

# Phakamisa Ndzamela - Squeeze On Financing For Affordable Housing

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The deteriorating creditworthiness and affordability among South Africans has affected the appetite for advance loans for affordable houses, according to Nedbank's affordable-housing head Jeff Lawrence.

Among the worst affected were those earning between R3,501 and R15,000; they have been falling through the cracks when it comes to qualifying for mortgage finance.

To alleviate this problem, stakeholders need to come together to fully implement the government-initiated mortgage default insurance scheme and the finance-linked individual subsidy programme, which is meant to reduce the initial home loan amount to make the monthly instalments affordable, especially in the low-income market.

Mortgage default insurance is aimed at providing risk cover to commercial banks against clients defaulting on their mortgages.

The government hopes interventions such as these, which were announced by the National Housing Finance Corporation in late 2010, will encourage banks to increase lending for housing.

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