



MINISTRY OF LANDS AND HOUSING
HOME SAVINGS SCHEME (HSS) POLICY

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SUMMARY

The revised Home Savings Scheme (HSS) Policy provides for an improved policy framework, building on the success from the introduction of the Policy in the year 2010 to date. The revision addresses gaps in interpretation and also re-emphasises the need for applicants to save towards their long term housing solution.

BACKGROUND

Home Saving Scheme (HSS) was initiated in the year 2010 with the aim and objective to encourage applicants to save towards their future home. Every Seychellois therefore, who has a housing need, as well as an application for Housing Assistance or a Housing Loan, is required to contribute beforehand.

Alternatively, the Scheme was also introduced to supplement cash inflows to the Housing Finance Company Limited (HFCL) and reduce the cost of borrowing from the commercial banks to service housing loans. The applicants benefit from an annual interest rate of 4% on their deposits. Despite various economic shocks, the interest rate has remained fixed.

APPLICABILITY & SCOPE OF THE POLICY

The Housing Department in the Ministry of Lands and Housing (MLH), and the Housing Finance Company Limited (HFCL).

DEFINITION OF THE SCHEME

A savings scheme designed for Housing, Loans and Land Applicants to save towards their future home or related housing solutions, by making monthly contributions.



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POLICY

1.0 Administrative Provision

- 1.1 The HSS shall be administered by HFCL on behalf of the Government/MLH, by virtue of the nature of their line of business as a financial institution for Housing Loans.
- 1.2 The HSS contribution (deposits) shall be mandatory for all Affordable Housing applicants and payable by monthly deposits in the prescribed form set by the Ministry and HFCL, within three months of the date of application.
- 1.3 Whereas for Housing Loan Applicants, the contribution (deposits) shall be mandatory only if the applicant does not have the required personal contribution for the loan.
- 1.4 It is not compulsory for Land Applicants to contribute towards the scheme, but they will be encouraged to open a HSS Account and deposit a monthly contribution, in accordance to the provision under this Policy, whilst being waitlisted for a plot of land under the Land Bank Scheme.
- 1.5 Interest rates on the deposits shall only be revised by HFCL through an application to the Ministry of Finance, stating the specific reasons for the revision. Any revision shall be approved by the Cabinet of Ministers upon recommendation of the Ministry of Finance.

2.0 Terms and Conditions (Agreement)

- 2.1 (a) All housing applicants shall subscribe to the HSS and in doing so shall sign an agreement, as per Annex 1, for Housing Assistance.

(b) Housing Loan Applicants will be encouraged to subscribe to HSS at the time of making a Housing Loan application, should they not have the mandatory 5% personal contribution. In doing so, the applicant(s) shall sign an agreement as per Annex 2.
- 2.2 The agreement shall make provision for a minimum monthly contribution of not less than 5% of the applicant's net monthly income.
- 2.3 All applicants contributing towards the HSS consecutively for a period of twenty-four (24) months and more, shall be deemed active and serious towards their quest for a housing solution.
- 2.4 (a) Applicants who miss three (3) consecutive payments or a total of six (6) payments per year will be categorised as a non-active applicant and shall not be eligible for housing allocation, unless they have informed the Department of Housing of the specific reasons limiting them to make their monthly contributions.



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- (b) For accounting purposes and clarity, an account with HFCL is deemed dormant following inactivity for six (6) months. The account shall become active as soon as a transaction gets posted but the single transaction does not change the status or influence of (a) above unless the requirement of 2.4 above are met.
- (c) A special exemption shall be made for applicants who have been out of employment, as a result of a serious illness, supported by medical papers.
- 2.5 HSS payments shall be, as far as is practicable, be deducted at source from the applicant's salary and such payments shall be made onto the applicant's account by the employer, no later than five (5) days after the end of each month.
- 2.6 Payments made in bulk shall not be considered as adjustment for months where payments were skipped, but as one payment for the particular month the transaction occurred, unless in circumstances related to loss of employment or for medical reasons.
- 2.7 All cash payments shall be made no later than the 5th day of the following month. Payments after the above-mentioned period will be registered as a payment for the particular month in which the payment was made.
- 2.8 HFCL shall apply a reduced interest rate to all accounts whose balance is above SCR200,000.00. The applicable interest rate is to be determined by HFCL with the approval of the Ministry of Finance.

3.0 Refunds and Cancellations

- 3.1 All requests for refund and cancellation for Housing Assistance applicants shall be initiated at MLH, whereas requests for refund and cancellation for Housing Loan assistance shall be initiated at HFCL
- 3.2 Refunds will only be considered under the following circumstances:
- a) Medical condition requiring overseas treatment;
 - b) Construction of a wall;
 - c) Housing deposits for rental of private residence; and
 - d) Separation as a result of a breakdown in the relationship.

NB: Request for refunds NOT related to the objectives of the HSS programme shall not be entertained.



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- 3.3 All cancellations shall result in the closure of the housing application and HSS account, and shall not be re-opened or activated until after two years of the date of cancellation.
- 3.4 All deposits shall be returned to the applicant upon the cancellation of the housing application, without any accumulated interest.
- 3.5 HFCL shall apply a cancellation fee of 1% of the applicant's total HSS contribution, or a minimum of SCR250.00 (whichever is greater), for the processing of the cancellation of the HSS account.

4.0 Loans and Waivers

- 4.1 The personal contribution for a housing loan shall be calculated from the maximum loan amount an applicant qualifies for, after being means tested.
- 4.2 The personal contribution shall be set at a rate of 5 % of the maximum loan amount and is applicable for Mahe, Praslin and La Digue applicants.
- 4.3 Applicants requiring to use their HSS contributions as a personal contribution towards their housing loan applications with a commercial bank, can request for their HSS balance to be transferred, with their accumulated interest, directly to the commercial lending institution and will thereafter be deemed as being an assisted case.
- 4.4 Waivers: The following are the conditions upon which the personal contribution can be waived:
- a) Medical reasons brought about by the living conditions (supported by medical certificates, but not adverse to the applicant's employment status) e.g. asthma etc;
 - b) Valued contribution on site (physical construction); and
 - c) Social risks due to overcrowding (e.g. certified domestic violence & abuse)

5.0 Social Housing

- 5.1 A client would need to have paid a minimum of 10% of the cost of the house before any allocation is done.
- 5.2 As part of the allocation criteria for Mid-Range Condos, applicants shall automatically contribute towards the HSS once their application has been accepted, to allow them to cover for 10% of the unit cost.



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5.3 An applicant who is unable to meet the requirement of 5.1 will be means tested, proving their financial difficulty prior to being considered for allocation.

6.0 Closing of Accounts

6.1 Applicants taking a housing loan from a commercial bank shall request for the closure of their account and use the HSS contribution as his or her personal contribution towards the commercial housing loan. The applicant shall be deemed as self-assisted and will not be eligible to lodge a housing or land application thereafter.

6.2 In reference to point 6.1, HFCL shall charge an administrative fee of 1% on the total balance in the account, before processing the request.

7.0 Transfer Modality of HSS from HFC to PMC

7.1 Upon the attainment of the objective of the deposits through the affordable housing programme, HFCL shall formally inform the Property Management Corporation (PMC), through a balance note, of the balance of the successful applicants at the time of the allocation. PMC shall offset the balance amount brought forward against the cost of the unit, once the unit cost has been established and registered in their register, after having applied the discount and subsidy.

Contact Information

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