



ISSUE 5: MAY 2011

## In this edition

Cover story: Housing support services in Africa .....	1
In the news.....	1
Highlight: UN Habitat 23 <sup>rd</sup> GCC Meeting .....	2
AUHF member profile: Mauritius Housing Company.....	3
Player in focus: Chartwell .....	4
Upcoming events & Conferences.....	5
Graph of the month: Funding mixes in upgrading projects.....	5

*FINANCING HOUSING in Africa is a monthly publication of the African Union for Housing Finance for its members. Please submit material for inclusion to Kecia Rust, at [auhf.kecia@iafrica.com](mailto:auhf.kecia@iafrica.com)*

## AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of thirty-one mortgage banks, building societies, housing corporations and other entities involved in the mobilization of finances for the development of shelter and housing on the African continent. The AUHF is a non-governmental association and has its presence in some fifteen countries across the continent of Africa. See [www.auhf.co.za](http://www.auhf.co.za)

## HOUSING SUPPORT SERVICES IN AFRICA

The Habitat for Humanity International (HFHI) recently launched a Strategic Innovations Grant for Housing Support Services at a workshop in Nicaragua, this past March. The Grant is to be used to develop a global framework for Housing Support Services that would be driven by the organization itself. Habitat for Humanity saw the need for the inclusion of the practice as a way to improve the scale of their work in the housing microfinance sector. Thus, they have recognized the interdependent nature of housing microfinance and housing support services.

Housing support services is largely regarded as the aspect of the housing process that focuses on construction technical assistance. However, the concept is gradually evolving beyond the basic to include legal support, bundling of services and materials, and financial and housing improvement education.

Habitat for Humanity's Strategic Innovation Grant has been awarded to ten HFHI country offices across the globe. The grant is expected to facilitate the provision of housing support services and housing microfinance through partnership arrangements, which would in turn provide a good base for HFHI to continue providing quality housing solutions to the poor.

At the workshop, PRODEL was singled out as a model for the development of the housing support services practices for the various regions in which Habitat for Humanity is present. PRODEL is a Nicaraguan micro finance organization formed in 1993, focusing on microloans and technical assistance for housing. PRODEL has grown exponentially over the years to provide its services through 77 branch offices located across 25 cities in the country. PRODEL goes beyond the norm of what is expected of an MFI. In addition to extending loans via its retail lending clients, it has involved itself in the home building process. This ensures that the houses financed with PRODEL loans are well and efficiently constructed – and ultimately, creates more demand for PRODEL's finance.

There are experiences of housing support services in the African continent. Earlier this year, a report on the topic was published on FinMark Trust's website. The study was commissioned by FinMark Trust, Habitat for Humanity International and Rooftops Canada, and written by Anthea Houston. The report includes case studies from various housing microfinance institutions in Africa including The Kuyasa Fund and Lendcor in South Africa, WAT Human Settlements Trust (WAT HST) in Tanzania, and the Centre for Community Organization and Development (CCODE) in Malawi. The report states that while the scale of formal housing support services is relatively low, lenders are beginning to provide support either directly or through partnerships with other institutions. The report also states that though low income people do find innovative ways to cope with the lack of supportive regulatory and institutional frameworks for the incremental building process, this is an important gap for lenders to fill. By providing housing support services, lenders can make the market for themselves in this space while also contributing towards better quality housing for their borrowers. This attention to the entire housing value chain, and the affordability and support parameters in which low income people operate, will enhance the effective demand for housing products and services and grow the market on a sustainable basis.

To download the report on Housing Support Services, go to <http://www.tinyurl.com/35kkwbl>.

## In the news

This month in African housing finance

### Housing delivery

#### BOLESWANA housing body launched

The Botswana, Lesotho, Swaziland and Namibia housing authorities recently came together to form the BOLESWANA Housing body as a way to cultivate a better regional cooperation between the member countries under the umbrella of the South African Development Community (SADC). The organization was formed to strengthen cooperation between member housing authorities through interaction and the exchange of information. AUHF EXCO members Reginald Motswaiso (Botswana Housing Corporation) and Vinson Hailulu (Namibia Housing Enterprise) are members of this body. The Swaziland National Housing Board and the Lesotho Housing and Land Development Corporation are also members.

