



Institute for Public Policy Research

## **Motion on Provision of Housing to Employees**

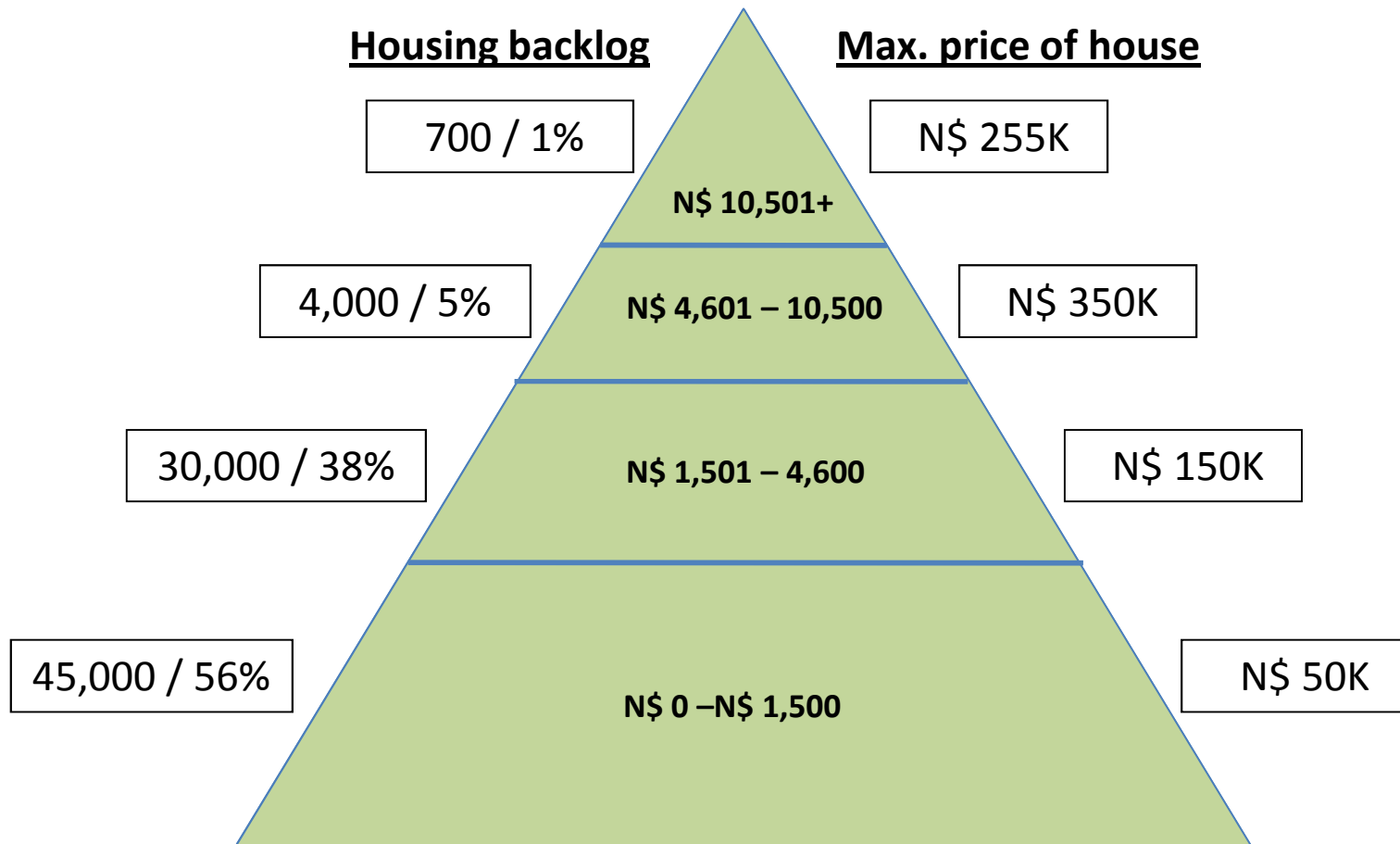
Presentation to the National Assembly Standing  
Committee on Human Resources, Social and  
Community Development

