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*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-four 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) We are pleased to welcome the Gauteng Partnership, Shelter Afrique, and CHF International as new members!

## AUHF CONFERENCE & AGM 2011

The African Union for Housing Finance (AUHF) held its annual conference and AGM in Johannesburg, from 6-9 September 2011. The Honorable Minister Tokyo Sexwale of the South African department of Human Settlements gave the opening address, which was followed by Barbara Hewson, the Head of UN-Habitat Urban Finance Branch. In total there were over 80 delegates from 18 countries across Africa, as well as delegates from the United States and the Netherlands. Over twenty speakers from across the globe participated. Their presentations addressed issues of the investment climate in Africa with respect to housing; issues impacting upon the supply of affordable housing including infrastructure and municipal capacity constraints; developments in member countries including Ghana, Mozambique, Nigeria and Kenya; and housing microfinance. New research on access to housing finance in Botswana, Malawi, Tanzania and Zambia was also presented, and the new Housing Finance in Africa 2011 Yearbook was launched.

With the theme of the conference – Ingredients for Growth – several issues were raised as to how the housing and housing finance markets of African countries could increase their capacity to deliver and continue to grow. Some of the issues discussed included:

- The development of appropriate housing and housing finance products, which are affordable to the populations across Africa, and which contribute effectively towards adequate housing across the continent.
- Promoting consumer education and financial literacy so that households can participate effectively in their housing processes. Ms Rosemarie Sabatino of CHF International gave a particularly interesting presentation. Following the conference, AUHF members agreed to promote consumer education and financial literacy in each of their contexts.
- An integrated delivery approach in which the development of housing occurs within a sound planning framework that includes the delivery of infrastructure services, and social and economic amenities.
- The need to address corruption in the housing system.
- The challenges of serviced land for housing, municipal capacity constraints, and housing affordability.

After the close of the conference, the members convened at their Annual General Meeting to reflect on the ideas that emanated from the conference, and to consider how these might redefine the activities and focus of the member organizations and AUHF as an association. Members released a statement, which was circulated among and reported in the local press. This can be downloaded from the AUHF's website: [www.auhf.co.za](http://www.auhf.co.za).

The AUHF's Executive Committee was re-elected by the AGM. Mr Reginald Motswaiso (Botswana) was reconfirmed as the Chair of the AUHF, with Mr Cas Coovadia and Mr Johannes Dladla as the first and second Vice Chairs respectively (both South Africa). Other members of the eight member Exco are: Mr Colin Chimutsa (Zimbabwe), Mr Vinson Hailulu (Namibia), Mr Manilall Seetohul (Mauritius), Mrs Ethel Matenge-Sebesho (South Africa) and Mr Asare Akuffo (Ghana).



On the last day, members participated in a site visit of Cosmo City, an integrated residential settlement in the City of Johannesburg. Basil Read, the developer, hosted participants and explained the history and status of the 1105 ha greenfield development.

A full report on the AUHF Conference will be issued shortly and circulated among members, as well as posted on the AUHF website. All presentations given at the meeting are available on the AUHF website. Go to [http://www.auhf.co.za/Training\\_Programs.htm](http://www.auhf.co.za/Training_Programs.htm)



# In the news

This month in African housing finance

## Housing delivery

### USD 250 million housing project to begin soon in Zimbabwe

Carey Farm Ltd, a local company in Zimbabwe plans to further develop a golf estate suburb called Beverly Hills, into an upmarket residential area. The stands are expected to start at 1500 square meters per property. At USD 50 per square meter, this means that the minimum stand is estimated at USD 75, 000. About 310 housing units are expected to be developed through this project.

Source: [All Africa](#)

### Integrated housing development, a solution to South Africa's housing backlog

Ben Pierre Malherbe, the CEO of Calgro M3 Holdings who spoke at the Rode Conference in Johannesburg, South Africa, stated that the solution to South Africa's backlog was integrated housing development. The country is currently experiencing a backlog of 2.1 million subsidized housing units, which excludes previously built housing demolished as a result of quality issues. He stated that while the South African government has shown its commitments in housing development projects, it had to come on board to actively spend on infrastructure. Source: [Engineering News](#)

### Chinese Firm to Build 5000 housing units in Angola

The Angolan Minister for Urbanism and Construction recently announced a partnership between the government and the China International Fund (CIF) which would result in a project to deliver 5000 housing units in two years. The Kilamba social housing project will be on 250 hectares land, of which 136.7 ha shall be used for social housing, 65 ha for infrastructures, 8.3 ha for social facilities, 10.5 ha for retail and services and 4.5 ha for green areas. Source: [Macahub](#)

