



A look into housing finance in Africa

FINANCING HOUSING IN AFRICA

ISSUE 62: October 2018

Congratulations to our new board members!

A special and warm welcome to the new Board of Directors of the African Union for Housing Finance elected at the AUHF's 34th Annual General Meeting, which was held in Abidjan, Côte d'Ivoire, on the 25th October 2018. Click here for [press release](#)



HAVE YOU SEEN WHAT WE'VE BEEN UP TO?

- February 2018
 - Mortgage Product Design and Portfolio Management Training in partnership with the AUHF and t “Mortgage Product Design and Portfolio Management” in **Abidjan**
- March 2018
 - [Affordable Housing Study Tour](#)
 - Training & Capacity Building Programme: “Lending to borrowers with informal incomes...” in **Hara Zimbabwe** co-hosted with NMRC and HDFC India
- April 2018
 - [EAPI Summit](#) in Nairobi, Kenya. Presented by the Tanzania Mortgage Refinance Company
 - Affordable Housing Study Tour in 3 cities: Johannesburg, Pretoria, and Cape Town, South Africa in partnership with: **CAHF**
- May 2018
 - [BOTSREAL Property Forum](#) in Gaborone, **Botswana**: presented by **FNB Botswana**
 - 8th Global Housing Finance Conference in Washington, presented by **Zambian Home Loans, Caisse de Refinancement Hypothécaire de l'UEMOA (CRRH-UEMOA)**

- June 2018
 - Professional Development Series: “Lending to borrowers with informal incomes...” in Harare, **Zim** in partnership with CAHF, Central Africa Building Society (CABS) and the Zimbabwe Association for Finance (ZAHF)
- July 2018
 - Meeting on Public Sector Lobbying organised by FNB Home Loans: **Lobbying**
- August 2018
 - Financing Housing in Africa – Issue 59 (available in English and French): **Information**
 - ZAMREAL Property Forum 2018
- September 2018
 - [API Summit & Expo](#) in **Johannesburg, South Africa**
 - Housing Finance Course for Sub-Saharan Africa in **Cape Town, South Africa**
 - African Real Estate & Infrastructure Summit
- October 2018
 - [34th AUHF Annual Conference and AGM](#) at the Azalaï Hotel in Abidjan, Côte d’Ivoire on 23 – 25 October 2018.

Below we offer some highlights

Our capacity building programme



The AUHF in partnership with the [Centre for Affordable Housing Finance in Africa \(CAHF\)](#), co-hosted a three day workshop, from 19 - 21 June 2018, in partnership with AUHF member, [Central Africa Building Society \(CABS\)](#) and the Zimbabwe Association for Housing Finance (ZAHF) under the theme: “Lending to borrowers with informal incomes”, in Harare, Zimbabwe. The workshop was attended by 25 participants. The seminar was facilitated by HDFC India, [Nigeria Mortgage Refinance Company \(NMRC\)](#), [Housing and Development Finance Consultants \(HDFC\) in Africa](#). The objective of the workshop was to share ways to optimize housing finance operations with concepts, principles and tools designed to underwrite households with informal incomes, so as to extend housing finance opportunities to households who earn their incomes informally.

Our 34th Annual Conference and AGM



The AUHF, in partnership with the International Finance Corporation (IFC), [African Development Bank \(AfDB\)](#), [Caisse Régionale De Refinancement Hypothécaire \(CRRH-UEMOA\)](#), and [Making Finance Work for Africa \(MFWA\)](#) hosted the 34th AUHF Annual Conference and AGM at the Azalaï Hotel in Abidjan, Côte d’Ivoire on 23 – 25 October 2018. Under the theme “Building Africa’s Housing Financing Chain”, 178 delegates from 31 countries deliberated on the key issues that would grow housing finance across the continent. At the same meeting, members of the AUHF also agreed on the Abidjan Declaration for Housing Finance. to view Abidjan declaration, [click here](#).

