

# HOUSING FINANCE INTERNATIONAL

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# Housing news from the African Union for Housing Finance

↳ By Thandiwe Dhlamini

Sub-Saharan Africa faces significant housing challenges due to spiralling urbanization and macroeconomic instability. Africa is predicted to reach a population of 2.5 billion by 2050. Conscious of the increase in demand for affordable housing and housing finance product in Africa, stakeholders are constantly deliberating on viable solutions. 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. Other initiatives, including the need to address the data gap in housing and the use of Artificial Intelligence are sprouting in some debates. This report shares various initiatives of members of the Africa Union for Housing Finance (AUHF) in addressing the housing gap in Africa.

AUHF member Shelter Afrique<sup>1</sup> held its 42<sup>nd</sup> Annual General Meeting and Symposium in Abuja Nigeria, from the 8<sup>th</sup> to 12<sup>th</sup> May 2023. One of the key events at this AGM symposium was the Ministerial round table, which discussed issues around the delivery of affordable housing in Africa. The importance of reliable data to influence decision-making in affordable housing investments, policies, and implementation of housing projects across the continent occasionally arose in this discussion. The round table also explored how emerging technologies could be enhanced and scaled to benefit the built environment industry across the continent. In this round table, Managing Director, Thierno-Habib Hann also shared that Shelter Afrique is looking to set up a Fund Management Group (FMG) to raise funds for particular thematic areas that include – green climate resilient housing, gender and women in the housing value chain, job creation, infrastructure development and rental markets.<sup>2</sup> The recording of the ministerial round table can be accessed here: <https://www.youtube.com/watch?v=gQWtgWrCJrM>.

The increase in inflation and soaring interest rates continue to ruffle the housing markets across many African countries. One initiative to try and mitigate this challenge for lower-income earners is the First Home Finance initiative, a once-off housing subsidy programme in South Africa that enables qualifying beneficiaries to buy or build their homes affordably. AUHF member National Housing Finance Corporation, an entity of the South Africa Department of Human Settlements, manages the subsidy programme. The initiative is open for beneficiaries who earn a monthly income between R3 501 (approx. US\$ 189) and R22 000 (approx. US\$ 1181) depending on their household income, among other requirements. In an interview, NHFC CEO, Nozuko Mayekiso shared that beneficiaries might choose to use the subsidy to pay legal fees connected to a house purchase or even as a deposit<sup>3</sup>. Homeowners are advised to save for a deposit of about 12% of the home loan, which is not easy for lower to middle-income earners. Find out more about the subsidy on this link: <https://www.nhfc.co.za/finance-solutions/first-home-finance/>.

With the rise in urbanization and population in Nigeria, there is a need for various products to help close the affordable housing deficit gap. In 2018, AUHF member Family Homes Funds Limited<sup>4</sup> introduced a Help to Own subsidized mortgage product in Nigeria. The product aims to assist low-income earners to access mortgages. The Help to Own subsidized mortgage is two loans grouped that are 50% of the home purchase price provided by the conventional mortgage by a lender and 40% provided by the Family Homes Fund Limited loan. The two-part mortgage is then topped by a 10% deposit by the homeowner. Read more details on the product in a study that was done by AUHF member Altair International. The study explains how FHFL has been able to commission and

deliver thousands of homes within a short period during unfavourable economic conditions. This study also provides insight into the lessons learned during the establishment of FHFL and its strategy and how they can be better applied in other countries all over the world. The case studies can be accessed at this link: <https://altairltd.co.uk/2023/04/24/family-homes-funds-ltd-fhfl-case-study/>.

