

A NEW LANDSCAPE OF HOUSING FINANCE INVESTORS

HOUSING INVESTMENT IN MAURITIUS

EXTENDING THE REACH DOWN THE MARKET

M SEETOHUL

MANAGING DIRECTOR

MAURITIUS HOUSING CO LTD

Mauritius

The STAR and KEY of the Indian Ocean



Area	2000 M2
Population	1.3 M

OVERVIEW OF KEY ECONOMIC INDICATORS

<input type="checkbox"/>	GDP per capita	USD 9,300
<input type="checkbox"/>	Savings Rate	15.1%
<input type="checkbox"/>	Investment Rate	23.0%
<input type="checkbox"/>	Inflation Rate	3.9%
<input type="checkbox"/>	Key Repo Rate	4.65%
<input type="checkbox"/>	Growth rate	3.3%
<input type="checkbox"/>	Household ownership	88.9%
<input type="checkbox"/>	Owners of Bank A/Cs	80.0%
<input type="checkbox"/>	Mortgage Debt to GDP	12.0%

KEY PLAYERS IN THE HOUSING AND HOUSING FINANCE MARKET

- ❑ **MINISTRY OF HOUSING AND LAND**
- ❑ **MAURITIUS HOUSING COMPANY LTD**
- ❑ **NATIONAL HOUSING DEVELOPMENT COMPANY**
- ❑ **NATIONAL EMPOWERMENT FOUNDATION**
- ❑ **PRIVATE PROPERTY DEVELOPERS**
- ❑ **BANKS AND FINANCIAL INSTITUTIONS**

MINISTRY OF HOUSING AND LAND

- ❑ Preparation of National Development Strategy**
- ❑ Provide the Framework for local authorities**
- ❑ Devise and Implement housing and land policies/ program**

Banks & Insurance Companies

- * Financing High End Clients**
- * Property Development**
Large housing projects
- * IRS - Integrated Resort Scheme**
Foreigners with high net worth
Property priced more than USD500,000



MAURITIUS HOUSING COMPANY LTD





La référence en prêt logement

MAURITIUS HOUSING COMPANY LTD

- Provider of Housing Finance since 1963**
- Helped approximately 25% of households to become house owners**
- Flexible housing loan products**
 - Interest rate as from 6.8%**
 - One Stop Shop**
- Government Sponsored loans**
 - Low income group – Max MUR10,000 (USD333)**
 - Government Grant of 20% of loan amount up to a maximum of MUR 33,000 (USD 1,000)**

MAURITIUS HOUSING COMPANY LTD

- ❑ **SPECIAL HOUSING SAVINGS AND DEPOSITS SCHEME**
 - ❑ **PLAN EPARGNE LOGEMENT – PEL**
 - ❑ **JUNIOR PEL SAVER – JPS**
 - ❑ **TERM DEPOSIT**
 - Housing Deposit Certificates (HDC)**
- ❑ **ESTATES DEVELOPMENT**

ESTATES DEVELOPMENT BY MHC



HARBOUR VIEW I

**LA TOUR KOENIG
HOUSING PROJET**

ESTATES DEVELOPMENT BY MHC



Vuillemin Centre II



CyberVillage – EBENE

NATIONAL HOUSING DEVELOPMENT COMPANY

- ❑ Created in 1991. Low cost housing .
- ❑ Household revenue < MUR 8,500 (USD285)
- ❑ 12,000 units constructed.
- ❑ 500 constructed each year , waiting list of 20,000 clients
- ❑ The real challenge lies at this level.

❑ SITES AND SERVICES

State Land leased to households – Area 50 toises

❑ GRANTS

To cast SLAB - up to MUR 65,000 (USD2100)

+ 50,000 families benefitted

NHDC HOUSING UNITS



NATIONAL EMPOWERMENT FOUNDATION

- ❑ **Squatting**
- ❑ **Set up in 2011**
- ❑ **Vulnerable Group**
- ❑ **Integrated Social Development Programme**
 - ❑ **Core housing units of 32 m² each, solar heater**
 - ❑ **Repayment starts as low as MUR 500 (US\$16) monthly**
 - ❑ **Social Contract**
 - ❑ **MHC acts as Project Manager and Collecting agent**

NEF PROJECT AT LA VALETTE VILLAGE - BAMBOUS



MAURITIUS CREDIT INFORMATION BUREAU (MCIB)

- **A central Credit Information Bureau is managed by the Bank of Mauritius.**
- **Forty Four participants**
 - **18 Banks**
 - **18 Leasing and Insurance Companies**
 - **5 Non Bank Financial Institutions**
 - **3 Utilities**
- **MHC and NHDC form part of the system**

FUNDING



FUNDING

- ❑ **Funds for financing mortgages - a challenging issue.**
- ❑ **Borrowing from foreign funding agencies**
 - ❑ **USAID**
 - ❑ **European Development Fund**
 - ❑ **International Bank for Reconstruction and Development (IBRD)**
 - ❑ **World Bank through the Government of Mauritius**
 - ❑ **Common Wealth Corporation**
- ❑ **Borrowing from local banks with government guarantee**
- ❑ **Facilities no more available**

FUNDING

- ❑ **Debentures**
- ❑ **borrowings**
- ❑ **Deposits from General public**
- ❑ **Internally Generated Funds**

LEGAL FRAMEWORK FOR CREDIT

Borrowers Protection Act 2007

Bom guidelines

Basel III

Safeguards for the interests of both lenders & borrowers

Encourages “Responsible Credit”

WAY FORWARD

Government Strategy

- **CSR Fund - Culture of Corporate Citizenships**
 - **Companies to contribute 2% of their book profit**
 - **Approved program – Housing included**
- **Housing Development Trust (HDT)**
 - **Boost social housing-Low and Lower income groups**
 - **Funded by HDT, Government and Beneficiary**

WAY FORWARD

□ HOUSING INVESTMENT

□ A NICHE MARKET FOR INVESTORS

□ Housing key growth area in growing economies

□ Meet Investment Expectations – Good return

□ Easily segmented market

WAY FORWARD

CHALLENGES

Affordability

Managing risks

Maintaining incentives

Funding/ Securitisation

CONCLUSION

HOUSING FINANCE

AN ENGINE OF DOMESTIC GROWTH

HOUSING INVESTMENT

A NEW PROFITABLE SOCIAL INVESTMENT

THANK YOU