



FINANCING HOUSING IN AFRICA

ISSUE 51: MAY 2016

WORKING TOGETHER FOR HOUSING FINANCE: THE 7th GLOBAL HOUSING FINANCE CONFERENCE

Dialogue forms an important part of developing Africa's housing finance sector; considering the multifarious issues that need to be overcome to make housing finance markets work, it is essential that experiences are shared, that organisations work together, and that the private sector and public sector speak to each other. At the [7th Global Housing Finance Conference](#), hosted biannually by the [World Bank](#) and AUHF member, the [International Finance Corporation \(IFC\)](#), stakeholders from across the world assembled to discuss how to increase access to [adequate and affordable housing](#).

The AUHF Chairperson, Oscar Mgya, of [Tanzania Mortgage Refinance Company \(TMRC\)](#), and AUHF Board member, Charles Inyagete, of the [Nigeria Mortgage Refinance Company \(NMRC\)](#), as well as [Shelter Afrique](#)'s James Mugerwa, attended the conference and participated in a panel discussion on the first day, together with the AUHF Secretariat, Kecia Rust. They represented the AUHF, together with Board member Reginald Motswaiso, of [Botswana Housing Corporation \(BHC\)](#), and Ethel Matenge-Sebesho, of [Home Finance Africa Guarantors Reinsurance \(HGFARe\)](#). They handed out copies of the [Durban Declaration](#), spoke about the work of the AUHF and informed African organisations present of the benefits of [being a member of the AUHF](#).

During and between sessions, African organisations shared their experiences, while hearing from stakeholders from other continents. What was noticeable was that Africa shares many of the issues faced in other continents: problems with foreclosures in Romania, access issues relating to lending standards in America, urban sprawl in Colombia, shallow bond markets in India, and the lack of standardisation of mortgage products across Europe, among other issues that were raised.

Looming over the conference was the current economic slowdown in emerging markets, creating instability that exacerbates these problems. Considering this context, Drs. Hoek-Smit, of the University of Pennsylvania, said she was worried that there would be increased pressure on governments to shoot from the hip—introducing subsidies and schemes that are inefficient, that were unlikely to produce the desired results and that would end up constructing houses that do not meet the target market. Still, the conference showed how many stakeholders are introducing measures that are innovative, carefully thought through and appropriate.

article continues below

32nd Annual AUHF Conference and AGM

14 - 16 September 2016 | Abuja, Nigeria

If you are interested in participating as a speaker, sponsor or delegate, kindly email celeste@fizzmarketing.co.za. We will send regular updates on the programme and speakers and will share the link to register shortly. In the meantime, please add the conference dates to your calendar.

[click here to add the conference to your calendar](#)

In Indonesia, they have decided—after interrogating the options—that interest rate subsidies are too expensive, and that a mortgage refinancing facility is more cost-effective and appropriate for the country. [Club De Rentas](#), in Mexico, is offering an innovative product that allows small-scale landlords to put their properties into a fund that manages them on their behalf, guaranteeing income and reducing risk. In the West African Economic and Monetary Union (UEMOA), [Caisse Régionale de Refinancement Hypothécaire de l'UEMOA \(CRRH-UEMOA\)](#) is refinancing mortgages and issuing bonds, contributing to the growth of mortgage markets in eight countries that have historically been dominated by governments.

With all these efforts to make housing finance work, the question we must ask through what framework should we target our interventions? Hoek-Smit argued that we should start viewing the value chain as an incentive chain. Hoek-Smit stated that without the correct incentives, there will be little coordination and action to increase access to housing. For example, local governments have little incentive to have low-income houses built, as revenue from property taxes is higher with high-income housing. Banks are also under serious constraints, from the inability to engage with informal tenures to the burden of strict liquidity requirements, and are hesitant to lend for housing. It is only through carefully tailored incentives that appropriate and adequate housing can be financed and developed.

In Africa, it is the role of stakeholders, through the AUHF and other platforms, to come together to see what incentives are the most efficient and effective in increasing funds for housing. From the collective experience, these organisations have an understanding of where the blockages are. And it is only by communicating with different sectors that incentives can be designed to overcome the blockages. This dialogue will continue at the [32nd AUHF Annual Conference](#), where various stakeholders will come together to discuss what is needed to efficiently mobilise more funds for housing.

EVENTS

17-18 June | [International Housing Finance Program: Workshop on Securitization and Mortgage Bonds](#), Wharton School of Business, University of Pennsylvania | U.S.A.

18 – 20 July | [3rd Annual Affordable Housing Africa](#), Cape Town, South Africa | **AUHF members should contact us for a 10% discount**

17-22 July | [Micro, SME & Housing Finance Summer Academy](#), Frankfurt School of Finance and Management | Frankfurt, Germany | **AUHF members qualify for a €450 discount**

18 July - 05 August | [Boulder Microfinance Training Programme in English](#) | Turin, Italy

18 July - 05 August | [Boulder Microfinance Training Programme in French](#) | Turin, Italy

20 - 22 July | [Affordable Housing 2016](#) | Johannesburg, South Africa

18-19 August | [Africa Property Investment Week](#) | Johannesburg, South Africa

AUHF EVENT | 14-16 September | [Housing and Africa's Growth Agenda, 32nd Annual AUHF Conference & AGM](#) | Abuja, Nigeria

19-21 September | [7th Global Pension and Savings Conference](#) | Washington D.C., U.S.A.

