



Centre for Affordable
Housing Finance
in Africa

Planning for better housing delivery in Africa



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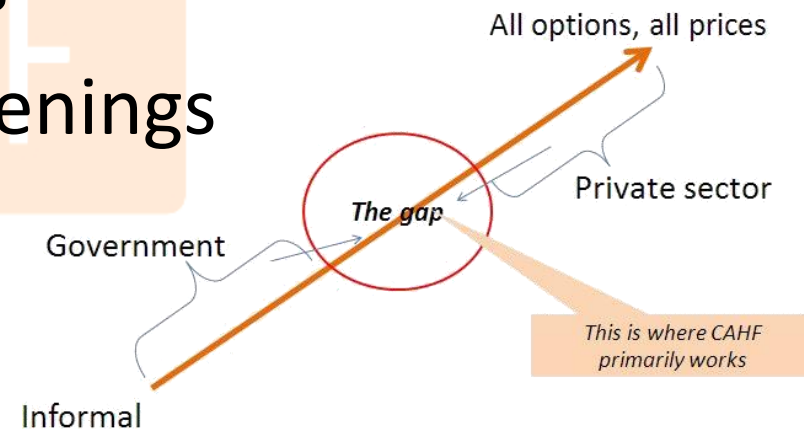


Agenda overview

- Who we are
- African story = growth
- Growth = importance of planning
- Planning in Africa
- Supporting that effort

Centre for Affordable Housing Finance in Africa (CAHF)

- Mission: To make Africa's housing markets work, with special attention on access to housing finance for the poor.
- We do ***not*** provide finance, we facilitate finance and opportunities
- Research, networks, convenings
- **AUHF** secretariat



Using data to find markets

Where is the opportunity?

NEIGHBOURHOOD 1

- Average home value, sales price and per capita income are one-third metro average
- Almost half of the 11 000 households rent
- Only 11% of houses have mortgage bonds
- Over last five years, there have been very few new registrations

NEIGHBOURHOOD 2

- Outperformed the city in 4/6 key housing performance measures, indicating that the neighbourhood is growing faster than the city overall
- 5700 residential properties worth R2-billion
- 4 metro stations providing ready access to major CBD
- R175-million total annual household income
- R9-million in sales last year

Reinforce perception or find opportunity?

