

MORTGAGES AS A TOOL IN CREATING 500,000 HOUSING UNITS BY 2016

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April 2013**



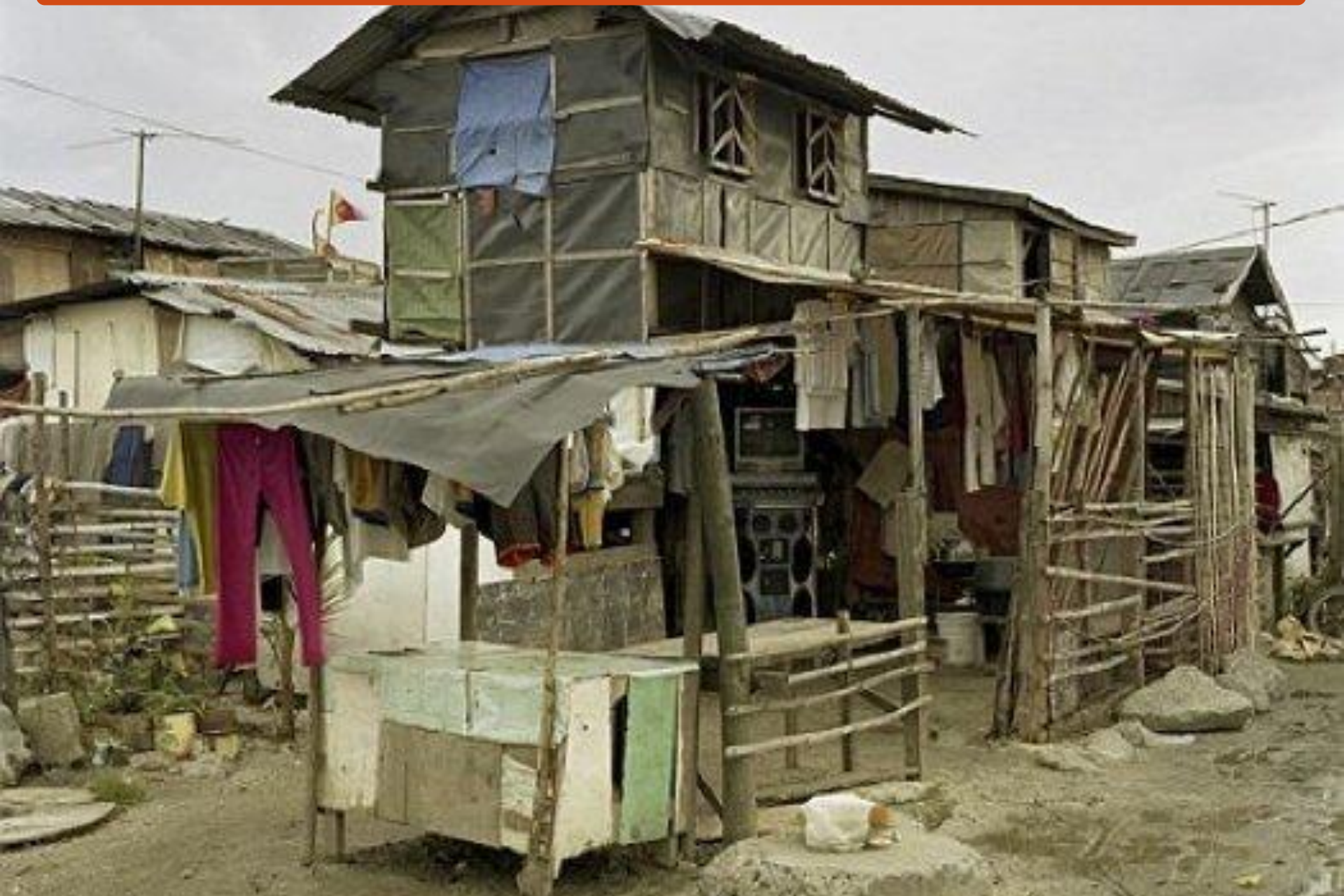
“..... every single individual on earth has the potential and the right to live a decent life”