Source: [The Swazi Observer](#)



### Ghana's housing need to hit 5.7 million units by 2020

UN Habitat states that in order for Ghana to meet its housing needs, it would have to provide about 5.7 million units by 2020. A report setting this out was presented at a consultative workshop on Ghana's housing sector, organized by players including UN Habitat and Ghana Home Loans. A representative from UN Habitat also stated that in order to meet these housing needs, new approaches would have to be put in place to ease up the supply chain.

Source: [Ghana News Agency](#)

## Housing Markets

### Single women are the top home buyers in Namibia

A report released by the First National Bank of Tanzania, states that single women in the country are the top home buyers. The data comes from the bank's recent Housing Index. The data also states that number of single males buying their first home is on a decrease, while there is stagnation in figures of married couples buying their first homes together. Also smaller houses have continued to dominate the monthly sales of residential properties, resulting in the increase of the price of these properties by 11 percent year on year countrywide. Source: [New Era](#)

### Opportunities in Africa's Megacities

A discussion at the recent World Economic Forum on Africa, held in Cape Town this month, suggested that by 2030, the 18 largest cities in the African continent will have a combined spending power of US\$1,3 trillion. While this offers substantial investment opportunity, challenges relating to infrastructure and energy were highlighted. Affordable housing is a critical opportunity, and discussants noted that many countries had focused too much on building housing for middle and high income people, and that this had led in most cities, to a critical shortage of housing for low income people. In Egypt, the shortage is estimated at 1 million units. Discussants suggested that public-private collaboration could address the need, while also creating much needed job creation opportunities.

Source: [How I made it in Africa](#)

## Finance

### Rwandan Development Bank Acquires Rwanda Housing Bank

In a move to transform the Rwanda Housing Bank into a mortgage refinancing facility providing mortgage funds to other financial institutions, the Rwandan Development Bank acquired the organization. With a combined asset value of Rwf72 billion, it is hoped the acquisition would create a bank that would be well positioned to provide long term financing to financial institutions that specialize in home loans. Source: [The New Times](#)

### EIB supports the Housing Finance Bank Uganda

As part of the European Investment Bank's plan to support Uganda SMME's, a 40 million Euro grant was awarded to the Private Enterprise Facility II. The Private Enterprise Facility II comprises of five different banks which includes Housing Finance Bank Uganda. This fund would help the bank long term funding in Shillings, Dollars and Euros, which would assist the bank in their lending operations.

Source: [Europolitics](#)

### Housing Finance Kenya to adopt agency banking model

The bank has stated that it is keen to launch its agency banking by the third quarter of the year. This move is said to be motivated by the opportunity to receive deposits from regions where the bank does not currently operate. The bank is hoping that this new model would create an avenue for it to tap into cheap funds, which could lower its costs of funds by about 6 per cent. Source: [Business Daily Africa](#)

### KCB Tanzania to launch its mortgage service

KCB Tanzania, a commercial bank in the country recently announced its plan to launch a mortgage service later this month. The bank has stated that the service would attract lending interest rates starting from 19 percent, which depends on several market forces and the repayment terms. The bank would be the third commercial bank to venture in to housing finance; others include Commercial Bank of Africa (CBA) and Stanbic Bank. Source: [The Citizen](#)

## HIGHLIGHTS from the UN Habitat Governing Council Meeting, 2011

The 23<sup>rd</sup> Session of the Governing Council of the United Nations Human Settlement Programme (UN Habitat) took place in Nairobi, Kenya last month (April 2011). The theme of the meeting was "sustainable urban development through expanding equitable access to land, housing, basic services and infrastructure." Among the resolutions passed was one regarding the Slum Upgrading Facility (SUF) Programme and Experimental Reimbursable Seeding Operations (ERSO) Programme. In terms of the resolution:

1. UN Habitat's work will be shifted towards "strengthening its normative approaches to urban economy and the promotion of finance for urban upgrading, housing and basic services for the urban poor..."
2. UN Habitat will "adopt a partnership model with development finance institutions for future lending, guarantee and financial advisory services in the urban upgrading and housing finance sectors."
3. The management of the ERSO programme portfolio, and the technical loan guarantee oversight responsibilities of the SUF programme will be transferred to an appropriate external development finance partner.

