REPUBLIC OF NAMIBIA

AFRICAN UNION FOR HOUSING FINANCE: 39TH ANNUAL CONFERENCE AND AGM, WINDHOEK

TOPIC: NAMIBI'S HOUSING SECTOR – KEY CHALLENGES AND OPPORTUNITIES

A PRESENTATION BY

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HOUSING SITUATION AND CHALLENGES

SALIENT FEATURES - CHALLENGES

- **Population** increased from 1,409,920 in 1991 to 2,324,388 in 2016 (NSA Surveys)
- **Urbanisation** increased from 28% in 1991 to 48% in 2016 (NSA Surveys)
- High influx of people from rural to urban areas and between urban areas
- Rate of urbanisation outstripping the rate at which serviced urban land and basic services as well as housing are delivered. And where such services and facilities are provided, they are often at prices and localities that majority of the needy cannot afford.
- **Proliferation of informal settlements** (improvised housing/shacks) in urban areas – 39.7% as opposed to 10.6% in rural areas (NSA NIDS,2016)
- The number of informal settlements in the country is estimated at 285, with approx. 216,250 households or 945,919 people (Community Land Information Program – CLIP, 2019).
- National housing backlog is currently estimated at 300,000 housing units (NUST, 2017) requiring and estimated N$75 billion investment to address
- 62% of estimated backlog is in the ultra-low income category (income below N$1,500) who cannot access credit from financial institutions.

RATE OF URBANISATION

AFFORDABLE HOUSING

- Investment in housing should cater for the varying needs and market segments or income levels.
- Affordable housing refers to *the provision of housing units that are priced in a manner that allow the target beneficiaries, that is the lower and middle income earners (in the informal settlement), to also be able to afford other basic living costs such as food, clothing, transport, education and medical care*.

Challenge: Affordability

INCOME GROUP DESIGNATION	2009/10 Namibian Household Income and Expenditure Survey (NHIES)					2015/16 NHIES		
	Income Deciles	% of overall Population		Average Household Size	Average Monthly Household Income (N$)	**Average Monthly Household Income (N$)**	Housing Affordability (max. 30% of income) (N$)	Affordable Loan (7.5% interest over 20 years) (N$)
ULTRA-LOW (Monthly household income range up to N$ 5,000)	1-10	15.9	62.4	7.5	1,308	**1,543**	463	57,470
	11-20	13.5		6.4	1,811	**2,565**	770	95,580
	21-30	12.3		5.8	2,167	**3,222**	967	120,040
	31-40	11		5.2	2,520	**4,004**	1,201	149,080
	41-50	9.7		4.6	2,873	**4,518**	1,356	168,320
LOW (Monthly household income range N$ 5,000-10,000)	51-60	8.8	25.1	4.2	3,434	**5,441**	1,632	202,580
	61-70	8.3		3.9	4,276	**6,857**	2,057	255,340
	71-80	8		3.8	6,063	**8,250**	2,475	307,230
MIDDLE (Monthly household income range N$ 10,000-20,000)	81-90	6.6	9.8	3.1	8,473	**11,936**	3,581	444,520
	91-95	3.2		3	14,832	**17,882**	5,365	665,970
HIGH (Monthly household income range N$ 20,000-40,000)	96-98	1.7		2.7	24,756	**29,589**	8,877	1,101,920
ULTRA HIGH (Monthly household income above N$ 40,000)	99-100	1.1		2.5	47,758	**67,337**	20,201	2,507,590

CHALLENGES – CONTRIBUTING FACTORS

- **High cost of inputs –** Importation of building materials and the impact of geo-politics and global market shocks
- **Mismatch** between
  - Urbanisation growth vs urban planning and investment
  - The types and pricing of the housing products versus the needs and affordability levels of the large section of market especially the low to middle income segments
- Exorbitant **house price inflation**
  - House prices are over-priced
  - National average property prices - N$1.06 mil (FNB Housing Index, June 2019). Majority (84%) of the working, self-employed and unemployed Namibians cannot afford houses in this price range
- Accurate real time **statistics** - National Census and NHIS

POLICY AND LEGISLATIVE FRAMEWORK

Namibia continues to experience an acute shortage of affordable housing, a situation that has reached a socio-economic crisis proportion and hence warrants an extra-ordinary public policy response

NATIONAL HOUSING POLICY 1991 (REVISED IN 2009) (UNDER REVIEW 2023)

Goal:

"To make resources available through smart partnerships for the development of infrastructure and facilities so that every Namibian family will be given a fair opportunity to acquire land with water, energy and a waste disposal system, and to facilitate access to shelter in suitable locations at costs and standards which are affordable to the family on the one hand and to the nation on the other hand."

