

HOUSING FINANCE INTERNATIONAL

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Housing news from the African Union for Housing Finance

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Sub-Saharan Africa faces significant housing challenges due to spiralling urbanisation and macroeconomic instability. Africa is predicted to reach a population of 2.5 billion by 2050¹. With inadequate housing and most people living on about US\$1.9 per day, the poor resort to informal construction methods. There is a great need to scale up the construction of affordable housing and improve existing housing. Stakeholders in Africa's housing sector are focused on developing housing finance products, technology and innovation in addressing the need for sustainable and affordable housing. This article shares various initiatives of members of the Africa Union for Housing Finance (AUHF) in addressing the housing gap in Africa.

The AUHF held its 38th Conference and Annual General Meeting at the St Regis Hotel in Cairo, Egypt, from 28 - 30 November 2022. Under the conference theme, "A Green Urban Future for Affordable Housing", presentations and panel discussions explored how we can frame our thinking around "green" and building the business case for green affordable housing. Using case studies across the continent, developers and financiers shared their "Green Building" experiences in promoting sustainable and innovative construction practices. Financiers and investors deliberated on the residential construction industry's requirement for "Green Finance" and, critically, the need for this capital to target affordable housing delivery. Click on the link to read the conference report, the 2022 Cairo declaration and presentations delivered at the conference. <https://www.auhf.co.za/auhf-conference-2022-a-green-urban-future-for-affordable-housing/>.

AUHF member, Shelter Afrique welcomes Thierno-Habib Hann as CEO following the change of management in 2022. In a strategic meeting early this year, Shelter Afrique unveiled the organisation's five-year strategy. The plan aims to restore the Institution's performance, competitiveness, and value creation for the long term. According to Shelter Afrique's Chairperson, Dr Chii Akporji, "The new strategic plan that we have dubbed the 'New Dawn' has laid the foundations to refocus our business on growth and impact while creating sustainable returns for our shareholders and all our stakeholders. It has the board's unanimous support and provides the Institution with a clear compass."² Shelter Afrique's 42nd Annual General Meeting will be held in Abuja, Nigeria during the week of 8th to 11th May 2023, see more details here: <https://www.agm.shelterafrique.org/> and find out more about Shelter Afrique here: <https://www.auhf.co.za/shelter-afrique/>.

The success of the delivery of affordable housing development depends on strategic partnerships to break ground and penetrate the African housing market. In January 2023, AUHF member, TAF Africa Global signed a Memorandum of Agreement (MOU) with the government of Sierra Leone to partner in the development of real estate projects. The project plans to construct 5,000 affordable homes and other services in John Obay³. Partnership with the government of Sierra Leone is part of TAF Africa Global's goal to provide one million reasonably priced homes throughout sub-Saharan Africa. Find out more about TAF Africa Global here: <https://www.auhf.co.za/taf-africa-global-company-limited/>.

AUHF member, Federal Mortgage Bank of Nigeria, together with the Nigeria Labour Congress (NLC), Trade Union Congress (TUC), and the Nigeria Employers' Consultative Association (NECA), plans to inaugurate 1,071 completed houses under the National Affordable Housing Scheme. The homes, which are spread across eight states are based on proven social housing models and comprise one to three-bedroom units with prices ranging from N3.1 million (approx. US\$6,700) to N8.3 million (approx. US\$18,000)⁴. The National Affordable Housing Scheme aims to deliver decent, safe, and quality housing for Nigerian workers at an affordable price as part of the national efforts towards redressing the huge housing deficit faced by Nigeria. In a separate programme, FMBN has also approved funding for constructing and delivering 130 units of a three-bedroom duplex estate located at Aviation Village in Abuja. The bank approved N1.9 billion (US\$ 2.8 million) in construction financing to the Developer Mshel Homes Limited under its Cooperative Housing Development Loan (CHDL) window at a concessionary interest rate of 10 per cent⁵. FMBN will also offer mortgage loans to the FMBN Multi-Purpose Cooperative Society to enable them to purchase the buildings once they are built.⁶ Find out more about FMBN here: <https://www.auhf.co.za/federal-mortgage-bank-of-nigeria/>.

Outgoing President of the Republic of Nigeria, Hon. Muhamad Buhari, appointed Mr Abdul Muktar as the new Managing Director of Family Homes Funds Limited early this year⁷. Following his inauguration, the Housing Development Advocacy Network in Nigeria welcomed the newly appointed Managing Director,

¹ <https://www.statista.com/statistics/1224205/forecast-of-the-total-population-of-africa/#:~:text=Forecast%20of%20the%20total%20population%20of%20Africa%202020%2D2050&text=According%20to%20the%20forecast%2C%20Africa's,nearly%202.5%20billion%20by%202050.>

² <https://www.shelterafrique.org/en/newsroom/view/shelter-afrique-unveils-new-five-year-strategic-plan-2?title=0>

³ https://www.linkedin.com/posts/tafnjie_africa-sierraleone-gambia-activity-7026198155465506816-rPE3/?utm_source=share&utm_medium=member_desktop

⁴ https://www.linkedin.com/posts/federal-mortgage-bank-of-nigeria-fmbn_press-release-fmbn-nlc-tuc-neca-to-commission-activity-7020651904561000448-0wDU?utm_source=share&utm_medium=member_desktop

⁵ <https://www.linkedin.com/company/federal-mortgage-bank-of-nigeria-fmbn/posts/?feedView=all>

