

A look into housing finance in Africa

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Newsletter

## FINANCING HOUSING IN AFRICA

ISSUE 79: January 2021

### KENYA'S HOUSING ECONOMIC VALUE CHAIN: ASSESSING THE AFFORDABLE HOUSING MARKET

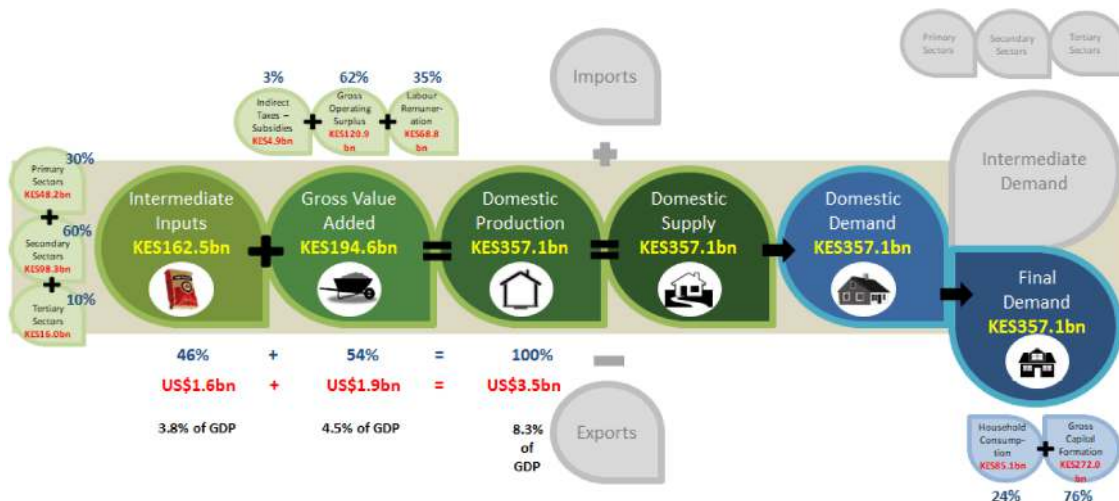
Main findings and recommendations



Given that governments across the continent are taking into consideration post-Covid19 economic growth strategies, the opportunity to put housing at the center is worth exploring. Housing plays a key role in economic growth. In Kenya, for example, housing contributed approximately **8.3 percent** of gross domestic product (GDP) in the first quarter of 2020 with 83 per cent of total employment in the informal sector. This is the findings of research undertaken by CAHF in 2019, recently summarized in the AUHF Fact Sheet.

The AUHF developed fact sheets on the economic impact of the housing and rental sectors in Kenya as part of the strategy of the AUHF Lobbying and Advocacy Committee. The objective is to use the Fact Sheet as the basis for AUHF member commitments to government stakeholders in the country, including ministries of finance and housing.

The figure below shows the combined housing construction and rental value chain for Kenya for 2016:

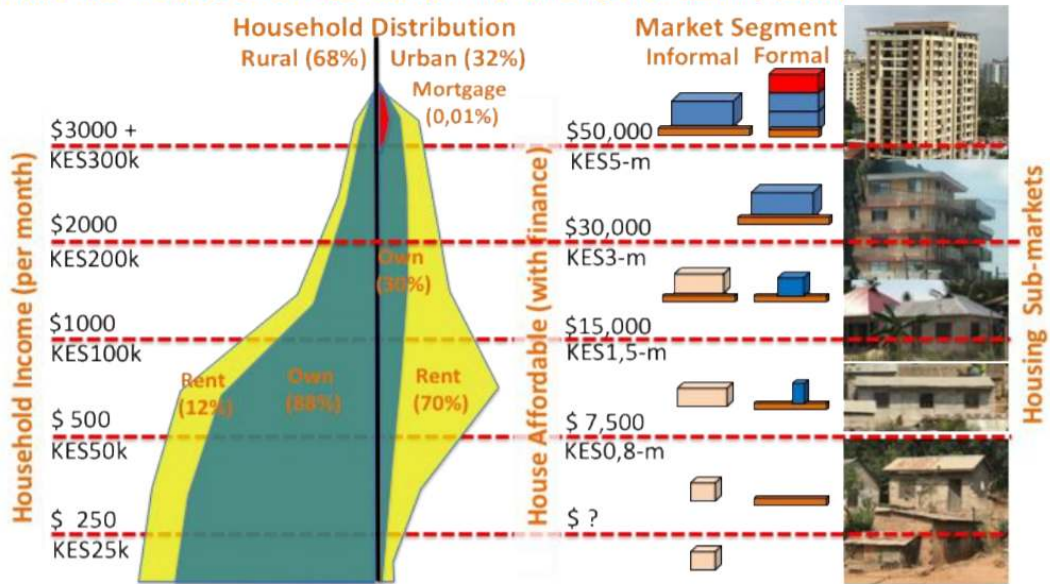


The analysis compares the cost of building a standard 'CAHF' house in Kenya with other typologies, including relative cost drivers, e.g. property, construction costs, infrastructure. Comparing the cost of a typical 55m2 house presumed to be delivered in Nairobi with the same house presumed to be delivered in major cities in five African countries, the analysis shows that it is 61% more costly than in Johannesburg, South Africa, and 19% more costly than in Kigali, Rwanda.

Also, the most remarkable feature of this assessment is the significant variability in the total cost of housing development across the thirty cities included in the study: not only the heterogeneity of the total cost of building the same home but also significant variations in the total cost of property, facilities, construction and other costs. This highlights the importance of a multi-faceted effort to decrease housing costs rather than a particular focus on construction costs. These findings have important implications for the housing strategy across the continent.

## Kenya

### Household Income, Tenure Distribution and Housing Affordability (2018)



This Economic Value Chain work was presented by David Gardner at the [36th Conference and AGM of the African Union for Housing Finance \(AUHF\)](#), which took place from 2 - 6 November 2020, followed by a panel to discuss the impact of housing on the GDP of various countries, and how the research is utilised and applied in those countries. The panel was made up of **Dr Michael Mba**, Head, Real Sector Statistics - Statistics Department, Central Bank Nigeria, **Dr Frank Gyamfi-Yeboah**, Senior Lecturer, Kwame Nkrumah University of Science and Technology (KNUST), **James Archer**, Director: Growth Macro-Economic Policy, National Treasury of South Africa and **Hamidou Sorgo**, Operations Officer, IFC.



Following the AUHF Conference, the AUHF will be hosting an open webinar to present the findings to government-stakeholders, international organisations and sector experts. The Fact Sheets are also available [online](#).

To view the fact sheet for Kenya, [click here](#)

We thank the [Nigeria Mortgage Refinance Company](#) (NMRC), [Tanzania Mortgage Refinance Company](#) (TMRC) and [Financial Sector Deepening Tanzania](#) (FSD Tanzania) for their support and partnership in conducting this research.

## THE HOUSING FINANCE COURSE FOR SUB-SAHARAN AFRICA



This year's edition of the annual Housing Finance Course for Sub-Saharan Africa took place online from 18 – 29 January 2021. The AUHF is a supporter of the Housing Finance Course for Sub-Saharan Africa. The week-long course is offered by University of Cape Town's [Nedbank Urban Real Estate Research Unit](#) (in its [Graduate School of Business](#)) and the [Wharton School](#) of the University of Pennsylvania.

The resounding success of the Housing Finance Course for Sub-Saharan Africa is, in a large part, due to the excellent facilitators, academics and industry experts who are involved in the course and provides an overview of the key elements of a housing finance system, while identifying the issues and constraints that prevent most housing finance systems in Sub-Saharan Africa from reaching their potential. The course also aims to equip housing finance practitioners with the necessary analytical tools that will contribute towards the expansion of housing finance systems in Sub-Saharan Africa.

One of the unique strengths of the Housing Finance Course for Sub-Saharan Africa is the diverse mix of professionals who attend. This mix, of finance and housing experts and practitioners from across the continent, creates a proactive environment where issues are debated and solutions forged. This year, the AUHF's members from FSD Kenya and Kenya Mortgage Refinance Company benefited from tuition scholarships – a benefit of membership in the AUHF.

For more information on this course, [click here](#)

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## FROM THE INDUSTRY: RECENT BLOGS AND REPORTS

[Housing Finance in Africa as central to a post-Covid-19 Resilience and Recovery Strategy](#). This blog by Kecia Rust, drawn from our [11th-anniversary Yearbook on Housing Finance in Africa](#) discusses the impact of COVID-19 on the housing sector, how to address risk, stimulate recovery and ensure long term resilience post-COVID-19. -by [Kecia Rust](#) Centre for Affordable Housing Finance in Africa.