Policy and Legislative Framework

- **The Local Authorities Act (Act No. 23 of 1992 as amended)**, that provides for local authorities to be established with the mandate of providing basic urban infrastructure and municipal services as well as to establish and administer Housing Schemes to meet the housing needs of the residents

- **The Regional Councils Act (Act No. 22 of 1992 as amended),** that provides for the establishment of regional councils with the mandate of planning development and provide basic infrastructure and services, including housing and servicing of land, in settlement areas similar to what is happening in proclaimed local authorities

- **The National Housing Enterprise Act (Act No. 5 of 1993)**, which created the National Housing Enterprise (NHE) whose object is the "financing of housing"

- **The Banking Institutions Act, 1998 (Act No. 2 of 1998)** – the loan-to-value Regulation for non-primary residential properties (to promote responsible borrowing, reduce concentration risk for commercial banks and promote preferential access to housing for first time home-buyers.

Policy and Legislative Framework…contd.

- **The National Housing Development Act, 2000 (Act No. 28 of 2000)**, which provides for the establishment of Housing Revolving Funds (Build Together Programme) under the administration of Regional Councils and Local Authorities as well as a National Housing Advisory Committee, with members drawn from the public and private sectors, community groups and other stakeholders, to advise the Minister on housing related issues in the country
- **The Flexible Land Tenure Act of 2012 (Act No. 4 of 2012)** that facilitates land ownership and consequently proper housing to informal settlement dwellers
- **The Public Private Partnership Act of 2017 (Act No. 4 of 2017)** that provides a legal framework for PPP projects
- **The Urban and Regional Planning Act, 2018 (Act No. 5 of 2018)**, which replaced the two ordinances (Townships and Division of Land Ordinance, 1963 (Ordinance 11 of 1963) and Town Planning Ordinance, 1958 Ordinance 11 of 1958). The Act provides for integrated and uniform spatial planning as well as a simplified and decentralised process of approval of township establishments in the country.

PROGRAMMES

- **Mass Housing Development Programme (MHDP)**
  - Adopted by Cabinet in 2013 to serve as the umbrella programme on land and housing development
  - 4,130 housing units constructed

PROGRAMMES

MHDP - Components (Sub-programmes)

- Land delivery – Land use planning, design and infrastructure development (reinforced through the introduction of the Massive Urban Land Servicing Project);
- Development of credit-linked or conventional housing products;
- Development of social/subsidized housing;
- Informal settlement upgrading;
- Community-based housing development;
- Rural housing and sanitation; and
- Reform of the legislative, regulatory and policy environment as well as capacity building related to housing and land delivery

PROGRAMMES

MHDP - Mixed Funding Model

- Government grants and subsidies;
- Public Private Partnerships (PPPs);
- Debt financing by local and foreign financial institutions; and
- Group (community-based) savings and lending schemes

PROGRAMMES …contd.

MHDP - Types of housing products

- Conventional or credit-linked housing units,
- Rental accommodation,
- Social/subsidized houses,
- Detached or semi-detached,
- Sectional titles; and
- High rise accommodation units (Flats)

OPPORTUNITIES

“Housing is an investment opportunity: everyone need somewhere to live” (Centre for Affordable Housing Finance in Africa - CAHF)

HOUSING SECTOR AS A PUBLIC GOOD

- Economic growth and job creation (backward and forward linkages and labour intensive construction)
- Local manufacturing of building materials and introduction of alternative building technologies
- Sustainable human settlements
- Financial/income earning asset – can be traded for money/ as security
- Financial intermediation

OPPORTUNITIES

ENABLERS

Political will and support

- Continuous **budgetary allocations** towards land servicing and social housing development;

- Conducive policy, Legal and regulatory environment and framework for investment in land and housing delivery through national development and policy instruments such as the **National Development Plans, Harambee Prosperity Plan, Mass Housing Development Programme and Massive Urban Land Servicing Project as well as Public Private Partnerships.**

- **Reform of policies and laws dealing with land and housing**.

OPPORTUNITIES

- In addition to investment in housing construction, Local authorities and the National Housing Enterprise (NHE) have **large tracks of un-serviced and partially serviced land** for which they are seeking affordable private funding and partnerships.

- NHE and local authorities have **long waiting lists of clients and residents who are in need of affordable housing**

- **Public Service Home Owners Scheme** - A total of 115,224 staff members eligible under the scheme, 99,377 do not participate in the scheme, of which the majority is in the low to middle income category accounting for 83% (2019)

- **Oil and green hydrogen developments** – Housing and related infrastructure

Policy and Legislative Framework

- **The National Housing Policy 2009** (under review)
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Key Role Players

- **Government and Statutory Bodies**
  - Central, Regional and Local Government
  - National Housing Enterprise (NHE)
  - Government Institute Pension Fund (GIPF)
  - Development Bank of Namibia (DBN)
- **Private Sector**
  - Commercial Banks
  - Property Developers
  - Estate Agents
  - Conveyancers
  - Consulting Professionals
- **Civil Society**
  - Community Based Organisations (CBOs), such as the Shack Dwellers Federation of Namibia (SDFN)
  - Non-governmental Organisations (NGOs) – Namibia Housing Action Group (NHAG)
- **International Partners** – SHAF, AfDB, AUHF, CAHF

END

THANK YOU