### Nigerian Mortgage Company plans on delivering 500,000 housing units

Trans-Atlantic Mortgage Limited, a primary mortgage institution in Nigeria, has a plan to deliver 500,000 housing units in Bayelsa State, Nigeria. The company stated that it has received N2 billion (US\$12,2 million) from the Federal Mortgage Bank of Nigeria. The project focuses on public servants in the state, and the maximum value of the housing unit has been targeted at N3 million (US\$18 264). Source: [Vanguard Nigeria](#)

### Sexwale calls for deadline for free housing in South Africa

Tokyo Sexwale, South African Minister of Human Settlements recently announced that there would be a cut off date for the provision of free houses under the nation's RDP programme. He stated that the solution to South Africa's backlog of 2.3-million houses was not in providing free homes. To date, the government has reportedly built 3 million (free) houses under the RDP programme. Source: [Timeslive.co.za](#)

### 1.2 million people on the housing waiting list in Zimbabwe

The Zimbabwean government recently reported that there are about 1.2 million applicants on the waiting list for housing in the country. The introduction of the land developers bill and the planned innovation in building materials and technology suggests that housing is becoming a pressing issue on the government's agenda. Source: [Urban LandMark](#)

## Urbanisation

### Expansion of urban centres in Angola leads to environmental imbalance

According to the Fernando da Fonseca, Angolan Minister of Urbanisation and Construction, the expansion of urban centres is leading to a steep fall in the living standards and aggravation of social grievances in environment equilibrium. The minister went on to state that the Angolan government is responding to these problems with policies that will focus on the promotion of the efficient management of infrastructures of supply of water, electricity and basic sanitation, implementation of services, local financial management and making of decisions on community participation. Source: [All Africa](#)

### Tanzania government issues new rules to land allocation

The Tanzanian Minister of Housing and Human Settlements, Prof Anna Tibaijuka recently outlined new strategies as part of efforts to redeem the reputation of the ministry which has been tarnished by series of corruption charges and land disputes. Some of the strategies outlined include a 10 per cent increase of the share of homeowner levies that will be received by municipalities, which is hoped to assist in the administration of municipalities especially in the area of land and housing. Source: [AllAfrica](#)

## Building materials

### Ethiopia imports 400,000 Tonnes of cement

Responding to the country's demand for cement estimated at 11 million tonnes per year when only 2.3 million tones are provided in the country, the Ethiopian Public Procurement and Disposal Agency (PPDA) has announced a plan to import 400,000 tonnes of cement and expand the state owned cement factory, which would help increase the factory's output to 1.7 million tonnes per year. The increase in demand of cement is reportedly driven by the increase in demand for housing in the country. Source: [www.2merkato.com](#)

## Finance

### N56 Trillion needed to offset Nigeria's housing deficit

According to the Federal Mortgage Bank of Nigeria, the federal government needs a total of N56 trillion (US\$ 341 billion) to offset the 16 million housing deficit; the average housing unit costs N3.5 million. (US\$21 300) The Managing Director indicated that a need to increase the rate of loan disbursement to both citizens and estate developers. Since the bank's inception in 1992 through its National Housing Finance Scheme, it has been able to disburse a total of N70 billion (US\$426,2 million). However, the managing director of the bank cited that in order to reach its goal, increased cooperation from all states across the country is needed. Source: [Leadership](#)



## ISSUE 8: AUGUST/SEPTEMBER 2011

### Shelter Afrique's US\$ 27 million bond fully subscribed

The firm recently reported that the Ksh2.5 billion has been fully subscribed. The issue, which was the first tranche of a Ksh 3 billion shilling note, was able to achieve this full subscription despite the unfavorable economic conditions. There are currently 10 projects valued at Ksh 9.8 billion (US\$93,5 million) that will be financed through the proceeds of the bond notes issued. Source: [Reuters](#)

### New Housing Loan Scheme launched in Uganda

A new housing loan scheme that focuses on providing housing to the youth has been launched in Uganda, by Omega Smart Build under the auspices of the Norwegian Business Center. The scheme hopes to address the problem with new graduates who are gainfully employed but as a result of high interest rates and short term repayment conditions cannot afford reasonable shelter. The houses are valued at US\$69,500 with a mortgage period of 15 years. Source: [All Africa](#)

