

AN ASSESSMENT STUDY ON THE PROVISION OF AFFORDABLE HOUSING IN

NAMIBIA: THE CASE STUDY OF WINDHOEK

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Abstract

Affordable housing is one of the most important economic indicators of a country. The shortage of affordable housing is not only limited to the city of Windhoek but affects the country as a whole. A major concern pertaining to affordable housing is that it affects mostly the less privileged people in the population who are in the low and middle income groups. The study focused on the shortage of the affordable housing supply in Windhoek. Combination of quantitative and qualitative approaches were employed to conduct the research. The quantitative aspect researched on how low and middle income groups are affected based on the numerical variables while qualitative approach focused on the in-depth understand on the opinions and perspectives leading to low housing affordability. The main targeted respondents were the low and middle income groups, housing supply institutions and commercial banks. A selected sample of respondents from low and middle income groups was chosen based on their respective locations namely: Wanaheda, Okuryangava and Goreangab to represent low income and Khomasdal, Windhoek West and Hochland to represent middle income groups. This study used primary and secondary sources to identify major impediments towards the provision of affordable housing in Windhoek. The main research instruments employed to collect information was the questionnaire and an interview guide with selected representatives from the sample. The main purpose of the study is to identify factors that limit supply of adequate and affordable housing in Windhoek, identify challenges and

obstacles housing supply institutions and individuals face as a result of inflated housing prices. The study concluded that scarcity of serviced land and financial constraints are the main contributing factors to shortage of affordable housing. Research recommends comprehensive and enforceable housing policies, programmes and the related strategic actions to be taken to ensure development of an appropriate housing provision system. Furthermore developing an appropriate law and regulations structure that governs provision of affordable housing, its development, infrastructure and funding, use of cheaper construction materials and technologies can improve and increase the provision of affordable housing in Windhoek.

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Acronyms

FNB -First National Bank

MRLGHRD -Ministry of Regional and Local Government

DBTP -Decentralized Build Together Programme

NHE -National Housing Enterprise

BTP -Build Together Programme

CHDG- Community Housing Development Groups

NHAG- The Namibia Housing Action Group

NGO -Non-Government Organisations

SDFN- Shack Dwellers Federation of Namibia

CHP- Clay House Project

NAHB-National Association of Home builders

DBTP-Decentralised Build Together Programme

CHDG- Community Housing Development Groups

NPC- National Planning Commission

CEO-Chief Executive Officer

MHDP- Mass Housing Development Programme

NDP4- Fourth National Development Plan

SPSS-Statistical Package for Social Sciences

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Declarations

I Daria Dorose Gabone a Master of Business Administration (Finance) student hereby declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree at any other institutions. Except where stated otherwise by reference or acknowledgment, the work presented is entirely my own.

Daria Dorose Gabone

Date

Chapter 1

Introduction

1.1 Background of the study

Since Namibia's independence in 1990, shortage of affordable housing for low income earners has been seen as political issue and as one of the key challenges for the Namibian Government and various Local Authorities (Kalili, Adongo, & Larson, 2008). According to the December 2015 First National Bank (FNB) Housing Index, the median house price for 2015 was N\$800 000 (about US\$5 6125), up from N\$700 000 (US\$49109.67) by a private developer in 2014. The annual median housing price for Namibia has been increasing by a percentage of 14.29 percent per year. Hence the relative change from NS\$640 000 (about US\$44 900) in 2014 to NS\$700 000 (about US\$49 109) in 2015 (FNB, 2015).

Besides being influenced by poor land delivery, the price growth is also a result of increasing demand due to increase in the labour force. The potential introduction of new taxes, higher interest rates and higher inflation of basic goods which will impact consumers' disposable income pose further downside risks to this sector (FNB Housing Index, 2015). Housing is a basic necessity to which we should all have access to ensure that Namibian people are able to achieve a reasonable standard of living there must be adequate provision of and access to affordable and appropriate shelter. Provision of affordable housing is one of the key challenges facing policy makers in Namibia. By 2007, the country faced a backlog of 80,000 household's entire need of

housing. There are reasons to believe that this figure has increased since then as manifested in the growing number of informal settlements on the outskirts of most towns in the country (Mwilima, Filipus & Fleermuys, 2011). The National Housing Enterprise, a state-owned company mandated to provide housing solutions in order to alleviate the national housing need, faces a backlog which is estimated to be around 110 000 and growing at an annual rate of 3 700 units. The National Housing Enterprise waiting list has dramatically increased from 18 000 in 2013 to 76 800 in 2016 (Bank of Namibia, 2015).