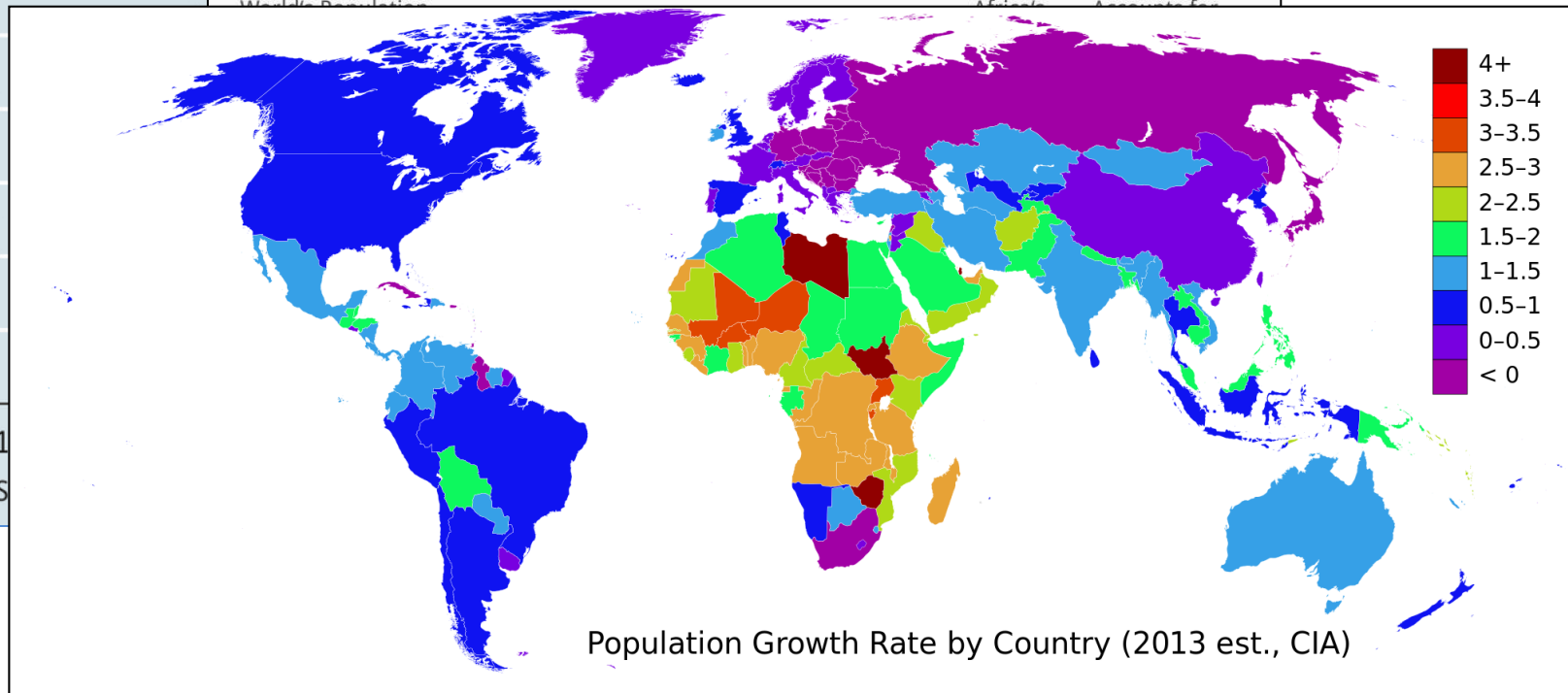
Africa = Growth

The African bulge

Population, bn

By the End of the Century, 40% of People Will Be African

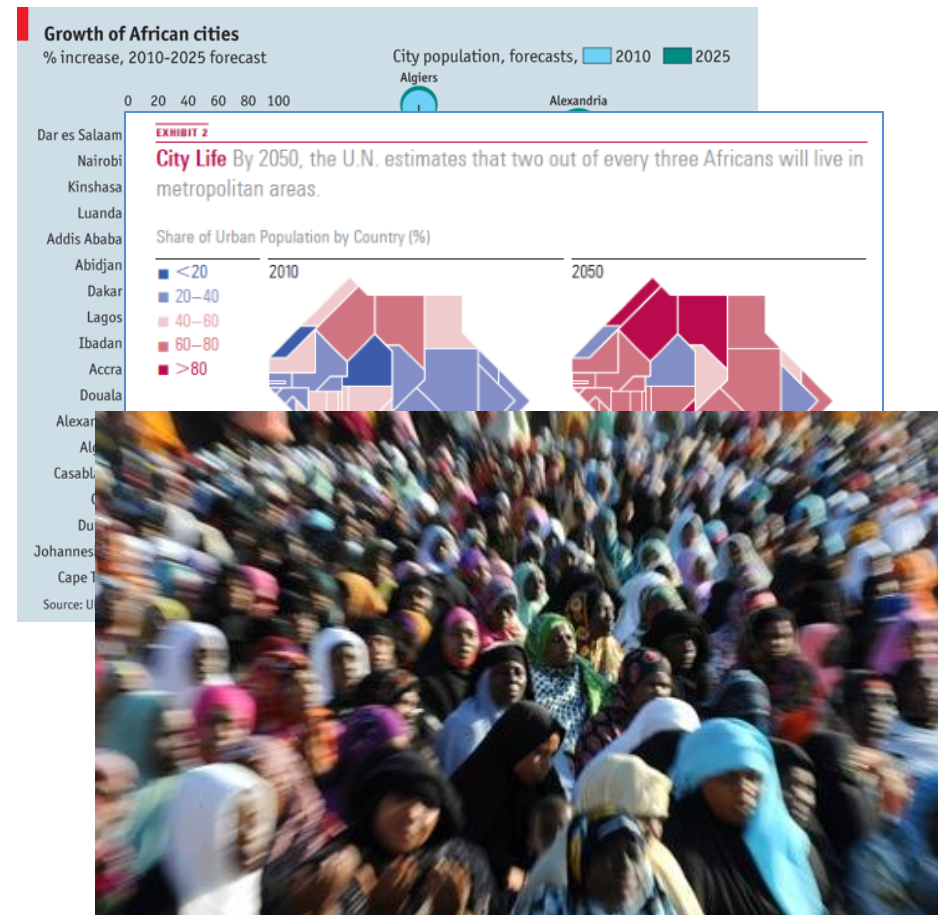
World population forecast with Africa's percentage share



Growth = urbanization

People

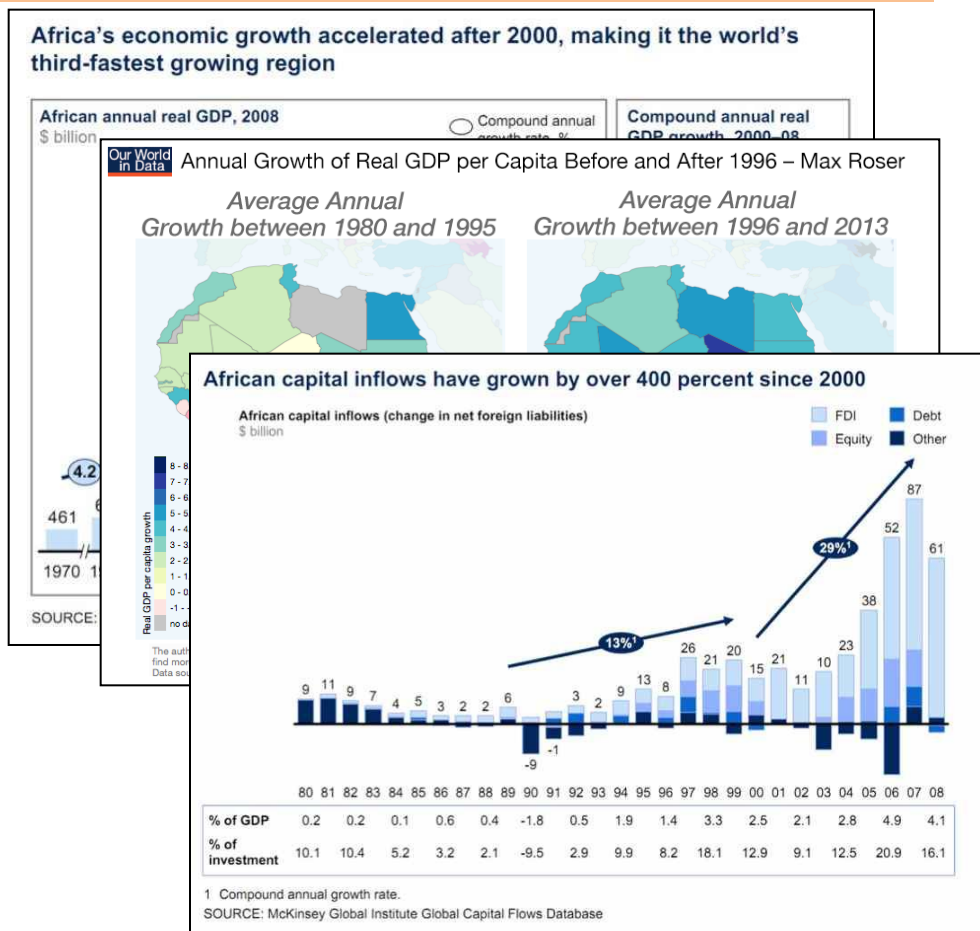
- 1 billion, 40% live in cities – over 50% in 2020 (5 years)
- World's fastest urbanization rate: 3.5% over 20 years
- 1.7 times faster than the world
- Many *cities* growing over 5% per *year*
- Young, motivated, yet unskilled