This is an exciting development. UN Habitat's Urban Finance branch has been led for the past few years by Bonnie Hewson. Over the course of her tenure, she and her team have championed the role that finance partnerships can play in stimulating and supporting sustainable slum upgrading initiatives around the world. We've received her paper "Urban Economics – Building Assets for the Urban Poor. Analysis of Urban Upgrading and Funding Projects and Programs in Eleven Emerging and Frontier Economies, 2009-2010", which was prepared for the Bill & Melinda Gates Foundation. Please email [auhf.kecia@iafrica.com](mailto:auhf.kecia@iafrica.com) if you'd like a copy.





## AUHF Member Profile: Mauritius Housing Company



**Mr. Manilall Seetohul, MD of the Mauritius Housing Company Ltd., is the MHC representative to the AUHF. Mr Seetohul is a member of the AUHF Exco.**

Mauritius Housing Company Ltd emanates from the former Mauritius Housing Corporation, a parastatal body set up in 1963. The Mauritius Housing Company Ltd was incorporated in 1989, to be a total solution provider in respect of housing finance requirements and to better meet the challenges posed by the market. The MHC is a housing finance provider as well as a property developer. The company provides a one-stop shop for home loan financing in Mauritius and Rodrigues. Apart from housing loans, the company offers solutions, including architectural, technical, legal, insurance services as well as deposit taking and saving schemes.

**MHC Products:** The company offers the following products in order to fulfill its mandate to the Mauritian public:

The **Home Loan Plus** and **Home Loan Extra** Schemes has been designed to offer financial support for construction, extension, completion, renovation and repairs of a house, purchase of a house, apartment or bungalow, construction on existing housing unit i.e 'droit de surélévation', construction or purchase of a second or more residential property, repayment of debts incurred for the construction/ acquisition of residential properties, renovation and refinancing of non-MHC housing loans.

The **GSL Low Income Loan** is a government sponsored loan facility, which lends to borrowers at 6.5% per annum with repayment terms of up to 25 years. This loan could be used for construction needs or home improvement needs.

The **Complete Your House** scheme has been introduced to provide finance exclusively to clients for completion of their construction.

The **Fast Loan Scheme** is designed to help clients with rapid disbursement for various purposes including home improvement needs and refinancing purposes (i.e. to repay non-MHC housing loans)

The **Mixed Construction Loan Scheme** is used to provide finance to clients for construction of commercial or residential properties.

The **Loan to Promoters Scheme** has been designed for individual promoters, companies or Sociétés legally authorized to undertake residential development for the construction of residential apartments/houses/bungalows as well as for the purchase of residential land and construction of residential complex.

The **Dream home Express** loan scheme is designed for homeowners who are looking for a short-term unsecured loan to finance their

household projects. This scheme caters for financing up to 100% projects relating to home improvement needs.

MHC has recognized a healthy savings culture as being instrumental in the process towards home ownership, thus the following products namely the Plan Epargne Logement (PEL), the Housing Deposit Certificate (HDC) and the Junior PEL saver (JPS).

**Insurance:** The MHC also offers life and building insurances to its clients. The life insurance is a decreasing balance Insurance and the outstanding loan balance is written off in case of permanent incapacity and/or death of the client.

**Current Project:** After having successfully completed several housing projects, the Mauritius Housing Company has now embarked on an apartment project at the heart of a prime residential area. The project consists of the construction of 2 block of 24 – 3 bedroom apartments at an affordable price.



A typical low cost house, and a mixed houses / apartment project where MHC is involved.

**Corporate Social Responsibility:** In line with its Corporate Social Responsibility, MHC in partnership with the National Empowerment Fund contributes to help low-income families to become owner of a house.

Despite the competitive environment, the company's achievements were remarkable as a result of well-planned strategies. As at December 2010, MHC's Net Profit increased to Rs 257.2 million while their total assets were to the tune of Rs 5377.3 million.

