



# Housing Finance Course for Sub-Saharan Africa

14 – 20 April 2024

COURSE PRESENTED AT THE WHITESANDS HOTEL,  
MOMBASA, KENYA

## The Critical Need for Housing Finance in Africa



Sub-Saharan Africa faces a major housing challenge related to rapid urbanization and growth in informal settlements, made worse by the global economic downturn and macro-economic volatility. The housing crisis has had a particularly negative effect on people's well-being during the *COVID-19 pandemic*. **It is urgent to scale up the construction of affordable housing and improve existing housing, and to do so in a sustainable way.**

This requires robust and inclusive housing finance systems that can withstand the current inflationary environment and offer a wide range of loan products from mortgages to micro-loans to tenant-purchase contracts, and from end-user to construction loans.

**THE HOUSING FINANCE COURSE FOR SUB-SAHARAN AFRICA** addresses the critical challenges faced by the housing finance industry in Sub-Saharan Africa and covers the conceptual, managerial and practical tools needed to build strong housing finance systems. The course is meant for senior policy makers, bankers, investors, developers and housing professionals who seek to become partners in improving and expanding housing finance systems in Africa.

The course is run as a partnership between the Urban Real Estate Research Unit (URERU) at the University of Cape Town and the Zell/Lurie Real Estate Center of the Wharton School at the University of Pennsylvania, USA, and is supported by the Centre for Affordable Housing Finance in Africa, and in Kenya by the Kenya Mortgage Refinance Company (KMRC) and FSD Kenya.



## Course Content

The course guides you through the following modules:

1	The role of housing in the economy; housing and climate change
2	The core building blocks of a housing finance system
3	The business of housing finance: Costs and profitability
4	The business of housing finance: Risks and risk management
5	The valuation of mortgage instruments and diverse housing finance products
6	An overview of funding sources for housing finance; the growing importance of “green” funding sources
7	Innovations in housing finance products, institutions & regulations to expand housing finance down-market
8	Developer and rental finance
9	Safety and soundness of housing finance institutions
10	The state of housing finance in Sub-Saharan Africa
11	Using subsidies to improve access to housing and housing finance

## Course Format

This face-to-face course teaches a full range of housing finance topics, both conceptually and practically, with specific reference to the Sub-Saharan African context. The course integrates interactive teaching tools such as live lectures with direct Q&A sessions, break-out groups, field cases and other learning activities. Lecture slides will be made available before each session and will be presented by the lecturer during the class sessions in order to provide a holistic learning experience. Readings will be available in advance. There are many opportunities for collaborative learning through discussion forums and networking sessions. The last day of the course is dedicated to the presentation and discussion of participant working group country case studies, by course participants.

This course is held over six days. The course format comprises lectures and Q&A periods for all participants, and self-directed discussions and networking activities throughout the week.



## How You will Learn

The Housing Finance Course for Sub-Saharan Africa is broken down into 11 modules that will allow you to work through a wide range of interactive content including lecture material and real-world case studies. You will also be able to interact with your fellow participants and lecturers through workouts and small group discussions.

## Who Should Attend?

The course is for participants from private and public housing finance institutions, finance agencies, academic institutions, and national and international development institutions across Sub-Saharan Africa. The course allows for the cross fertilisation of ideas and offers excellent networking opportunities.

## Attendance Requirements

A course at this level assumes a related first degree, but those delegates without a tertiary qualification who currently work at a senior level in housing and housing finance are also welcome to attend the course.

## Course Overview

<b>Name</b>	Housing Finance Course for Sub-Saharan Africa
<b>Duration</b>	14 April 2024: Intro to Financial Concepts (optional attendance) Mon 15 – Friday 19 April, 08h30 – 17h30 Saturday 20 April, 08h30 – 15h30
<b>Venue</b>	Whitesands Beach Resort and Spa, Mombasa Kenya
<b>Format</b>	Interactive live face-to-face learning
<b>CPD</b>	6 CPD points, ECSA Validation No: UCTHFCSSA24
<b>Course fees*</b>	Early Bird Registration (deadline 3 March 2024): ZAR 24 300 Standard Registration fee: ZAR 27 000
<b>Registration Deadline</b>	Sunday 31 March 2024
<b>Enquiries</b>	CPD Programme: <a href="mailto:ebe-cpd@uct.ac.za">ebe-cpd@uct.ac.za</a>

\*Fees do not include accommodation. Recommended accommodation will be shared on confirmation of registration.