Growth = opportunity

Economies

- Real Estate, construction and hospitality sector grew by 63% between 2012 and 2013, fastest of all
- Yet mortgage lending remains < 1% of all bank assets
- Innovation in finance and technology helping to gear that growth
- Yet housing sector is only 3% of GDP, compared to 18% for US



Growth = challenges

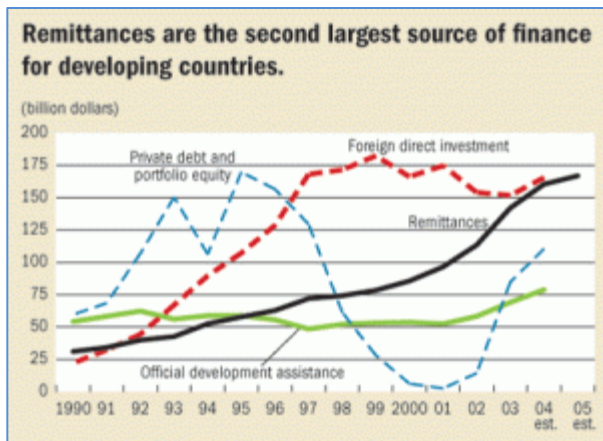
Infrastructure gaps

Housing backlogs

Financial flow diversions

Demographic shifts

Often we just don't know



Greatest gap of all ...

Africa's infrastructure is half to a fifth that of the BRICs, with wide variations across countries

Power
Kilowatt-hours
per person

Road density
Kilometers per
thousand square
kilometers

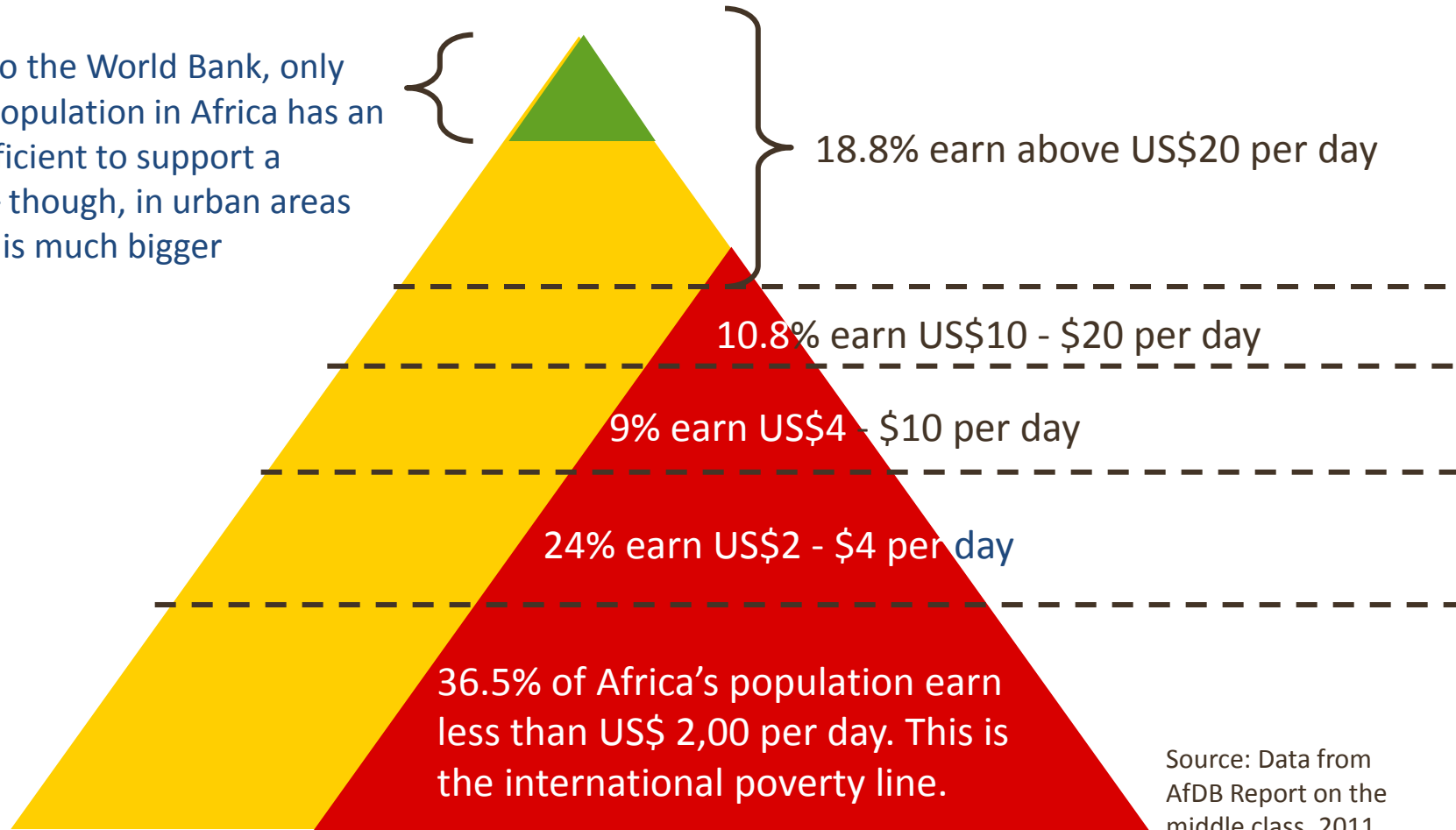
“Africa currently has a slum population of 199.5 million people and this represents 61.7 per cent of its urban population.”