Research with CAHF

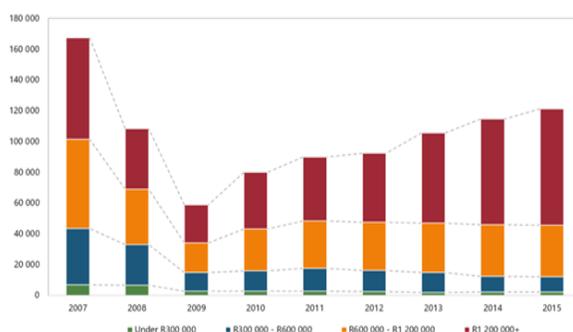
Taxation and Affordable Housing in Housing in Africa

CAHF produced a study on the [taxonomy of taxes and their impact on the housing sector](#). The study identified the three broad categories of tax related to housing: direct taxation of housing-related income (taxation of both corporate profits and personal income); indirect taxation of housing-related goods and services consumed by both firms and households; and taxation of wealth held in the form of real estate, including property taxes, transfer fees and capital gains tax.

Findings show that affordability can be gauged by the proportion of urban households that can afford the cheapest newly built house by a formal developer. Examples of countries where this proportion is tiny are South Sudan (0.1 percent), Burundi (0.7 percent), Eritrea (0.8 percent) and Uganda (3.5 percent). A number of other countries have moderate affordability levels such as South Africa (35.8 percent), Ethiopia (35.9 percent), Botswana (39.8 percent), Namibia (44.5 percent) and Gabon (46.2 percent). The best performers include Algeria (81.3 percent), Egypt (83.9 percent), Morocco (90.8 percent) and Cote d'Ivoire (96 percent). However, due to the lack of systematic data across countries, we know less about the overall impact of taxation on housing affordability.

Africa Bringing life to Mortgage Markets in South Africa

Number of mortgages originated in South Africa by market segment (2007-2015)



Data source: Citymark (2016) for CAHF

The [Centre for Affordable Housing Finance in Africa \(CAHF\)](#) produced a report on the performance of South Africa's mortgage market since the Global Financial Crisis (GFC) in 2008. The report explores the issues as they relate borrowers, houses, lenders, and governance and administration. It furthermore draws on the outputs of a mortgage profitability model, and then considers how we might build better mortgage markets in South Africa.

Using Stats SA and mortgage market data, this study findings showed estimates that in 2007, 14.5% of households in South Africa had a mortgage and by 2016, this had declined to 9.7% of households. For more information [click here](#).

Africa Understanding and Quantifying Rental Markets in Africa: Focus notes

This focus note explores the data currently available on Africa's residential rental sector, and presents some new data that has been recently collected to understand additional aspects of the market. It outlines a rental market framework and provides an initial set of indicators that characterise the different components of the rental market.

Rental markets operate within an overall environment in which landlords and tenants supply and demand rental accommodation. Their practices, terms and conditions are shaped by the macro economic environment and their capacity to engage is enabled by support organisations such as developers, financiers, credit bureaus and rental managers.

The research also identified, analysed and presented several existing data sources that provide useful information to populate the various components of the rental framework in five focus countries across the continent, namely; Tanzania, Uganda, Senegal, Côte d'Ivoire and Angola.

Working paper: Lowering the high interest rate cost of housing finance in Africa

This [working paper](#) explores the causes of high interest rates in African countries in an attempt to establish recommendations for how they might be reduced. Fiscal dominance, weak regulatory frameworks that drive up credit-risk premiums, a lack of long term funding and limited use of collateral value all drive up the interest rate cost of housing in Africa. Findings from the study show that strong property rights that allow for expeditious and low-cost registration and conveyance of property ownership is absolutely fundamental to mortgage finance.

the paper recommends that the use of mortgage collateral can be enhanced by reducing the burden of mortgage repayments through innovative instrument design. Various countries have experimented with adjustable interest rates, foreign-currency and index-linked borrowing. While the immediate impact of these innovations is to increase mortgage affordability, their application poses risks.

The role of savings and Credit Cooperative Organisations in Kenya's Housing Finance Sector

This report highlights the work of Stima SACCO and [Stima Investment Cooperative Society](#), two heavily subscribed and active organizations, as a technical example of the way cooperatives are providing [affordable housing](#). With an estimated shortage of 2 million units and 61% of the urban population living in slums (WB, 2017), Kenya is facing a huge housing crisis.