About 74 percent of Namibian households cannot afford conventional housing as access to credit remains difficult. The “Getting Credit” section of the World Bank’s Doing Business 2016 report ranks Namibia at 60 out of 189 countries. Low incomes and high costs for servicing of land have excluded many poor people from acquiring land and constructing their own houses. This is evident in that towards the end of 2015 the average price per square meter was N\$472 (about US\$33.30) for new property coming into the market.

The main factor contributing towards housing shortage is the inadequate housing supply which failed to keep up with growing demand over the years. The housing shortfall is further amplified by the prevailing high unemployment rates, rising house prices and the growing trend of urbanization in the country, amongst others (Mwilima, Fillipus & Fleermuys, 2011). The demand for housing has been rising at a fast pace, while supply has not been growing at the same rate. This situation has resulted in high house prices, raising the

question whether these prolonged price increases will be sustainable and affordable over the long-run, the demand for housing has been rising at a fast pace, while supply has not been growing at the same rate (Mwilima, Phillipus & Fleermuys, 2011).

1.2 Statement of the problem

House prices increased by 29% year on year to bring the FNB House Price Index to 234.7 index points through June as house prices continue to increase in 2014 at a much faster pace than the long term trend over the past seven years. According to Kaira (2014) Namibia ranks second in the world as the most expensive country in which to own a house. Windhoek in particular, has the second highest house price increase in the world after Dubai according to the Knight Frank Global House Index (Wallis, 2014). Due to its increasing population in Windhoek access to affordable housing is becoming increasingly difficult. There is currently a severe and immediate need for increase of resources to be able to supply affordable housing in Namibia and these needs will continue to increase in the future. Affordable housing is a necessity in every area of Namibia. Unfortunately, the need for this housing is not being met by majority of the Namibians.

The provision of affordable housing remains as one of the country's fastest growing and most pervasive housing challenge. Thus study will be conducted in Windhoek with the general objective of assessing housing supply and its affordability with special reference to residential

housing. Researcher will examine factors that have contributed to the shortage of affordable housing supply and why the majority of the Namibia population are finding it difficult to purchase or own their own homes. The study will also investigate the challenges faced by the housing supply institutions that is preventing them from increasing the supply of affordable homes.

1.2 Main Objective

The main objective of the research is to assess the provision of affordable housing in Namibia focusing primarily on Windhoek. The study investigated the shortage of affordable housing in Windhoek and how this problem can be addressed to improve living standards for the low and middle income groups.

1.3 Research Questions

These objectives were addressed through answering the following research questions.

- i. What factors have contributed towards the shortage of affordable housing in Windhoek?
- ii. What are the key challenges associated with the supply of affordable housing in Windhoek?
- iii. Is there synergy between policies governing the supply of housing and the government housing policies?

- iv. What are the long term goals and strategies to overcome and improve housing affordability?
- v. What challenges do low and middle income groups face to acquire affordable housing?

1.6 Significance of the study

This study provides information to the town's administrators that will facilitate the formulation of operational plans and strategies based on the existing realities in order to facilitate supplying of affordable housing to meet the needs of the majority low and middle income Namibian people. The study will create awareness among housing supply agents especially for local governments and public housing agencies about socio-economic impact of the affordable housing for the affected groups. Research aims to stimulate an academic inquiry that will lead other researchers to expand the knowledge and insight into Housing affordability issues using the findings that will be presented herein, complemented by other existing body of knowledge as the basis.

1.7 Limitation of the study

The study is limited to Windhoek, leaving the other parts of Namibia where there might be a similar or related scenarios. The size of the sample in this study will be inadequate for generalisation to population. Other limitations may include timing constraints whereby the research

was expected to complete within a specific timeframe. Not all individuals agreed to be interviewed and others refused to disclose certain information.