UN-Habitat, 2010:4



Greatest barrier is access to income

According to the World Bank, only 3% of the population in Africa has an income sufficient to support a mortgage – though, in urban areas the market is much bigger



Served: able to access mortgage finance and buy a house on the market

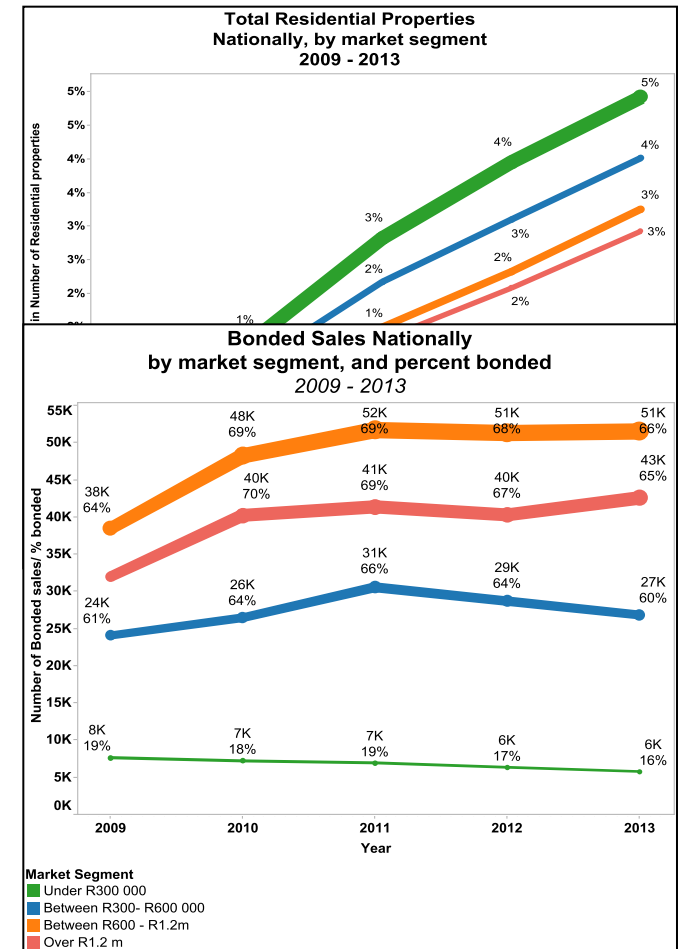
Underserved: insufficient supply to meet demand.

Unserved: no finance nor housing products exist for this market

Housing provision in Africa

Growth is impacting delivery

- Estimated 70% of housing in African countries is self-built
- Thus no economies of scale, high costs; inadequate quality, sustainability and infrastructure
- Mortgage lending levels remain low



Planning for growth

- Provides for mechanism for government to align growth, interest, potential, innovation
- *Particularly* important in African context
 - Pace of change
 - Largest level of informality
 - Lack of information, flying blind

Levels of chaos and informality in cities seem in direct inverse relationship to adequacy of planning

Planning in Africa

African Planning Association

26 affiliates

- Better planning practice continent-wide
- More informed network of professionals

Planners greatly affect adequacy of response

Table 1: Ratio of Registered Planners to Population

	Population (million) 2011	No of accredited planners	No of planners per 100,000	Year of Estimate
APA Countries				
Burkina Faso*	16,970,000	14	0.08	2011
Ghana	24,970,000	150	0.60	2011
Nigeria*	162,500,000	2,333	1.44	2011
Mali*	15,840,000	50	0.32	2011
Kenya*	41,610,000	194	0.47	2011
Uganda	34,510,000	90	0.26	2011
South Africa*	50,800,000	1,600	3.22	2011
Malawi				
Mauritius				
Tanzania*				
Zambia				
Zimbabwe				
Other countries				
United Kingdom				
United States				
Australia				
Pakistan				
India				

* Countries that regulate the register

Source: APA 2011 Survey, Newm

Table 1. Urbanization in Key Sub-Saharan Africa Markets (2005-2008)

Sub-Saharan Africa Average	36%
Angola	55%
Ghana	49%
Kenya	21%
Mozambique	36%
Nigeria	47%
South Africa	60%
Tanzania	25%
Zambia	35%
Zimbabwe	37%

Source: Estimated with UN data

Table 2. Urbanization Growth Rates of Key Sub-Saharan Africa Markets (2005-2008)

Sub-Saharan Africa Average	1.3%
Angola	1.7%
Ghana	1.5%
Kenya	1.3%
Mozambique	2.2%
Nigeria	1.6%
South Africa	0.8%
Tanzania	1.7%
Zambia	0.3%
Zimbabwe	1.3%

Source: Estimated with UN data

Impacts of planning on housing delivery

Planning creates value with intention

- Secures, allocates rights – title, densities, security
- Directs infrastructure
- Assigns densities

Value mobilizes resources

- Creates developable land
- Drives investment, creates tax base
- Creates integrated, efficient communities

Planning mobilizes political will

- Affirms priorities, decision-making
- Choices are transparent, connected to external conditions

Provide for predictable, transparent transformation

- Planning frameworks: roll up by location, sector
- Spatial frameworks: corridors, nodes, connecting disconnects
- From equity to justice: creating, transferring, protecting value



Planning creates value

Value creation motivates investment

Uganda

- Special planning areas: the Albertine Graben Physical Development Plan in new oil-drilling region
- Environmental management, land uses protect values