AUHF member Shelter Afrique calls for innovations to address the housing deficit in Africa through the diaspora. In a presentation at the 25<sup>th</sup> Annual Harvard Business Conference, Managing Director, Thierno-Habib Hann highlighted that African diaspora populations are growing, and so are their savings and the scale of resources to reinvest in their countries of origin. The World Bank estimates Africans in the diaspora save about US\$ 53 billion per year and in 2021 recorded remittances reached over US\$ 95,6 billion sent to and within Africa<sup>5</sup>. Hann further advised that Shelter Afrique is considering tapping into the diaspora to enhance affordable housing delivery by setting up diaspora bonds for affordable housing, infrastructure development and skills transfer. Countries including Kenya, Nigeria, Kenya, Ethiopia, Ghana, and Rwanda have issued diaspora bonds and Zimbabwe is also tapping into this opportunity. Find out more about Shelter Afrique here: <https://www.auhf.co.za/shelter-afrique/>

AUHF member, Easy Housing Concepts<sup>6</sup> is championing a circular and bio-based building technology that uses sustainably sourced timber to provide environmentally friendly and affordable homes in Africa. The circular building reduces waste, pollution, and carbon emission and improves the utilization of resources, making it one of the ideal construction methods<sup>7</sup>. Easy Housing Concepts calls out to more stakeholders in

<sup>1</sup> <https://www.auhf.co.za/shelter-afrique/>

<sup>2</sup> <https://www.youtube.com/watch?v=gQWtgWrCJrM>

<sup>3</sup> <http://www.947.co.za/articles/2023/06/06/a-way-out-of-the-rent-trap-govt-s-home-loan-initiative-for-first-time-buyers>

<sup>4</sup> <https://www.auhf.co.za/family-homes-funds/>

<sup>5</sup> <https://www.chronicle.co.zw/zim-poised-to-be-land-of-opportunities-for-affordable-housing/>

<sup>6</sup> <https://www.auhf.co.za/easy-housing-concepts/>

<sup>7</sup> <https://www.linkedin.com/company/easyhousingofficial/posts/?feedView=all>  
<https://www.youtube.com/watch?v=9hC600Ko4C8>

the built environment to utilize the circularity strategy to close the housing gap sustainably. In implementing projects, Easy Housing Concepts uses locally sourced building materials and local workforce, and partners with local organizations to empower the local communities in several ways. In the past 3 months, Easy Housing Concepts launched its homes in Ghana and Tanzania adding to the timber homes previously built in Senegal, Mozambique, and Uganda.

AUHF member, Federal Mortgage Bank of Nigeria's<sup>8</sup> housing product – National Housing Funds Scheme – provides aspiring homeowners an opportunity. The scheme is available to all Nigerians aged eighteen years and above, working in the public, private and informal sectors. Registered participants must contribute 2.5% of their monthly income to the scheme for at least six months to qualify and access FMBN home loans. The loan interest rate shall be less than 6%, as the National Housing Fund Act prescribes. FMBN also have various services and products to try and curb the housing deficit in Nigeria, see more information here on their website: <https://www.auhf.co.za/federal-mortgage-bank-of-nigeria/>.

AUHF member, Empowa<sup>9</sup> rewarded thirty families in Beria, Mozambique with homes after raising US\$300, 000 through the sale of non-fungible tokens (NFTs)<sup>10</sup>. Since Empowa raised US\$300 000, the home loan market in Mozambique has increased by 5%. Empowa is a decentralized finance (DeFi) platform powered by Cardano (ADA), which aims to revolutionize the African affordable home loan sector and empower previously financially exclude families across the continent to afford homes. The company has set an ambitious goal of enabling one million African households to become homeowners of climate-smart houses by 2030. Empowa plans to launch a community-powered program called Zealy through which it will introduce a list of tasks to be completed by the community members to earn rewards for supporting the spread of the Empowa mission. Look out for more information: <https://www.auhf.co.za/empowa/>.

AUHF member Empowa partnered with another AUHF member, Casa Real<sup>11</sup>, who uses blockchain technology and non-fungible tokens (NFTs) to upgrade the outdated mortgage system and make affordable homes more accessible to Mozambicans. Through the partnership between Empowa and Casa Real, individuals can purchase homes without acquiring a traditional mortgage through decentralized backing models and NFT technology<sup>12</sup>.

AUHF members continue to acknowledge the power of partnerships in their efforts to address the housing deficit issue in their projects. FMBN recently partnered with a property firm, Iloshe Properties, and Investment Limited to make land available to the masses in Nigeria. Also in Nigeria, Family Homes Funds Limited partnered with the Government of Bauchi state which secured a loan of N 3.4 billion approx. US\$ 7.3 million for the provision of infrastructure to 1882 units in the state<sup>13</sup>. Surely private-public partnerships will assist in the efforts to close the housing finance gap across the continent.

