# Housing the Poor in Africa: Finance Homes Households Can Sustain

## Thirty years after Habitat II

**42nd Conference of the African Union for Housing Finance**

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# What thirty years have taught us

| | | |
|---|---|---|
| 1 | **Istanbul, 1996** | Governments would enable people to house themselves. |
| 2 | **Households build** | The 1996 Agenda: owner-occupiers built over half the housing stock. |
| 3 | **Nobody kept count** | UN-Habitat, 2016: no effective way to monitor the promises. |
| 4 | **The need grew** | Up to 3.4 billion people now lack secure, safe, adequate housing. |

**Istanbul got the direction right. Delivery and measurement fell short.**

Sources: Habitat Agenda (1996), paras. 39, 73; UN-Habitat, World Cities Reports 2016 (p. 4) and 2026 (via handbook).

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# Why do we keep making the same mistakes?

| | | |
|---|---|---|
| 1 | **Build far from jobs** | Ahmedabad lottery, 2017 study: 34% of winners never moved in. |
| 2 | **Drop serviced land** | World Bank lending to it fell from over 70% to 15% after 1986. |
| 3 | **Count keys, not lives** | India, Sep 2026: 10.05 million homes logged as completed. |
| 4 | **Plan for owners** | Mukuru, Nairobi, 2014 survey: about 94% of households rented. |

**Thirty years after Istanbul, the same four mistakes keep coming back.**

Sources: Housing the Next Billion (7 Nov 2026); PMAY-U progress report, 28 Sep 2026. Checked 8 Nov 2026.

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# Why build? Why drop serviced land?

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|---|---|---|
| 1 | **Why build?** | Visible, easy to credit, and opens within one term. |
| 2 | **Why build?** | Serviced land needs many agencies to agree first. |
| 3 | **Why drop land?** | Judged early: plots half-built, cost recovery weak. |
| 4 | **Why drop land?** | The payoff takes decades. Tanzania's 1970s plots show it. |

**We judged serviced land on a five-year clock and buildings on a ribbon-cutting clock. Neither is the clock families live on.**

Sources: Housing the Next Billion, 7 Nov 2026, refs R061, R451; Michaels and coauthors, Journal of Political Economy, 2021.

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# Three priorities, one test

| | | |
|---|---|---|
| **A** | **Make land ready** | Rights, permission to build, water, drainage, roads and transport. |
| **B** | **Help households build** | Tenure, serviced plots, small loans and rooms to rent. |
| **C** | **Pay for services and gaps** | Fund upkeep; target grants or rental help where needed. |
| **=** | **Compare every route** | Plots, upgrades, rental help and public units on one test. |

**The test: additional safe, affordable home-years at a justified full public cost**

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# Count lasting benefits for the poorest half in additional safe, affordable home-years

## Target: households in the poorest half by income




Income deciles, poorest to richest

Proposed target, not observed beneficiary data

## Test the upfront payment

## Include services, transport and upkeep

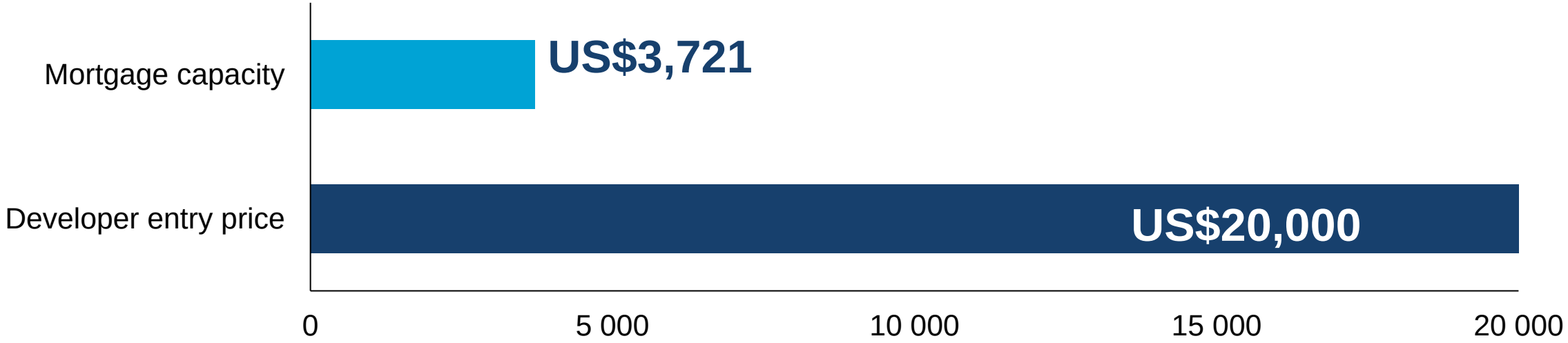
## Track who gains, who remains and who loses

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# Kigali, 2018: a wide gap between borrowing capacity and entry price

## Median-income mortgage capacity compared with a developer entry price




Capacity assumes 17.3% interest, 15 years, and no down payment.