Kenya

- High rises in Kibera, open source mapping

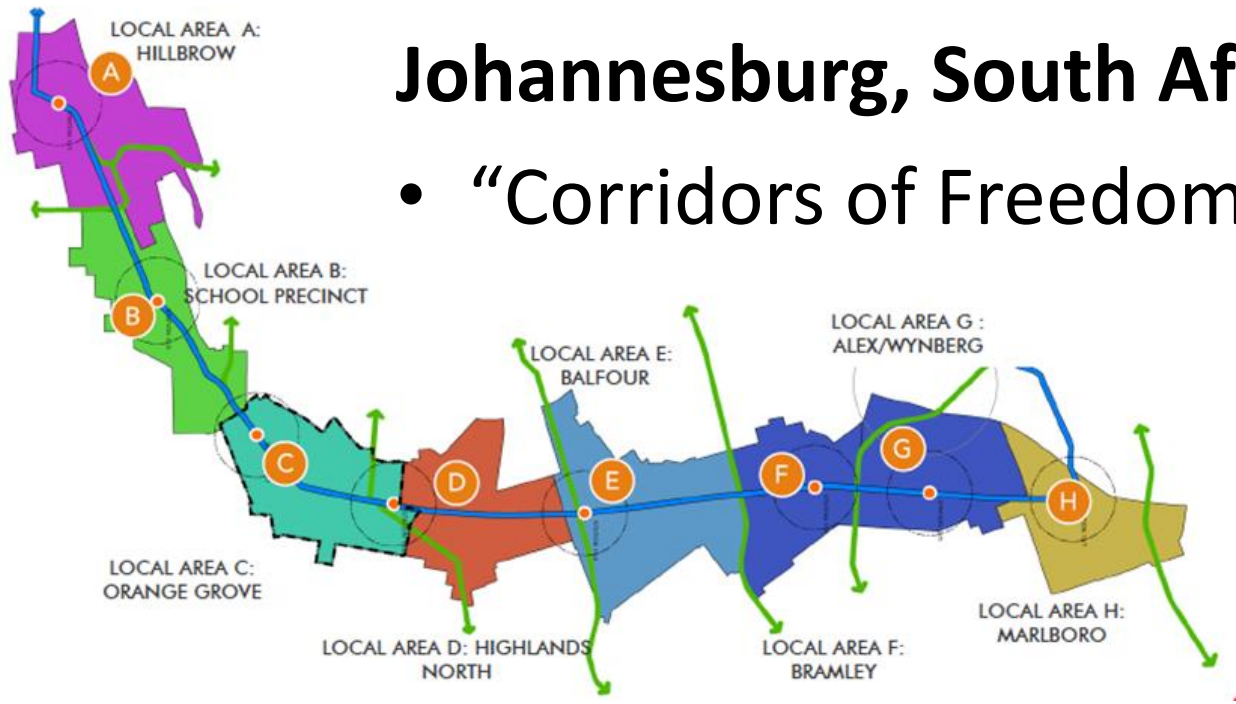


Planning supports boldness

**Political will moves plans into action,
creates solid ground for PPPs**

Johannesburg, South Africa

- “Corridors of Freedom”



Planning in the developmental context

Unconscious planning allocates rights arbitrarily

- Gridlock, informality, health/education risks, lost resources

Planning becomes intentional creation of value

- Create new cities, new stakeholders (investors, residents, government)
- Create new vision of African cities

Tools for better deliberate planning

- Deeds registry and data – transparency, security
- Census and surveys – consistency, change over time
- Modelling, expertise - interrogate data, share findings

How CAHF supports

Creates intelligence

- Supports leading edge research, compiles cases
- Host conferences, events

Disseminates information

- Our website: www.housingfinanceafrica.org
- Our networks

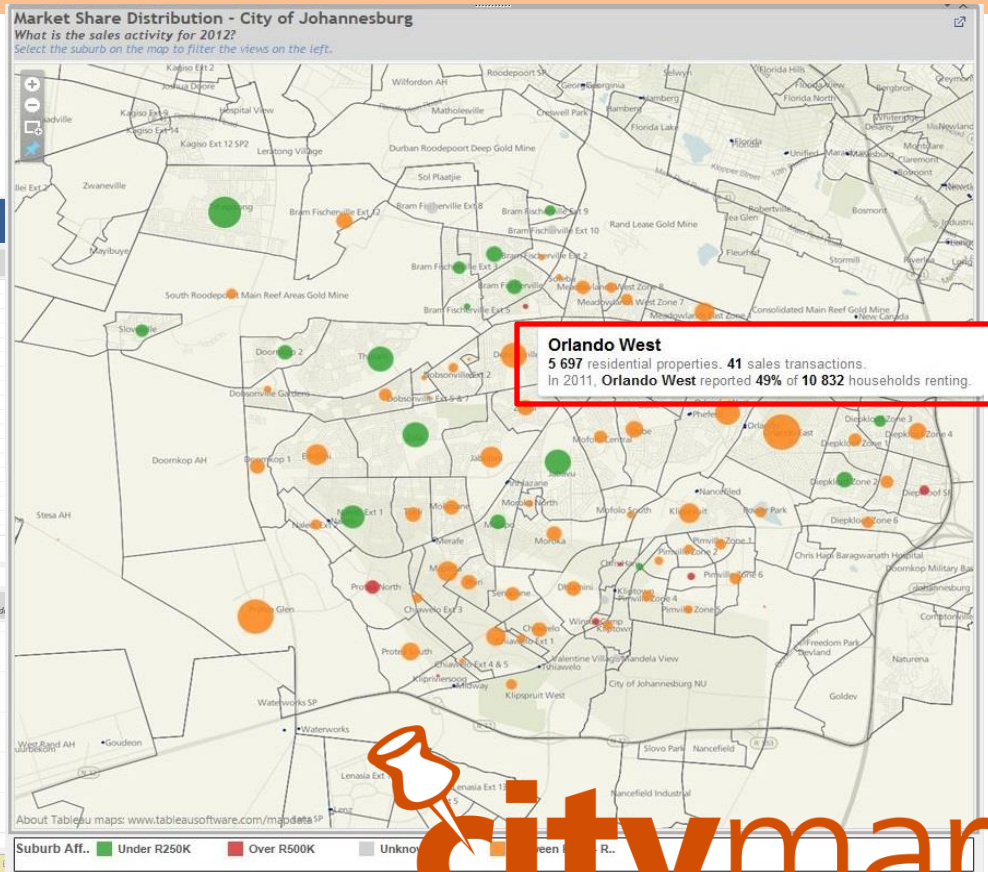
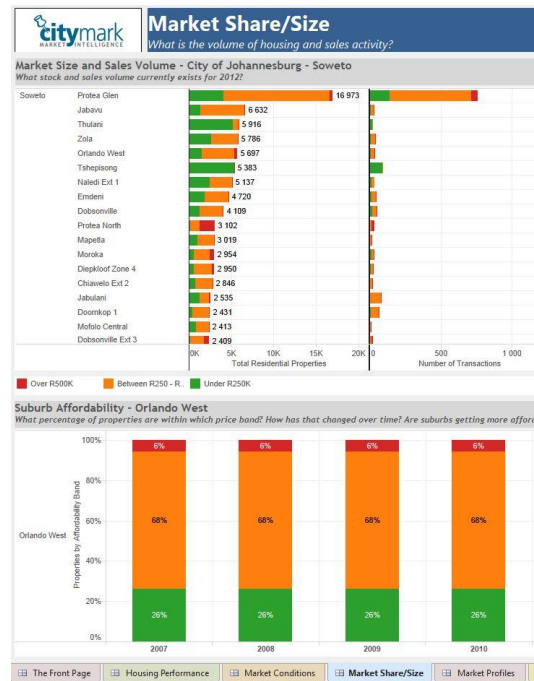
Creates tools