## Course Directors

All the teachers and presenters on the course are recognised leaders in their fields.



Drs. Marja Hoek-Smit is the Founder and past Director of the International Housing Finance Program of the Wharton School Zell/Lurie Real Estate Center, of the University of Pennsylvania. Her work focuses on housing markets, urban and housing policy, and the deepening of housing finance systems in emerging market economies. Specifically, her research and consulting work has included policy reforms to improve the functioning of housing and real estate markets, affordable housing PPP design and implementation, reform and design of housing and housing finance-linked subsidy programs, housing demand and affordability analyses, and the development of housing and housing finance indicators.

She develops, coordinates and teaches executive education programs in housing finance and housing market analysis focused on emerging market economies. She has consulted with clients including the World Bank, International Monetary Fund, USAID, the United Nations, the Inter-American Development Bank, the Asian Development Bank and directly for governments, non-governmental organizations and private financial institutions. She has worked and lived in countries in Sub-Saharan Africa, the Middle East, South-, East- and Central Asia, and Latin America. She most recently worked on housing finance and subsidy policies in Argentina, Mexico, South Africa, Egypt, Turkey, Pakistan, Uzbekistan, and Indonesia. She is a member of the Advisory Board of the Habitat for Humanity Terwilliger Center for Innovation in Shelter.

Drs. Hoek-Smit is also the founder and Executive Director of the Housing Finance Information Network—HOFINET—a global web portal that consolidates international housing finance information and statistical data for public use. She completed her doctoral degree at the University of Amsterdam.

She completed her doctoral degree at the University of Amsterdam. Prior to teaching at the University of Pennsylvania, she taught at the University of Nairobi, Kenya.



**A/Prof François Viruly** is a property economist with over twenty years' experience in the analysis of the South African property market. A/Professor Viruly lectures in Urban Economics, Property Development and Portfolio Management at UCT in the School of Construction Economics and Management.

François held the position of Chief Economist at the Chamber of Mines. He was Head of Research at JHI Professional Services (valuations, research and legal services) and more recently Head of School of the School of Construction Economics and Management at Wits University. He is the director of Viruly Consulting Pty Ltd and also a fellow of RICS (Royal Institution of Chartered Surveyors). He is past President and also Executive Director of the African Real Estate Society and He is currently the president of the International Real Estate Society (IRES). Prof Viruly has undertaken extensive research into the South African property cycle, the drivers of the South African property market and the relationship between urban economics and property markets. He is the founder and director of the UCT Urban Real Estate Research Unit at the University of Cape Town



**Johnstone Oltetia** is a finance and investment executive with over 25 years' experience. He is the CEO & Managing Director at the Kenya Mortgage Refinance Company (KMRC), a non-deposit taking mortgage refinance pioneer in Kenya, where he is responsible for its successful establishment and operationalization. He provides strategic, financial, and operational leadership for the company.

His career includes roles at the National Treasury of Kenya as a senior financial sector adviser responsible for financial sector policy reforms on banking, micro finance, capital markets, pensions, and insurance.

Prior to this, he held progressively responsible positions at the Capital Markets Authority (CMA) Kenya leading teams responsible for oversight of Bonds and Equities trading, fund management, investment banking stockbroking and investment advisory services.



# Registration

## Registration and Cancellation

- [Register for this course](#)
- Registration covers attendance of all sessions of the course, teas and lunches, course material and the course dinner.
- Standard registrations close on 31 March 2024. Confirmation of acceptance will be sent on receipt of a registration form.
- **Cancellations must be received two weeks before the start of a course, or the full course fee will be charged.**

## Certificates and CPD Points

The course is an approved University of Cape Town short course, and it is accredited with the Engineering Council of South Africa for the award of CPD points.