- Prof Yunus Mohammed, Nobel Laureate

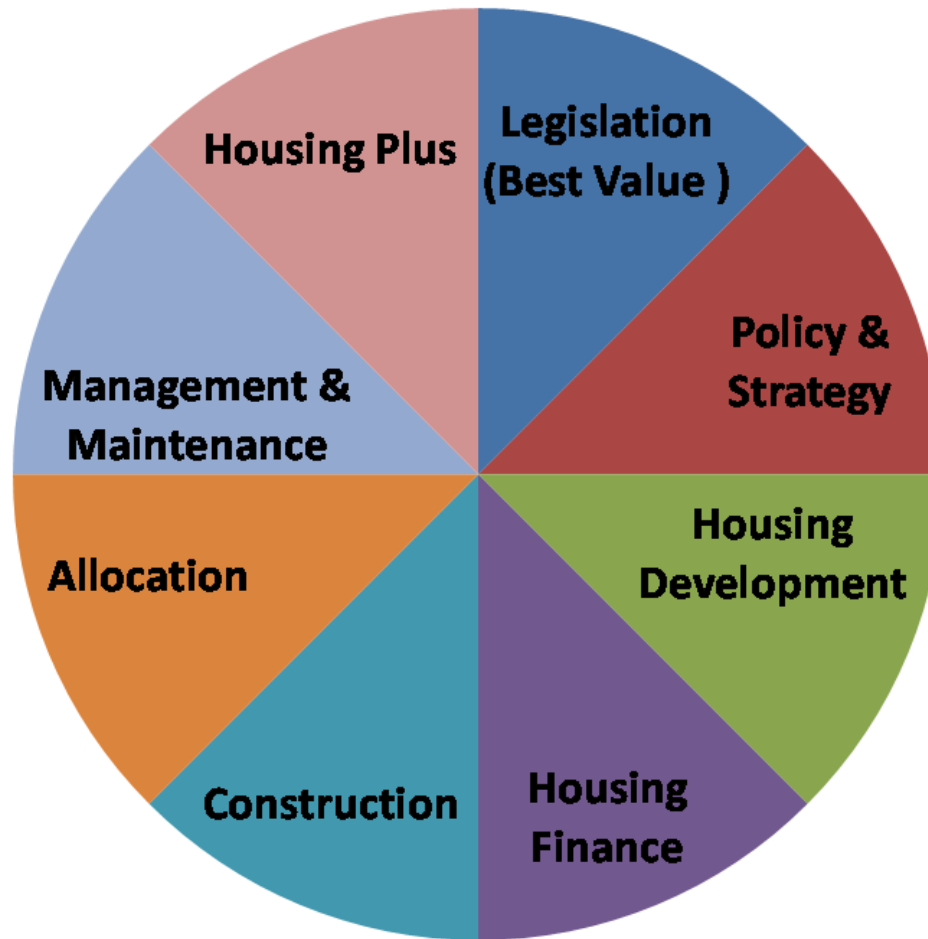
Is this decent housing.....?



What about this.....?



