

## 70% of buyers in affordable housing market young professionals

According to Caron Leslie, broker/owner of RE/MAX Property Associates, young professionals are the driving force behind the affordable housing market in Atlantis and the surrounding suburb on the Western Seaboard...



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She notes that the affordable housing sector is defined as homes that are priced between R300,000 and R650,000. According to sales statistics, approximately 70% of recent buyers who have purchased homes that fall within this sector have been young professionals, while the remaining 30% have been family buyer. “In our market we have seen a large number of young graduates looking to get into the housing market as soon as possible. Many of these buyers are in their first or second year of working but don’t want to spend their hard-earned money paying for someone’s bond,” says Leslie. “On average the buyers in the affordable housing sector are between the ages of 30 and 40 years old, and are single working professionals.”

### Demand for freestanding homes

According to Leslie, there is huge demand for freestanding homes within the affordable housing sector. “Many of the buyers who are purchasing within this sector of the market would prefer not stay within a sectional title property. This is because it does not offer them the same kind of value a freestanding home does in terms of the space and privacy,” she says.

She notes that location is just as important for them as for any other buyers, with proximity to hospitals, transport nodes, retail facilities and schools rated as the most significant. “Safety for their families, especially their children is also very important to these buyers. This is why closed estates that have security features such as a guard house and a secure perimeter with electric fencing are sought after.”

According to Adrian Goslett, regional director and CEO of RE/MAX of Southern Africa, the affordable housing market across the country is set to continue growing over the next few years - both in terms of buy demand and investment potential. “More than half of the properties registered at the deeds office fall within the affordable housing sector, and these properties can offer investors impressive yields. The affordable

housing sector has had a huge impact on the property market due to the fact that these homes are more financially accessible to those who need them,” he says.

## **Subsidy programme**

Leslie points out that while the bond application process does not differ, there is a subsidy programme known as the Finance Linked Individual Subsidy Programme (FLISP), which is available to purchasers of affordable homes. “When the programme was first introduced it catered to buyers who were looking at homes priced at R300,000 and less, however the criteria has changed to be more inclusive. FLISP will now assist any first time homebuyer with a once-off down payment, provided they are South African citizens and earn between R3,501 and R15,000 per month,” says Leslie.

She adds that this initiative by the Department of Human Settlements assists qualifying buyers to reduce their initial home loan amount or fill in the shortfall between their loan and the actual house price. This will open up so many more doors for buyers in the bonded affordable housing space, making homeownership a reality.

In order to qualify for the FLISP subsidy, buyers must meet the following criteria determined by the department:

- Not have qualified for a government housing subsidy before.
- Not have owned a fixed residential property before.
- Be competent to contract - over 18 years or legally married or legally divorced and of sound mind.
- Be married or cohabiting.
- Be single with financial dependents.

“Buyers need to ensure that they have a good credit record and have money set aside for costs such as lawyer’s fees, bank fees and a deposit. When applying for a bond they will also be required to have three months bank statements, three months’ salary slips, ID, proof of current address and a marriage certificate applicable. It is important for purchasers to prequalify themselves to determine their affordability before they start their home search,” advises Leslie. “It is also important for buyers to always work with a reputable agent that has experience and working-knowledge of the area in which they wish to purchase,” she concludes.

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