

ISSUE 27: July 2013

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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 kecia@housingfinanceafrica.org or Lorraine Nzimande at lorraine@housingfinanceafrica.org.

AFRICAN UNION FOR HOUSING FINANCE

The AUHF is an association of thirty-seven 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 sixteen countries across the continent of Africa. See www.auhf.co.za

 **@AUHF_Housing** Join 97 followers for news about housing finance in Africa.

 **Group: African Union for Housing Finance**

REGISTRATIONS STILL OPEN!

Mobilising Capital for Housing Finance
AUHF Annual Conference and AGM 11-13 September 2013, @Sugar Beach Hotel, Mauritius.
Visit www.auhf.co.za for details

With just more than a month left...

Excitement is building for the upcoming AUHF conference to be held at the Sugar Beach Hotel in Mauritius from 11- 13 September 2013.

The theme for this year's conference is "Mobilising Capital for Housing Finance". The conference will focus on investor interest in African housing markets, as well as ways in which to attract new investors and players to the housing finance space. The conference will kick off with a panel discussion addressing the new landscape of housing investment that has emerged over the past decade. Panelists include Shelter Afrique, private equity company Alitheia Capital from Nigeria,

South Africa's International Housing Solutions, and Bramer Bank of Mauritius. Following this, the recently formed Donors Working Group for Housing Finance will participate in a panel on donor perspectives in housing finance investment in Africa. Panelists will include representatives from Making Finance Work for Africa (MFW4A), the French development bank AfD, AUHF member the IFC, UN Habitat, and Canadian development financier DID. A session on raising finance for scale will have presentations from the Pan Africa Housing Fund, and the Trust for Urban Housing Finance.

A special session on Chinese investment in residential development in Africa will involve a panel with representatives from China's Exim Bank and the China Africa Development Fund, as well as from the Chinese Academy of International Trade and Economic Cooperation. The session will explore the experience of and opportunity for greater Chinese investment in Africa's housing markets.

The conference will also explore the experiences of the various liquidity facilities underway across the continent, the role of data in mobilising investment, and regulatory issues as they impact on the market. A special break-away session will allow delegates to choose between hearing the full story of Housing Finance Kenya's successful bond issuance, or hearing Shelter Afrique's experience in structuring effective public private partnerships in housing.

As a special addition for delegates, the conference host, the Mauritius Housing Company, has organised a site visit for delegates on the 13th of September, to tour some of its developments.

This conference will provide delegates with the opportunity to: Network and Share experiences, Exhibit, Visit local housing developments and Enjoy the beautiful Island of Mauritius!

Please make a plan to register soon – before the deadline of 26 August 2013. To register, go to <http://www.auhf.co.za/conference/mobilising-capital-for-housing-finance/> For more information, please feel free to contact Lorraine Nzimande at Lorraine@housingfinanceafrica.org





In the news

This month in African housing & finance

Affordable Housing attracts investors to South Africa

The South African government's public infrastructure spending, such as the Maputo corridor that connects South Africa and Mozambique, is driving the growth of the property industry in the north-eastern province of Mpumalanga. The 2013/14 infrastructure budget for the province is R3.9 billion. This focus on infrastructure has created investment opportunities for building and housing contractors, including MacFz Property. The company manager reported working closely with the National Urban Reconstruction and Housing Agency to develop the first phase of 150 housing units targeted at those earning less than R15 000 per month (about US\$1500). This market is attracting many investors, however, small contractors struggle to attract financing for projects and are excluded from public private partnership opportunities. Source (26 June 2013): [Frontier Market Network](#).

Low Cost Housing Scheme for Walvis Bay, Namibia

The Walvis Bay Municipality has allocated 20 residential serviced plots to eight contractors, for the construction of low cost houses. Low income earners will have the opportunity to choose which house they prefer from the 8 contractors. Contractor will then be instructed to build the chosen houses on a larger scale. According to the chairperson of the Management Committee, Immanuel Wilfred, the costs of the houses would be cheaper, because the land is already serviced. This initiative is one of various projects which the council is embarking on, to address the housing issue. Source (18 June 2013): [All Africa](#).

Bank of Africa Tanzania Mortgage scheme loans out US\$1,8 million

In the past three years; the Bank of Africa has, under its new mortgage product launched in 2011, disbursed US\$1,8 million as housing loans to needy individuals. According to the Bank's relationship manager for Home Finance, Ms Patricia Nguma, the product has received positive response from the public since its inception. Ms Nguma says that their participation and partnerships with different institutions should enable the Bank of Africa to triple or even quadruple home loans for residential properties. As a step towards increasing its mortgage portfolio, the Bank of Africa acquired 9.75% stake in the Tanzania Mortgage Refinance Company (TMRC). Source (10 June 2013): [Daily News](#).

