

A look into housing finance in Africa

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Newsletter

FINANCING HOUSING IN AFRICA

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HOUSING SECTOR RESPONSE TO THE COVID-19 PANDEMIC IN AFRICA



Across the continent, governments, businesses and NGOs are putting together assistance packages for support and instituting measures to manage the various risks and challenges this new context has created for their clients, their partners, and their businesses. In April 2020, AUHF conducted a survey on the housing sector responses to the COVID-19 pandemic in Africa. The survey was distributed amongst AUHF members and to CAHF networks. 24 responses were received from 11 countries in Africa.

The survey responses reflect on discretionary measures taken by individual organisations within these 6 countries and does not completely represent countries' policies in response to COVID-19, the information provided is not intended for member-to-member comparison, since responses differ depending on the complexity of the shock and country-specific circumstances.

The survey results will be shared with AUHF members shortly. Of course, this is a global challenge, so with the support of the [Cities Alliance](#), we are also planning a discussion with our Latin American colleagues. In a few weeks' time, we'll host a webinar together with the Inter-American Housing Union, [UNIAPRAVI](#), in which we'll each share our various strategies and discuss key challenges we're facing. In the meantime, [click here for a report on measures taken by Latin and Caribbean countries](#) to counter the effects of COVID-19 in the Housing Sector.

STAY HOME: WHAT DOES COVID-19 MEAN FOR AFFORDABLE HOUSING IN AFRICA?

Across the world, people are being asked to stay at home and practice social distancing, to stop the spread of the [COVID-19](#) virus. This first strategy against the global epidemic brings the home into sharp focus – is it indeed a place where someone can stay? This is something that [Kecia Rust](#) is asking, in a [blog](#) that contemplates what the [Covid-19](#) pandemic might mean for affordable housing in Africa.

The two population groups affected are those living in inadequate housing conditions in densely populated informal settlements, those living in emergency shelters and those that are homeless and are living on the streets; and then those in adequate housing but facing job losses and economic hardship which could result in mortgage and rental arrears and evictions.

The blog goes on to unpack the complexities of staying at home in an informal settlement with informal structures often being poorly ventilated and overcrowded. Informal communities are often large, with extremely restricted access to services and health facilities. Already compromised sanitation is further challenged, with shared water supplies and toilet facilities.

For those in affordable housing facing income and job losses, their ability to pay their mortgages will decline. This will have a knock-on effect: borrowers will see a rise in non-performing loans that can lead to an increase in foreclosures, and a decrease in the value of their mortgage lending book overall. With house prices dropping, buyers will be less able to leverage property values to sustain their income constraints and lenders will be less able to leverage their investments to access capital.



The blog also identifies that within the mortgage market, limited access to capital often provides an case for encouraging incremental housing incentives and microfinance housing, as households with limited access to mortgage financing may continue to take smaller steps, improving their homes incrementally. This is supported by a paper written by 71point4, which argues that this niche might [bring South Africa's mortgage markets to life](#),

Shifting mortgage lenders interest down market especially for low-income households where margins are thin, depends on an ease of transaction and the ability to quantify risk. Many of these issues and the risks they create relate to administrative constraints – whether with the deeds registry or the subsidy management system, or indeed even the mortgage system. Shifting mortgage lenders interest down market will require that these issues are addressed across the continent. New technology, such as blockchain can provide solutions to these issues. The [Transaction Support Centre](#) that CAHF supports together with [71point4](#) in Khayelitsha, Cape Town has demonstrated how blockchain technology can be used to more effectively access title deeds and facilitate property sales. To read the full article, [click here](#)

The blog poses the challenge to the housing finance sector that if the pandemic shrinks markets, can we use our response to shift attention down market by investing our energies in improving transactional capacity and better quantifying risk through improved technology?

POST COVID-19: HOUSING STAKEHOLDERS IN NIGERIA HOLD WEBINAR, TO BRAINSTORM ON WAYS FORWARD

The [Housing Development Advocacy Network](#) held a webinar as part of efforts to examine trends and reshape the housing sector in Nigeria post COVID-19. The webinar on "The Crisis in Perspective: Affordable Housing Post COVID-19" was organized as a virtual video conference with more than 350 participants from around the globe attending.

Former Managing Director of the AUHF member [Nigerian Mortgage Refinance Company \(NMRC\)](#), Professor Charles Iyangete pointed out the need for radical bold steps to deal with the new world of COVID-19. He proposed a Housing Commission to serve a coordinating role. In the same context, the Managing Director and Chief Executive Officer of (AUHF member) the [Family Homes Funds Limited](#), claimed that the housing and construction sector has the greatest employment potential after agriculture. Furthermore obsolete housing policies need to be rebuilt in order to better suit the current housing environment.