1.8. Conclusion

The Chapter highlighted the different topics that will be addressed while investigating the factors that affect the provision of affordable housing In Windhoek. The essence of investigating these factors is to aid the government and financial institutions in form of policy recommendations, to introduce various tools that would be investment friendly and encourage the banks to lend towards property acquisition at affordable and reasonable rates. The objectives of the study and research questions developed in this chapter, is to be used to aid research and draw logical conclusions. These conclusions will contribute to the process of developing better housing affordability measures that will more readily reflect the housing realities and needs of households of the low and middle income groups in Windhoek.

Chapter 2

Literature review

2.1 Introduction

This chapter provides a theoretical and conceptual framework of the study. The theory played an essential role in this research as it guided the development of research questions, methodologies and interpretation of results. Utilisation of theory is necessary for the advancement of knowledge (Steggell et al. 2003). Furthermore theories explain the phenomenon that is studied whilst providing answers to questions and problems before confirmation by the researcher. Conceptual framework is intended to assist the researcher in developing awareness and understand of the topic under research. It is a visual presentation of ideas used to explain the relationship between different variables. The literature will thus review theories applied in housing research and analyze theories that explain housing affordability problems and solutions in other developing countries.

2.2. What is housing affordability?

A review of the literature reveals there is no exact definition of housing affordability; Linneman and Megbolugbe (1992) stated that “talk of housing affordability is plentiful, but a precise definition of housing affordability is at best ambiguous” (p. 371), leaving unsolved issues. Stone (2006) explained that “affordability is not a characteristic of housing—it is a *relationship* between housing and people” (p. 153). In

general, housing affordability is seen as a relationship between housing costs and income.

“Housing affordability is a tenure- neutral term that denotes the relationship between household income and expenditure on housing costs” (Milligan & Yates, 2007). The increasing decline in housing affordability for lower income households, as the percentage increase in housing costs outweighs the increase in household incomes. Affordable housing is terms used to describe dwelling units whose total housing costs are deemed "affordable" to those that have a median income. Although the term is often applied to rental housing that is within the financial means of those in the lower income ranges of a geographical area, the concept is applicable to both renters and purchaser's in all income ranges.

Housing affordability is the relationship between households and housing. Affordability expresses the challenge each household faces in balancing the cost of its actual or potential housing and its non-housing expenditures, within the constraints of its income (Stone, 2006). Despite its growing relevance, there is still no common consensus on how best to conceive and measure housing affordability. Hulchanski (1995) argues that housing affordability has become a common way of summarizing the nature of housing difficulty. It reflects the trade-off between housing expenditures and expenditures for non-housing goods income and housing expenditure (Kutty, 2005).

Affordable housing is terms used to describe dwelling units whose total housing costs are deemed "affordable" to those that have a median income. Although the term is often applied to rental housing that is within the financial means of those in the lower income ranges of a geographical area, the concept is applicable to both renters and purchasers in all income ranges. MacLennan and Williams' study (as cited in Hancock, 1993) reveals that: Affordability is concerned with securing some given standard of housing (or different standards) at a price or a rent which does not impose, in the eyes of some third party (usually government) an unreasonable burden on household incomes. Nowadays, many scholars (Hancock, 1993; LAU & Li, 2004; Yang & Shen, 2008) agreed to recognize housing affordability should be measured as the households' ability to pay housing costs without imposing constraints on non-housing consumptions. A household is said to have a housing affordability problem if disposable income after subtracting non housing costs cannot meet the acceptable housing cost.

2.3 Conceptual framework on home ownership

This study adopted a theoretical model which was also adopted by Mostafa, Wong, and Hui (2003). Thus this model was used for housing ownership provision towards housing affordability in the context of Windhoek and to provide recommendations on the method and mechanisms for the supply of affordable housing. This model tries to establish that housing is not only a commodity for speculation or

investment but rather a home where we can exercise our rights and link ourselves to the community. The main components of the model are housing affordability, housing provision, state and market.

