

**DECLARATION OF THE MEMBERS OF THE AFRICAN UNION FOR HOUSING FINANCE (AUHF)  
FOLLOWING THE ANNUAL GENERAL MEETING  
HELD IN DURBAN, SOUTH AFRICA, ON 28 OCTOBER 2015<sup>1</sup>**

We, the members of the African Union for Housing Finance, having met with colleagues from the public and private sectors from nineteen countries in Africa over the past three days, and having held our 31<sup>st</sup> annual general meeting in Durban, South Africa, on 28 October 2015, express our **commitment to making housing finance markets work in Africa.**

**We note:**

Africa's housing finance sector has been going through considerable growth and change over the last decade, responding to the broader economic growth opportunities and rapid urbanisation. Over the past decade, developers have been gearing up to build housing, and housing finance systems are reconfiguring themselves accordingly. There is evidence of housing delivery and, increasingly, the reality of affordability is being addressed with innovative products that pinpoint the particular needs of the market. Housing finance and mortgage markets are also slowly developing, and as economic frameworks improve, some investors are actively targeting the residential property sector.

However, this activity is insufficient given the population growth and urbanisation pressures that are clearly evident in our cities. The rise and persistence of informal settlements and inadequate housing is a visual and lived expression of the failure of our finance and construction sectors, our policy and planning frameworks, and our land use management systems to engage with the reality of demand. We need to increase the scale of delivery, while decreasing the costs, so that more and better housing can be delivered on a sustainable basis.

Access to decent, secure, affordable housing is a crucial part of the African Agenda for 2063, and is our responsibility in terms of Goal 11 of the Sustainable Development Goals. These intentions, reiterated in the Draft African Common Position on Habitat III, frame our expectations and commitments.

**We understand:**

Housing must be paid for, by someone. And so, **housing finance is a critical link in the housing delivery value chain.** Whether through subsidies, savings, credit, or investment, the cost of housing must be covered by an investor – whether that is the state, the household, a developer or a financial institution – who trusts that benefit will be derived from the investment. Whether the benefit is financial or social, or a combination of the two, efficient and effective housing finance systems make it possible for investors to realise a benefit that encourages them to keep engaging. If we are to have housing markets that work, we need housing finance markets to work.

**Housing affordability is a fundamental challenge that cannot be overlooked.** With the majority of housing demand across Africa being expressed by first time home seekers without equity, and with low incomes, only a fraction of households can afford the housing currently being delivered by the private sector. Investment in innovative, low cost technologies and technical support to the housing sector can enable a new standard of affordability to meet the needs of our majority. Further, incremental construction approaches can spread the costs of housing over a series of more manageable steps. We need to acknowledge the housing affordability reality with more realistic land use planning frameworks and delivery bylaws, and with innovative financial products that understand and respond directly to the capacities of the market.

---

<sup>1</sup> The African Union for Housing Finance held its 31<sup>st</sup> Conference and Annual General Meeting in Durban, South Africa, from 26-28 October 2015. Hosted by the Banking Association South Africa, an AUHF member, the meeting attracted 95 delegates from 65 organisations in the public and private sectors across 19 countries. The conference theme – “Making Housing Finance Markets Work in Africa” – focused on the key issues faced by housing practitioners across the continent – how to enhance the flow of finance to address the very real opportunities and challenges created by a very visible and rapidly growing demand for housing. Conference presentations are available on the AUHF website: <http://www.auhf.co.za/conference/making-housing-finance-markets-work-in-africa/>. For more information contact Kecia Rust at [kecia@housingfinanceafrica.org](mailto:kecia@housingfinanceafrica.org)

**MEMBERS IN THE FOLLOWING COUNTRIES:**

BOTSWANA, GHANA, KENYA, MALAWI, MAURITIUS, MOZAMBIQUE, NAMIBIA, NIGERIA, RWANDA, SEYCHELLES,  
SOUTH AFRICA, SWAZILAND, TANZANIA, THE GAMBIA, UGANDA, UNITED KINGDOM, UNITED STATES, ZAMBIA, AND ZIMBABWE

The **mortgage instrument** is a useful tool for making housing more affordable, and for enhancing the financial intermediation capacity of our economies – but it will not serve the housing needs of the majority. This means that we need to work on all fronts: addressing the macro-economic and monetary policy issues that enable mortgage markets to develop, while elevating the role that non-mortgage, housing microfinance initiatives can and do play.