⁶ https://www.linkedin.com/posts/federal-mortgage-bank-of-nigeria-fmbn_abetterfmbn-abetternhf-everyonedeservesahome-activity-7031279453225824256-qYhh?utm_source=share&utm_medium=member_desktop

⁷ <https://thewhistler.ng/buhari-appoints-special-adviser-muktar-as-new-family-homes-fund-md/>

⁸ <https://www.africahousingnews.com/hdan-welcomes-new-fhfl-md-tasks-him-to-sustain-company-legacy-with-5-point-agenda1/>

⁹ <https://fhfl.com.ng/president-buhari-commissions-family-homes-estate-in-kano-for-469-low-income-families/>

charging him to sustain the achievements of the affordable housing institution and to uphold its mandate to Nigerians⁸. Also, Family Homes Funds Limited held a ceremony where Outgoing President Hon Muhammadu Buhari officially commissioned the Family Homes Estate in Darmanawa, Kano state for 469 low-income families⁹. To date, FHFL has financed the development of over 15,000 homes for families of low income across Nigeria creating jobs in the process. Find out about Family Homes Funds Limited here: <https://www.auhf.co.za/family-homes-funds/>.

In Zimbabwe, AUHF member, FBC Building Society has begun preparatory work to construct 764 houses and a block of flats in Hwange city. The Empumalanga Phase Six housing scheme intends to counterbalance the town's 4,000 housing waiting list. The construction of houses resonates well with the Zimbabwe National Human Settlement Policy that aligns with the government's vision 2030 of "providing decent accommodation for all Zimbabweans and leaving no one and no place behind."¹⁰ The Policy strives to transform the country into an upper-middle-class economy. Find out more about FBC Building Society here: <https://www.auhf.co.za/fbc-building-society/>.

Like most countries in Sub-Saharan Africa, Kenya is also grappling with a huge housing deficit. The formal housing sector in Kenya is said to be historically exclusionary and conservative with most innovations focusing on short-term small-scale loan¹¹. There is hope in the formation and focus of AUHF member, Kenya Mortgage Refinancing Company (KMRC) whose main purpose is to provide

long-term funds to primary mortgage lenders enabling them to lend to homebuyers at affordable interest rates. Over the years, the high and rising inflation increased the cost of input costs creating the need for increased financing to be offered to potential homeowners. KMRC has doubled the size of subsidised home loans due to the rising costs of buying houses. Moreso, KMRC has also raised the loan-to-value ratio to 105 percent from 90percent previously¹². According to Mr Johnston Oltetia, CEO of KMRC, "Some people will want to own a home, but they cannot raise that deposit required to buy that home. So KMRC has removed that rigidity and increased Loan-to-Value (LTV) to 105 per cent which means five per cent above the value [of the house] will be used for those incidental costs that come in." Find out more about KMRC here: <https://www.auhf.co.za/kenya-mortgage-refinance-company/>.

AUHF member, Swaziland Building Society (SBS) is offering zero deposit property home loans repayable over a maximum of 25 years for a house and a maximum of 10 years for a vacant plot. SBS opened applications for the zero per cent deposit home loan from 16 January 2023 till 30 March 2023 and eligibility is based on monthly income, age and existing loan deductions. According to Mr Veli Dlamini SBS Marketing Manager, this product has made it easier for many to be able to own a loan as most banks in eSwatini require from 10 to 20 per cent upfront deposit for a standard home loan. These are loans for properties on titled land usually situated in urban areas and 99-year leased, usually on farmland for both residential and rental

purposes¹³. Find out more about Swaziland Building Society here: <https://www.auhf.co.za/eswatini-building-society/>.

AUHF members have also taken note of the devastating earthquake that hit Turkey and Syria. AUHF member Miyamoto International continues to assess the damage and look at ways to assist in the reconstruction of a safer Turkey. Miyamoto International's CEO, Dr Kit Miyamoto shares his experience witnessing the aftermath of the disaster. His analysis also warns many in the region to actively respond to the call for resilient buildings built according to good standards and can resist potential natural disasters. Read more in his article "Anatomy of Failure: Turkey Earthquake Disaster" here: <https://kitmiyamoto.com/earthquake-field-reports/turkey/anatomy-of-failure-turkey-earthquake-disaster/>. Also find out more about Miyamoto International here: <https://www.auhf.co.za/miyamoto-international/>.

The AUHF members and other stakeholders in the region continue to work toward promoting affordable housing and housing finance. While challenges of affordability and delivery capacity persist, local practitioners are addressing them with innovation and creativity, many of whom are AUHF members. These initiatives and their consolidating track records are offering improved opportunities for investment in affordable housing. However, the devastating results of the earthquake in Turkey and Syria and tropical cyclone Freddy emphasise the urgent call to action for housing practitioners to consider resilient buildings and affordable housing finance across the region.

¹⁰ <https://www.chronicle.co.zw/fbc-begins-preliminary-work-on-housing-scheme/>

¹¹ <https://www.businessdailyafrica.com/bd/data-hub/how-affordable-housing-can-drive-kenya-s-growth--4097698>

¹² <https://www.businessdailyafrica.com/bd/markets/banks-saccos-double-size-of-subsidised-mortgage--4108244>

¹³ <http://www.times.co.sz/business/138821-sbs-offers-no-deposit-property-loans.html>