

Investment in Housing Sector

First: Investment Objectives

1. Increasing the supply of housing and residential land.
2. Encouraging greater participation of the private sector in supporting the activities of the various housing programs.
3. Delivering facilities and services to all housing projects.
4. Redeveloping old neighborhoods and slums.
5. Reducing residential land prices.
6. Reducing the cost of building materials.
7. Provision of affordable housing.
8. Provision of sustainable, non-traditional, and modern techniques based housing.
9. Encouraging cooperative housing.
10. Improving the technical efficiency of the workers in the field of construction, and the managerial efficiency of the contracting companies.
11. Diversifying housing finance methods from the public and private sectors.
12. Encouraging the benefiting from economies of scale in all stages of house establishment.
13. Regarding the achievement of the investor licit gains as much as regarding the sake of the beneficiary represented by the Ministry.

Second: Investment Incentives

1. The presence of an unprecedented fund dedicated to the production of housing (250 billion riyals).
2. The presence of a huge housing demand represented by the huge number of residential products required to be provided during the Tenth Development Plan (1.25 million residential product).
3. The existence of vast tracts of housing land available at the Ministry land bank (almost 345 million square meters), in addition to other lands in queue to be delivered to the Ministry, where all governmental housing land has become under the responsibility of the Ministry of Housing. The land demand needed to provide the required residential products within the Tenth Development Plan is (almost 480 million square meters).
4. The presence of more than (100) major projects for land development either under bidding or design.
5. The Ministry launching of five new projects for partnership with the private sector in Al-Madinah Al-Monawarah, Jeddah (two projects), Dammam, and Qatif, where an (RFP) was prepared and announced to design, market, and build (26,000) apartments. Any real estate investor either alone or in partnership with other local or foreign company is invited to buy the RFP document and apply for this competition. When the investor is qualified, he has the right to get the number of apartments he desires as long as he is capable of marketing and constructing them. The ministry welcomes the visit of any investor who is willing to participate in order to view all the details of the partnership projects, and welcomes any relevant inquiries via the e-mail ppp@housing.gov.sa, and tel. (00966-11-2894154).

6. Ensuring the provision of a huge number of beneficiaries who have been identified through the eligibility and priority mechanism (more than 750,000 eligible beneficiaries so far) representing a recognized guaranteed number of clients to each involved investor, in addition to providing the opportunity of meeting and contacting beneficiaries at exhibition stands under the supervision of the ministry. Regarding the announced primary stage of housing subsidy products, (41,917) free interest (500,000) riyals loans for purchasing apartments through partnership projects , (252,216) land parcel & loan, (200,000) free interest (500,000) riyals loans, and (12,496) existing housing unit will be allocated to the pre-mentioned eligible beneficiaries.
7. The Ministry provision of free land to the investor in exchange for providing affordable housing for beneficiaries at a price significantly less than market price.
8. The possibility of including the provision of administrative support within the investor package of incentives in order to facilitate his transactions with relevant governmental agencies.
9. The possibility of introducing legislation or modifying or activating existing legislation to support investment in the housing sector. Examples may include issuing a regulation to impose fines on undeveloped land, activating the regulation of the ownership & division of real estate units, and activating the mortgage and funding regulations.
10. The Ministry encouragement of the partnership principle, investors support, and overcoming the difficulties they face. In addition to founding a unit for partnership with the private sector and real estate development, an existing mechanism that clearly defines partnership framework, rights, and

responsibilities of all parts (The Ministry, The investor developer, the beneficiary, and relevant stakeholders) was already developed.

11. Variety of investment fields that include for example: construction of residential units (villas / apartments), land development, operation and maintenance, marketing, consulting, training, production of building materials at competitive price, and redevelopment of old neighborhoods. They also include providing sustainable, durable, efficient, non-traditional systems that provide significantly cheaper housing units than those built using traditional systems.
12. Encouraging the construction either on the Ministry land, or on that owned by the private sector, providing an additional advantage for the private sector companies to invest in their own residential land.
13. Working constantly on developing new and multiple financing methods that meet the various needs of the beneficiary and the real estate investor.
14. Encouraging incorporation, and partnership between the applying companies for all projects, and encouraging partnership with experienced foreign companies to take advantage of their expertise in supporting the housing market.
15. Carrying out the applied companies qualifying process by the Ministry in a way that takes into account all organizational, financial, and expertise aspects. Passing the evaluation, getting an advanced rank, and success in projects implementation, ensures the ease of qualifying in any future competitions conducted by the ministry.

16. Establishing minimum standards for accepting designs while leaving the door open for developers to embed their innovations.

Third: Investment fields and opportunities

1. Residential land development (including facilities and infrastructure planning, design, implementation, operation and maintenance).
2. Construction of housing units.
3. Operation and maintenance of housing units.
4. Marketing housing units.
5. Provision of housing finance.
6. Management of funding and installments payment process.
7. Provision of consultancy.
8. Production of building materials at competitive prices.
9. Provision of efficient, durable, and sustainable non-traditional building systems.
10. Redevelopment of slums and old neighborhoods.
11. Provision of training services.

Fourth: Investment Mechanisms

1. Partnership with local and international private sector.
2. Founding an open joint-stock holding company that represents the executive and investment arm of the Ministry. The Ministry must have a ruling share while the rest of the property is allocated to interested successful real estate development

companies and to the public through an Initial Public Offering (IPO). This company must own Subsidiary specialized companies in different fields such as land development, provision of affordable housing, manufacturing building materials, trading in building materials, maintenance and operation of housing units, and investment in luxury residential units to support the affordable units.

3. Increasing and diversifying housing finance sources, and founding housing funds.
4. Developing the organizational foundations for the housing sector.