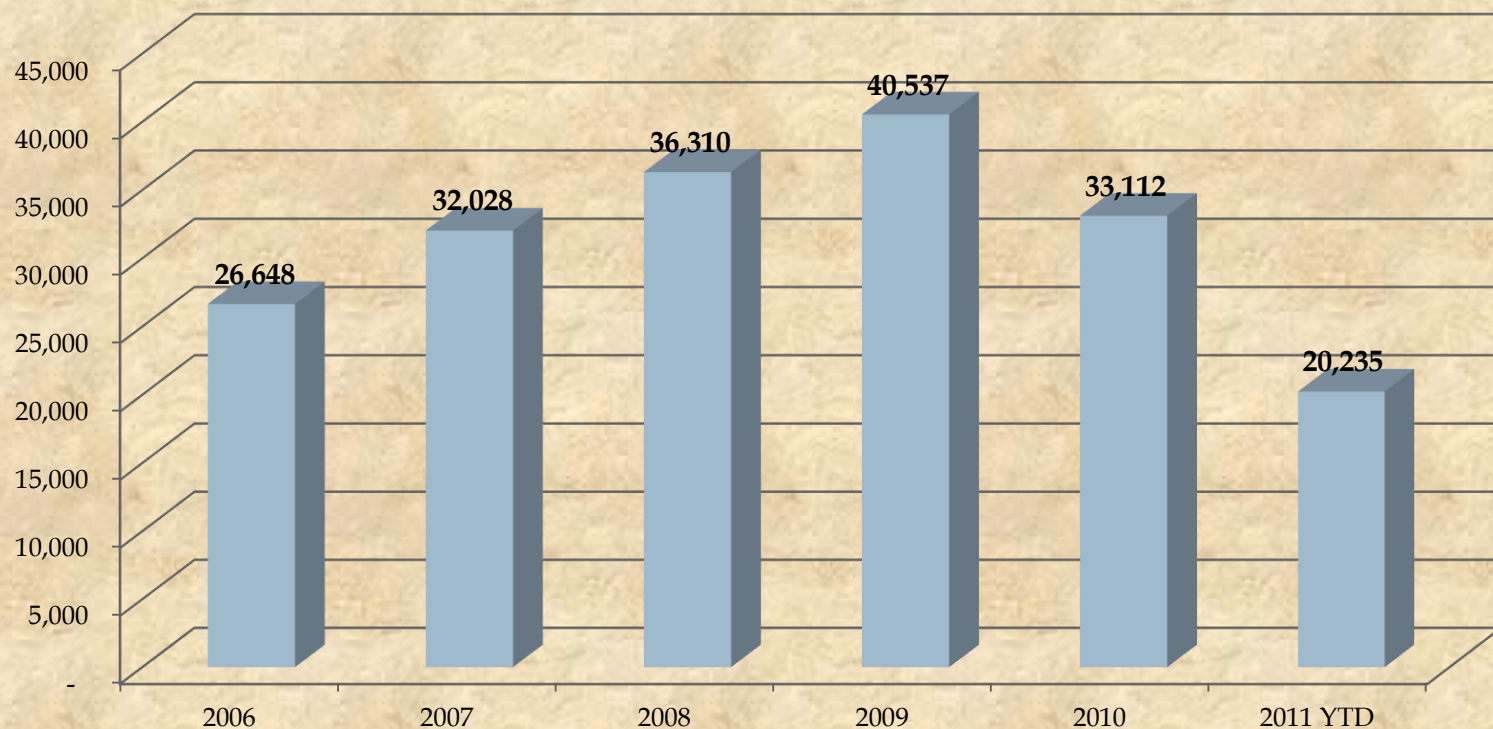
- Part of Auditor General’s annual audit requirements
- RHLF appointed ORCA to assist with review at clients

# Economic realities of the past 18 months

- The economy lost 61 000 jobs in Q2 of 2010, bringing the total jobs lost this year to 232 000, following last year's 870 000 jobs lost.
- Over indebtedness. It is estimated that household debt represents on average between 70% and 80% of their disposable income.
- Lower interest rates - Despite lower interest rates, debt servicing costs have not counteracted the fall in most household disposable incomes – the sheer size of household debt is keeping debt servicing costs onerous.
- Increase in the number of consolidations of old debt
- Increased competition among the bigger institutions -African Bank and Capitec Bank and Old Mutual
- Increased risk of leakage