The high cost of development, coupled with expensive mortgage finance, make it nearly impossible for the majority of the population to become home-owners. Findings from this report reflect that it is most probable that initial investments in affordable housing in Kenya would be made by institutional investors who are willing to sacrifice higher returns for social impact. This not only affects Kenya, but also other African nations with similar savings cooperatives, will benefit immensely from the sector's development.

SPECIAL AND WARM WELCOME TO THE FOLLOWING NEW MEMBER INSTITUTIONS



**CAISSE RÉGIONALE
DE REFINANCEMENT
HYPOTHÉCAIRE**

[Caisse Régionale de Refinancement Hypothécaire](#) (CRRH) is a Secondary Mortgage Institution. As a financial institution, CRRH is a limited liability Company, designed to support Long term lending activities by Primary Mortgage Lenders (PML) in UEMOA area. The core function of CRRH to provide long term funds to PMLs, at better rates and under better terms and conditions than PMLs might be able to obtain if acting alone.



[iBUILD Global Inc](#) is a citizen-to-citizen (C2C) housing market disruption tool that empowers people to build, reversing their housing plight through small-scale construction based on each individual's unique needs. The company empowers a citizen-focused, virtual marketplace where consumers directly engage with: architects, lenders, artisans, material suppliers, and certified contractors. It also equips small scale construction markets in developing nations to scale up and to meet their exponentially growing housing demand.

UPCOMING EVENTS

External Events



West Africa Property Investment Summit

15-16 November 2018 | West Africa's Premier property gathering | Lagos, Nigeria. AUHF members who are current on their membership dues are eligible for a 20% discount. For more information [click here](#)

WHAT HAVE OUR MEMBERS BEEN UP TO:



The Development Bank of Rwanda in collaboration with international players in the housing sector which includes Rwanda Social Security Board, BSMART Technology, China's Broad Homes Industrial International and the

International Finance Cooperation (IFC) is set to build 10 000 affordable housing units in Kinyinya. The new Times newspaper reported on the 12th September 2018 that approximately 50000 people are said to benefit from this project through business opportunities and jobs. Read more: <https://www.newtimes.co.rw/news/consortium-construct-10000-homes-kigali>



CAISSE RÉGIONALE
DE REFINANCEMENT
HYPOTHÉCAIRE

CRRH-UEMOA is said to invest \$155 million on a regional World Bank/WAEMU project to promote financing of affordable

housing within the WAEMU region. According to the article published by Togo first news on the 24th September, this project in collaboration with West African Development Bank (BOAD) and the World Bank will help reduce the housing deficit in the region. Christian Agossa, the Managing Director of CRRH-UEMOA stated that the project will lead to the issuing of 50, 000 new mortgage loans and financing for social housing. <https://www.togofirst.com/en/investments/2409-1658-togo-to-benefit-from-155-million-regional-project-to-boost-financing-of-affordable-housing>



The Tanzania Mortgage Refinance Company (TMRC) in collaboration with the Bank of Tanzania have developed a mortgage course of best practice on

issuing house loans. According to the Daily News report of 3 August 2018, TMRC Chief Executive Officer Oscar Mgaya said the partnership is focused on making people mortgage refinance related issues. Read more: <https://allafrica.com/stories/201808030524.html>



Nigeria Mortgage Refinance Company (NMRC) released its Model Mortgage and Foreclosure Law on 20th

August 2018. This law is said to make access to land, housing and mortgage less cumbersome for their indigenes, and about 13 states are expected to adopt the Model Mortgage and Foreclosure Law between now and the first quarter of 2019. Read more: <https://punchng.com/13-states-set-to-adopt-new-mortgage-law/>



Botswana Housing Corporation (BHC) has embarked on a P14.8million project to build 99 houses in Palapye in an effort to reduce the housing needs in Botswana. According to the Daily News report of 28 August

2018, BHC had two more planned projects to build 150 units multi-family residential blocks of flats as well as 107 houses. Read more: <https://allafrica.com/stories/201808290278.html>



According to Tanzania daily news report of 1 September 2018, Watumishi Housing Company (WHC) is advancing affordable housing with the construction of 500 houses in Dodoma. Read more:

<https://allafrica.com/stories/201609010155.html>



According to Africa Intelligence newsletter of 14 September 2018, the International Finance Corporation (IFC) approved a loan of \$12 million to the Tanzania Mortgage Refinancing Co (TMRC). Read more: https://www.africaintelligence.com/ion/business-circles_companies/2018/09/14/tmrc-the-darling-of-the-world-bank_108323676-bre

IN THE NEWS

SOUTHERN-AFRICA

In **South Africa**, on September 20, 2018 the South African Government News Agency published a report regarding the meeting held between the Deputy Minister of Cooperative Governance and Traditional Affairs (Cogta) Andriese Nel and the Ecuador Housing and Urban Development Minister, Xavier Torres where they shared some of the challenges in the delivery of housing in their countries. Deputy Minister Nel emphasized the importance of implementing land reform process within the precepts of the SA Constitution. **Read more:** <https://www.sanews.gov.za/south-africa/sa-ecuador-share-notes-housing-development>

In **Mozambique**, Casa Melhorada, an affordable housing project has been developed with the objective of initiating sustainable urban development in the city's informal settlements. An article by Inhabitat of 8 August 2018, stated that this project is purposed to engage in construction of affordable rental housing through public and private partnerships. **Read more:** <https://inhabitat.com/casas-melhoradas-explores-sustainable-and-affordable-housing-in-mozambique/>

EASTERN AFRICA

In **Seychelles** 1,800 housing units are expected to build on the reclaimed Island of Ile Aurere as part of the country's housing project. Seychelles news agency report of 8 August 2018 states that this is the first time since such a high rise buildings built in the Island. According to the principal secretary of infrastructure says that around 1,000 units will fall in the affordable housing category and 500 under medium-cost housing

In **Rwanda**, families living in high risk zones have been given new homes, this forms part of Rwanda's Affordable Housing project. The New Times stated on the 3 October 2018 that the whole housing block was built out of locally made materials and constructed at a cost of Rwf100m. **Read more:** <https://www.newtimes.co.rw/news/affordable-urban-housing-project-launched-kimisagara>

WESTERN-AFRICA

In **Ghana**, the Modern Ghana newspaper has released a report on September 26, 2018 about the collaboration between the United Nations Office for Project Services (UNOPS), and the Government of Ghana. The project is set to provide 100,000 affordable homes for Ghanaians. The 100,000 houses are to be constructed using local materials, equipment and expertise, which will in turn provide a spillover effect for the local people. **read more:** <https://www.modernghana.com/news/885623/affordable-housing-project-ghana-collaborates-with-un.html>

In **Liberia** the National Housing Authority (NHA) in collaboration with GELPAZ are constructing 50,000 'affordable' housing units in the capital Monrovia and rural parts of the country. According to Journal du Cameroun.com report of 15 August 2018, this project is designed to support Liberia's policy of constructing homes for those who cannot afford. **Read more:** <https://www.journalducameroun.com/en/gelpaz-to-construct-over-50000-housing-units-in-liberia/>

In **Nigeria**, only few citizens have access to affordable housing despite efforts from government and private developers to provide affordable housing units to Nigerians. According to the New Telegraph Newspaper report of 30 August 2018, this is caused by the low national minimum wage of N18,000 per month, which makes it difficult for workers to afford mortgage payment for home ownership. **Read more:** <https://newtelegraphonline.com/2018/08/experts-why-nigerians-cant-access-affordable-housing/>

NORTHERN AFRICA

In **Egypt**, UN special rapporteur Leilani Farha is on the right to adequate housing is on a one week visit in Egypt until 3 October 2018. The special rapporteur met with senior government officials from the Ministry of Housing, Utilities and Urban Communities, the Ministries of Justice, Foreign Affairs, and Social Solidarity and state institutions responsible for urban development, human rights, security, and law enforcement.

According to MENAFN news the purpose of Leilani's visit is to ensure by 2030 all citizens have access to safe, affordable, and adequate housing and basic services. **Read more:** <https://menafn.com/1097521008/UN-housing-rights-expert-concludes-her-visit-to-Egypt>

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