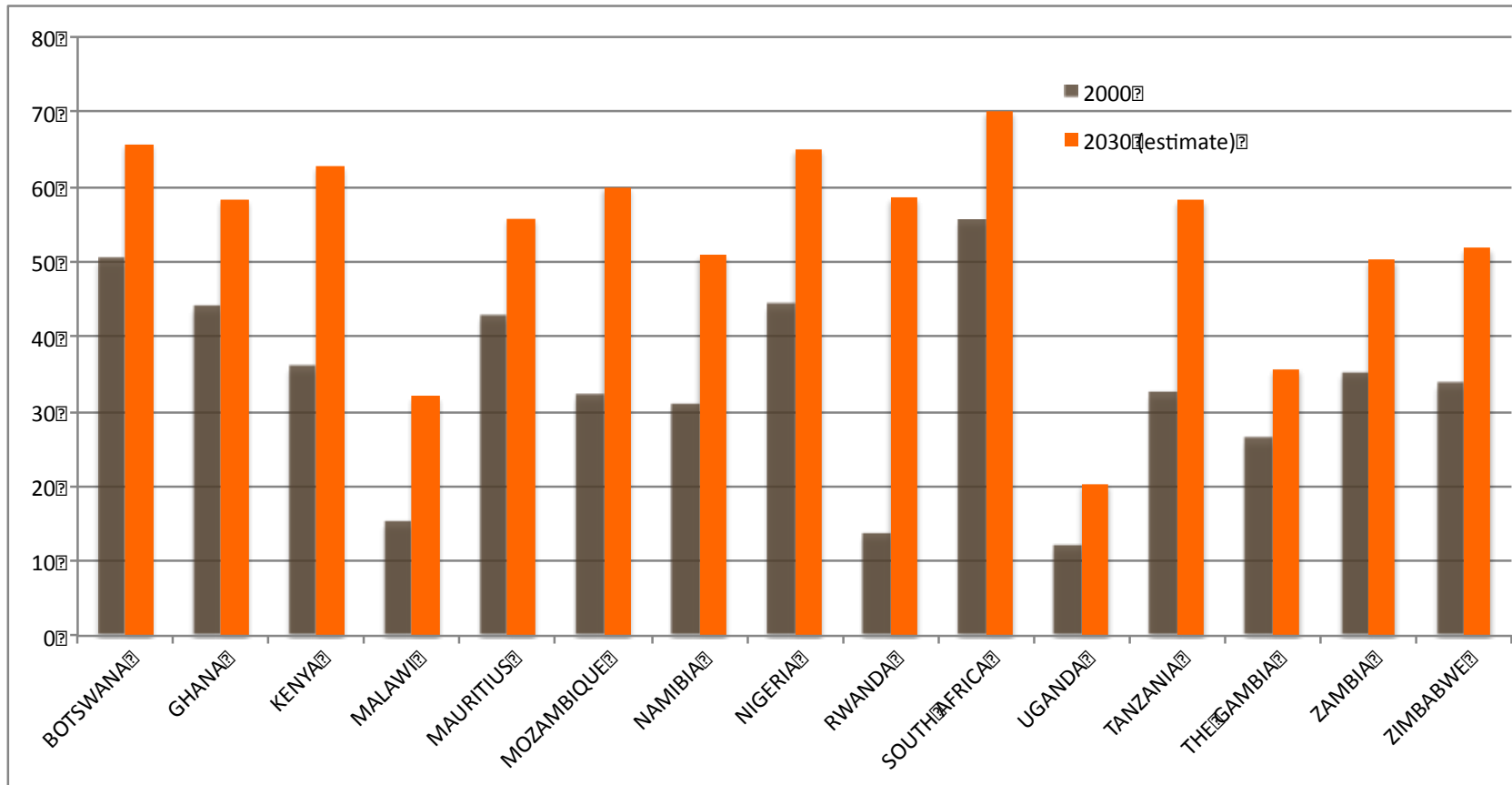
The Housing Mix



Slide Source: AREHF ACADEMY/ConsultASH

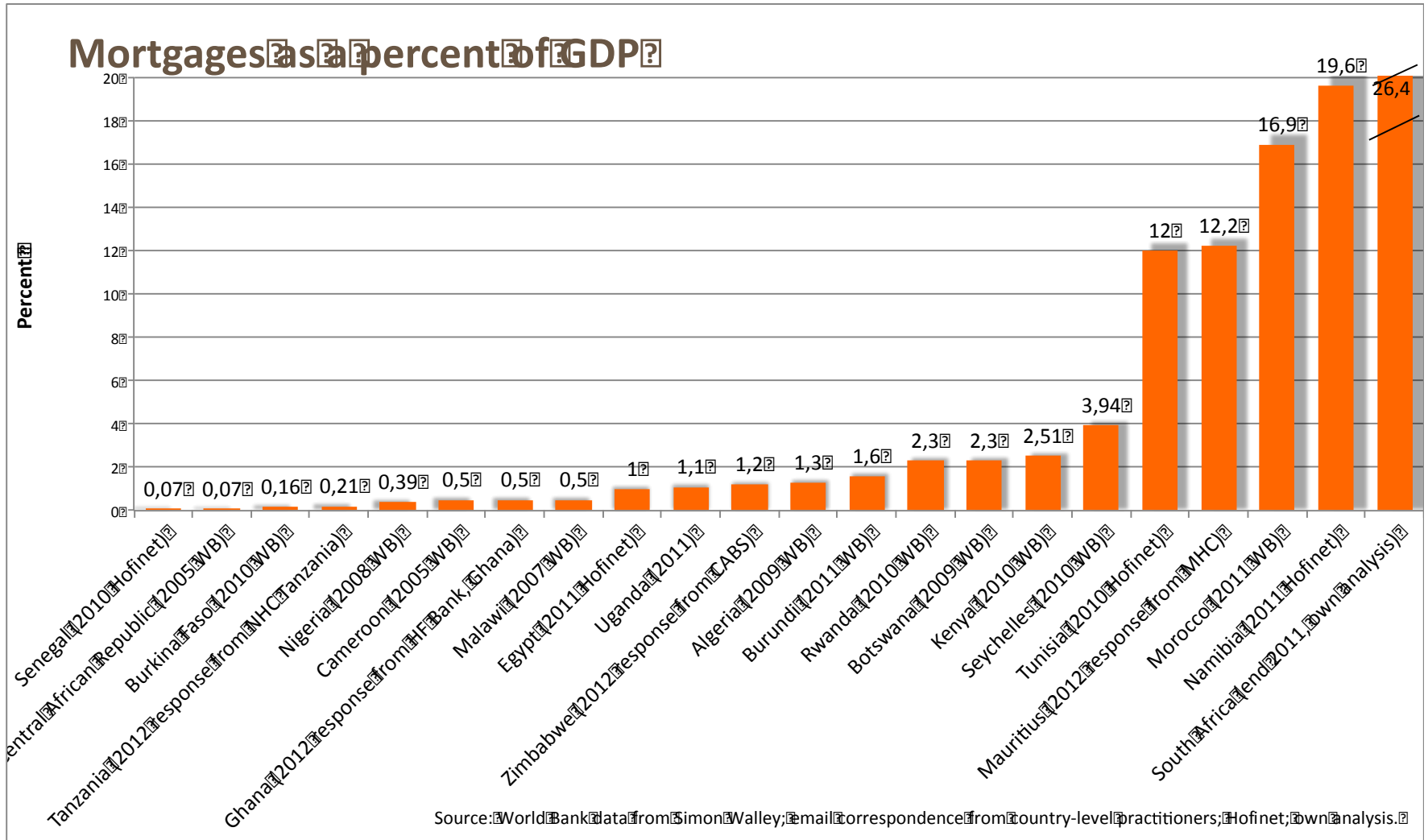