AUHF member, Reall has partnered with Janaagraha and the Centre for Affordable Housing Finance in Africa (CAHF) to drive a data revolution in green affordable housing in Africa and Asia. This partnership will help Reall strengthen its ambition in gathering and using data to influence government and the private sector, and its commitment to being a brokering organization that is more than just building affordable houses. Donovan Storey, Reall's Head of Global Policy, and Influence said, "We clearly need a data revolution to unlock investment for impact. Data is the cornerstone of a green affordable housing movement. It reduces financial risk and allows informed planning decisions. In many cases, data for low-income households exists but is invisible." Find out more about Reall's work here. Read the full article here.

In partnership with API events, the AUHF hosted Housing Forum at the East Africa Property Investment Summit (EAPI) in Nairobi on the 17<sup>th</sup> and 18<sup>th</sup> of May 2023. Under the "Dynamic Frontiers" theme, case studies and

discussions around the key issues affecting affordable housing in Kenya, innovation to ensure functional, affordable housing markets across the value chain and risk-based pricing while meeting ESG goals for the bottom 40<sup>th</sup> percentile were discussed. The forum called upon collective action from both the public and private sectors and across the housing value chain to make affordable housing possible in East Africa and across the continent. Recordings from the sessions can be accessed at this link: <https://www.youtube.com/playlist?list=PLAEw-XZP3D-WNUwi-ApCLBh20wael0sv>

The AUHF also participated in the World Bank's 9th Global Affordable Housing Conference from the 31<sup>st</sup> of May till the 2<sup>nd</sup> of June 2023. The conference theme was "Looking ahead: unlocking access to affordable, green and resilient housing through innovation." Entrepreneurs, financiers, policymakers, researchers, and development partners discussed innovative ideas and solutions to build and finance affordable and green housing around the world. During this conference, the AUHF also co-hosted an investor shark tank where 6 organizations – Easy Housing Concepts, Interbat, Social Infra Ventures Africa, FundRoof, Natureville Homes, Echale and Verent Solutions gave 5-minute pitches. A panel judged the pitches on scale potential, replicability, clarity of the business model and feasibility of the idea. FundRoof won the investor shark tank. Recordings from the 9th Global Affordable Housing Conference can be accessed at this link : <https://www.worldbank.org/en/events/2023/01/26/global-affordable-housing-conference-2023>

The AUHF members and other stakeholders in the region continue to work toward promoting affordable housing and housing finance. While affordability and delivery capacity challenges 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.

<sup>8</sup> <https://www.auhf.co.za/federal-mortgage-bank-of-nigeria/>

<sup>9</sup> <https://www.auhf.co.za/empowa/>

<sup>10</sup> <https://bitcoinke.io/2023/05/empowa-launches-community-rewards-program/>

<sup>11</sup> <https://www.auhf.co.za/casa-real/>

<sup>12</sup> <https://thecurrencyanalytics.com/other-news/empowa-and-coinbase-are-using-blockchain-to-revolutionize-affordable-housing-in-africa-54572.php>

<sup>13</sup> <https://www.pulse.ng/news/local/bauchi-govt-secures-naira34bn-housing-loan/hvdx00w>



## INTERNATIONAL UNION FOR HOUSING FINANCE



Established in 1914, the International Union for Housing Finance (IUHF) is a worldwide networking organisation that enables its members to keep up-to-date with the latest developments in housing finance from around the world and to learn from each other's experiences.

### How does the Union do this? **By communicating!**

#### The Union does this in five different ways

- The Union runs a website - [www.housingfinance.org](http://www.housingfinance.org). Please pay a visit!
- The Union publishes a quarterly journal, *Housing Finance International* (HFI)
- The Union organises a World Congress every two years
- The Union actively participates in events related to key housing finance issues around the world
- The Union facilitates the exchange of information and networking opportunities between its members

→ For more information, please see [www.housingfinance.org](http://www.housingfinance.org)  
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