02-08 October | [Housing Finance Course for Sub-Saharan Africa](#), Graduate School of Business | University of Cape Town, South Africa | **AUHF members receive a 10% discount, scholarships available**

06-07 October | [3INVEST UNITE Summit](#) | Lagos, Nigeria

17-20 October | [Habitat III](#) | Quito, Ecuador

20-21 October | [GRI Africa Summit](#) | Johannesburg, South Africa | **AUHF members should contact us for a 10% discount**

*[*Let us know of any events not listed above](#)*

*[*Click here for our updated events page](#)*

IN THE NEWS

EASTERN AFRICA

The sharp appreciation in land prices in recent years in Nairobi, **Kenya**, seems to be slowing down. According to HassConsult, the cost of an acre of land has slowed by 0.2, to KES 59 million (US\$ 583 442) in the first quarter of 2016. The fall in land prices would have been higher if not for the 9.2 percent increase in prices in Donholm Estate, where an expanded highway was completed. Investors are now looking at satellite towns, where margins are higher.

link: <http://bit.ly/1Prip05>

SOUTHERN AFRICA

The Minister of Lands and Housing in Botswana, Prince Maele, addressed attendees of the Housing Pitso held in May. Maele announced the ministry's intentions to focus its attention on housing delivery, rather than land allocations. Through the ministry's 2011 housing census, it was found that 25 percent of Botswana lived in inadequate housing. To decrease this and make quality housing more affordable and accessible,

NORTHERN AFRICA

Egypt's housing ministry opened its doors to applicants and invited them to register for what is described as the country's largest-ever offering of low-income housing. More than 500 000 state-subsidised units are being offered to the public. This is part of a government fund that was established last year to finance construction of affordable housing with an amount of EGP 61 billion (\$6.87 billion) for the new fiscal year starting July.

link: <http://bit.ly/1Q1fqRH>

MEMBER NEWS

HFC Bank has stated that it is confident about a return to profitability this year. This is due to its new suite of seven exciting deposit products that were introduced onto the market in January. These products include HFC Cradle to Golden Age Account; HFC Brainy Child Account; HFC Smart Save Account and HFC Susu Plus Account, to name a few. This comes as a positive move in light of the difficulties faced in 2015.

the ministry will launch initiatives such as Instalment Purchase Scheme, Youth Housing, and the Tenant Purchase Scheme. All of which will be administered by the Botswana Housing Corporation. Lastly, with 1.1 million people on the waiting list for land allocations, Maele stated that land should only be allocated once it has been serviced.

link: <http://bit.ly/25VcMnO>

Fifty sub-contractors at an Asla construction site in Delft downed tools due to a dispute over rates. The sub-contractors claim they're being remunerated unfairly and they claim that they are not being provided with construction materials and that sub-contractors from outside of Delft have been contracted on the site. In response, Alsa director, Tony Byleveldt, indicated that they are currently in talks with the sub-contractors about the rates dispute and that all contracted sub-contractors are from Delft.

link: <http://bit.ly/1S41Bfg>

In Durban, **South Africa**, police have made another arrest in connection with a syndicate that they believe to be operating in KwaZulu-Natal. The syndicate is estimated to have defrauded unsuspecting citizens in desperate need of affordable housing out of millions of South African Rand's by giving away fake tenders for low-cost housing. A few arrests have been made and the state alleges victims were led to believe they were being awarded tenders and that fictitious letters of award and documents, for the Shayamoya Rural Housing project, were sent to them. These letters purported to be from the Department of Human Settlements. At least 34 victims had been identified, but more are expected to come forward in the coming weeks.

link: <http://bit.ly/1rnY1Hh>

Robert Le Hunte, the Managing Director of HFC, has stated that the new direction for the bank is aimed at leveraging the infrastructure and strengthening the mortgage base to generate additional income. A target added to this is that of deepening the HFC Bank presence in retail, corporate, commercial and SME banking.

link: <http://bit.ly/1Xnslzn>

The Federal Government Staff Housing Loans Board (FGSHLB) has partnered with the **Nigeria Mortgage Refinance Company (NMRC)** to make it possible for civil servants to access affordable housing. The partnership hopes to make it possible for public servants to build their own homes, should they want to. A benefit that has been emphasised is that the NMRC would secure a refinance at a single digit interest rate for the mortgages, which will, in turn, make the facility affordable for public servants.

link: <http://bit.ly/1Q1ghBT>

The National Housing Security, a state-run pension fund, launched its wholly-owned building society this month. The purpose of the society is to reduce the housing crisis in Zimbabwe. This is to be done through a new mortgage lender, the **National Building Society (NBS)**, an AUHF member. NBS intends to pursue dormant land banks across the country and seeks to use them for its affordable housing finance agenda. NBS, at its launch, was urged by the vice president to uphold good corporate governance. A second branch is set to be opened in Bulawayo later on in the month.

link: <http://bit.ly/1rnY6e5>

This is the monthly newsletter for AUHF. The AUHF is an association of fifty mortgage banks, microfinance institutions, building societies, housing corporations and other entities involved in the mobilisation of finances for the development of shelter and housing on the African continent. AUHF is a non-governmental association and has a presence in sixteen countries across Africa.

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