Increasing Urbanization....



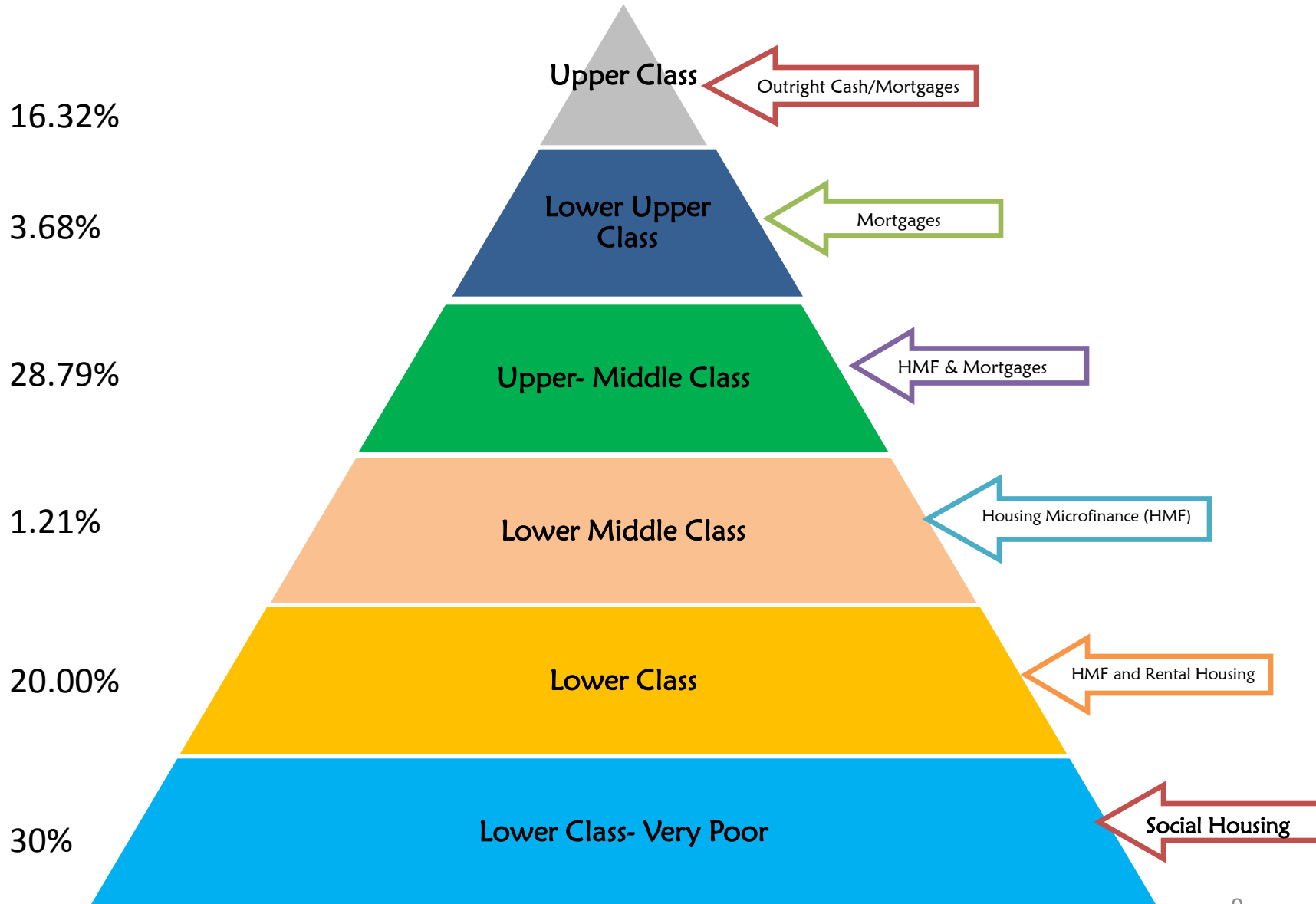
Source: UN-Habitat (2005) Financing Urban Shelter. Global Report on Human Settlements.