- Citymark



What is happening locally?

Differentiate
Find areas of interest

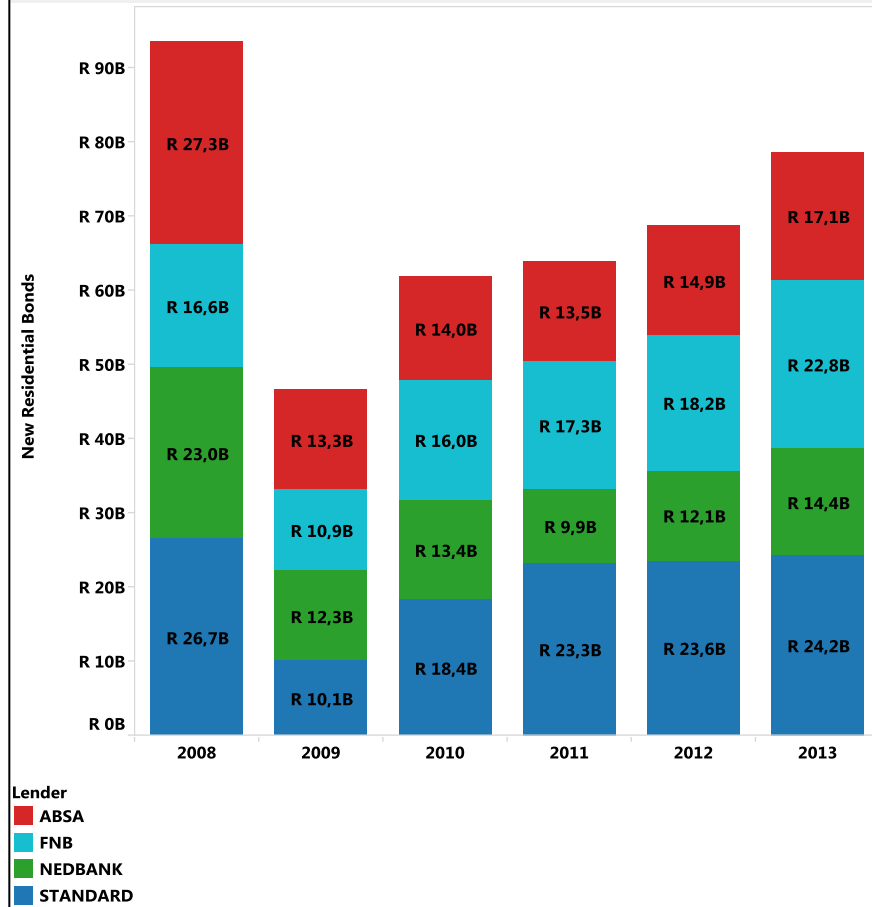


citymark
MARKET INTELLIGENCE

Who is investing in growth?