According to the concept by Kenney (1992), figure 1 develops a linkage between those components broken into three parts namely household, dwelling and locality. All these three components are interlinked. Housing affordability is not only related to household but also have a relation with dwelling and locality in different aspects. In the basic framework of the proposed model, in terms of affordability household and dwelling are related to household income and housing price or rent. The dwelling and locality is related to affordability through infrastructure and community facilities, and the locality related to household with tenants' choice and quality of housing. All these components come together to determine household affordability. Fig 1 below shows how the different components are linked to housing affordability.

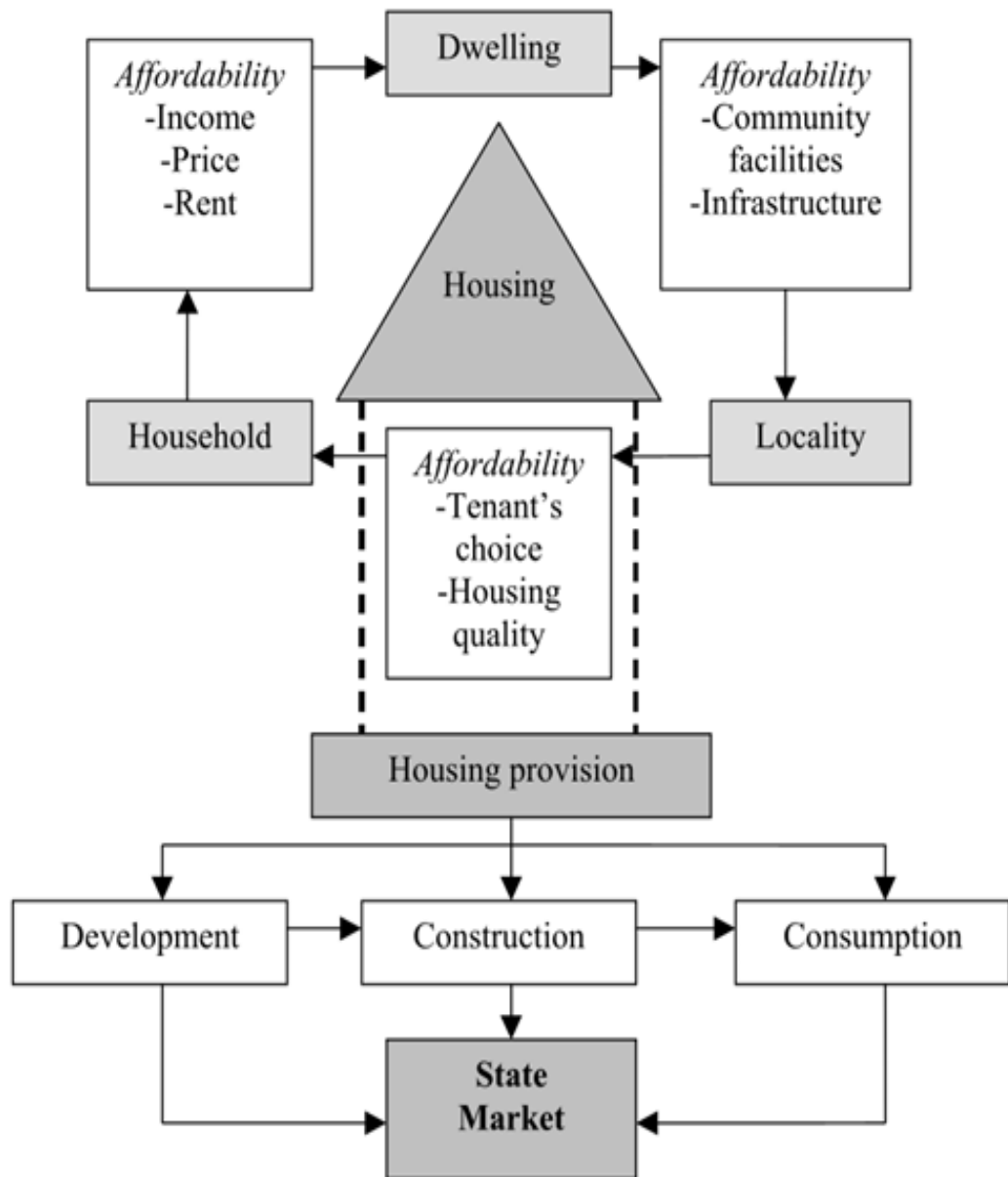


Figure 1: Basic framework of the different components of the proposed conceptual model (Source: Conceptual frameworks, Adopted from Mostafa, Wong, and Hui (2003)).