The crises perspective: Affordable housing post COVID-19

AUHF member and AUHF Board Chairman [Shelter Afrique](#)'s, Managing Director and Chief Executive Officer Mr. Andrew Chimphonda discussed the case of Africa's failure to meet the UN's demands for decent housing for Africans even before COVID-19, with the rate of delivery for affordable houses being lower than the rate at which urbanization takes place. Governments need to rethink their policies and work with the private sector to provide adequate, affordable accommodation in the years to come.

HDAN Director Mr. Festus Adebayo closed the webinar by noting that the group would continue to host the monthly webinar as commitment to achieving affordable and decent housing for Nigerians

LAGOS ECHOSTONE SET VIRTUAL SHOWCASE OF HOUSING PROJECT

The Lagos State government, in partnership with AUHF member EchoStone Housing, hosted a virtual showcase of its first green and eco-friendly Estate located in Idale, Badagry as well as an online enlightenment programme on mortgage financing.



The webinar enlightenment programme on mortgage financing was held on the 23rd of April and featured many panelists, including the Permanent Secretary, Ministry of Housing, Mr. Wasiu Akewusola; the CEO, (AUHF member) Federal Mortgage Bank of Nigeria, Mr. Ahmed Musa Dangiwa and the CEO, (AUHF member) Nigeria Mortgage Refinancing Company, Mr. Kehinde Ogundimu amongst others.

THE CENTER FOR AFFORDABLE HOUSING FINANCE IN AFRICA FACILITATED THE WRITE UP OF THE FOLLOWING BLOG PIECES FOR THE HOUSING FINANCE SECTOR:

[Blog: Cross-Subsidisation in the Republic of Sudan: A Tool for Amplifying Investment into Affordable Housing:](#) This blog by [Christopher Feather](#) focuses on the cross-subsidisation mechanism in the Republic of Sudan, which was highlighted in the Sudan [country profile](#) authored by [Kalamu Consulting](#) in CAHF's [latest yearbook](#). This blog elaborates on the approach, and assesses the technique's potential to strengthen investment in affordable housing.

[Blog: Innovations in Backyard Rental: Models for the 2020s:](#) This blog by [Adrian Di Lollo](#) (co-author of the South Africa profile in the CAHF yearbook) identifies the multi-faceted challenges and complexities of backyard rental development in South Africa. The blog summarises initiatives by various entities to promote backyard rental.

[Blog: Home Ownership Savings Plans in Kenya:](#) This blog by [Miriam Maina](#) (CAHF's Research Manager for East Africa) discusses a series of focus notes published by Cytonn Research on Home Ownership Savings Plans in Kenya.

[Blog: Estimating the number of outstanding mortgages in Malawi:](#) This blog by [Maria Nkhonjera](#) (CAHF's Research Manager for the Southern African Region) unpacks an innovative approach to estimating the number of outstanding mortgages where data is not readily available from government, private or international sources.

[Blog: The Role of Mortgage Insurance as a Credit Risk Management Tool:](#) This blog by [David Chiwetu](#) (CAHF's Research Manager for West and Central Africa) discusses the potential of mortgage insurance to aid mortgage lenders to lend down-market and develop products for low income households.

Blog: Climate Change and Resilient Housing: Lessons for Mozambique: This blog by [Maria Nkhonjera](#) (CAHFS Research Manager for Southern African Region) and [Nonhlanhla Mathibela](#) (CAHF intern) discusses the importance of resilience after the effects of Cyclones Idai and Kenneth. The blog identifies key lessons that can be learnt from efforts to build resilience in [Mozambique](#) and elsewhere on the continent:

[To view all CAHF's recent blogs, please click here.](#) In addition, they regularly collect [news articles](#) on the current affairs and development of the housing finance sector across Africa.

AUHF MEMBER NEWS

[CBZ Holdings](#), has announced the appointment of a new Board of Directors to oversee the bank's transformation strategy. According to Mr Marc Holtzman, the chairman of the Board of Directors the new directors bring a wealth of experience from a diverse range of disciplines to help CBZ strengthen its position as the premier corporate finance and investment banking institution in Zimbabwe. Read more, [click here](#)



Building society [CABS](#) has appointed Mr. Mehluli Mpfu as Managing Director, replacing Mr. Simon Hammond who retires after more than five years at the helm of the Old Mutual Zimbabwe unit. read more, [click here](#)



In accordance with the new realities of the lock down and social distancing regulations placed in place to curb the spread of COVID-19, the Lagos State Government is collaborating with [Echostone Housing](#) for a virtual showcase of its first green and environmentally sustainable estate located in Idale, Badagry, as well as an online awareness program on mortgage financing. read more, [click here](#)