Housing backlog figures are frightening and there is a desperate **need for the scale delivery of housing solutions**, whether for ownership or for rent, that are affordable to the breadth of the population. Keynote speaker to the AUHF Conference, Dr Issa Faye, of the African Development Bank outlined the challenges: in Nigeria alone, the backlog is estimated at 17 million units. South Africa estimates a 2.1 million housing unit deficit and has 1.5 million households living in slums. In Kenya, an estimated housing backlog of 2 million units is growing annually by 200 000 units; and in Morocco, the 800 000 unit backlog is growing annually by another 178 000 units. These figures are replicated across the continent. Delivery of new housing is not even keeping pace with growth, not to mention addressing the backlogs. This is putting increasing pressure on our cities. Delivery capacity is fundamentally influenced by policy and regulatory systems, access to construction finance and equity, efficient payment regimes, of course, effective demand for housing.

**Policy is fundamental to efficient housing finance systems.** From macro-economic, tax and monetary policy through to land use frameworks, building codes, labour law, and so on, government sets the rules and enables the pathways that the private sector can follow to deliver good and effective housing solutions that are affordable to the population.

**Private investors, lenders, and development finance institutions are powerful players** with the ability to influence development trajectories and the realm of the possible. While policy must create and nurture an enabling environment, the investment sector must also actively seek niches in which they can engage, and grow these to continuously expand access to lower income earners. We also understand that we need to engage with the reality of informality and develop mechanisms to accommodate this in our approaches. This will take long term, committed investment, and a vision that appreciates the potential of the market of the future, notwithstanding the challenges faced today.

**Partnerships:** The housing finance challenge is not just a challenge of financial engineering, but was also tied fundamentally to the housing delivery value chain. The complexity of the housing process makes partnerships a necessity. These need to be well structured, however, with each player taking a role appropriate to its own capacity. The role of government is to set an appropriate and enabling legal and regulatory framework, and to lead in the provision of serviced land for housing. Government can also provide legislative innovation and budgetary support for specific development objectives in the housing sector, such as VAT relief on newly constructed units sold to target market households. Full subsidisation is not required, however, as financial institutions have the capacity and appetite to provide development capital, risk mitigation products and end user finance. Development Finance Institutions can provide additional capital, technical assistance and targeted risk sharing mechanisms. With the legal and financial framework in hand, developers can then drive the initiative with their development expertise, also taking part of the risk. Lastly, households themselves, have a variety of capacities to contribute towards the realisation of their housing needs – whether financially or with their labour. Public private partnership arrangements are risk-sharing arrangements in which parties bring together their resources and use these collectively to realise the objectives of the project and effectively manage its risks.

#### **We urge governments to address the following critical challenges:**

1. **Transparent land management systems:** the investment of capital in housing markets depends on legal frameworks that confirm and support ownership or tenancy rights, and allow property to be used as collateral for access to credit. Sound planning frameworks that promote the growth of sustainable human settlements are a critical part of the enabling environment on which investment depends. Governments across Africa should streamline and prioritise their land legal frameworks, establishing and improving appropriate and sustainable titling systems, ensuring security of tenure, and clarifying and upholding rights of occupation and use, all in favour of effective housing markets.
2. **Investment in infrastructure and serviced land for housing:** a key constraint facing housing developers in the delivery of housing at scale is access to serviced land for housing. Government can facilitate increased construction by making land available through its regulatory and other levers, and investing in bulk infrastructure to support this. As cities develop, the establishment of effective rating and collections systems can also build municipal capacity to further meet the need on an ongoing basis, while also establishing critical contracts for local citizenship.
3. **Attention to the housing impact of macro-economic and monetary policy:** the growth of the housing sector in Africa **demands greater financial innovation** that increases the capital available, whether for lenders, developers, or households themselves. Our capital markets are shallow and secondary markets are ineffective. A critical issue for attention by policy makers is the creation of an environment conducive to long term funding and increased

