

# Go far, go together

Gauteng Partnership Fund (GPF) bridges money gap for affordable housing delivery

Since the 1970s, the urban landscape of the Gauteng Province has transformed into the highly connected cluster of cities, towns and urban nodes we know today. This has translated into a landscape of urban sprawl, low-density housing programmes and a spatial distortion in the spread of economic activity and employment opportunities.

With the Gauteng urban region representing the most dense concentration of economic activity, population, and poverty in South Africa, it is also home to 50% of all South Africa's high-income earners, and 13.6% of its people are living below the minimum living level. This disparity cannot be ignored.

Even so, it is a land of opportunity, and 2002, Gauteng Partnership Fund (GPF) was formed as a bridge between the public and private sectors, helping to answer to the demand for affordable housing in Gauteng, by leveraging the necessary finance for these projects.

## WHY AFFORDABLE HOUSING?

In its quest to leverage funding for affordable housing development in Gauteng, GPF contributes solutions not only to a localised set of challenges, but to a national dilemma.

These challenges include a historical housing backlog, redressing Apartheid's legacy of separateness, of capital redistribution and empowerment, of property ownership and what it means for wealth creation, reducing unemployment and creating jobs, the constitutional right to housing for all South African citizens, and the demand for better infrastructure and services supporting these houses. The question that comes to mind, then, is this squarely government's responsibility?



Jabulani CBD, Soweto



Brickfields, Johannesburg



Kliptown, Soweto



Boni Muvevi, CEO of Gauteng Partnership Fund (GPF).

**POSSIBLE LIMITATIONS AND CHALLENGES:**

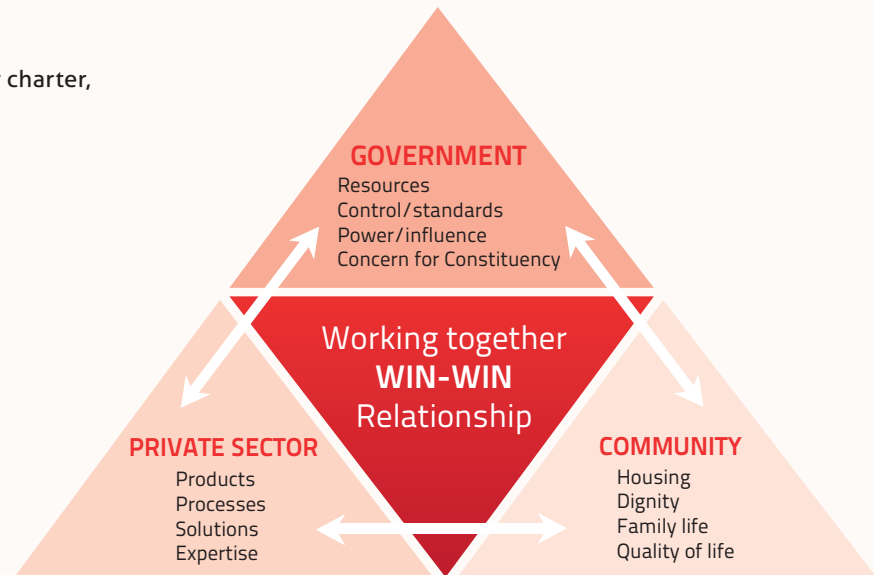
- **Government**
  - Not enough capital available in government treasury for housing.
  - Pace of delivery needs to be improved if we are to meet demand.
  - Insufficient skilled human capital in government.
  - Limited innovation in addressing housing challenges.
- **Private sector**
  - Driven rather by FSC, property charter, than opportunities.
  - Decisions on housing sector perception rather than facts.
  - Lack of investment in under-developed areas, i.e. black townships.

• **Contribution to SA's economy:**

- Construction and property: jobs, tax, revenue
- Mining sector: cement, stones, etc.
- Manufacturing: doors, lintels, sanitary ware, etc.
- Small business: plumbers, electricians, etc.
- Finance industry: mortgage, microfinance.
- Social investment: sustainable society.

**SOCIAL RESPONSIBILITY AND BUSINESS OPPORTUNITY**

*Based on C.K Prahalad: The fortune at the bottom of the Pyramid: Eradicating poverty through profits: 2005.*



GPF is structured as a social delivery vehicle of the Gauteng Department of Human Settlements (GDHS), operating on a cost recovery basis, and is not expected to earn market returns, but social returns. The socio-economic returns on funded projects or deliberate interventions are as significant as financial returns. GPF is a calculated risk taker with an appetite to share financing risk with partners, putting up the first layer of capital, and thus occupying a subordinated first-risk position in the funding structures of projects. GPF expects the investor/developer to contribute minimum equity towards a project to demonstrate seriousness and have a skin in the game.

**GPF PERFORMANCE: 2003 - 2014 (MARCH YEAR END):**

Over the past 11 years, GPF has committed funding for projects to a value close to R600 million, leveraging over R2.2 billion of private funding in social rental housing projects. This has facilitated over 20 000 housing units and funded over 15 000 completed units.

GPF boasts its Rental Housing Fund, Social Housing Fund, and more recently, its Entrepreneur Empowerment Property Fund (EETF), an incubator programme designed

to promote participation of previously disadvantaged-owned companies in the affordable rental property market.

"If you want to go fast, go alone. If you want to go far, go together." – African proverb.

Adapted from the GPF Property Entrepreneur Seminar Presentation delivered by Boni Muvevi, GPF CEO on the 4th of June 2014.

**FOR MORE INFORMATION ABOUT THE GPF PRODUCT RANGE, OR TO APPLY FOR FUNDING, PLEASE CONTACT:**

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