Amid the global COVID-19 pandemic and 21-day lockdown faced by South Africans, [First National Bank](#) has announced [additional measures to assist small and medium-sized enterprises](#) battling with funding in the country. Read more, [click here](#)



NEWS ACROSS AFRICA

EAST AFRICA

In Kenya, Pan African housing development financier, [Shelter Afrique](#) through its foundation, the Shelter Afrique Foundation, has donated relief materials to 3000 low-

NORTH AFRICA

In Morocco, King Mohammed VI gave instructions to the Ministry of Endowments and Islamic Affairs to exempt the payment of the rent from rent the tenants of endowment endowment premises intended for trade, business, services

income earners in Abuja. According to an article of the [Guardian](#) of 28 April 2020, the foundation has also donated palliatives to more than 4000 beneficiaries in Ivory Coast and Kenya. read more, [click here](#)

WEST AFRICA

In Ghana, recent developments in the face of the Coronavirus pandemic has exposed the extreme weaknesses in settlements including associated infrastructure. According to [myjoyonline](#) article of 13 April 2020, poor housing conditions, overcrowding, poor water and sanitary facilities, poor drainage systems, poor address systems, poor accessibility and internal road-networks have all exacerbated the effects of the pandemic. Read more, [click here](#)

In Nigeria, vacancy factor has continued to rise in Nigeria's property market due to mass relocation by expatriates to their countries as fear of COVID- 19 grips the entire world. According to an article by [New Telegraph](#) newspaper of 24 April 2020, the outbreak of corona virus has rubbished January's FDC report of increased demand for small housing units/apartments in the real estate sector by young professionals and expatriates. read more, [click here](#)

or housing, because of COVID-19. According to [North Africa post](#) article of 8 April 2020, the rent exemption will last throughout the duration of the health emergency. Read more, [click here](#)

In Egypt, Prime Minister Mostafa Madbouli ordered swift completion of the housing works for units allocated for families currently living in slums. The project includes three residential buildings, two allocated for former dwellers of the triangle who wish to return to Cairo. According to [Egypt today](#) article of 28 April 2020 this is part of President Sisi's promise to move all those living in slums to new flats over 3 years made in May 2016. Read more, [click here](#)

SOUTHERN AFRICA

In Zimbabwe, OLD Mutual has announced life cover worth ZW\$2 billion for six months to benefit health professionals on the front line of the COVID-19 pandemic. According to an article by [Zimbabwe Independent](#) of 9 April 2020, the package will provide life cover for healthcare workers from April 2020 to September 30 2020. In addition, Old Mutual will provide 12 times monthly basic salary to the surviving families of the health professionals in the event of death. Read more, [click here](#)

CENTRAL AFRICA

In Cameroon, the United Nations this week launched a [\\$72 million plan](#) to fight the spread of the new corona virus among the one billion people living in densely-populated slums and informal settlements in cities across the world. Cameroon is one such a country that will benefit. Read more, [click here](#)

2020 LIST OF UPCOMING EVENTS

In light of the circumstances caused by Covid-19 Novel virus (coronavirus), and the subsequent 30-day suspension on all international events by the Kenyan Government, API Events has rescheduled the East Africa Property Investment (EAPI) Summit to 29 &30 July 2020, Radisson Blu, Upperhill Nairobi. The two-day meeting focuses on the East African region real estate industry and showcases innovative solutions and technologies being adopted by practitioners.



In light of the disruptions and concerns caused by the Covid-19 Novel Virus (coronavirus), API Events has rescheduled the BotsReal Investment Forum, originally set to take place on 13 May 2020, to a later date this year. The [BotsReal Property & Infrastructure Forum](#) is a conference on the Botswana real estate and built environment industries.




API AFRICA PROPERTY INVESTMENT SUMMIT

30 September - 1 October 2020
Sandton Convention Centre, Johannesburg
Africa's Leading Real Estate Gathering



ZAMREAL
ZAMBIA'S PROPERTY FORUM

23 July 2020
Taj Pamodzi, Lusaka
Zambia's Leading Real Estate Conference



ZIMREAL
PROPERTY INVESTMENT FORUM

22 July 2020
Meikles, Harare
Driving Zimbabwe's Real Estate Sector Forward



MOZAMREAL
Mozambique's Investment Forum
Real Estate | Construction | Infrastructure | Logistics

1 July 2020
Radisson Blu Hotel & Residence, Maputo
Mozambique's Premier Investment Forum



WEST AFRICA PROPERTY INVESTMENT SUMMIT

25-26 November 2020
Eko Hotel, Lagos
West Africa's Property Gathering



Wharton
University of Pennsylvania

June 1-12, 2020
INTERNATIONAL HOUSING FINANCE PROGRAM
A comprehensive executive course in housing finance focused on emerging markets.



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. The AUHF is a non-governmental association and has a presence in sixteen countries across Africa.

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