Figure 2. Proposes the role of state, market and household towards affordability. It shows the lower income groups and a portion of middle income group has created housing need, on the other hand upper income groups create housing demand which means that the higher income groups can afford anything being offered on the market at any price. Government should concentrate on providing housing for the low and middle income groups and let those who can afford housing due to higher incomes to the market prices. Government can achieve this by providing more affordable housing schemes at relatively low prices for the masses whose incomes are low.

The model proposes that state intervention should focus on housing needs of lower and medium income groups while the high income groups housing demands can be market driven. High income groups can afford the houses at any given market price while the low income groups struggle for housing at the market rate. The government should focus on providing housing for those that need it the most as they cannot afford market prices. Government subsidy policies can assist by making provision for rent subsidies, housing allowance, tax relaxation, interest rate control to help the middle income groups. Figure 2 below shows the links between government/state and the different income groups' needs/ demands for housing.

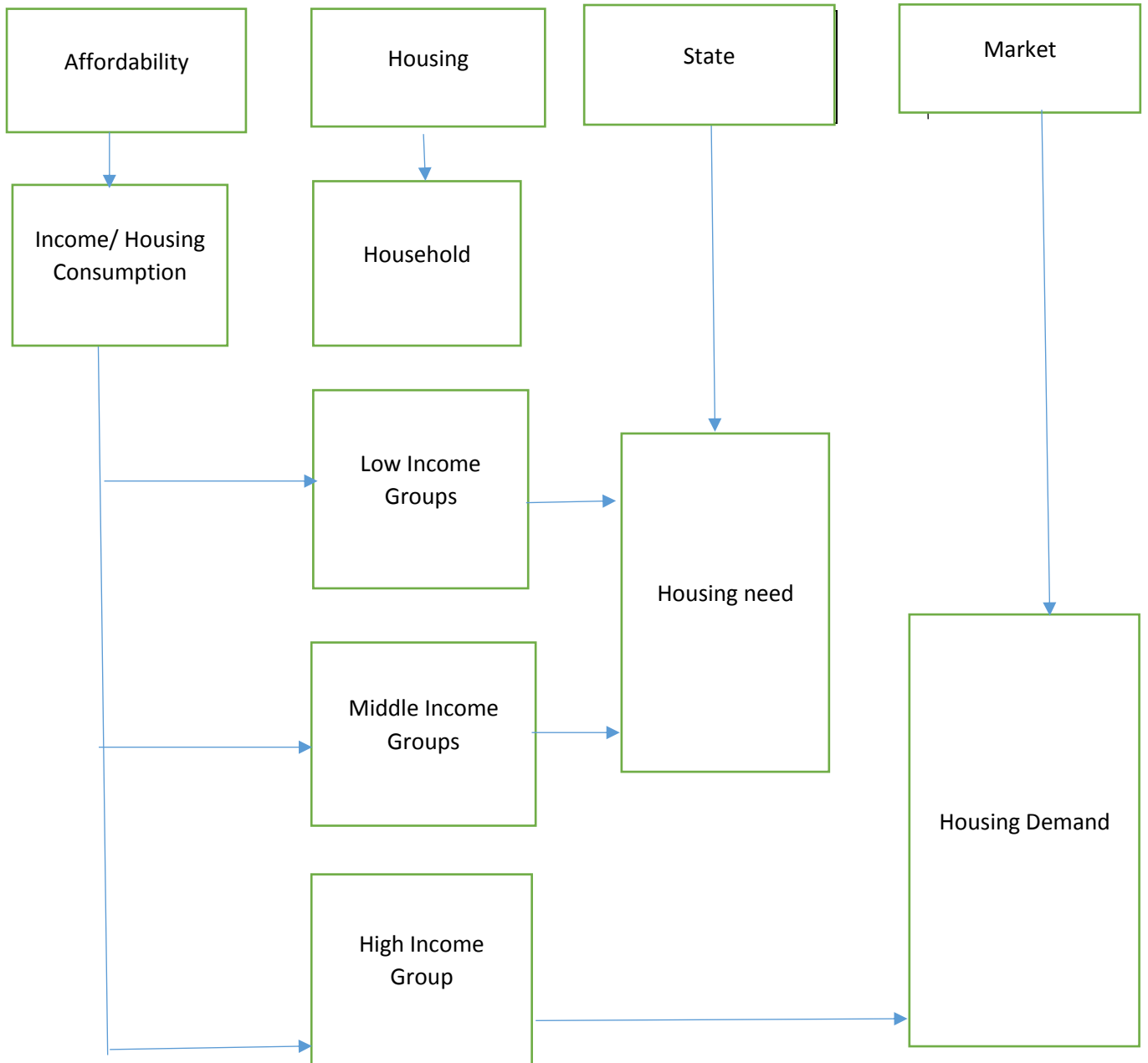


Figure 2: Conceptual framework on affordable housing provision (Source: Conceptual frameworks, Adopted from Mostafa, Wong, and Hui (2003)).

2.4 Affordable housing crisis in Namibia

There is evidence to suggest that after independence, rural-urban migration increased, leading to even more severe housing shortages in the urban areas. (Schmidt, 2009). It is becoming exorbitantly expensive to own a house in Namibia, which has been ranked as the country with the world's highest property inflation – a position held by Dubai last year (The Mail & Guardian, 2015).

FNB (2014) further states that this year data shows that Windhoek property prices are up 53%, while rising 35 and 20 percent in Gobabis and Okahandja respectively. The drastic increase in residential property prices and the supply shortage experienced over the past decade have set the stage for various knock-on effects within the Namibian housing market. Namibia's National Housing Policy (2009) posits that approximately 70% of the Namibian population cannot access urban freehold land due to, amongst others, limited disposable income, poverty and exclusion from conventional home loan facilities.

