

## **Lifeline for lower income buyers**

In the budget speech Mr Zuma said “We are pleased to report that the National Housing Fund will start its operations on 1<sup>st</sup> April 2012. This is encouraging further sustainable growth and improvement which in turn will have a positive impact on and spin off for the property market.

There will be two subsidy divisions: the National Housing Guarantee scheme of R1 billion and the Housing subsidy for the gap market, which will enable prospective home owners earning between R3 500 – R15 000 to apply for a subsidy of up to R83 000.00. More people will be able to afford to buy a home as opposed to renting a property.

Individual housing subsidies are available to low income households who wish to buy a residential property for the **first time**. It can be used to buy an existing house valued at R88 000.00. Successful applicants will receive the subsidy only once they are qualified. It is not a cash payout but is paid directly to a financial institution or the conveyancing attorney.

The government’s Mortgage Default Insurance (MDI) scheme, aimed at helping lower income earners own their own homes will start operating shortly. It is aimed at helping professionals such as police officers, nurses and teachers who earn between R3 501.00 and R15 000.00 per month. The MDI, managed by the National Housing Finance Corporation is essentially a guarantee fund to encourage banks and the housing sector to advance mortgage loans to those who might otherwise not qualify for such loans.

### **Who can apply for an individual housing subsidy?**

You cannot apply for a housing subsidy if you have received a subsidy or housing assistance from the government before.

### **INDIVIDUAL SUBSIDY : You qualify for a housing subsidy if ALL of the following statements are TRUE-**

1. I am married or co-habiting with a long-term partner (if you are married or cohabiting, it does not matter whether you have financial dependants or not)  
  
    **or** I am single  
  
    **or** I am divorced with financial dependants.
2. I am a South African citizen  
  
    Or  
  
    I have a South African Permanent Resident’s Permit.
3. I am over 18 years of age

Or

I am under 18 years of age and married or divorced with financial dependants.

4. I am of sound mind.
5. My gross monthly household income is less than R3 500.00
6. I have never received a subsidy from the government and neither has my partner.
7. I have never owned property and neither has my partner.
8. My family and I will live in the property bought with the subsidy.

If you answer “true” to all of the above then you are eligible for a housing subsidy.

### **HOW MUCH IS AN INDIVIDUAL HOUSING SUBSIDY WORTH?**

It depends on how much your gross (before deductions) monthly household income is

- If your household income is less than R3 500.00, you are eligible for a subsidy of R88 000.00. You do not have to repay this subsidy as it is not a loan.
- If you can prove that you are disabled or health stricken, as long as your household income is less than R3 500.00, you are eligible for a housing subsidy.

### **HOW DO I APPLY FOR AN INDIVIDUAL HOUSING SUBSIDY?**

There are two kinds of Individual Housing Subsidies, based on whether you can pay your contribution to the house out of your savings, or if you need to borrow money to pay for it.

- A **Non-credit linked Individual Subsidy** is what you get if you can pay your contribution in full out of your pocket. We will gladly assist you in filling out the forms.
- A **Credit linked Individual Subsidy** is what you get if you cannot afford to pay your contribution in full out of your savings and need to do so using a loan from a Bank or financial institution. You need to be pre-approved for credit from a financial institution before you can apply for a Credit linked individual subsidy. You may buy a property up to a maximum of R300 000.00. Your salary should be between R3 501.00 – R15 000.00.

## **WHAT DOCUMENTATION MUST I SUPPLY WHEN APPLYING FOR A SUBSIDY?**

1. A certified copy of your bar-coded South African Identity document, that of your partner or spouse, and certified copies of the birth certificates of your financial dependants.

Or

A certified copy of your Permanent Residency permit if you are not a South African.

2. A certified copy of your marriage certificate if you are married;
3. A certified copy of your Divorce Order. If you are divorced with financial dependants.
4. A certified copy of your recent payslip as proof of income.
5. If you are applying for a Non-Credit linked Individual subsidy you will need to supply a certified copy of the signed agreement of sale for the property. Be sure to make the sale conditional to your receiving a housing subsidy.

Or

If you are applying for a Credit linked Individual subsidy, you will have to supply a certified copy of the signed Agreement of Sale for the property. Be sure to make the sale conditional to your receiving a housing subsidy AS WELL AS a bond. You will also need to provide proof that the Bond has been approved.