investment. The role of the central bank and monetary policy is fundamental in this regard. Key areas for policy attention include interest rates, inflation, tax policy, currency risk, capital requirements and other macro-economic issues that impact on housing.

4. Accommodation of non-mortgage, **housing microfinance as a viable and central component of a national housing finance framework**: housing financing systems that accommodate the financial capacities of the majority are critically needed and cannot be overlooked in favour of unrealistic expectations of wide-scale mortgage finance. There are very positive examples of inclusive housing finance systems across the continent, but these are not yet operating at the scale required. Governments can assist in promoting non-mortgage housing finance systems through the active and regulatory promotion of developmental credit, effective and appropriate credit regulatory systems, and the establishment of land use management systems that provide for and facilitate incremental housing delivery approaches.
5. **Consistent national housing policy and regulatory framework**. The long term nature of housing investments makes the current situation of policy uncertainty critically important. Unpredictable regulatory changes, complex legal frameworks and volatile local currencies all limited investment timeframes and challenge exit strategies, encouraging investors to look elsewhere, or upmarket, where the capacity to absorb costs is greater. Government policy can have a significant impact on investor interest and market participation, simply by being reliable and timely. At the same time, good policy can improve the reach of good investment – extending the benefits of investor interest to a wider array of people, and critically, downmarket.

#### **We commit ourselves:**

We, the members of the AUHF, confirm our commitment to the development of sustainable housing finance markets that address the broad spectrum of needs in the countries and regions throughout Africa. As individual housing sector practitioners, and collectively as members of the African Union for Housing Finance, we are committed to:

- The development of appropriate housing and housing finance products that are affordable to our populations, that respond appropriately to the reality of informality, and that contribute effectively towards adequate housing for all, across our nations.
- The mobilisation of capital resources, long term and in local currencies, debt and equity, with the appropriate risk underpins and supportive frameworks to encourage the participation of a diverse range of investors across the range of housing solutions, and to enable developers to grow their capacity to operate at scale.
- The realisation of scale delivery that meets the growing demands for housing with realistic, affordable products, including the delivery of affordable, well-managed rental housing at scale.
- The establishment, and consolidation, of sustainable and robust institutions throughout the housing supply chain, and the provision of capacity support, technical assistance and professional development.
- The collection, analysis and dissemination of evidence based information on effective housing finance practice and the performance of the housing market. In this, we are committed to sharing best practice and building track records that can be monitored on an ongoing basis, setting benchmarks for our peers and one another, in support of more effective housing markets across the continent.
- Increased dialogue and engagement between the public and private sectors, at a local, national, regional, continental and international level.
- Working in collaboration with each other, and other stakeholders, whether in the public or private sectors, to promote the realisation of sustainable human settlements across Africa.

The AUHF is keen to engage with respective governments on both micro and macro economic issues, including interest rates, tax and monetary policy, and housing and land policy as it influences the growth and performance of housing markets. The AUHF and its members look forward to working with governments and other stakeholders, in respective countries and across the continent, in promoting the investment capacity of Africa's housing sector and meeting the housing needs of its residents.

