



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

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Reference: 11/2/1/1

Mr T Mguli
Head of the Department
Department of Human Settlements
Private Bag X9083
CAPE TOWN
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Dear Mr. Mguli

AMENDMENTS: REVISED FINANCED LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP)

At its meeting held on 28 July 2018, Human Settlements: MINMEC considered the amendment of FLISP and approved amendments that cover a wide range of aspects that will be implemented with immediate effect. The approved amendments are as follows:

- 1. The increase in the FLISP Subsidy Quantum and changes on the upper income range:** House prices and building cost have increased and households in "affordable housing market" can no longer afford houses previously available in the market. The upper income threshold for qualifying beneficiaries has been changed from R15 000 up to R22 000. The applicable subsidy quantum has been increased and the details thereof are depicted in Annexure A to this letter.
- 2. National Implementing Agent:** It was approved that a National Implementing Agent be appointed to serve both the private sector and public sector markets.
- 3. Funding arrangements:** To ensure the successful management and implementation of the FLISP in all Provinces, the HSDG allocation will be "top sliced" at National level and allocated to the National Implementing agent. This will include the allocation of the Operational funding to the Agent?
- 4. Role of province:** The Provinces will be able to set aside funds for the implementation of FLISP and aligning FLISP in their own IRDP projects from their annual HSDG allocations. Provinces will administer FLISP applications in respect of IRDP projects where stands are sold to qualifying beneficiaries. Provinces will be allowed to construct houses for the FLISP subsidy beneficiaries. Provinces are expected to set aside funds for the implementation of FLISP in their own IRDP projects from the annual HSDG allocations. Provinces by agreement with the implementing agent will also administer their FLISP subsidy portfolio at their cost. In the event a Province selects to administer this FLISP portfolio in house, the Province will finance such portfolio from its provincial operational budget.
- 5. Exemption of FLISP from Provisions of section 10A and 10B of the Housing Act:** It was also agreed that the sales restriction provisions under Section 10 of the Housing Act, 1997 (Act No. 107 of 1997) hampers the successful implementation of FLISP and should not be applied on all

properties acquired through a FLISP. However, it was confirmed that the provisions under section 10B(5) provides an alternative relief and must be applied retrospectively whilst the matter is addressed by means of an amendment to the Housing Act, 1997.


6. **Enhanced scope:** It was approved that the scope of the FLISP portfolio be expanded to include non-mortgage options such as housing loan facility, short term loans , savings linked schemes including the following:
 - a. **Pension/Provident Fund Backed Loans:** Persons receiving such loans will now be allowed to participate to FLISP. These loans are personal loans issued against the security provided by the relevant Pension Funds. The loans are linked to the acquisition of residential properties and personal loans are issued by registered lenders. The collateral is linked and is based on the accumulated retirement contributions of the applicant.
 - b. **Deed of sale transactions:** In terms of the Alienation of Land Act, 1981 a person may enter into a written agreement to purchase a residential property in monthly instalments over an agreed period. Transfer of ownership of the property is not immediately registered in the Deeds Office and the seller remains the legal registered owner of the property. Transfer of ownership is only effected only after a prescribed percentage of the purchase price has been paid by the purchaser in line with the deed of sale agreement. Persons who bought a property on a Deed of Sale basis now qualify for participation to the FLISP. The application will only be considered when the applicant intends to take transfer of the property. The financing thereof may be by means of a mortgage or personal loan or the subsidy may be adequate to pay the balance of the purchase price.
7. **Alignment with the Government Employees Housing Subsidy scheme (GEHS):** It was also approved that public servants who receive housing assistance *via* the GEHS will in future qualify for participation to the FLISP programme. The GEHS will be administered by a National GEHS Administration Office and public servants must enrol with the Administrator under the GEHS to qualify for assistance.
8. In addition thereto the National Department was tasked to finalise the financial modelling for the other non-mortgage options (such as savings schemes) and resolve final administrative arrangements regarding the modalities, sequencing, budgetary and operational implications of top slicing, and programmatic interface between Province and the Implementing Agency.

My Department is currently preparing a notice to be placed in the Government Gazette and also updating the FLISP policy guidelines and these will be forwarded in due course.

As an interim measure to inform the public at large and other role players such lenders allocating mortgage loans, pension funds, etc. all provinces are advised to inform the key stakeholders about the revised FLISP provisions and the impending new administrative arrangements applicable thereto and undertake intensive communication campaigns where feasible.

It is trusted that these amendments will contribute positively towards housing delivery in your Province.

Yours sincerely,


SM TSHANGANA
DIRECTOR-GENERAL
DATE: 05/10/2018

Finance-linked Individual Subsidy Programme
Subsidy Quantum Table
Implementation date: 28 July 2018