Member news

Updates & resources from AUHF members

Gauteng Partnership Fund News: The Gauteng Partnership Fund (GPF) has published its very first issue of their [quarterly stakeholder newsletter](#). The newsletter highlights how the GPF has delivered on its task of housing the Nation while introducing the key people at GPF. It provides a brief background to the fund, the challenges faced, its target markets, and its approach to facilitating social housing development.

Global Communities 2012 Report: Global Communities has published their [2012 annual report](#). This is the 1st report under the name 'Global Communities' and it is also the organisation's 60th anniversary report. It explores Global Communities' new direction and heritage and most importantly it explores the stories of communities with which Global Communities works.

Select Africa launches newsletter: Select Africa has launched a newsletter for investors, [Selecting Africa](#). The newsletter explores Select's work in incremental housing finance, highlighting its footprint in seven countries and its plans to expand to a further seven.

Investment in Shelter Afrique: The European Investment Bank (EIB) provided about US\$19 million to specialist development finance institution, Shelter Afrique, for the provision of affordable housing in Sub-Saharan Africa. The funds are targeted at addressing the challenges of low cost housing and contribute to poverty reduction. Kenya's housing shortage is currently estimated at 250 000 housing units. This initiative is expected to stimulate total housing investments of around US\$65 million with significant local job creation. Through this initiative, Shelter Afrique will provide EIB backed loans to local developers engaged in the construction of eligible affordable housing estates, including the provision of related community infrastructure and services. Source (10 July 2013): [Standard Media](#)

Trust for Urban Housing Finance wins mortgage banking award: Pending member, the Trust for Urban Housing Finance (TUHF) was profiled in the 12th issue of Financing Housing in Africa. TUHF was recently awarded International Mortgage Banker of the year award at the [African Banker Awards 2013](#). The African Banker Awards celebrate excellence and best practices in African banking and finance.



AUHF Member Profile: GMHC

Govan Mbeki Housing Company (GMHC) is a non-profit social housing institution in South Africa, which was established in 1995 as a special purpose vehicle to deliver social housing stock. It is an agency of the Mpumalanga Province's Department of Local Government and Housing, and has a mandate to provide rental accommodation for the low to middle income earners in the Govan Mbeki Municipal area. GMHC's primary role is to improve the availability and quality of affordable housing for low to middle income families and individuals.

GMHC operates within the framework of the municipal housing policy and is currently striving to deliver 2300 social housing units within five years, in order to alleviate the housing shortage in the Govan Mbeki municipality. This means GMHC needs to deliver 100 houses per annum.

Projects

GMHC has four main projects.

Secunda Social Housing Development: This development of 500 units is planned to be completed in three phases and within a 5 year period. The first phase of the development will complete 120 units of 45m², the second phase 282 units and the final phase will be the last 100 units. Land for this development was acquired in 2006 and designs for the project has been approved by the municipality. Twenty units have already been completed and a subsidy for further development has been acquired.

Council Houses: GMHC currently manages 81 council houses at a fee of 30% of the rent collected per month.

Tsalanang Family Complex: This is a hostel redevelopment project of 192 units at 55m², which have been refurbished and are managed by GMHC. The development gave an opportunity to budding entrepreneurs to harness their skills and become fully fledged maintenance contractors.

Commercialisation Ext 5: GMHC is focused on a commercial residential development which will develop 210 houses for the home ownership market for middle to high income households. To date, 30 houses have been completed and purchased, and twelve stands have been sold to individual buyers in an effort to create a mixed income development.

GMHC Partnerships

GMHC has created partnership with the Lescaut Housing Association, a housing agency based in Holland. This partnership is to assist GMHC accomplish its mission. The Lescaut Housing Association has more than 6000 units under management in Holland, and with this experience provides technical assistance to GMHC. GMHC has community development and team building initiative programs for its communities.



Social Housing in South Africa is defined as:

A rental or co-operative housing option for low to medium income households at a level of scale and built form which requires institutionalised management and which is provided by social housing institutions or other delivery agents in approved projects in designated restructuring zones with the benefit of public funding" Social Housing Act, 2008 (Act No. 16 of 2008).

In practice, under the current policy directives, the term **low to medium income** above refers to a monthly household income of R1,500 to R7,500 (about US\$150 - \$750).

Social housing has the following characteristics:

- It is rental accommodation; it excludes individual ownership by the residents.
- It can incorporate a range of other services, which provide community development and empowerment benefits, and promotes a lifestyle conducive to community living. The SHI may provide social services (health, education, recreation), economic services (like financial counseling), and/or community development (training and empowerment programmes, capacity-building and job-creation.) There is special attention to the public space around a social housing project.
- Residents participate to a greater or lesser degree, in the overall management of their living arrangements. Usually this is done through formally established structures like a tenant committee, which is recognised and supported by the SHI.
- As a policy instrument, its primary purpose is city restructuring, particularly social, economic and spatial restructuring, with a focus on integration of class and race and creating access to economic opportunity for low-income people, previously excluded from well-located areas.
- It has the added benefit of regenerating the area where the housing stock is located.
- It can target a diverse resident population, including households from different income categories. Alternatively it can also focus on meeting the special needs of a particular population, such as the elderly, the disabled, or single-parent families
- It includes a variety of housing types including high rise or low rise housing in contiguous or scattered sites. It generally consists of medium to higher density projects (60 units/ha and up to 200 units/ha) usually in two to four storey walk-ups (no lifts) or increasingly, as land becomes scarcer and more expensive, in medium to high rise tower blocks with lifts (eight to thirteen storeys and more).
- It can provide for mixed-use development, including residential, commercial and even light industrial property.