.....But, tiny mortgage market



Slide source: Centre for Affordable Housing Finance in Africa

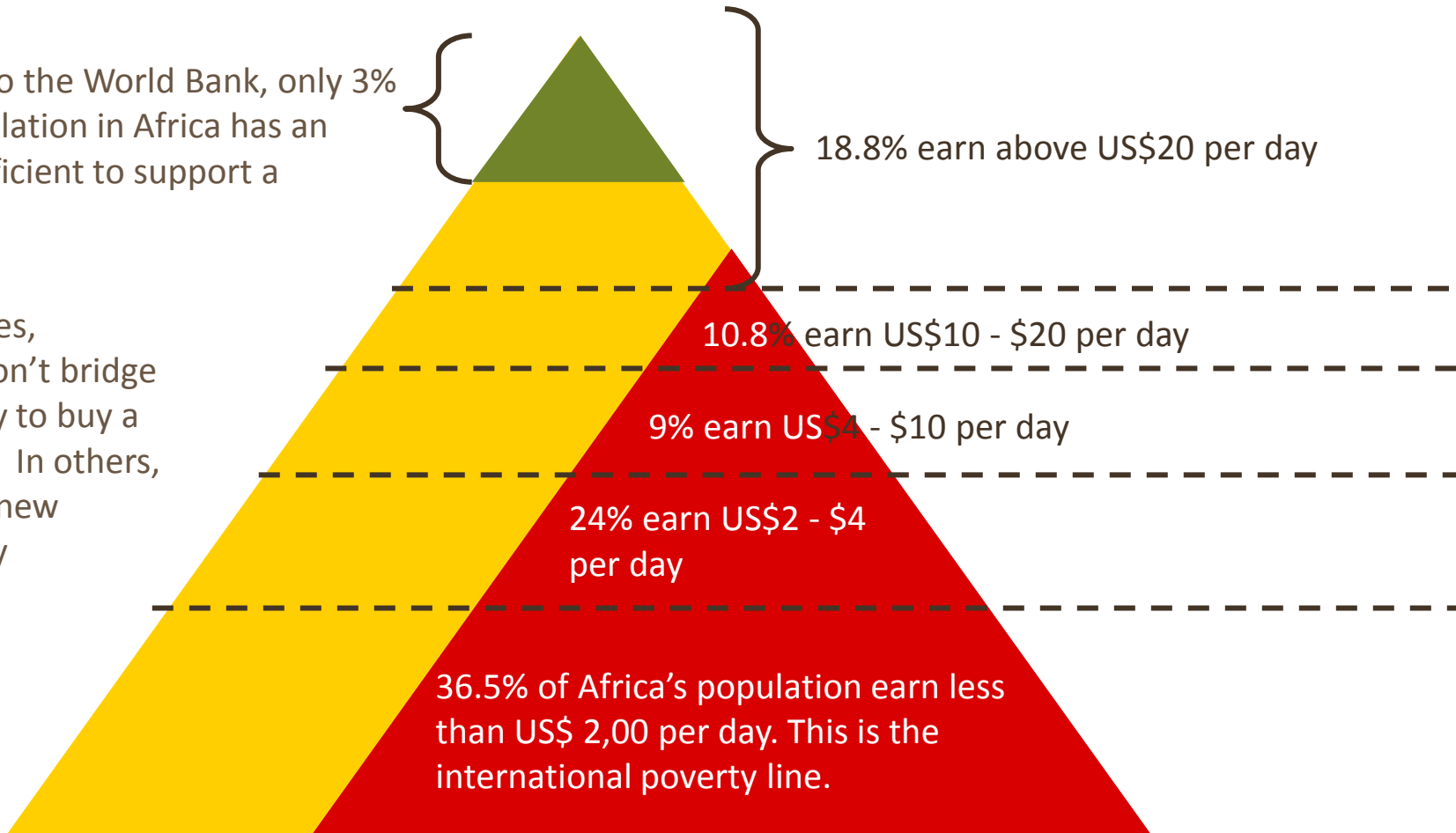
Income Class Pyramid Vs Access to Housing Finance



