

## Beneficiaries accessed loan from RHLF Lender

### Ms. Belina Masina, Nhlazatje-Mpumalanga



Ms Bellinah Masina (*in the picture*) is divorced with two children that are attending school, they stay with her and along with her adopted son. She is employed as a teacher, earning between R6 000 - R9 800 per month. Ms. Masina lives at Eerstehoek in Nhlazatjie, where she has running tap

water insider her home, gets power from grid electricity and uses pit latrine as a toilet. She took a loan of R25 000 in August 2012 from a RHLF intermediary to build rental Rooms, the construction was still underway at the time of visit. Ms. Masina used some of her own savings to buy building materials which are stockpiled (as in picture), she is using a local builder who charges her R10 000.

### Mr Tatele Johannes Nyembe, Bluegambosch -QwaQwa



Mr Tatele Johannes Nyembe (*in the picture*) is a pensioner; he received a RDP house in 2001 in Mbeki phase 2 at Bluegambosch, Qwa-Qwa. Mr. Nyembe's RDP house has running tap water inside, a flush toilet and uses grid electricity for power. He lives with his wife who is a pensioner as

well; they each receive a pension grant. Mr. Nyembe took a loan of R5 000 from a RHLF intermediary in February 2013 in order to do extensions to his RDP house, he augmented the loan with his savings to buy cements and tiles. Mr. Nyembe has a housing plan to extend his RDP house which was approved by the local municipality. He is plans to take another loan to finish the house once the loan is repaid.

### Ms. Nomaswayile Lehana, Engcobo-KwaZulu Natal



Miss Lehana (*in the picture*) is 62 years old single mother living in Ekuphumeleni location with his two grandchildren. Ms. Lehana has electricity in her house through grid, get water from a public tap and uses pit latrine as toilet, she lives opposite a church. She receives a pension

grant and supplements it with income she makes from running a small business. She took a loan of R1 500 in July 2013 from RHLF intermediary through a building store in Cofimvaba to extend her house. Miss Lehana bought bags of cement and a door frame; she is being helped by his daughter to extend the house.

## Beneficiary borrowed from a Community Based Organisation

### Ms. Nomayeza Mtsila, Masemong Phase 6



Ms. Nomayeza Mtsila (*in the picture*) is a member of a Cooperative financed by RHLF, she stays with her parents, two nieces and her one child in a RDP house. Ms. Mtsila took a loan of R30 149.99 from the Stokvel group to continue building the house her parents has started building

with their pension grant. She works for a textile firm receiving an income of between R2 500 - R3 500pm. Ms. Nomayeza used her parents and own savings to augment the loan she took. She used a local builder for labour and roofing. She has stockpiled cement and bricks to complete the structure of the house.



## WHAT IS RURAL HOUSING LOAN FUND

Rural Housing Loan Fund (RHLF) is one of the Human Settlements Development Finance Institutions established by government to address housing development issues. RHLF reports to the Minister and the Department of Human Settlements.

### Vision

RHLF is a world class rural housing social venture capital fund that creates new financial arrangements and opportunities for rural families to improve their housing, economy and living environments.

### Mission

RHLF's mission is to empower people in rural areas to maximise their housing choices and improve their living conditions with access to housing credit from sustainable retail lenders-both commercial lenders and community based organisations.

### Mandate

RHLF's mandate is to facilitate access to incremental housing loans to low income earners in order to enable them to improve their housing conditions in rural areas and small towns as well tribal land in South Africa.

## Key components of the RHLF mandate are as follows:

- **Loan usage:** new house, extension, fixed improvement to a house, connecting to utilities; water harvesting, fencing, productive housing; purchasing of land by individuals or groups for residential purposes.
- **Rural areas:** tribal/communal land, farm areas, small towns.
- **Low income** currently set at maximum of R15 000 p.m.
- To support the implementation of the government's rural development programme-ensure that RHLF funding reaches priority rural nodes

## RHLF's CORE PRODUCT: INCREMENTAL HOUSING FINANCE

Many low-income people, when building their houses, prefer to do so in an incremental way because of limited access to finance and limited affordability to repay large amounts of loans. This way of building is generally referred to as incremental housing (or progressive build). In addition, many people in rural areas have no title to land and thus cannot access mortgage finance.

Typically, an end-user borrower applies for a loan from a RHLF approved lender, pay it back and return for another loan. Increasingly, repeat loans are becoming a large part of our business's end-user customer base. The approach to incremental housing and repeat loans indicate that low income people take loans that they can afford to repay.

Not only do people residing in rural areas (non-metropolitan areas) benefit by accessing micro-loans to achieve their housing dreams, but they also access loans to improve their living conditions in general. Many people apply for loans for water and electricity connections as well as sanitation-a phenomenon that is largely enabled by government schemes to provide access to services to rural communities. Security is a concern for people residing in rural areas as well; as a result people are also applying for loans for fencing their homes. In general, financing home improvement forms a large part of our business.

## RHLF BUSINESS MODEL

RHLF operates as a wholesale Development Finance Institution and provides incremental housing loan facilities to its approved intermediaries for on-lending to the individual borrowers who want to improve their housing conditions.

### RHLF works with the following type of intermediaries:

- **Commercial or Non-profit microfinance institutions:**
  - Who are registered with the National Credit Regulator; and
  - Lend to members of the public who are in the RHLF's target market.
- **Community based organisations:**
  - These include organisations such as stokvels, co-operatives or associations;
  - Lend to their members only and not to the general public.

### Why RHLF works with retail lenders:

RHLF works with intermediaries because it is more cost effective and enables a greater geographic reach. Our client intermediaries offer rapid and efficient service to end-users. The retail lenders respond quicker to events and better understand local needs and circumstances. In fact, RHLF is an endorser brand signifying trust and quality.

The intermediaries are also able to ensure high repayment rates. In the case of community based organisations who on-lend to their members only, RHLF is able to assist self and informally employed to access housing loans so that they can improve their housing conditions.

## RHLF'S GROWTH STRATEGY

RHLF is embarking on the growth strategy in order to scale up access to incremental housing finance for the benefit of the target market. There are two elements of RHLF's growth strategy, namely:

- **Signing up more commercial intermediaries:**

The focus of this element is to identify existing and start up enterprises that are willing and able to offer incremental housing product as part of their product offerings.
- **Signing up more community based organisation:**

The focus of this aspect is to identify community based organisations that are involved in income generation activities and whose members aspire to access housing loans for the purpose of improving their housing conditions.

### Postal address:

P O Box 645, Bruma, 2026

### Physical address

10 South Boulevard, Liberty Gardens building,  
2nd Floor  
Bruma, 2198

E: [mmothobi@rhlf.co.za](mailto:mmothobi@rhlf.co.za)

T: 011 621 2500

F: 011 621 2520

[www.rhlf.co.za](http://www.rhlf.co.za)