MAURITIUS HOUSING COMPANY LTD					
Financial Highlights					
	Dec 2010 Rs M	6 mths to Dec 2009 Rs M	2008/09 Rs M (Restated )	2007/08 Rs M (Restated )	2006/07 Rs M (Restated)
Total Income	648.6	358.9	782.8	720.2	756.4
Net Profit	257.2	73.7	146.9	103.4	162.1
Net Assets	5377.3	5204.9	5330.1	5032.3	5623.9
Net Housing Loans Assets	6016.9	6065.4	6090.0	5990.8	6114.9
Fixed Assets	371.5	398.0	394.7	363.4	245.8
Reserves	2030.2	1841.5	1815.3	1648.3	1815.3
EPS(Rs)	12.9	3.7	7.3	5.2	16.2
Current Ratio(%)	1.4	1.1	1.1	1.3	1.8
Total Assets	6008.7	5949.2	6053.3		

**Mauritius Housing Company**  
Tel: (230) 212 0244 / Fax (230) 212 3325  
Web: www.mhc.mu



## Player in focus: Chartwell



Chartwell Housing Finance Solutions (Proprietary) Limited is an entrepreneurial financial services and advisory company working with financial institutions, developers and employers across Africa to develop solutions that help make homeownership affordable.

Chartwell's service offering is a combination of advisory services and product design, supported by a state-of-the-art loan origination and administration platform tailored to the affordable market segment. Its diverse team, across offices in Johannesburg and Cape Town, comprises over 25 people with experience and expertise in a range of areas, including market research, project finance, financial modelling, training, client origination and loan administration.

The Dutch development bank, FMO, is a shareholder in Chartwell.

**Chartwell's housing focus:** Chartwell offers an integrated suite of products and services that has been designed to offer clients an end-to-end solution to meeting their objectives, whether this is a bank looking to set up a home loan business, a developer looking to roll-out a housing project or an employer aiming to provide housing for its employees. Depending on a client's needs, Chartwell's involvement can range from providing strategic advisory services at the design stage, to supporting implementation, to ensuring ongoing management and administration.

Chartwell's services include, amongst others, the following:

- **Feasibility Studies** - Chartwell can conduct comprehensive feasibility studies on behalf of its clients to identify potential opportunities for, and impediments to, their project or business. Such feasibility studies generally include a detailed review of the legal and regulatory framework, housing supply and demand, housing finance and affordability levels.
- **Business Plan Development** - Based on the outcome of the feasibility study, Chartwell can prepare a business plan describing the opportunities in the market, the proposed business model and the required implementation strategy. In the case of an employee homeownership scheme, this business plan will focus on describing the scheme's structure, the housing finance product to be offered and the incentives to be provided.
- **Product Design** - In keeping with its aspiration to help make homeownership affordable, Chartwell will work with its clients to design innovative structured housing finance products that provide greater security to the lender, enhance affordability levels and increase approval ratios, without compromising the quality of credit being written.
- **Capital Structure and Fundraising** - Chartwell has excellent connections in the local, African and international financial communities, in particular with the development finance institutions, which it will call upon to identify appropriate financing partners for its clients.
- **Client Origination** - Chartwell can offer its clients a cutting-edge web-based workflow system that automates the process of taking on a home loan applicant (from the first enquiry through to the closing of the sale) and allows for continuous management and oversight.
- **Homeowner Education** - Since many first-time homeowners are not familiar with the rights and obligations associated with homeownership, Chartwell has developed a homeowner education programme called HomeWise that aims to help them make the most of their new home. Chartwell can work with its clients to adapt HomeWise to their context and needs.
- **Loan Administration** - Through its integrated loan administration system, Chartwell can administer home loan portfolios on behalf of its clients, which includes billing, receipting and reporting. Chartwell can also provide call centre and email support for all account queries as well as off-site back up of information and documents.
- **Other Administration Services** - Other administration services that Chartwell can provide include SPV financial administration (e.g. preparing monthly management accounts, managing supplier payment processes, preparing financial accounts) and treasury management

## Chartwell's footprint

Although Chartwell is based in South Africa, it has a pan-African outlook and works with clients across the continent.

**Cameroon:** Chartwell is working with a local partner in Cameroon to promote the roll-out of two inter-linked initiatives that will stimulate, on the one hand, the development of quality housing projects in Doula and Yaoundé and, on the other, the provision of home loans to aspirant homeowners in the emerging middle class. Over the past eight months, Chartwell has conducted intensive (on-the-ground) research, which included a survey amongst employees in different cities and economic sectors. Chartwell and its local partner are currently busy finalising their plans and will shortly go to the market to raise funds.

