



OPPORTUNITIES AND CHALLENGES TO PROVIDING AFFORDABLE HOUSING: THE EXPERIENCE OF NATIONAL HOUSING CORPORATION (NHC) -TANZANIA

By:

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• 3. OPPORTUNITIES AND CHALLENGES FOR INVESTING IN AFFORDABLE HOUSING (AH)

- Countrywide housing deficit = 4 million units growing at 200,000 units p.a.
- Housing ownership culture as one of key motivators.
- Steady economic growth and stabilizing macroeconomic frame.
- Fast growing urban middle income group.
- Understated role of informal income in housing finance (it accounts for 50% to 200% of formal h/hold income).
- The above represents a big hyper housing growth demand.

CHALLENGES FOR PROVISION OF AH IN URBAN AREAS.

- Low income levels and consequential low effective demand.
- Nascent mortgage system (tough lending conditions).
- Lack of Govt budgetary support.
- High cost of building materials.
- VAT on sale of houses.
- These realities unfold a challenge on sustainable provision of AH.

4. ROLE OF GOVERNMENT

Identify the Government Interventions that needs to be undertaken to NHC and other Developers in supporting the provision of AFFORDABLE HOUSING. The Interventions should range from

- Monetary Policies Interventions
- Fiscal Policy Interventions
- Legal and Regulatory Framework Interventions
- Housing Policies
- Facilitation of critical elements such as the Provision of land, Infrastructure etc.

5. NHC'S INITIATIVES IN REDUCING HOUSING COST

- Land = 5-15% of housing cost depending on location.
- NHC in collaboration with Municipal Authorities to acquire land below market prices.
- Cost sharing efforts with municipal and utility authorities are under negotiation. Some local councils e.g. Mvomero ready to deliver roads.
- TANESCO and Water Authorities to include NHC projects in respective plans.
- ❖ Access roads, sanitation, electricity and water = 15-20% of house cost.

5. OTHER NHC'S INITIATIVES IN REDUCING HOUSING COST

- ◆ Financing for buyers; Options and Availability
- ◆ Low interest environment which depends on stable Macro economics
- ◆ Loan Tenor
- ◆ Fiscal Policy matters
- ◆ Smart Partnership (to address Technology, Financing and Experties issues)
- ◆ Construction Technology
- ◆ House Design : Compact and cost saving designs are used in AH delivery of 45sqm – 60sqm for 2-3 bedroom houses.

5.4 Building Materials

- They account for 30-40% of house cost.
- NHC endeavours to widely use locally available materials e.g. clay bricks, stones, etc.
- Nonconventional materials e.g. interlocking soil-cement stabilized blocks.
- Cooperation with HNBRA in adopting cost effective building materials.
- Through CSR, NHC trains youths to produce building materials used for AH.
- Bulk Procurement from the source

SELECTION CRITERIA FOR FUTURE PROJECTS ACROSS THE COUNTRY

- Districts proving that there is enough market for buying at least 70% of all
- Availability of land that is free from any encumbrance which the respective Council is ready to allocate to NHC for free or at a reasonable consideration.
- Assurance of minimum bureaucracy in granting building permits for the project.
- A Council that is committed to provide road infrastructure and ensure the provision of utilities shall be given priority. The commitments should be made in writing.
- Districts that require NHC to build houses for them must prove commitment to repay monthly.
- Installment of the house loan granted within 5 years from the time the project is handed over.
- New Districts are likely to be much more considered

6. CONCLUSION

- Housing majority of urban dweller given underlying socio-economic environment is daunting task.
- Innovative efforts are required to keep abreast with realities of housing needs.
- NHC is committed to adopt innovative means in reducing the cost of housing.

THANKS YOU