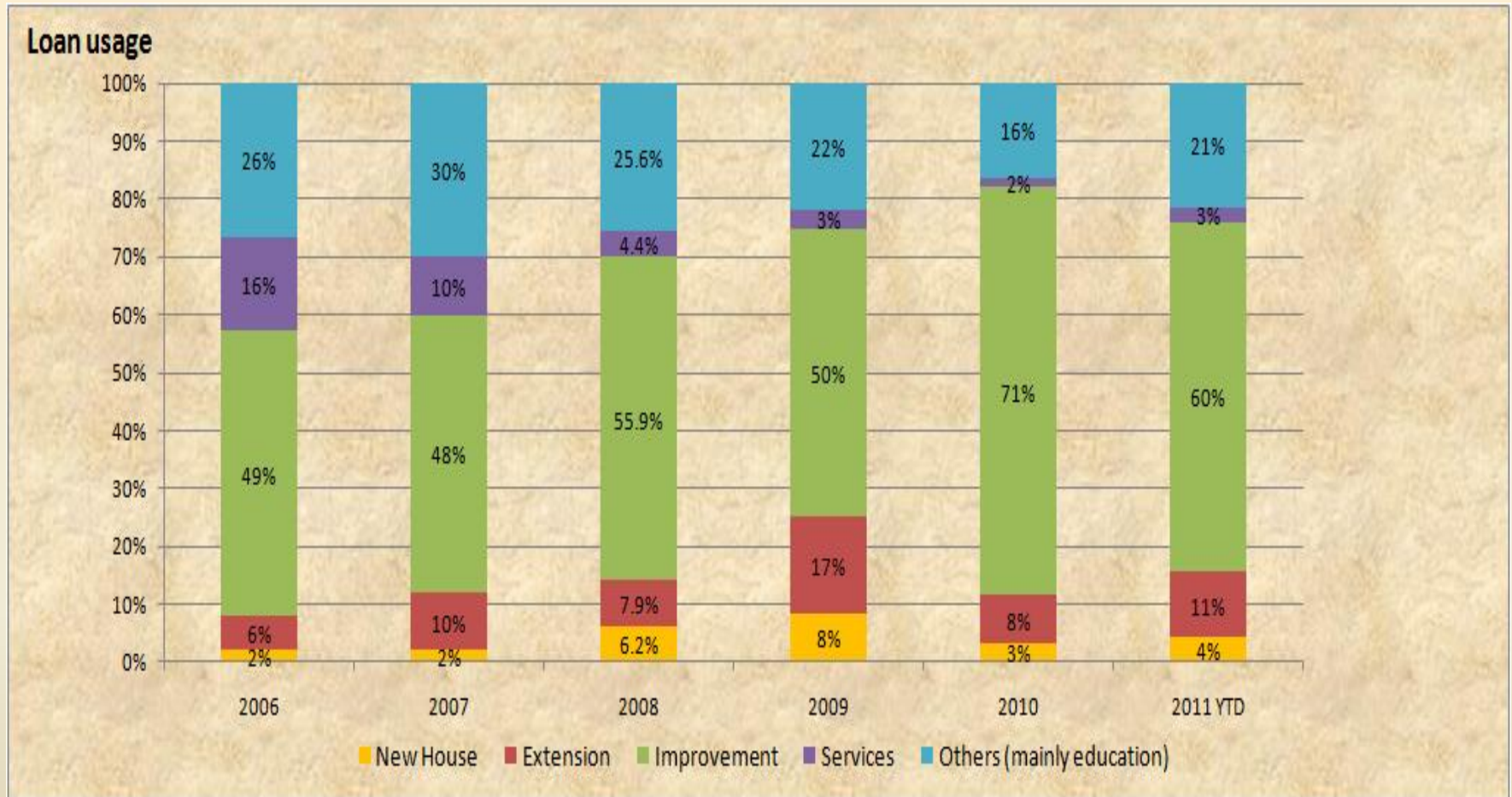
# RHLF Impact : Number of new Loans

Number of new loans

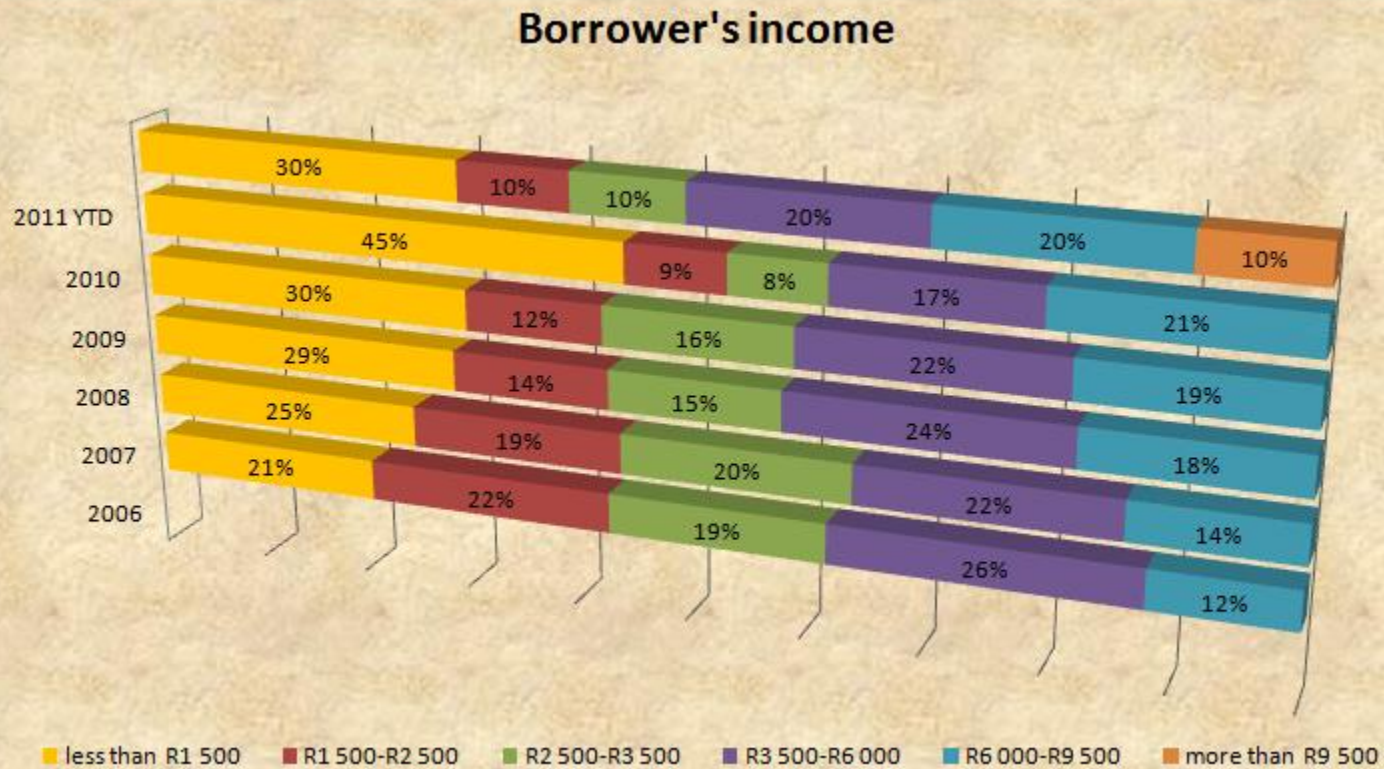


■ Number of new loans

# RHLF Impact : Loan Usage

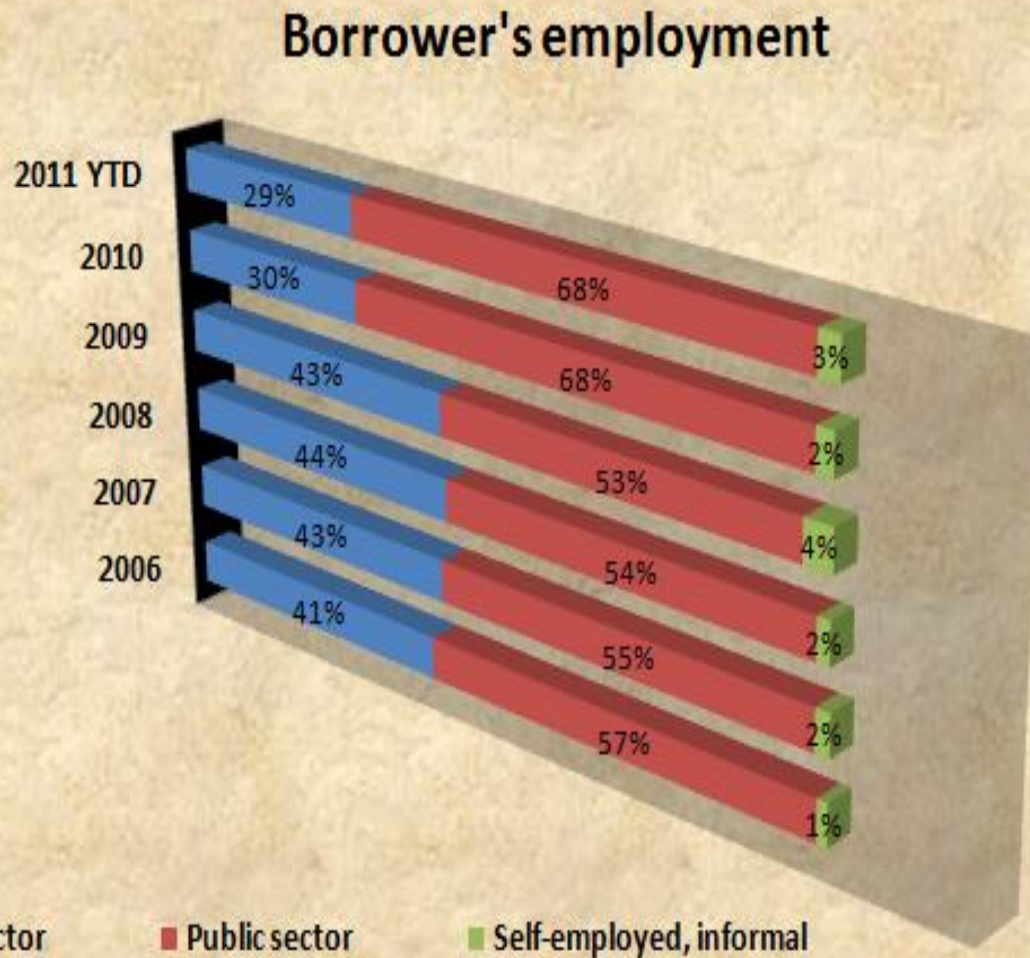


# RHLF Impact : Income levels



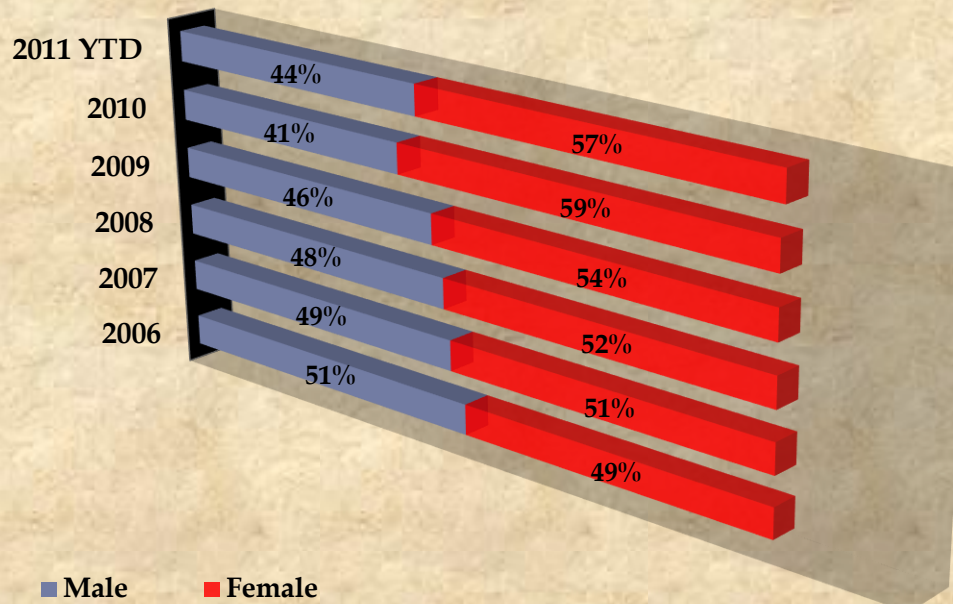


# RHLF Impact : Employment



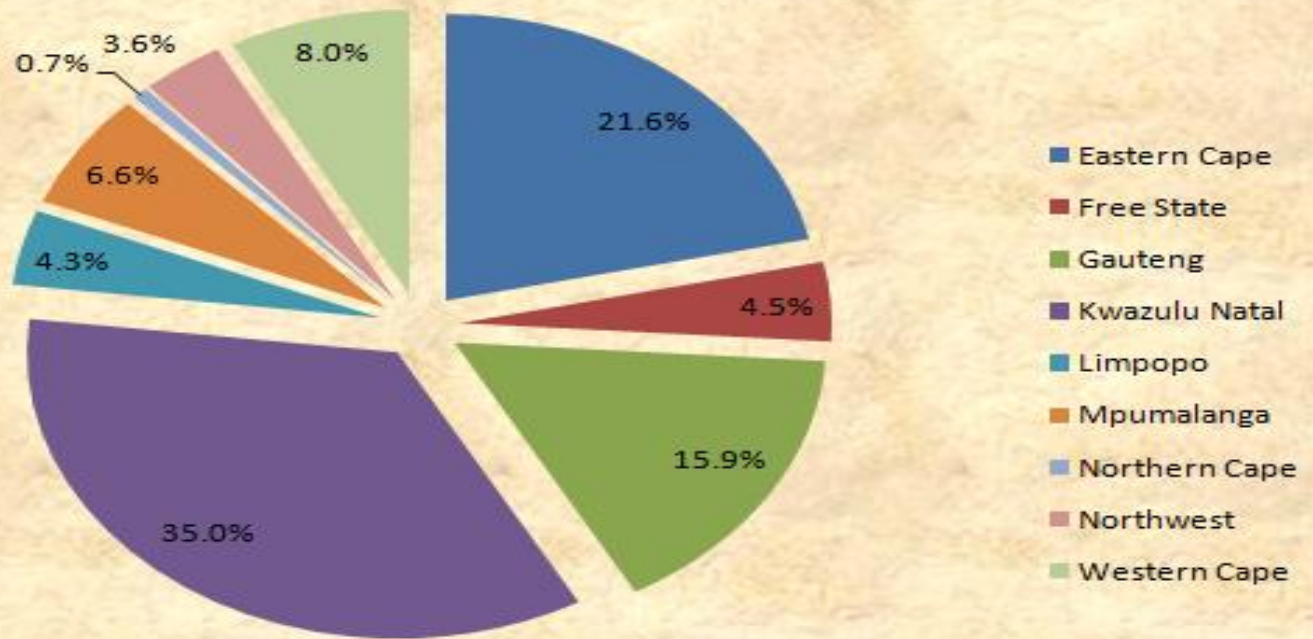
# RHLF Impact : Gender

Gender of borrower



# RHLF Impact : Provincial split

Number Loans Disbursed YTD Sept 2010



# RHLF Strategic plan 2011/2012

**“Forecasting is very difficult, especially if it's about the future”**

		Actual Mar-10	Forecast Mar-11	Mar-12	Mar-13	Mar-14
Number of End-User Loans disbursed	#	33 112	44 933	43 561	53 112	59 154
Qualifying Housing Use Target (% of loan instances)	%	84.0%	80.0%	80.0%	80.0%	80.0%
Percentage of end-user loan instances going to households earning R9,500 p.m. or more.	%	21.0%	20.0%	20.0%	20.0%	20.0%
Percentage of end-user loan instances going to households earning R3,500 p.m. or less.	%	62.0%	60.0%	60.0%	60.0%	60.0%
Percentage of end-user loan instances going to non-metropolitan areas.	%	88.0%	80.0%	80.0%	80.0%	80.0%
Number of Retail Intermediaries	#	12	12	13	13	14
Community Based Organizations	#	3	2	4	6	8

# General

Other issues:

- ▣ Funding from Department of Human Settlements
- ▣ Status of DFI Review
- ▣ Questions / Comments

**Thank You**