



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

National Housing Finance
Corporation/**Human Settlements**
Development Bank

A stylized graphic of a house in shades of orange and red, with a white rectangular cutout in the center of the main vertical structure.

FIRST HOME FINANCE

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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**



POLICY INTENT

- To **stimulate and expand** the affordable housing market
- To promote vibrancy, progression and **upward mobility** in regard to both the primary and secondary housing markets
- To **extend home ownership** to previously neglected or **underserved areas**, e.g. townships, rural areas
- To **broaden the options** for accessing home-ownership
- To **leverage private financial institutions' lending** in the affordable housing market space



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 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 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 **pay for purchase of a service site** only to projects funded through the rapid release of serviced sites programme
- 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** the initial house buying requirements (e.g. **conveyancing fee, transfer fee, deposit**)



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, and unwell extended family members.
- The applicant or spouse **have never benefited** from a Government Housing Subsidy Scheme before and neither of them have owned a house before.
- The household gross monthly must be within range from **R3 501** to **R22 000 p.m.**
- Ordinarily, an applicant will first approach a lender for a housing loan.
 - But, lenders may also request a First Home Finance pre-approval letter to consider home loan application

DOCUMENTS REQUIRED TO APPLY FOR FIRST HOME FINANCE?

CERTIFIED COPY of each of the following documents are required when applying for Subsidy:

- Smart Card or a bar-coded **identity document** of every adult member of the household;
- Birth certificates**, bearing the thirteen-digit identity number, for every child member of the household that does not have a bar-coded identity document;
- Proof of South African **citizenship**;
- Marriage certificate** for any union solemnised in terms of civil law;
- Affidavit** for any union solemnised in terms of **customary law**;
- Divorce settlement** agreement, to prove custodianship;
- Court order** or order issued by the Commissioner of **Child Welfare**, to prove guardianship; and,
- Proof of **sources of income**.





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 due to delays these methods of applying cause, leading to frustration of applicants
- ❑ 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
 - ❑ Applicants fill in First Home Finance ONLINE application form and upload required documents
 - ❑ 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 update** on the status of the application
- ❑ The online completion of First Home Finance application requires access to internet and applicants can apply at the time convenient to them
- ❑ Applicants who struggle with internet access can make telephone to Call Centre Agents on **010 085 2199** for assistance
- ❑ Municipalities can assist residents in their areas of jurisdiction to apply online



CONCLUDING REMARKS

- ❑ Growth in the uptake of FIRST HOME FINANCE will be realised through **collaboration of various stakeholders**
- ❑ The ultimate objective of the Programme is to **support access to adequate housing on affordable basis** for all qualifying households in South Africa; however, the Programme has positive spin-offs for many other government priorities to maximise development impact



THANK YOU

For more information visit us on the following website pages

<https://www.nhfc.co.za/finance-solutions/first-home-finance/>

www.firsthomefinance.co.za

CALL CENTRE No.: 010 085 2199