[Mobilising Long Term Resources for Housing Finance in Africa: What Role Can Diaspora Bonds Play?](#). This blog in French stimulates the discussion on the need for long-term financing products to scale up the delivery of affordable housing across the continent. - by Jean Philippe Ado Centre for Affordable Housing Finance in Africa.

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

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## MEET OUR NEW MEMBERS

[Block Solutions Oy](#) is a Finnish company that has developed a new environmentally friendly and sustainable way of building houses. The block-modules are used for building sustainable and safe homes for people all around the world, thus fostering local well-being.



[Miyamoto International](#) is a global structural engineering and disaster-risk reduction firm providing resiliency expertise that sustains industries and safeguards communities around the world.



## INTERESTED IN BECOMING A MEMBER OF THE AUHF

The AUHF comprises 38 members from 18 countries across the continent. Members include commercial and mortgage banks, building societies, microfinance banks/institutions, housing development corporations, and other institutions involved in the mobilisation of funds for shelter and housing. As an industry body, AUHF promotes the development of effective housing finance markets and affordable housing across Africa, working in the interests of both our members and the industry as a whole. In serving its members and realising its goal of effective housing finance markets and delivery of affordable housing in Africa, the AUHF pursues five main activities:

1. **Networking and investment support;**
2. **Capacity building and training;**
3. **Lobbying and advocacy, and**
4. **Information collection and dissemination.**
5. **Showcasing Membership to the Wider Public & Investment Community;**

For more information about AUHF please visit our website: [www.auhf.co.za](http://www.auhf.co.za). Apply to Become a Member of the AUHF, register on our [website](#) or download the application form [here](#). **We would be delighted to have your organisation as a member, collaborating with us to make housing finance markets effective, and the delivery of affordable housing effective across Africa.**

## AUHF MEMBER NEWS

[Family Homes Fund](#) has partnered with the Lagos State in Nigeria to deliver 100,000 affordable homes for low-income earners in 10 years as part of efforts to bridge the current three million housing deficit. Read more, [click here](#).



[Echostone](#) has partnered with the Lagos state to deliver 100,000 affordable homes for low-income earners in 10 years as part of efforts to bridge the current three million housing deficit. Read more, [click here](#).



[14Trees](#) aims to address the chronic infrastructure shortage in Malawi while creating skilled local jobs. The programme deploys 3D printing technology at scale to build affordable and low-carbon housing and schools in Africa. Plans are to grow in other countries. Read more, [click here](#).



[Watumishi Housing Company](#), Tanzania have completed an estate, Mabwepande Green Village, a cluster of 65 housing units which harness clean energy technologies to improve lives and reduce the carbon footprint. Read more, [click here](#)



## NEWS ACROSS AFRICA

### EAST AFRICA

In Rwanda, the government is currently working on a master plan for six secondary cities and eight satellite cities that were identified for the promotion of urban development outside of the capital city Kigali. According to [CNBC](#)

### NORTH AFRICA

In Morocco, the Minister for Planning and Urban Policy announced plans to re-launch the “Cities Without Slums” program that was established by Morocco’s King Mohammed VI in 2004 to rehouse some 22,000 families in the Skhirat-

[Africa](#) news article of 27 January 2021, Housing Finance Bank and AFD have a mutual objective of contributing to the economic development of Uganda especially through enabling people to build affordable and decent housing incrementally which is the preference for most Ugandans. Read more, [click here](#)

In Kenya, the Nairobi Metropolitan Services (NMS) has earmarked ten more County government estates for redevelopment in the second phase of an affordable housing project in the capital. According to [Nairobi news](#) article of 10 January 2021, the urban regeneration project is aimed at providing accessible and adequate low-cost housing with reasonable standards of sanitation. Read more, [click here](#).

In Zambia, 3RD-Liberation Movement will be rolling out a massive low-cost housing programme. According to [The Mast](#) news article of 9 January 2021, the goal is to ensure that by the time Zambia will be completing 91 years of her independence, 90 per cent of Zambian family will have a decent and permanent house of its own. Read more, [click here](#)

#### WEST AFRICA

In Nigeria, the Federal Government had concluded a plan to provide 300,000 housing units to low-income earners nationwide. According to The Guardian news article of 20 January 2021, the proposed housing scheme will also provide employment opportunities for nearly 1.8 million skilled and unskilled labour and a host of others who earn income on daily basis. Read more, [click here](#).