### Kenya ready for mortgage-backed securities

The managing director of the Housing Finance Bank Kenya, Frank Ireri, recently stated that Mortgage backed securities is the next funding option for financiers in the housing market. The bank is planning on introducing this form of financing. However analysts cautioned that there is need of proper regulation as the mortgage backed securities are known to be very unstable debt instruments, which was a factor that led to the global financial crisis. Source: [The East African](#)

### BANK OF NAMIBIA Symposium on Housing Finance: 29 September 2011

The Bank of Namibia hosted their 13<sup>th</sup> Annual Symposium, focusing this time on Housing in Namibia. The symposium started with three presentations, which together provided (1) an [analysis of the Namibian Housing Market](#) presented by Mr Ebson Uanguta, Director of Research at the Bank of Namibia; (2) an analysis of experiences in Japan, the United States and China by Professor Aloysius Mosh, Head of Urban Planning at the University of Botswana; and (3) an analysis of the South African housing experience by Dr Mark Napier, director of Urban LandMark. Kecia Rust, of FinMark Trust's Centre for Affordable Housing Finance in Africa, was invited to give a [paper as the discussant](#), responding to the papers by Professor Mosh and Dr Napier. AUHF Exco member, Mr Vinson Hailulu, CEO of the Namibian Housint Enterprise, participated in a panel discussion debating the papers that had been given.

The housing debate in Namibia seems to be centered around two broad issues. The first has to do with the 2007 estimated 80 000 unit backlog (about 15% of the population, assuming a household size of about 4 persons). Uanguta reported that about 70 per cent of Namibians cannot access formal housing. A key question facing policy makers, therefore, is how to support increased housing supply and enhanced housing affordability, whether through subsidy, regulation or other measures. The second issue has to do with fears that the top end of the Namibian property market is showing signs of a bubble. In Windhoek, a development with 2-3-bedroom cluster housing can cost as much as N\$1,3m (about US\$166 000). The average price of housing in Windhoek is reportedly above N\$1 million (or, above US\$128 000). In part, the rapid price appreciation has to do with demand for housing exceeding supply. Uanguta's presentation reported that the City of Windhoek has grown by 4.5 per cent annually from 1995 to 2006 – an effective growth of just under 55 per cent over the period. This growth is primarily among low-income

earners, however, who could not even begin to afford formal housing. Speculative buying has been identified as another reason for property appreciation, especially in terms of the purchase of housing by foreign buyers. The process of land allocation – done primarily through auctions held by municipal governments – has also been identified as a cause of rampant price increases.

The debate following the presentations was especially interesting. Representatives of low income earners, the homeless, and squatters were vocal in their frustration with a focus on housing prices at the top end of the market when affordability constraints necessitate an entirely different policy approach to address the bottom end. Issues raised related to access to serviced land and the role of infrastructure financing in housing development, the slow rate of delivery, the need for rental housing, and the need for housing finance products that do not require collateral. Slow administrative processes at municipal level were also raised as a constraining factor to housing supply. The Namibian Housing Policy of 1991 was amended in 2009 and should have some clues as to how these issues can be addressed.

Two of the papers offered at the Symposium are available on the CAHF website: [www.housingfinanceafrica.org/country/namibia/](http://www.housingfinanceafrica.org/country/namibia/)

### Photos from the AUHF Conference and AGM: 6-9 September 2011, Johannesburg, South Africa





## AUHF Member Profile:

### HFC Bank (Ghana)

HFC Bank (Ghana) was incorporated in May 1990 as the Housing Finance Company. The company subsequently changed its name to HFC Bank (Ghana) Ltd, and achieved its Universal Banking License in 2003. The objectives of the bank at its inception included the overall program development and management of a new housing finance system being implemented under an International Development Association (World Bank affiliate) project. Some of their largest shareholders (as at December 2009) include Union Homes Savings & Loans Limited, Union Bank of Nigeria Plc, and the Social Security and National Insurance Trust (SSNIT).