**28 October 2015**

**AUHF Board of Directors: Oscar Mgaya, Chairman; Charles Bonsu, Vice Chairman; Cas Coovadia, Treasurer; Colin Chimutsa; Femi Adewole; Reginald Motswaiso; Omar Sarr; Charles Inyagete**

## Members of the African Union for Housing Finance (October 2015)

Company	Representative	Country
1. Abbey Mortgage Bank PLC	Mrs Rose A Okwechime	Nigeria
2. African Housing Professionals Consortium	Mr Adekuhle Babayemi	United Kingdom
3. Azania Bank Limited	Mr Charles Singili	Tanzania
4. Banque Rwandaise de Developpement	Mr Jack Kayonga	Rwanda
5. Bank of Tanzania	Mr Baraka Munisi	Tanzania
6. Botswana Building Society	Mr Pius Molefe	Botswana
7. Botswana Housing Corporation	Mr Reginald M Motswaiso	Botswana
8. CRDB Bank PLCA	Mr Silas Katemi	Tanzania
9. CBZ Bank	Mr Colin Chimutsa	Zimbabwe
10. Central Africa Building Society (CABS)	Mr Kevin Terry	Zimbabwe
11. FBC Building Society	Mr Felix Gwandekwande	Zimbabwe
12. First National Bank of Botswana Limited	Mrs Lorato Boakgomo-Ntakhwana	Botswana
13. First National Bank of South Africa Limited	Mr Marius Marais	South Africa
14. First World Communities	Gen PMO Reis	Nigeria
15. Gauteng Partnership Fund	Ms Ntombenhle Gwina	South Africa
16. Habitat for Humanity International	Ms Ruth Odera	Kenya
17. HFC Bank (Ghana) Limited	Mr Charles Bonsu	Ghana
18. HFC Group	Mr Sam Waweru	Kenya
19. Home Finance Company of the Gambia Limited	Mr Omar A Sarr	Gambia
20. Home Finance Africa Guarantors Reinsurance Ltd	Mrs Ethel Matenge-Sebesho	South Africa
21. Housing Finance Bank Ltd	Mr David Dansor Ninyikiriza	Uganda
22. Housing Finance Company Ltd	Mr Ronny Palmyre	Seychelles
23. International Finance Corporation	Mr William Britt Gwinner	Kenya
24. Lesotho Housing Development Corporation	Ms Mpho Molapo	Lesotho
25. Madison Finance Company Limited	Mr Ken Simwaba	Zambia
26. Mauritius Housing Company	Mr Manilall Seetohul	Mauritius
27. Mpumalanga Housing Finance Company	Mr G J Dladla	South Africa
28. National Housing Corporation Kenya	Mr George Kinyanjui	Kenya
29. National Housing Corporation Tanzania	Mr Nehemiah Keyando Mchechu	Tanzania
30. National Housing Enterprise	Mr Vinson Hailulu	Namibia
31. National Housing Finance Corporation	Mr Samson Moraba	South Africa
32. New Prudential Building Society	Mr Adetunji Abudu	Nigeria
33. Nigeria Mortgage Refinance Company	Mr Charles Inyagete	Nigeria
34. Royal International Development Agency Ltd	Mr George Mulomboi	Zambia
35. Select Advisors Limited	Mr Sean O'Sullivan	South Africa
36. Shelter Afrique	Mr James Mugerwa	Kenya
37. Social Security & Housing Finance Corporation	Mr Alhagie Fatty	Gambia
38. Swaziland Building Society	Mr Timothy Nhleko	Swaziland
39. Swaziland National Housing Board	Mr Mduduzi Dlamini	Swaziland
40. Tanzania Mortgage Refinance Company Ltd	Mr Oscar Mgaya	Tanzania
41. The Banking Association, South Africa	Mr Cas Coovadia	South Africa
42. Trust for Urban Housing Finance Ltd	Mr Paul Jackson	South Africa
43. Vantage Affordable Housing Company	Ms Miriam Mutizwa	Zimbabwe
44. Zambia National Building Society	Mr Joseph Chikolwa	Zambia
45. ZB Building Society	Ms Emma Mungoni	Zimbabwe
46. Zimbabwe Mortgage Company (Pvt) Ltd	Mr Edward Galante	Zimbabwe
47. Watumishi Housing Company	Dr Fred Msemwa	Tanzania
48. Honorary Member	Sharon Trail	United States