March 22 2011

# Current Situation

- Housing policy in place, with programmes such as Build Together and National Housing Enterprise (NHE)
  - Non-governmental initiatives such as Shack Dwellers' Federation and Clay House project have been successful in delivering housing for limited numbers in low income groups
  - Requirements for obtaining mortgages from banks eased
  - Regulating authority on valuation is being set up, further regulation to follow
  - 2011/12 budget announced housing and sanitation as government priorities
- ➔ However, a backlog of > 80,000 houses still persists

# Income and Housing Availability



# Key issues

- Availability of serviced land
  - Affordability
  - Lengthy process
  - Lack of infrastructure
- Expensive construction
- Housing seen as a consumable good

# Budget and Housing

- Housing and sanitation priority area:
  - N\$ 2.8bn assigned over MTEF budget period
- Injection of capital into NHE to buy virgin land
- Increases compared to last year's budget:
  - 2011/2012: 85% increase
  - 2012/2013: 64% increase
- But: target for construction remains the same (1,300)!

# Example 1: Security Guard

- Security guard earning N\$ 2,000 a month
- Options:
  1. Community savings groups, such as Shack Dwellers Federation
    - Save 5% deposit
    - Access Twahangana fund for house of around N\$ 25K
  2. Build Together Programme
    - Households less than N\$ 2,000
    - Max amount N\$ 32,000
  3. Employer gets involved, minimises repayments
    - Employer deducts payments and acts as guarantor to bank
    - Restructure pay to include housing allowance
    - House for around N\$ 70,000

## Example 2: Administrative assistant

- Administrative assistant earning N\$ 4,500/m
- Options:
  1. NHE core house of N\$ 90,000
    - Additional cost of land: WHK: N\$ 65,000
    - Repayment around N\$ 1,400 a month
    - If MTEF's N\$2.8 b used for NHE - only 18,000 houses
  2. Commercial bank
    - Additional cost of land: WHK N\$ 65,000
    - Repayment around N\$ 1,328 a month
    - 18,000 at any given time

# Housing Options

	<b>Security Guard</b>	<b>Admin Assistant</b>
Income	N\$2,000	N\$4,500
Housing loan	N\$70,000	N\$150,000
Installment	N\$698	N\$1,498
Prime less 1% (surity given)	N\$652	N\$1,398
Housing allowance	N\$652	N\$1,328



# But....

- These options exist, but supply of houses is low:
  - Large waiting list for low-cost schemes, such as Shack Dwellers' Federation and Clay House project
  - NHE has delivered only about half of houses compared to targets
  - Consumers accumulate savings while waiting

# Options for Change

- NHE (or other body) to assist in servicing land
  - Budget is allocated
  - But also need to ensure that Local Authorities can do this in future
- Building capacity of local authorities
- Cut red tape / make process less bureaucratic and less lengthy
- Alternative materials (such as Clay House project) and methods (solar energy). Especially suitable for low-cost housing.
- Govt to set up deduction code for employees' mortgage contributions
- Conditions for private developers: have to deliver also low cost housing as condition (also aids integration)
- As per Housing Policy: government to set up the promised Home Loan Guarantee Trust
- Reduce minimum erf size from 300sqm to 200sqm (in housing policy)

# Further research ongoing

- IPPR
  - Currently reviewing delivery of housing
  - Results expected June/July
- Bank of Namibia
  - Research in preparation for conference later in 2011
- Further research required on:
  - Process of land servicing
  - Cost drivers thereof

# Thank you

For more information contact:

Institute for Public Policy Research

14 Nachtigal Street, Windhoek

Tel: +264 61 240514; Fax: +264 61 240516

Email: [info@ippr.org.na](mailto:info@ippr.org.na)

Website: <http://www.ippr.org.na>