



IMPACT INVESTING
SOUTH AFRICA



Case Study

Trust for Urban Housing Finance (TUHF)

Balancing impact and investor returns for affordable housing in South African cities

Prepared by:

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Summary

Global investment in impact-driven enterprises and sustainable bonds has surged, with emerging markets expected to lead the way in impact investing. This case study introduces the **Trust for Urban Housing Finance (TUHF)**, which has been based in Johannesburg since 2003 and fills the finance gap for nontraditional entrepreneurs to develop affordable housing projects in declining urban centres and informal townships.



*"The rejuvenation of a city does not need **grand plans** and large sums of money thrown at it. What it does need are many small, **incremental changes** from the ground up."*

– Paul Jackson, TUHF co-founder



South Africa's first social impact bond

TUHF launched SA's first social impact bond on the JSE Sustainability Index in 2021, with Standard Bank as the arranger and sustainability agent.



Local, national, and global goals



TUHF is conscious of impact made in alignment with SA's **National Development Plan**, and is intentional about its alignment with the UN's **Sustainable Development Goals** (SDGs). TUHF aligns specifically to SDGs 7, 8, 9, 11 and 13, with a particular focus on SDG 11.

Need-to-know: Impact investing



- Relatively new investing strategy which grew out of global concern about climate change.
- A range of instruments that use different mechanisms to create impact in environmental, social and corporate governance (ESG).
- Impact investing assets under management in SA grew from \$6bn in 2015 to \$44.4bn in 2022.

*"We've always said we want to be a **good business doing good.**"*

– Sqniseko Mbatha, TUHF Financial & Development Impact Analyst



TUHF's four key programmes

1

TUHF Property Finance: 15-year single loan facility for entrepreneurs to finance property purchase, construction, refurbishment and conversion, or refinance.

2

uMaStandi: Financing for developers of affordable rental units in township areas.

3

Intuthuko Equity Fund: Financing for emerging property development entrepreneurs who lack access to capital.

4

TUHF Programme for Property Entrepreneurs: Six-day (over six months) property-entrepreneurship training and mentoring programme, delivered in partnership with UCT.

Value proposition for impact investors

- **Impact:** Increased delivery of quality affordable housing stock; creation of sustainable property-based employment.
- **Strong financial returns:** TUHF has provided the average return of a social impact bond, and a higher return than market rate since 2022.
- **Tremendous growth:** TUHF's loan book grew to R3.8bn by the end of 2022, and investors are confident in TUHF's goal of a R10bn loan book.



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