HFC (Ghana) Bank is a fully fledged bank that provides a wide range of services including, investment banking, mortgage banking, private banking and international trade and finance. Some of the subsidiaries of the bank include:

- **HFC Realty:** This subsidiary began operation in February 2006, as the property investment and management arm of the bank. To date, the company has invested in projects delivering two major types of houses – 3 bedroom detached houses and two bedroom semi detached houses.
- **HFC Investment Services:** This subsidiary offers asset management services across all asset classes. The company also provides administrative and investment services for pensions and provident funds.
- **HFC Boafo Microfinance:** This is a joint venture between CHF International (an international development organization) and the HFC bank (Ghana) established in 2007. The organization has focused on providing non-mortgage housing microloans.

#### MORTGAGE FINANCING

HFC Bank was the first mortgage lending institution in Ghana, and continues to be one of the largest providers of housing finance in the country. The bank has a wide range of loan products that cater for various needs of the consumers:

**Home Equity Mortgage:** This facility is designed to enable applicants who own homes or may have already invested in residential properties to release or take out the equity in those properties to build another property, renovate or improve a residential property. The target group for this product is existing homeowners and companies with properties. The maximum Loan to Value ratio is 80% while the maximum term for this facility is 15 years for both cedi and foreign currency loans.

**Home Completion Mortgage:** The HFC Home Completion Mortgage assists applicants to complete construction of their houses. The maximum Loan to Value ratio is 50% and the property must have reached at least the lintel level. The maximum term for this facility is 15 years for both cedi and foreign currency loans. A development permit, building permit and approved building plans are necessary requirements and the loan is disbursed in stages.

**Home Improvement Mortgage:** The HFC Home Improvement Mortgage is designed to assist applicants to undertake renovation



Mr Asare Akuffo is the Managing Director of HFC Bank (Ghana) Ltd., and is HFC's representative to the AUHF. Mr Akuffo is a member of the AUHF Executive Committee, re-elected for the 2011/12 Financial

and extension works on their existing houses. The loan can also be used to acquire fixtures of chattels for the home. The target group for this product is existing homeowners and companies with properties. The maximum term for this facility is 15 years for both cedi loan and foreign currency loan.

**Buy, Build & Own A Home (BHOMe):** This facility is designed for low-income applicants who can only acquire their own home by acquiring land and developing it over time. There are 2 features of the product. The "BUY" land portion and the "BUILD and OWN" portion. Beneficiaries will contribute 10% of the cost of the land. The maximum amount for the "BUY" portion of the loan is USD15, 000 or the cedi equivalent. After 50% payment on the initial loan, the customer qualifies for the "BUILD and OWN" portion of the product. The customer selects one out of six designs from the Bank to construct a house. The selection of the house is done at the time of the initial loan application for the "BUY" land portion. The maximum loan amount for the "BUILD and OWN" (Construction) is USD35, 000 or the cedi equivalent. The maximum term for each portion of the facility is 10 years making a total of 20 years. There must be clear and undisputed title to the land which must be duly registered. Development permit, Building permit and approved building plans are necessary requirements.

**HFC Public Sector Home Scheme:** This facility was established as a result of the Government of Ghana's 2007 budget, which mandated HFC Bank to provide an affordable home ownership scheme for public sector employees. Targeted at civil servants who have been employed in the public sector for more than five years, the product can be used in conjunction with HFC's other loan products. By the end of 2010, 284 public sector employees had benefited from the Scheme.

HFC's focus is on financing middle income mortgages. According to the 2010 Annual Report, the Bank's Home Loan Book disbursed GHc7.48 million in 2010. This represented disbursements for 189 borrowers. About a third of this was in foreign currency loans and two thirds in local currency loans. The average loan amounts originated were US\$53 450 in foreign currency, and GHc35 000 for local currency loans.

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## Player in focus: Renaissance Partners

Renaissance Partners is the principal investing and merchant banking arm of Renaissance Group, managing an investment portfolio of more than US\$750m in Russia, the CIS and Africa: building, buying and selling investments ranging from major agricultural, forestry and mining holdings, to urban residential and commercial real estate developments. Renaissance Partners' major urban developments in Africa include Tatu City, a mixed-use development for 62,000 residents on the outskirts of Nairobi, Kenya; and Roma Park, a residential and commercial development, in Lusaka, Zambia. The company is also involved in development projects in Ghana, including 1,722 ha of land for development at Meridian City, Accra and King City, Takoradi. Among other projects in its portfolio is a 2,791 ha development project in Lubumbashi, DRC.

