

## AUHF 2015: A COLLECTIVE CONCERN TO MAKE HOUSING FINANCE MARKETS WORK

How do we make housing finance markets work? This ever pressing question—increasingly urgent as Africa urbanises—was debated by over 95 housing finance practitioners from 64 companies and 19 countries at the 31st Annual AUHF Conference and AGM. Held in Durban, South Africa, and hosted by AUHF member, the Banking Association of South Africa, the conference was opened with an address by the AUHF's new Chairperson, Oscar Mgaya, the CEO of the Tanzania Mortgage Refinance Company. Mgaya outlined the severity of the challenges facing Africa's housing finance sectors, and how the AUHF, through its 31 years, has tried to create a platform for deliberation about these complex issues.

Before the sessions started, the African Development Bank's Dr. Issa Faye presented on the findings from their joint research with UN Habitat on Africa's housing finance sector. Dr. Faye was followed by Thomas Ogutu, Head of the Housing and Urban Development Coordinating Unit of the African Union. Ogutu presented Africa's Draft Common Position for Habitat III, the United Nation's conference on urbanisation that is held every 20 years. The Common Position will be Af-

rica's position for Habitat III, and form the core of the continent's input into what will be the world's urbanisation agenda for the next two decades. Ogutu was at the conference looking for feedback on the paper from Africa's housing finance sector, and the sessions that followed aimed to provide the input from the various institutions present.

The first session, titled, Financing the Housing Value Chain, included presentations that looked at various parts of the chain, including rent-to-own schemes, guarantees for infrastructure and construction loans, the issuing for bonds by municipalities, refinancing of mortgage portfolios with local currency bonds, as well as mortgage refinancing facilities. Afterwards, as part of the inaugural Housing Finance Marketplace, Making Finance Work for Africa (MFW4A) held a panel discussion that included the International Finance Corporation, Shelter Afrique, UN Habitat, the World Bank and Olivier Hassler, the renowned housing finance expert. The morning of the final day of the conference started with the second part of the Housing Finance Marketplace—one-on-one meetings between stakeholders and the financiers that are part of MFW4A's Housing Fi-

nance Donors Working Group, including International Finance Corporation, Shelter Afrique and the World Bank. These one-on-one meetings have already led to two deals, and it will form an important part of future AUHF conferences. This will hopefully result in further deals, as it will create a platform for greater engagement and cooperation between financiers and stakeholders.

The next two sessions focused on housing microfinance and how to adequately respond to particular types of demand. The key overlap of the sessions was how to increase the supply of housing microfinance to meet the significant demand by those who derive their income from the informal sector. Because of the informality of their employment, and their general low incomes, it was argued that more market research as well as new ways to underwrite the many households who cannot be adequately accommodated for by traditional mortgage instruments are needed. These three sessions fed into the fourth and final session: breakaway groups of the different groups of practitioners. These four groups—mortgage lenders; housing microfinance lenders; delivery agents; and development finance institutions, guarantors, wholesale financiers and private equity—discussed what was required to make housing finance markets work for them.

The feedback from the breakaway sessions provided the basis for the Durban Declaration—a paper that serves to provide input into the Habitat III process by Africa's housing finance sector and to make public a commitment to increase access to housing finance across the continent. The Declaration notes that the development of mortgage and housing microfinance markets have insufficiently kept pace with Africa's urbanisation, that housing finance is a critical link in the



A breakaway session at AUHF 2015

### AFRICAN UNION FOR HOUSING FINANCE

This is the monthly newsletter for AUHF. AUHF is an association of forty-eight mortgage banks, building societies, housing corporations and other entities involved in the mobilisation of finances for the development of shelter and housing on the African continent. AUHF is a non-governmental association and has a presence in sixteen countries across Africa.

housing delivery value chain and that affordability is a key issue in all of this. It calls for transparent land management systems, investment in infrastructure and serviced land for housing, greater attention to how macroeconomic and monetary policy affects housing markets, that housing microfinance should be elevated in national importance, and for the need for consistent housing

policy and regulatory frameworks.

The Declaration ends with a commitment, signed by all 48 members of the AUHF, to contribute to making housing finance markets work. From ensuring that housing and housing finance products are affordable to our populations and mobilising more resources in the sector to contributing

to research and creating robust and sustainable housing supply chains, there is a lot that can be done that will help overcome these seemingly intractable problems. The AUHF continues to work towards the goal of working housing finance markets, and looks forward to assisting current and new members in their work across Africa.