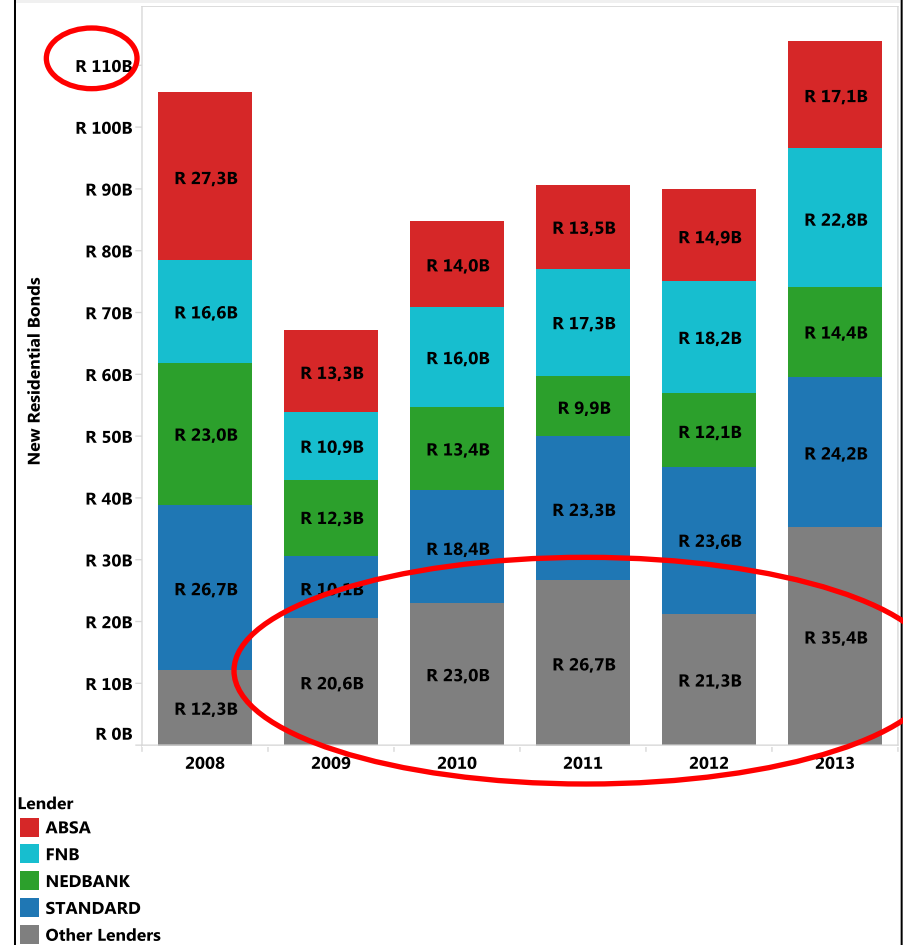
Value of New Loans by Lender

New loans by lender, all major metros, by year, 2008 - 2013



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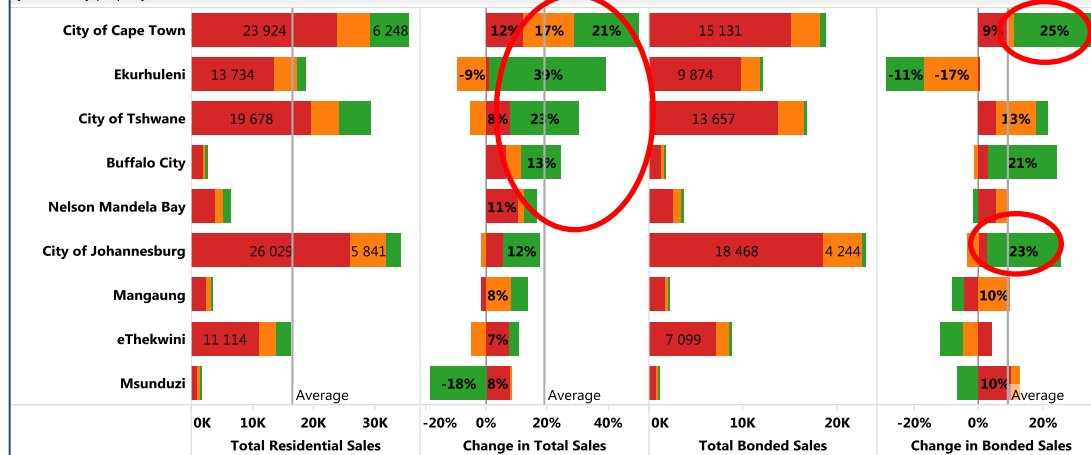


Expands – or doesn't limit - your view

Which markets are growing?