Affordability in Africa

According to the World Bank, only 3% of the population in Africa has an income sufficient to support a mortgage

In most cases, subsidies don't bridge affordability to buy a new house. In others, they cause new affordability challenges.



Slide Source: Center for Affordable Housing Finance, 2012

In part, this has to do with low levels of affordability for mortgage finance

Supply Gaps

- Focus
- Concepts
- Finance
- Infrastructure
- Regulations

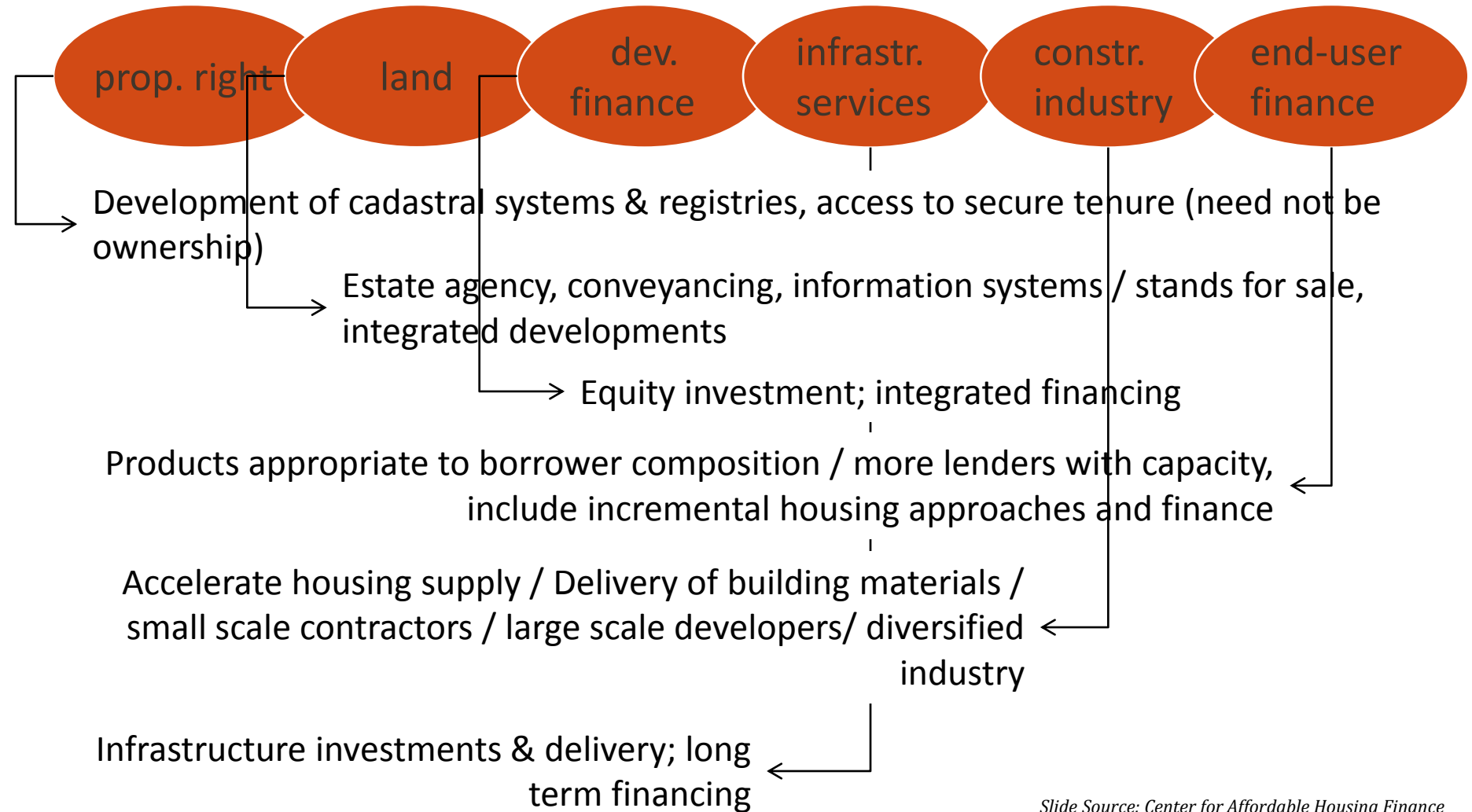
Demand Gaps

- Long Term Finance
- High Interest Rate
- Regulations

- Public sector funding is predominantly inadequate
- Available private sector funding are shallow & short term in nature
- Foreign capital available but inaccessible by developers