## THE NEW AUHF BOARD



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## IN THE NEWS

### EASTERN AFRICA

Increasingly stable, **Somalia** is undergoing a housing boom. Just outside of the capital, Mogadishu, is a US\$20 million development, which will eventually have 500 residential units. The housing estate is advertised as providing a safer alternative to housing available on the resale market, partly because of its enclosed roads. The development is targeted primarily at the diaspora, with the cost of two-storey house US\$130 000, while units start at US\$70,000.

link: <http://bit.ly/1RrTdn>

The Supreme Court of **Kenya** ruled that only the Ministry of Lands can issue title deeds. The clarification was the result of the case being taken to the court by the National Land Commission (NLC). The ruling stipulates that the NLC has no authority over private and communal land, and may only monitor the registration of land. In a 79-page ruling, the Supreme Court weighed in extensively on the role of the different bodies involved in land reform, and firmly separated the roles of the government and the NLC.

link: <http://bit.ly/1MShaEk>

### WESTERN AFRICA

The former governor of Lagos State, **Nigeria**, Babatunde Fashola, has been appointed as the minister of Power, Works and Housing. This follows the merging of the three former ministries, and the allocation of a N 438 billion (US\$2.2 billion) budget. Regarding housing, Fashola stated that his initial aim was to secure land from every state with which the ministry could undertake the

construction of units.

link: <http://bit.ly/1mFf8ID>

#### MEMBER NEWS

As part of Botswana's economic stimulus, P20 million (US\$1.7 million) was granted to the **Botswana Housing Corporation** to construct new housing units. The broader expansion included funds for the servicing thousands of plots, which should significantly help the country's housing sector.

Link: <http://bit.ly/1OzrQpcj>

**HFC Bank (Ghana)** has affirmed its commitment

to housing finance, as part of ceremony opening the Community 25 HFC Estate. The Community 25 HFC Estate consists of 106 units, 62 of which have already been sold. Mortgages for the units were offered by HFC Bank, while the units were developed by its subsidiary, HFC Realty. The price for a two-bedroom detached unit is GHC 277 000 (US\$ 70 000), while a two-bedroom semi-detached house is GHC 264 000 (US\$ 69 000).

Link: <http://bit.ly/1TDTbjj>

LAPO Microfinance Bank received a US\$10 million loan from the **International Finance Corporation** to expand their operations in Nigeria. The money will allow LAPO to increase access to microfinance for low income households. LAPO have previously partnered with Lafarge and

French Development Agency to increase their housing microfinance offering.

Link: <http://bit.ly/1VHErjm>

The **Nigerian Mortgage Refinance Company (NMRC)** is set to raise additional capital. Its shareholders have approved a plan to increase its share capital from N 7.05 billion (US\$35 million) to N13.05 billion (US\$66 million). Additionally, N 1.5 billion (US\$750 000) in preference shares will be issued to fellow AUHF members, **Shelter Afrique** and the **International Finance Corporation**. The increased capital will allow NMRC to increase its mortgage refinancing.

Link: <http://bit.ly/1Sz7yWf>

#### EVENTS

17 - 18 Feb	West Africa GRI 2016, Lagos, Nigeria	06 - 16 Jun	International Housing Finance Program: Improving and Expanding Housing Finance Systems, Wharton School of Business, University of Pennsylvania, United States
24 - 26 Feb	Habitat III: Africa Regional Meeting, Abuja Nigeria		
06 - 07 Apr	East Africa Property Investment Summit, Nairobi, Kenya	17 - 18 Jun	International Housing Finance Program: Workshop on Securitization and Mortgage Bonds, Wharton School of Business, University of Pennsylvania, United States
06 - 08 Apr	7th Annual Affordable Housing Projects, Singapore		
07 - 09 Apr	Habitat III: Thematic Meeting on Informal Settlements, Johannesburg, South Africa	18 - 19 Aug	Africa Property Investment Week, Johannesburg, South Africa
13 - 14 Apr	Africa Banking & Finance Conference 2016, Accra, Ghana	02 - 08 Oct	Housing Finance Course for Sub-Saharan Africa, Graduate School of Business, University of Cape Town, South Africa, <b>AUHF members receive a 10% discount, scholarships available</b>
09 May	Housing for Africa Conference and Expo, Johannesburg, South Africa	17 - 20 Oct	Habitat III, Quito, Ecuador
30 - 31 May	East Africa GRI 2016, Nairobi, Kenya	20 - 21 Oct	GRI Africa Summit 2016, Johannesburg, South Africa

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