Total Sales and Change in Sales

By suburb, by property value band, 2012 - 2013

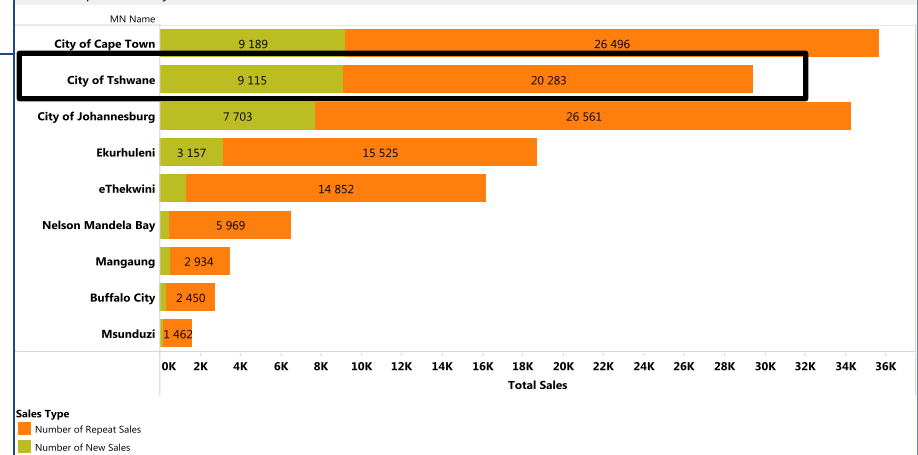


Property Value Band

Under 250
Betw 250 500
Over 500

Total Sales by Sales Type

New and repeat sales, by metro, 2013



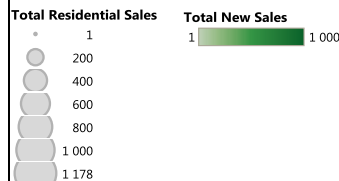
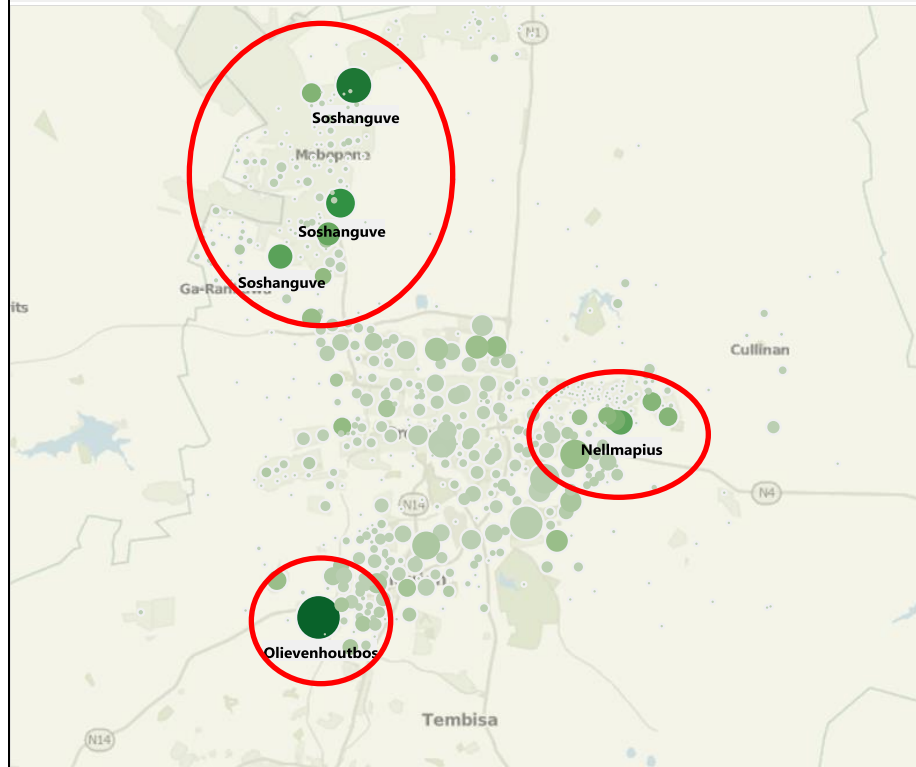
While not always the most *sales*, lower market segments are experiencing the most *growth in sales* and bonded sales

Cities can look closer at these dynamics – *where* are new sales?

Where are all these new sales?

New Sales, City of Tshwane

Sales of previously unregistered properties, by suburb, 2013



City of Tshwane Top 15 New Sales, by suburb

Suburb	Total Sales
Olievenhoutbos	1 178
Soshanguve V Ext 1	784
Soshanguve L Ext 1	536
Soshanguve Ext 13	381
Nellmapius Ext 8	372
Soshanguve East Ext 4	341
Nellmapius Ext 7	275
Soshanguve PP 1	241
Mamelodi Ext 8	225
Mamelodi Ext 18	222
Nellmapius Ext 6	207
Klipfontein	178
Elandspoort	175
Montana Tuine	164
Equestria	157

What can the city do to leverage its investment?

What is the city doing to ensure ongoing affordability?

Africa = Opportunity

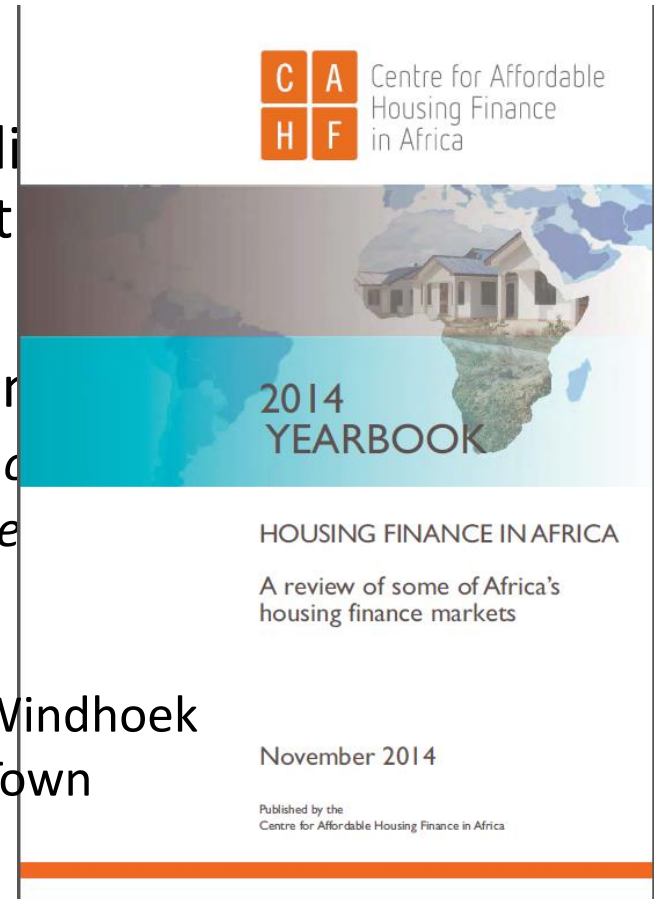
With better information, we change the picture:

- **Active:** activity outpaces overall market
- **Growing:** appreciation outpaces overall market, percentage of market share is growing
- **Greater leverage:** less lending overall, greater appreciation means more equity to leverage
- **Less risk:** more equity invested, on par payment performance

Next Steps

Support growth, clear pain points

- Make the case for better data, using findings to compel action, offer technical support
- Highlight best practice in innovation in financing
 - *If growing income gap is the climate change of housing finance, where are the green bricks of housing finance?*
- Build stronger networks
 - AUHF Annual conference, 26 – 28 October, Windhoek
 - Annual Housing Finance Course, UCT, Cape Town





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Obrigada



Join AUHF at its 31st annual conference!
26-28 October 2015 ♦ Windhoek, Namibia
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