Govan Mbeki Housing Company

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Player in Focus: Suraya Property Group

'To create lifestyles that enhance the way people live, work and play'



Suraya Property Group, is a Kenyan property development company incorporated in 2006 by Pete and Sue Muraya.

Suraya Property Group's mission is to create lifestyles that enhance the way people live, work and play. The Group comprises three entities: Suraya Facilities Management, Suraya Sales Ltd, and Plence Architects Ltd.

Suraya Facilities Management

Facilities Management is a specialised area of property management, which entails the management of a property's common services. Facilities Management ensures the good working order of a property's surroundings and amenities, developing a relationship between the residents, the estate management and the the developer. The key aspects of Suraya's facilities management services are:

- Repairs and maintenance of shared facilities within a property
- Administration and collection of service charges
- Negotiation of service contracts for common services
- Preparation of accounts and budget for common services
- Periodic as well as real time reporting on pertinent issues.

Suraya Sales Limited

Suraya Sales Limited was incorporated in 2006 and is a subsidiary of Suraya Property Group, acting as the agent of the group. Suraya Sales Ltd currently has four fully operational offices: two site offices, a head office and, a branch office.

Plence Architects Ltd

Plence Architects Ltd is a full service architectural and interior design, limited liability firm, was founded in 1992 by architect Pete Muraya as Plence International. The international venture was based on work within the Eastern Africa Region, with experience in Tanzania, Uganda and Ethiopia. Due to the increased demands in the domestic market, focus was concentrated in Kenya and the name was changed in 2005 to Plence Architects Ltd. In collaboration with the Suraya Property Group Plence architects has completed numerous projects.

Housing units delivered by the Suraya Property Group range from 15m² to over 200m² and cost from US\$10 925 to over US\$6 million in price. These developments can be purchased with cash and also with a mortgage loan.

Because of limitations in construction funding, Suraya relies on its buyers to provide upfront funding to drive the project. More recently, Suraya has been able to borrow KSh 700 million (just over US\$8 million) per project. Banks that have come into the property market include Equity Bank Co-operative Bank.

Suraya manages to secure land for its development through land purchase, and also through joint ventures.



Starter prices at the Lynx@Royal project, launched in April 2013, are Ksh2,2 million (about US\$25 000) for a bedsitter. The project is fully sold.

The Loneview Apartments include 40m² units at a cost of KSh 2,75 million (about US\$31 500)

Suraya Property Group www.suraya.co.ke



Graph of the Month: Lending Rates in Africa

The graph presented below was sourced from the Housing Finance in Africa Yearbook (drawing on World Bank data). It illustrates the gap between the borrowing and lending rates in countries across Africa. This gives an indication of the performance of the country's financial markets. Although these are not mortgage lending rates, they provide an indication of the issues faced by some countries. Madagascar and the DRC seem to have the highest rates, at 52.5% and 43.8% respectively. In the time since this graph was drawn, Malawi's lending rate has increased to 41%. This makes loans unaffordable and excludes most from accessing mortgage finance to address their housing needs. The high interest rates are a result of many factors and are particular to each country. The upcoming AUHF conference, themed 'mobilising capital for housing finance' seeks to address such issues.

The 2013 issue of the Housing Finance in Africa Yearbook, providing an update on housing finance issues and data across 41 countries in Africa, will also be launched at this conference.

Source: Housing Finance in Africa Yearbook 2012. Original source <http://data.worldbank.indicator>

UPCOMING EVENTS

CONFERENCES / WORKSHOPS / COURSES

2013

*Visit www.auhf.co.za for event details *

AUGUST

13-15 [6th African Microfinance Conference](#). Durban, South Africa.

SEPTEMBER

11-13 [AUHF Annual Conference & AGM: Mobilising Capital for Housing Finance](#), Sun Beach Hotel, Mauritius.

OCTOBER

2-4 [4th Asia Pacific Housing Forum](#). Dusit Thani Manila, Phillipines.

6-11 [Housing Finance Programme for Sub-Saharan Africa 2013](#). University of Cape Town, South Africa. **DISCOUNT for AUHF members!**

2014

5-7 April 2014- [World Urban Forum 7](#). Medellin Columbia.

26 MAY 2014- 26 JUNE 2014- Developing Social Housing Projects 2014. For details email. ihs.study5@gmail.com

Deposit and lending rates (not mortgage rates)