In Ghana, though still increasing, the mortgage sector faces a range of challenges that render it unattractive. According to [Ghana web](#) news article on 23 November 2020, the main constraint is Ghana's comparatively high-interest rate. Read more, [click here](#)

Temara area. According to the [Morocco World](#) news article of 9 January 2021, the Ministry of the Interior, the Ministry of Economy and Finance, and the Ministry of Planning and Urban Policy have signed an agreement to acquire social housing from real estate developers in order to enable slum dwellers to benefit from decent housing conditions.

. Read more, [click here](#)

#### SOUTHERN AFRICA

In South Africa, repurposed shipping container homes are becoming increasingly popular as an alternative building method for South African homeowners and high-end residences. According to [Business Insider](#) news of 19 January 2021, shipping containers are relatively affordable with building costs starting from as low as R6,000 per square meter; and as it uses existing containers, it's considered to be a more eco-friendly building method than building a new home with bricks. Read more, [click here](#).

In Zimbabwe, the government has embarked on a project to construct 220 000 houses in 5 years from 2021 to 2025 at a cost of \$1.35 billion as part of the government's National Development Strategy (NDS1) and Vision 2030 to address the country's housing challenges. According to [iHarare.com](#) news of 06 January 2021, a capital injection from the private sector would also be required to fund the rest of the project. Read more, [click here](#)

In Mozambique, nearly 7,000 people have been displaced by Tropical Storm Elois and several thousand homes damaged. According to [ENCA](#) news article of 24 January 2021, there are 20 accommodation centers created to care for people who have been evacuated. Read more, [click here](#).

#### CENTRAL AFRICA

In Angola, Angola's Board of Zoning Appeals unanimously approved a special use variance allowing for second-story residential apartments to be added to a commercial building in the city's retail district. According to the [Herald](#) news article of 27 January 2021, there were no longer tenants occupying the commercial space since people now work from home. Read more, [click here](#).

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## 2020 LIST OF UPCOMING EVENTS

**UPCOMING SUMMITS 2021**

			
<b>EAPI SUMMIT</b> 09 & 10 June Kempinski Hotel Nairobi *Hybrid	<b>AFRICA PROPTech FORUM</b> 07 September Sandton Convention Centre, Joburg *Hybrid	<b>API SUMMIT</b> 08-09 September Sandton, Convention Centre, Joburg *Hybrid	<b>WAPI SUMMIT</b> 26 & 27 November Lagos *Hybrid

**Africa Property Investment (API) Events will be holding Live (Hybrid) Summits in 2021**

API Events will hold hybrid summits that have both live in-person and virtual attendees who can engage and interact with the content, sessions, sponsors and networking opportunities at the same time. This involves the East Africa Property Investment Summit, Africa PropTech Forum, AUHF Conference and West Africa Property Investment Summit. To learn more about the events, visit API's website [here](#).



**The 2021 World Habitat Awards are open for entry.**

Deadline: March 15, 2021

The World Habitat Awards recognise and highlight innovative, outstanding and sometimes revolutionary housing ideas, projects and programmes from across the world. More than 250 outstanding World Habitat Awards projects have been recognised over the years, demonstrating substantial, lasting improvements in living conditions. Each year two winners receive £10,000 each and a trophy, presented at a global UN-Habitat event. To learn more about this event, [click here](#).

**Green Cities for Eco-efficiency**



Duration: 5 weeks  
 Dates: March-April 2021

**Urban Management Tools for Climate Change**



Duration: 3 weeks  
 Dates: 14 June 2021 – 2 July 2021

**Investing in Africa**  
**5 - 7th May 2021**  
 Park Plaza Westminster Bridge, London




As part of the implementation of the Arrears Policy, there will be consequences for non-payment by members after 3 months (30 September). After 6 months (31 December) of non-payment, it was agreed by the board that all outstanding member's membership gets revoked and their organisational details are removed as AUHF members from the website and all the member benefits be removed.

Apply to Become a Member of the AUHF, register on our [website](#) or download the application form [here](#).



This is the monthly newsletter for AUHF. The AUHF is an association of fifty-nine 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.

website: [www.auhf.co.za](http://www.auhf.co.za) | linkedIn: [African Union for Housing Finance](#) | twitter: [AUHF\\_Housing](#)

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