



AFRICAN UNION FOR
HOUSING FINANCE

33RD ANNUAL CONFERENCE & AGM

Engaging the Housing Value
Chain for Growth



Elevator Pitch Presentation
Zambian Home Loans



Housing
Finance
Bank



ZambianHOMELOANS



90%

Houses built in Zambia are owner managed via incremental construction.



8 Years

A survey of over 600 respondents in 2012/2013 showed it takes 8 years for an average household to build an average house to habitable state.



3.1%

Only 3.1% of urban Households can afford the cheapest newly built house.



1%

Less than 1% of the population has access to Mortgages of this over 50% are Bank employees.



.....putting it in perspective.....





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Informal Settlement growth

- Most civil servants live in informal settlements
- Huge constraints on family budgets as they build own house
- Massive impact on child education, health, etc.

Circ. 65% of working Adults own land

- Over 50% have either started building or looking to start building.
- 9 out of 10 have no title.

Informal Construction workers

- They are building most houses
- Do not have certificates but their product is there to see
- They need to be managed.
- ZHL model provides them with some form of certification



.....putting it in perspective.....

These systemic challenges have created a **housing crisis** that cannot be solved by **conventional private and/or public sector development methodologies.**

MoreHome for your Money.....



ZambianHOMELOANS

ZHL is a **specialized mortgage institution** owned by African Life Financial Services (Member of the Sanlam SA Group) and Sofala Capital (SA) that helps **borrowers to build or complete their houses.**



How We Manage Our Risk

- ✓ Detailed plan analysis and bill of quantities
- ✓ **Relationships with suppliers** w/ direct disbursements
- ✓ **Stage Disbursement**
- ✓ **Payroll deduction** / MOU with Employer
- ✓ **Semi Project Management model**
- ✓ Robust system to manage approvals, disbursements and collections.

Value We Provide Our Clients

- ✓ Selection of building plans and **Title assistance**
- ✓ Affordability analysis and **detailed BOQ**
- ✓ **Building materials discounts**
- ✓ Construction oversight and insurance
- ✓ **Up to 20 years to repay** and ability to refinance
- ✓ More affordable lending terms than microfinance



...what we are and how we do it....



ZambianHOMELOANS

- ❏ We believe shelter is a basic human right, undeniable for human dignity.
- ❏ We believe housing improves the welfare of society and contributes to social and economic development of a country.
- ❏ Zambia has been facing a very critical shortage of housing since independence.
- ❏ Govt suggests a 1.5 million units deficit, and recommends an annual delivery rate of 150 000 units to meet demand in the next 10 years.
- ❏ UN estimate: 1 decent house every 2 minutes for the next 20 years.
- ❏ We appreciate the role of private citizens in building their own houses, but we recognise the **'BIG ELEPHANT IN THE ROOM' – THE LACK OF FINANCE.**



...why we do what we do.....



ZambianHOMELOANS



.....the process.....

Clients typically reach completion
of their home spending up to 40%
less.

.....resulting in:

- huge LTV savings.....
- which gives client a lot of equity..
- and reduces risk on the part of both ZHL & the client.



Beyond lending: Customer Support

❏ We offer technical and professional advice

- ❏ Bill of Quantities – Material lists
- ❏ We offer an intense monitoring programme to ensure quality and
- ❏ We provide Building Tips/workshops for first time house builders
- ❏ We provide training & guidance to construction workers
- ❏ Material sourcing assistance

❏ Financial literacy programmes

- ❏ Work place programmes
- ❏ Decide your own interest rate/Pay off before time Sessions

❏ Active Building material supplier programme – local and Int'l.