Renaissance Group is an independent investment group with a focus on emerging markets. The group operates in various divisions in the financial services industry some of which include investment banking, merchant banking, consumer finance, and real estate. The group is headquartered in Russia, but they have a presence in various part of the world including, Africa, the CIS region, Central and Eastern Europe and Asia. Besides Renaissance Partners other divisions of the group present in Africa include:

**Renaissance Capital:** The investment banking arm of the group entered Africa in 2007 and today maintains offices in South Africa (Africa Head office), Kenya, Nigeria, Ghana and Zambia. The company delivers solutions across the full spectrum of financing and investment transactions including M&A, equity, debt, structured solutions and derivatives. Their knowledge and expertise extends to several sectors, including oil and gas, metals and mining, consumer goods, telecoms, media and financial institutions. They have executed transactions in another 10 African countries, which include the billion-dollar sale of a mining company in the Democratic Republic of the Congo, and the first and second IPO's in Rwanda.

**Renaissance Asset Managers:** The investment management arm of the Renaissance Group was founded in 2003 and with over \$2.2bn of assets under management, Renaissance Asset Managers has a focus on emerging markets. Its range of investment funds covers a variety of asset classes, and caters for different investment horizons and risk profiles.

## Recent projects

**Kenya:** Renaissance Partners is the major investor in Tatu City, a 1,000ha mixed-use residential and commercial nodal development. The development is focused on the work-live-play concept, providing a comprehensive mix of eco-friendly land uses to cater for the needs of residents and visitors. It includes residential developments focusing on a range of income groups from affordable housing, retail, commercial, tourism, social facilities and recreation for its residents, and an additional 23,000 day visitors. The project, scheduled to be completed in 10 phases, is planned to be fully operational in 5-10 years. Tatu City's proximity to Jomo Kenyatta International Airport, in Nairobi, and direct transport links along the path of the area's continuously growing urban development brings the project into line with the Nairobi Metropolitan Region's 2030 vision.

**Zambia :** Renaissance Partners is a shareholder in Roma Park, a 104 ha multi-million-dollar mixed-use residential and commercial development, that provides a new blueprint for economic, social and infrastructure growth in Zambia. Roma Park is 6 km outside Lusaka's central business district and 20 km from Lusaka International Airport. Some 25% of Roma Park has been set aside for green areas, including landscaped gardens, greenbelt, natural pathways and parks. Roma Park will encompass mixed-income residential and commercial properties, including retail, warehousing, industrial, office and educational space. It will be developed in two phases, over five-to-seven years, and is situated close to urban growth points in the Lusaka suburbs. The development will be home to between 500 and 1,000 residents. The project was launched in April 2011

**Ghana:** The Takoradi Division, in Western Ghana, has finalised a strategic partnership with Renaissance Partners to develop a mixed-use residential and commercial project on 958 ha, near the city of Takoradi. Takoradi is the fourth-largest city in Ghana, and a major growth centre due to recent offshore oil and gas discoveries that are attracting people and capital to the region. The site lies in the projected growth path of Takoradi. Takoradi Commercial Harbour, Ghana's premiere port and a gateway for natural resources exports and imports to the Sahelian countries of Burkina Faso, Niger and Mali, is situated 10 km from the site. The project is currently in the process of obtaining the necessary regulatory and community permissions, after which, the land will be developed for residential properties, retail and other commercial centres, as well as schools, healthcare centres and other social infrastructure.

**Democratic Republic of Congo (DRC):** In June 2011, Renaissance Partners acquired a majority stake in Geniland, a company which holds approximately 2,791 ha of land on the outskirts of Lubumbashi in the natural growth path of the city. Renaissance Partners also has an option to acquire an additional 999.9 ha of neighbouring land. Renaissance Partners plans to develop the property into a mixed-used development, with a combination of high, medium, and low-density residential properties, and retail and other commercial centres, including social facilities. The project, scheduled to be completed over a number of phases, is planned to break ground with initial infrastructure in 2012. Renaissance Partners will provide masterplanning and initial infrastructure, prior to selling the land to developers.