**Nigeria:** Chartwell has been mandated by a well-established developer in Nigeria to explore different options for take-out funding for one of its projects in Lagos, including the possibility of rolling-out an employee homeownership scheme for one of the large employer groups in the area. As part of its mandate, Chartwell is conducting a detailed income and affordability assessment amongst employees of different companies. It is also assessing the sources, availability and continuity of potential project- and long-term funding for the project.

**South Africa:** Chartwell is assisting a large mining group in South Africa to design, implement and administer an employee homeownership programme that gives employees in the lower salary grades the opportunity to buy a two or three-bedroom home in a housing project in a town close to the mine.

Chartwell's involvement started with the design of a housing finance product and the related documentation, including a Risk Management Framework (and Credit Policy), Estate Management Plan and Marketing and Sales Plan. It subsequently set up a One Stop Shop near the mine hostels, where employees can apply for a home loan, select the unit of their choice, participate in homeowner education and sign their legal documentation. Apart from ensuring the marketing and sales and client origination functions, Chartwell has also been engaged to secure third-party funding and to carry out the loan administration, SPV financial administration and treasury management functions.

**Zambia:** Chartwell has worked with a mine on Zambia's Copperbelt to help it finance and roll-out a housing estate that would offer quality housing to its employees and their families and would lay the foundations for the development of a full-fledged town that would flourish beyond the life of the mine.



## Graph of the month

The following graph is drawn from a report by Bonnie Hewson regarding UN Habitat’s experiences in funding urban and peri-urban upgrading projects (see Source, below, and story on page 2). The paper analyses 66 pilot urban upgrading projects and programmes. From the executive summary of the report: *“Successful projects combine government subsidy, private sector investment and community investment through savings, borrowing or user fees. Government subsidy delivered through stable, predictable transfer programmes enhances both private sector finance and community involvement. Delivery mechanisms for funding are most effective when credit enhancement is delivered through local financial institutions. Private sector investment in urban upgrading and micro housing lending can be effectively and efficiently stimulated through use of guarantees and co-lending as credit enhancement tools supporting increased investment by local banks, MFI’s and apex NGO’s. Use of local financial institutions as the distribution network for guaranteed project finance and housing microfinance can also help build local financial markets. Underwriting norms and pricing for low-income borrowing must be both prudent and fair. Offering credit enhancement to financial institutions to induce participation in these types of projects at a reduced risk profile is a better means of lowering interest rate cost than interest rate caps or direct interest rate subsidy.”*

Source: Hewson, B (2011) Urban Economics – Building Assets for the Urban Poor. Analysis of Urban Upgrading and Funding Projects and Programs in Eleven Emerging and Frontier Economies 2009-2010. Paper prepared for the Bill & Melinda Gates Foundation. For a copy, email [auhf.kecia@iafrica.com](mailto:auhf.kecia@iafrica.com)

## UPCOMING EVENTS

### TRAINING / COURSES

**Making Market Work** 17-29 July 2011, Glasgow, UK. For more Information: [www.springfieldcentre.com](http://www.springfieldcentre.com)

**The Housing Finance Summer Academy 2011.** 24-29 July 2011, Frankfurt, Germany. For more information and to apply online, visit [www.frankfurt-school.de/summer\\_academy](http://www.frankfurt-school.de/summer_academy)

### CONFERENCES / WORKSHOPS

**International Housing and Construction Conference: Social housing – The Way Forward?** 11-14 September 2011, Southern Sun, Cape Town, South Africa. For more information: [www.sahf.org.za](http://www.sahf.org.za)

**5<sup>th</sup> African Microfinance Conference** 19-22 September 2011, Addis Ababa, Ethiopia [www.aemfi-ethiopia.org](http://www.aemfi-ethiopia.org)

**12th International Housing and Home Warranty Conference** 25-28 September 2011, Cape Town South Africa. For more information: [www.nhbrc.org](http://www.nhbrc.org)

**Study tour: Local Housing Movement Program, Egypt; 6-12 November 2011.** Applications are being accepted for an international study visit to the Local Housing Movement Program in Minia, Egypt, winner of the 2010 World Habitat Award. **Closing date for applications is 27 June 2011.** For more information visit : <http://www.urbangateway.org/content/events/study-tour-local-housing-movement-program-egypt>

### Funding Mix Successful Projects