Kigali, 2018 estimates. World Bank (2020), Tables 3–5. Median-income group: 40th–60th percentiles.

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# Housing finance must reach beyond the mortgage market

**30,015**

mortgage loans outstanding at year-end 2023

## The formal mortgage market has limited scale

Housing finance also needs products for incremental builders

Borrower data are needed to measure who mortgages reach

Source: Central Bank of Kenya, Bank Supervision Annual Report 2023, p. 24.

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# Design finance around how households already build

**92%**

used savings for recent improvements

**55%**

did improvement work themselves

**Up to 20 years**

one interviewee's building period

Habitat/Terwilliger (2023), pp. 25, 27–28, 40. 66 home improvers in a targeted, non-national sample.

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# When public building earns its place, and what it costs

**About half**

of Addis lottery winners lived in the flat at 3 and 8 years; letting allowed

**~383,000**

condominium units, Ethiopia 2004–18 (314,000 in Addis); about 35% of cost recovered

Compare public building with other routes on the same full cost and home-years.

Sources: Franklin (2025), Addis Ababa lottery working paper; World Bank synthesis report, pp. 43–46. Checked 8 Nov 2026.

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# Plan streets and services early and track benefits over decades

## Seven cities

Tanzania’s sites-and-services projects

## Decades later

Better housing and more regular layouts

Neighbourhood improvement and household benefit need separate measures.

Michaels et al. (2021). Neighbourhood gains do not establish gains to every original beneficiary.

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# Planned land must pass the entry-cost test

## 20,000 Plots

Dar es Salaam project studied

## About 2×

bare-land prices relative to nearby informal plots

Large plots and upfront payments can put planned land beyond poorer buyers.

The Economics of Greenfield Urban Planning (2025). Plot-size-adjusted comparison, not a planning-only causal effect.

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# Keep land records affordable to create and update

**11.4M**
parcels demarcated

**<US$6**
reported cost per parcel

**<3 years**
for systematic demarcation

**86%**
of individual claims included a woman

Source: World Bank policy note 4 (2016), pp. 1–2. Demarcation and title issuance are distinct.

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# Fund the services that make more housing possible

### Land and access

Location affects access to jobs and services.

### Usable housing

Infrastructure and safe density add capacity.

**Fund network capacity and protect affected occupants.**

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# Rooms to rent are supply. Fund their upkeep too.

## Charges

Services and common areas

## Repairs

Routine work and replacement

## Funding

A credible maintenance budget

## Owner

Responsibility after handover

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# Match finance to the constraint

## Income and payment capacity

Irregular income: flexible timing

Insufficient capacity: targeted grant or rental help

## Delivery cost and credit risk

- High delivery cost: shared processes
- Excessive credit risk: limited guarantee

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# Give each housing obligation an accountable owner

Name the mandate and budget

**Rights and disputes**

**Billing and collection**

**Service connections**

**Repairs and replacement**

Specify the responsible institution, funding and follow-through.

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ASK · TEST

1

of 5

# Housing ministries: publish who benefits and whether benefits last

- Report the full public cost of support
- Report additional safe, affordable home-years
- Report residents who lose home, income or access

**Resources**
Fund regular household follow-up

**Measure**
Full cost, home-years and losses

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ASK · A

2

of 5

# Land ministries: deliver serviced sites with affordable entry terms

- Verify rights and existing occupancy
- Fund services before release
- Set affordable allocation and lease terms

**Resources**
Site preparation and legal review

**Measure**
Entry costs and actual beneficiaries

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ASK · A

3

of 5

# Code authorities: lower entry costs and enforce safety standards

- Price the entry cost of current rules
- Test safe, serviced smaller plots
- Consult residents and enforce revised rules

**Resources**
Technical review and enforcement

**Measure**
Entry cost, safety and service access

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ASK · B

4

of 5

# DFIs and lenders: match the instrument to the constraint

- **Test repayment and delivery options**
- Use guarantees for defined credit risk
- Scale on additional access and outcomes

**Measure**
Full cost, borrower outcomes and public risk

ASK · C

5

of 5

# Cities and utilities: fund connections and upkeep for affordable housing

- Support incremental and rental housing
- Protect existing residents and rights
- Assign service and upkeep obligations

**Measure**

Access, full household costs and lasting benefit

Proposed delivery priorities informed by the land cases. Appraise funding and affordability locally.

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# Apply the household test to your next investment

1. **Who can afford to enter?**
2. **Can they afford to stay?**
3. **Who is responsible after occupation?**
4. **Name the owner and funding source**

Before committing finance, resolve the obligations that households cannot carry.

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## Housing the Next Billion: A Practitioner’s Handbook

7 November 2026 edition

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