- Mortgage credit culture at best is poor
- Available mortgage alienates the poor & low income people
- Microfinance banks in the region are still young and currently focusing on working capital needs of poor
- Existing funding pool not adequate for mortgage

Pursue interventions along the value chain



Slide Source: Center for Affordable Housing Finance

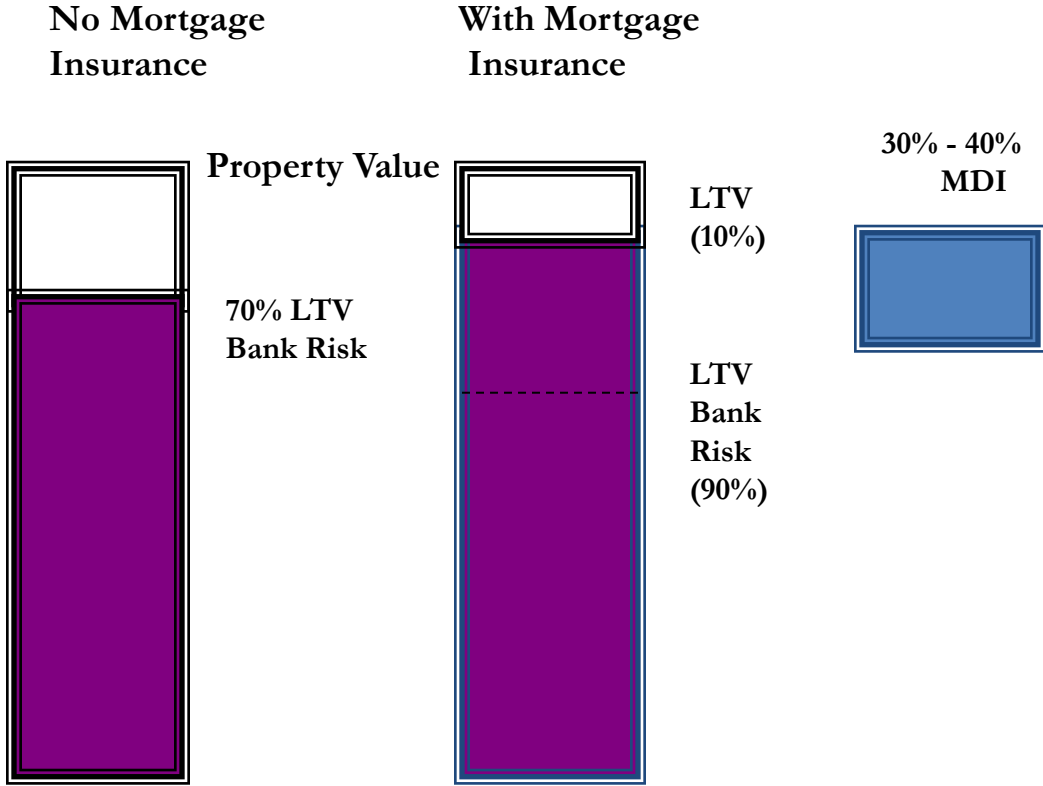
Government and DFIs need to get past the narrow silos of finance, land & housing

POSSIBLE SOLUTIONS



- there's need for the “right” housing product – *innovation*
- there's need for the “right” finance – *innovation*
- low income people can afford virtually any product/ service if it's “right”
- low income people can/do borrow and repay, at the “right” time

Mortgage Default Insurance



Private Sector:

- Develop more effective “partnership relationships” with the public sector
- Use of local material to reduce construction cost
- Strengthen professional associations and provide relevant practical training

Public Sector:

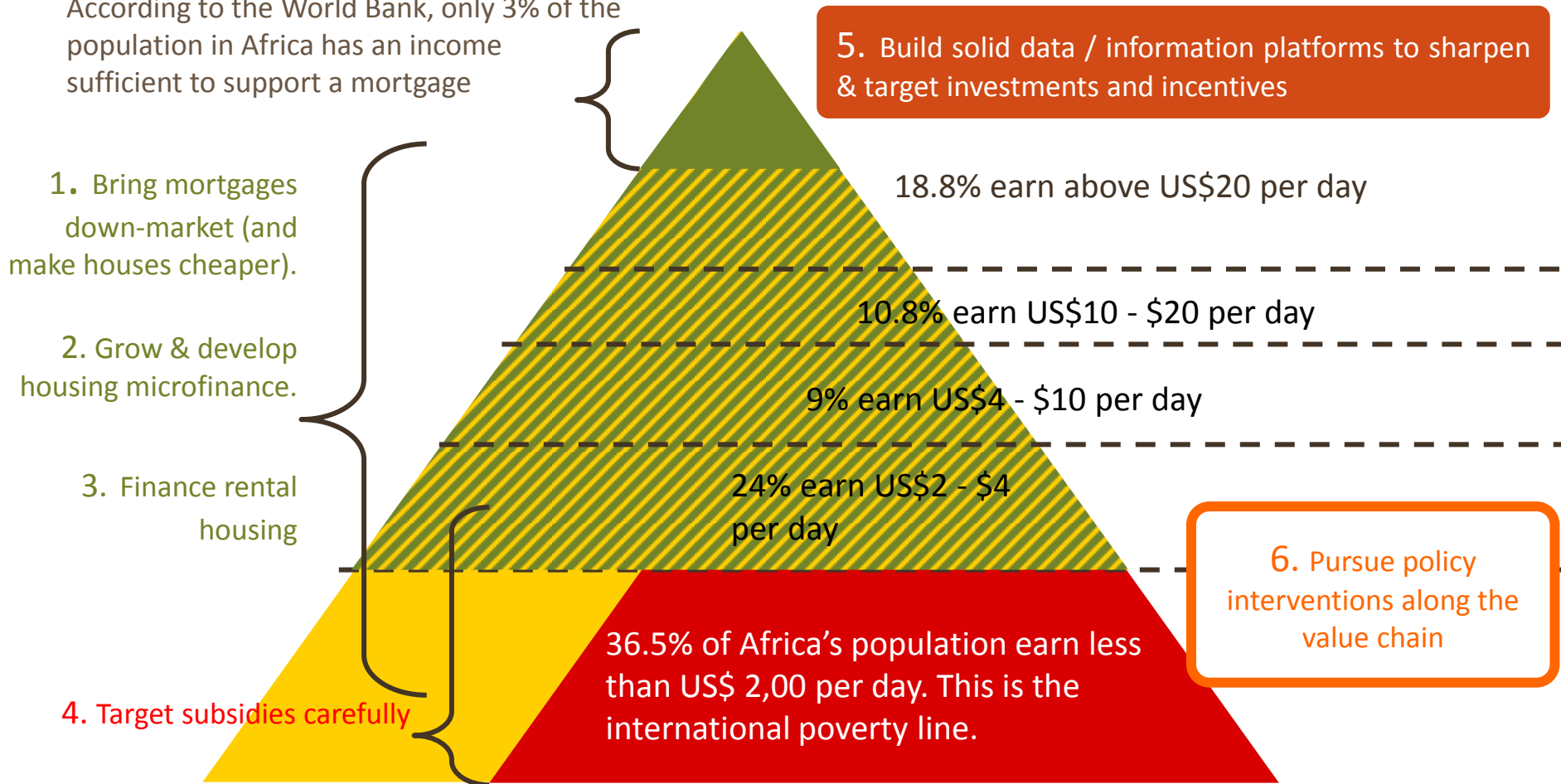
- Raise priority of Housing issues at a national level
- Follow through on legal and regulatory reforms including land titling, registration and planning regulations so as to facilitate private sector investment
- Strengthen public institutions at national, regional and local levels
- Increase transparency and muster the political will necessary to carry out sound policy and tackle corruption

FINANCIAL SECTOR:

- Capital markets and NBFIs as a solution to long term funds
- Risk Capital investment in carefully selected developers
- Technical assistance and capacity building for developers
- Explore creative options for financing housing and related infrastructure
- Expand Housing Finance, particularly for lower and middle income families

Holistic Structural & Institutional Intervention

According to the World Bank, only 3% of the population in Africa has an income sufficient to support a mortgage



Source: Center for Affordable Housing Finance in Africa / AfDB Report on the middle class

.....And Hopefully



.....we can achieve
500,000 units by 2016

.....Keeping their smile, and profitably too



Thank you

Q&A

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April 2013

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