

## Social Housing and Mortgage Finance Fund Profile

The Social Housing and Mortgage Finance Fund (SHMFF) is a governmental entity under the auspices of the Ministry of Housing, Utilities and urban communities that has the mandate to finance, manage, release social housing units, provide commercial and vocational services necessary for these housing projects. SHMFF deliver housing programs for underserved households, youth, low income households, it provides a broad choice of locations, tenure and housing types, including ownership and rental options. The fund design and coordinate policies and programs in the social housing sector across Egypt, strengthen the governance and institutions of the housing sector, as well as design procedures that ensure effective coordination and synergies across levels of government and public and private sectors.

Since launching the Social Housing Program in 2014 up to September 31<sup>st</sup> , 2019, the Fund has managed to provide financing to construct 600,000 residential units and has supported the delivery of demand side subsidies to 275,000 low income household on the bottom 40 percent of Egypt's population with 66% of the program's beneficiaries falling under the average poverty line; It has further managed to grant, subsidized interest on mortgage finance for more than EGP 26.5 Billion, i.e. an overall average of EGP 96,000 for every unit beneficiary. The non-repayable financial subsidy reached EGP 4.3 Billion, i.e., an average subsidy of EGP 17,000 deductible from the allocated unit price. The long-term mortgage finance enabled citizens to obtain adequate housing at low cost. Strict controls and conditions are set to ensure that subsidy reaches the neediest citizens, and to prevent units' trading and resale market phenomenon.

To reduce the risk of increasing sprawl and spatial inequality, the program incorporates requirements to ensure that units have access to basic services and infrastructure. Project sites are designated by urban planning authorities, connected to basic utilities, transport networks and have access to services such as schools, playgrounds, worship areas, commercial stores, administrative unit's, buses, and health clinics, thus, all units are distributed only after all utilities are finalized.

The program was designed taking into consideration characteristics of Egyptian society compared to its needs, and demographical structure. It is committed to upholding the Egyptian Civil and Commercial Code of giving women equal ownership rights and achieving Sustainable Development Goal 5 and has contributed to gender equality, with over 20% of its beneficiaries being women, in particular, house hold headed women, divorced women, widows, and women with special needs. Also, prioritized families, with 57% of beneficiaries being married couples with young children. Moreover, it continues to cater to the needs of youth in Egypt, with 71% of its beneficiaries under the age of 40.

Moreover, the Program succeeded in cooperation with 29 banks and mortgage finance companies to serve the Egyptian national plan for financial inclusion through applying digital payment mechanisms and enhancing dealings with lending banking authorities. The total number of citizens applied to the program more than a million citizen, 65% of which dealt for first time with banks, or opened a new bank account. Furthermore, the banking sector broadened its participation in financing the Social Housing Programs abiding with banking principles to ensure efficient collection system from citizens, consequently maintaining financial sustainability. In this respect,

25 lending entity (banks and mortgage finance companies) are from the private sector participating in the Program.

Economically, the SHMFF has aided in the decrease of the expansion of informal housing on agricultural land by providing formal housing in urbanized areas, which will also safeguard the Egyptian agricultural output and protect agricultural land. The program is expected to reach more than 3.6 million individuals within seven years, and has economic and social impact indirectly contributing to generating up to 1.5 million jobs for skilled and unskilled labor through 195 construction company registered with the Egyptian Construction and Building Federation. In addition, the SHMFF's program is expected to increase Egypt's GDP by up to two percent.

The Program will also support the implementation of basic green initiatives in pilot projects and develop and implement new PPP guidelines with private developers to promote their participation in the affordable housing.