Upper limit	R 121 626.00
Lower Limit	R 27 960.00

Step Number	Increment Band		Quantum
	Lower	Higher	
1	R 3 501.00	R 3 700.00	R 121 626.00
2	R 3 701.00	R 3 900.00	R 120 585.00
3	R 3 901.00	R 4 100.00	R 119 545.00
4	R 4 101.00	R 4 300.00	R 118 504.00
5	R 4 301.00	R 4 500.00	R 117 463.00
6	R 4 501.00	R 4 700.00	R 116 422.00
7	R 4 701.00	R 4 900.00	R 115 382.00
8	R 4 901.00	R 5 100.00	R 114 341.00
9	R 5 101.00	R 5 300.00	R 113 300.00
10	R 5 301.00	R 5 500.00	R 112 259.00
11	R 5 501.00	R 5 700.00	R 111 219.00
12	R 5 701.00	R 5 900.00	R 110 178.00
13	R 5 901.00	R 6 100.00	R 109 137.00
14	R 6 101.00	R 6 300.00	R 108 097.00
15	R 6 301.00	R 6 500.00	R 107 056.00
16	R 6 501.00	R 6 700.00	R 106 015.00
17	R 6 701.00	R 6 900.00	R 104 974.00
18	R 6 901.00	R 7 100.00	R 103 934.00
19	R 7 101.00	R 7 300.00	R 102 893.00
20	R 7 301.00	R 7 500.00	R 101 852.00
21	R 7 501.00	R 7 700.00	R 100 811.00
22	R 7 701.00	R 7 900.00	R 99 771.00
23	R 7 901.00	R 8 100.00	R 98 730.00
24	R 8 101.00	R 8 300.00	R 97 689.00
25	R 8 301.00	R 8 500.00	R 96 648.00
26	R 8 501.00	R 8 700.00	R 95 608.00
27	R 8 701.00	R 8 900.00	R 94 567.00
28	R 8 901.00	R 9 100.00	R 93 526.00
29	R 9 101.00	R 9 300.00	R 92 486.00
30	R 9 301.00	R 9 500.00	R 91 445.00
31	R 9 501.00	R 9 700.00	R 90 404.00
32	R 9 701.00	R 9 900.00	R 89 363.00
33	R 9 901.00	R 10 100.00	R 88 323.00
34	R 10 101.00	R 10 300.00	R 87 282.00
35	R 10 301.00	R 10 500.00	R 86 241.00
36	R 10 501.00	R 10 700.00	R 85 200.00
37	R 10 701.00	R 10 900.00	R 84 160.00
38	R 10 901.00	R 11 100.00	R 83 119.00
39	R 11 101.00	R 11 300.00	R 82 078.00

40	R 11 301.00	R 11 500.00	R 81 038.00
41	R 11 501.00	R 11 700.00	R 79 997.00
42	R 11 701.00	R 11 900.00	R 78 956.00
43	R 11 901.00	R 12 100.00	R 77 915.00
44	R 12 101.00	R 12 300.00	R 76 875.00
45	R 12 301.00	R 12 500.00	R 75 834.00
46	R 12 501.00	R 12 700.00	R 74 793.00
47	R 12 701.00	R 12 900.00	R 73 752.00
48	R 12 901.00	R 13 100.00	R 72 712.00
49	R 13 101.00	R 13 300.00	R 71 671.00
50	R 13 301.00	R 13 500.00	R 70 630.00
51	R 13 501.00	R 13 700.00	R 69 590.00
52	R 13 701.00	R 13 900.00	R 68 549.00
53	R 13 901.00	R 14 100.00	R 67 508.00
54	R 14 101.00	R 14 300.00	R 66 467.00
55	R 14 301.00	R 14 500.00	R 65 427.00
56	R 14 501.00	R 14 700.00	R 64 386.00
57	R 14 701.00	R 14 900.00	R 63 345.00
58	R 14 901.00	R 15 000.00	R 62 304.00
59	R 15 001.00	R 15 200.00	R 61 264.00
60	R 15 201.00	R 15 400.00	R 60 223.00
61	R 15 401.00	R 15 600.00	R 59 182.00
62	R 15 601.00	R 15 800.00	R 58 141.00
63	R 15 801.00	R 16 000.00	R 57 101.00
64	R 16 001.00	R 16 200.00	R 56 060.00
65	R 16 201.00	R 16 400.00	R 55 019.00
66	R 16 401.00	R 16 600.00	R 53 979.00
67	R 16 601.00	R 16 800.00	R 52 938.00
68	R 16 801.00	R 17 000.00	R 51 897.00
69	R 17 001.00	R 17 200.00	R 50 856.00
70	R 17 201.00	R 17 400.00	R 49 816.00
71	R 17 401.00	R 17 600.00	R 48 774.90
72	R 17 601.00	R 18 000.00	R 47 734.00
73	R 18 001.00	R 18 200.00	R 46 693.00
74	R 18 201.00	R 18 400.00	R 45 653.00
75	R 18 401.00	R 18 600.00	R 44 612.00
76	R 18 601.00	R 19 000.00	R 43 571.00
77	R 19 001.00	R 19 200.00	R 42 531.00
78	R 19 201.00	R 19 400.00	R 41 490.00
79	R 19 401.00	R 19 600.00	R 40 449.00
80	R 19 601.00	R 19 800.00	R 39 408.00
81	R 19 801.00	R 20 000.00	R 38 367.60
82	R 20 001.00	R 20 200.00	R 37 327.00
83	R 20 201.00	R 20 400.00	R 36 286.00
84	R 20 401.00	R 20 600.00	R 35 245.00
85	R 20 601.00	R 20 800.00	R 34 205.00
86	R 20 801.00	R 21 000.00	R 33 164.00
87	R 21 001.00	R 21 200.00	R 32 123.00
88	R 21 201.00	R 21 400.00	R 31 082.00
89	R 21 401.00	R 21 600.00	R 30 042.00
90	R 21 601.00	R 21 800.00	R 29 001.00
91	R 21 801.00	R 22 000.00	R 27 960.00