Certificates of completion will be sent to participants who attend all sessions, site visits, group sessions and take part in the presentations.

## Contact details

<b>Web:</b>	<a href="http://www.cpd.uct.ac.za">http://www.cpd.uct.ac.za</a>
<b>E-mail:</b>	<a href="mailto:ebe-cpd@uct.ac.za">ebe-cpd@uct.ac.za</a>
<b>Physical address</b> CPD Programme Room 6.10, 6th Floor New Engineering Building Upper Campus University of Cape Town South Africa	<b>Postal address</b> CPD Programme EBE Faculty University of Cape Town Private Bag X3 Rondebosch 7701 South Africa
<b>CPD Programme administrators</b> Gillian Williams: +27 (0)21 650 7239 Sandra Jemaar: +27 (0)21 650 5793 Heidi Tait: +27 (0)21 650 4922	<b>Further enquiries:</b> Heidi Tait: <a href="mailto:heidi.tait@uct.ac.za">heidi.tait@uct.ac.za</a>



INNOVATIONS IN HOUSING FINANCE:  
What Housing Finance Professionals Need to Know

**Housing Finance Course for Sub-Saharan Africa**  
University of Cape Town and the Wharton School, University of  
Pennsylvania  
in collaboration with KMRC, CAHF and FSD Kenya

14 April - 20 April 2024, Mombasa, Kenya

**DRAFT AGENDA**

**Sunday April 14**

**INTRODUCTION TO FINANCIAL CONCEPTS AND TECHNIQUES (attendance optional)**

This voluntary class is meant as a refresher for housing professionals and discusses common concepts used to analyze returns on housing investments and which will be used in the course teachings.

**Monday April 15**

**PART I: THE ROLE OF HOUSING IN THE ECONOMY**

This module introduces the context in which housing finance systems operate; the relationship between the housing sector and the macro-economy, the workings of the housing market – demand and supply, the role of housing finance, cycles, booms and busts -, the critical role of policy, and housing as pillar of sustainable development.

**Housing Market Development and Government Policy**

- Housing and the macro-economy
- Determinants of demand for and supply of housing; affordability
- Housing finance, interest rates, and house prices
- Policies and regulations to address problems in the housing market, including housing finance markets

**Tracking cyclical factors**

- Real Estate Cycles
- Why Cycles develop into bubbles
- Role of banks and lending in bubble formation

**Housing and Sustainability**

- Climate change related risks for housing sector
- Housing finance as catalyst for sustainable housing

**PART II: CORE BUILDING BLOCKS OF A HOUSING FINANCE SYSTEM**

This module discusses the key functions of a housing finance system and gives an overview of housing finance approaches and recent trends in different regions of the world. It briefly introduces the different housing finance products and innovations in loan underwriting and administration.

- Key functions and characteristics of effective housing finance systems
- Legal/financial requirements for effective housing finance systems; requirements
- Types of housing finance systems
- Housing finance products
- The lending process and innovations - fintech



## Tuesday April 16

### PART III: THE VALUATION OF MORTGAGE INSTRUMENTS AND DIFFERENT HOUSING FINANCE PRODUCTS IN THE PRIMARY MARKET

This module teaches the legal underpinnings of a mortgage, the design of lending products, their robustness and valuation.

#### Loan Structure from a Legal and Financial Perspective

- The legal structure of a mortgage
- Different mortgage products; testing designs for robustness
- Amortization schedules; valuation of the mortgage instrument

#### Alternative housing finance instruments

- Rent-to-own / Trust deed / Sharia compliant
- Developer/ Installment loans
- “Convertible” mortgages
- Micro-finance loans for housing

### PART IV: THE BUSINESS OF HOUSING FINANCE AND ITS REGULATION

This module looks at the drivers of profitability in housing finance, and explores the different risks involved in long-term mortgage lending and ways to manage such risks.