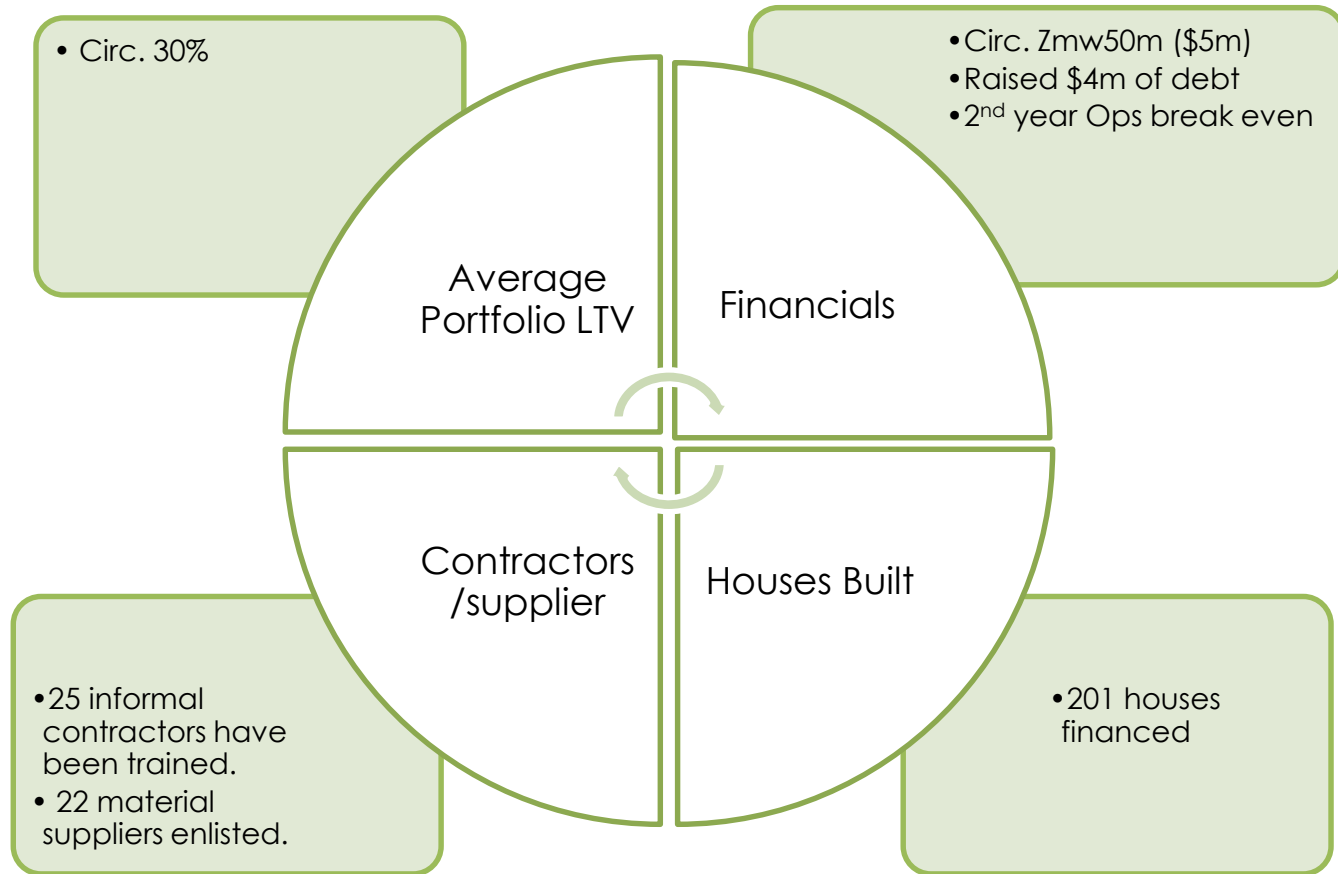
- ❏ Material vetting
- ❏ Discounts negotiation



Zambian**HOMEL**LOANS



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...ZHL 3 years since.....

“It is vital to recognize that the main housing supplier for the 60-90% majority in developing countries is the informal sector. The Housing Strategy must recognize that single artisans and small-scale building contractors are the key suppliers of housing to the majority; continuing to ignore them in favour of the relatively small formal sector supply would be perverse.”

:UN Habitat World Cities Report 2016

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ASANTE!