For more information visit: [www.rencap.com](http://www.rencap.com) or email Graeme Reid on [greid@rencap.com](mailto:greid@rencap.com)



## Graph of the month

This graph has been taken from the executive summary of World Bank's new book "Financing Africa: Through the Crisis and Beyond", which was launched last month in Addis Ababa. The graph uses the private credit, bank deposits and liquid liabilities as indicators to illustrate the deepening of financial services across the continent. The authors note that in the years leading up to the global crisis, 80 per cent of all countries experienced financial deepening. While there has been growth across all indicators, there has been a significant increase in the level of private credit to GDP, showing growth in the levels of intermediation in Africa's banking systems. Even so, a small fraction of loans extended mature over more than 10 years, with over 50 per cent maturing in less than one year and a further 25 per cent in one to three years. This matches the maturity structure of deposits, where over 75 per cent of deposits mature in less than one year. Increasing diversification of Africa's financial system will assist with growth: banks are still the dominant providers. To access the executive summary of the report, visit: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/General-Documents/Executive%20Summary%20English.pdf>

## UPCOMING EVENTS

### TRAINING / COURSES

**Organizing Local Economic Development** - Institute for Housing and Urban Development Studies. 17-28 October 2011. Cape Town, South Africa. For more information: [www.ihs.nl](http://www.ihs.nl)

**Housing Finance Management 2011: HDFC India.** 27 November – 4 December 2011, HDFC Training Centre, Centre for Housing Finance, in Lonavla (about 120km from Mumbai). US\$ 3250 – block bookings accepted. For more information: [vasant@hdfc.com](mailto:vasant@hdfc.com)

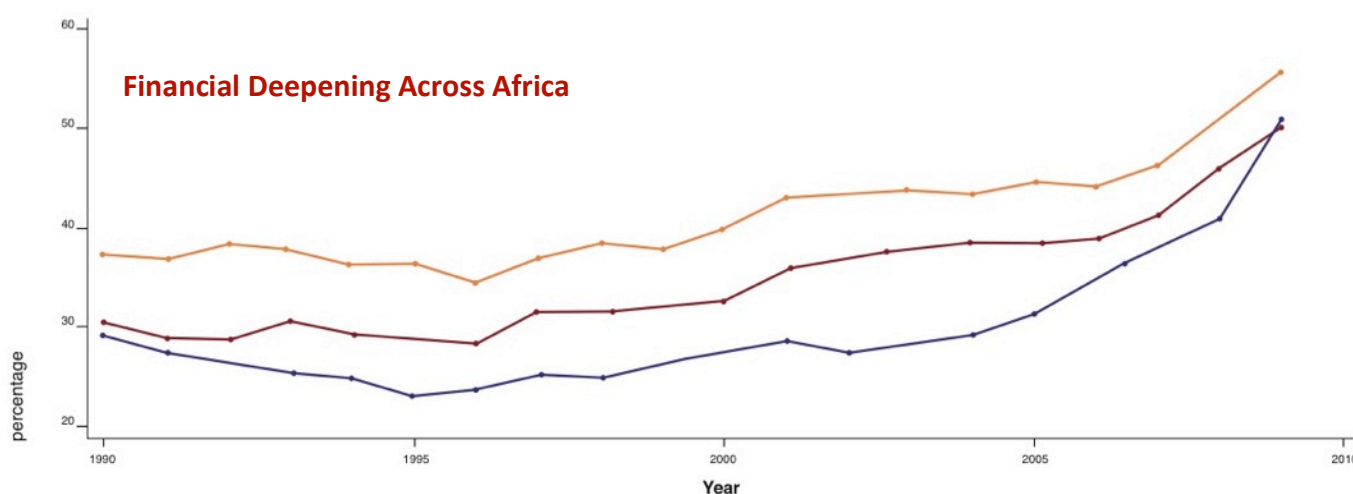
**Malaysia International Workshop: Developing & financing Africa's Housing Market.** 14<sup>th</sup> – 18<sup>th</sup> November, 2011. Kuala Lumpur, Malaysia. US\$2500, including study tour. For more information: [www.pisonhousing.com](http://www.pisonhousing.com)

### CONFERENCES / WORKSHOPS

**The African Microfinance Transparency Forum.** 13- 14 October 2011, Accra, Ghana. For more information: [www.amt-forum.org](http://www.amt-forum.org)

**Investment and Innovation in Microfinance in Africa** 17-19 October 2011. Nairobi, Kenya. For more information: [www.microfinance-africa.com](http://www.microfinance-africa.com)

**World Sustainable Building Conference.** 18-21 October 2011. Helsinki, Finland. For more information: [www.sb11.org](http://www.sb11.org)



Source: World Bank, Financial Structure and Development Database, <http://go.worldbank.org/X23UD9QUX0> (May 2009 update).

Note: Sample size: 25 countries. Time period: 1990–2009. The number of countries indicated represents the situation following the balancing of the data set.