#### Profitability and Risks of Housing Finance Institutions

- The balance sheet as the driver of profitability
- Risks and risk management methods
  - Credit risk
  - Interest rate risk
  - Liquidity risk
  - Market and Operational risk

#### Regulatory support for risk management; regulatory requirements

- Safety and Soundness
- Basel III voluntary regulatory framework – capital adequacy, stress testing, liquidity requirements

## Wednesday April 17

### PART V: ADVANCES IN FUNDING THE MORTGAGE PORTFOLIO – ACCESSING CAPITAL MARKETS

This module explains different models used by financial institutions to raise the funds to lend into the market and covers the risks and requirements associated with each model. It returns to the valuation of mortgages from an investor perspective.

#### Types of Funding Systems

- Deposit based funding systems
- Key reasons and requirements for accessing capital markets for housing finance
- Alternative systems of accessing capital markets
  - Liquidity facilities
  - Mortgage bonds
  - Securitization/ Sukuk
- Government funding mechanisms





## Case discussions on Kenya's changing funding environment

### Housing Finance from an Investor Perspective: Valuing Mortgage Instruments

- Valuing Mortgage-Backed Bonds
- MBS and structure
- CMOs and tranching
- Credit enhancement and credit rating
- Valuing an MBS (payment priority and cash flow structure)
- Risks of MBS investments (how these differ from primary mortgage risks)

## Thursday April 18

### PART VI: EXPANDING HOUSING FINANCE TO UNDERSERVED MARKETS- SUSTAINABLY

This module integrates lessons from previous topics and assesses how improved regulations, institutions and procedures can be used to extend mortgage finance to lower income groups and informally employed. It discusses the need for non-collateralized housing finance to be scaled up and offers a case of a primary micro-finance lender and a secondary funding mechanism. It explains the importance and issues related to ESG-based housing finance lending.

#### How low can mortgage lending go?

- Limits of housing finance to reach down-market
- Addressing household and lender constraints through risk mitigation measures
  - Mortgage Insurance; Cases
- Methods to deal with informal incomes/imperfect collateral
- Consumer protection and education

#### Case: Kenyan SACCOs

#### Case: How India expanded access to mortgage finance

#### Housing Micro-finance

- Business Models for housing micro-finance
  - Different types of microfinance institutions and products
  - Scale and profitability
  - Funding issues
  - Savings for housing

#### Case: MicroBuild I & II

#### ESG goals, guidelines and the ongoing ESG conundrum

- ESG guidelines/ international convergence
- The E versus the S&G

## Friday April 19

### PART VII: DEVELOPER AND RENTAL FINANCE

This module analysis the specific constraints experienced in the financing of residential construction and innovative ways to lower risks and implement Public Private Partnerships.

The financing of rental housing faces yet other obstacles. Rental housing is critical for housing markets to function; yet formal sector rental housing is typically under-supplied. This module discusses the reasons and possible actions to overcome the constraints.

#### Developer finance

- Why is developer finance difficult to source: equity, debt, real side, risks and pricing
- Types of investment mechanisms – REITs
- Investment in affordable housing - PPPs



### Rental housing supply and financing

- Why rental housing is important
- Why formal rental markets are constrained
- Legal and tax issues
- Types of investors and funding sources
- Rental subsidies
- Public-Private partnerships in Rental Markets

### PART VIII: USING SUBSIDIES TO IMPROVE ACCESS TO HOUSING AND HOUSING FINANCE

This module analyzes different ways to subsidize housing and housing finance and provides a framework to assess the effectiveness of housing subsidies.

#### Subsidizing Housing Finance: Why, When and How?

- Reasons for government subsidies and guidelines for their design
- Housing finance and subsidies: A diagnostic framework
- Selected government incentives/subsidies for the housing finance system
- Selected household subsidies and their pros and cons (international examples)

### Saturday April 20

#### PART IX: INNOVATIONS IN HOUSING FINANCE IN SUB-SAHARAN AFRICA

This day will be dedicated to discuss innovations in different aspects of housing finance made in Sub-Saharan Africa. Participant groups will apply the lessons from the course in presentations of country specific policy diagnostics and solutions.

- Overview of innovations in housing finance in SSA
- Working Group Presentations on Down-market Strategies