In Namibia, the centre for affordable housing finance in Africa (2010) conducted a study on housing finance markets in Africa and concluded that while the housing markets in higher income bands have done well, Namibia has an affordable housing shortage, as the NHE could only supply about 3 245 houses from 2000 to 2006. Erguden (2001) states that there is broad consensus on the fact that housing has central

importance to everyone's quality of life and health. Housing, besides being a very valuable asset, has much wider economic, social, cultural and personal significance. The increase in residential property prices and the supply shortage over the past decade has set the stage for various spin-off effects within the Namibian housing market (Mwilima, Phillipus & Fleermuys, 2011).

The Namibia National Housing Policy (2009) states that approximately 70 percent of the Namibian population cannot access urban freehold land due to, amongst others, limited disposable income, poverty and exclusion from conventional home loans facilities. According to the Sun (2011) housing backlog is estimated to be over 80 000 units, is a clear indication that housing constitutes one of Namibia greatest challenges. Latest research statistics indicate that 52% of the population is made up of the lowest monthly income group who need 45 000 houses and, a further 30 000 houses are needed for those earning between N\$1 500 and N\$4 600, while N\$10 500 earners need 4 000 more houses compared to the elite who need 700 (The Sun, 2011).

An urgent and sustainable housing solution is needed, the government housing efforts should be directed towards the real demand of the low and middle income groups. The government needs to re- evaluate the various policies in order to ensure affordable housing for all Namibians.

FNB housing index for Windhoek soared by about 26% during the year to July 2014, while nationwide median house prices rose 11% over the same period to around NAD709,749 (USD61,448). (Namibia housing Market, 2014). House prices in Namibia are rising faster than household incomes. Namibian households must earn at least a monthly income of NAD23, 000 (USD 1,991) to afford an average residential property. The average household income is three times more for an urban households in Namibia. The income requirement for the lower price segment came in at NAD 15,000 per month. Less than 10% of the households in the country can afford a property in the lower price segment (Namibia housing Market, 2014).

FNB's latest housing index indicates that property prices continued to increase at a slower pace during the second quarter of 2015 (Property Prices, 2015). Central property prices grew substantially with data from Windhoek indicating a 23% growth in median prices while prices in Okahandja grew by 12.6%. "When looking at Windhoek, prices in Omeya have doubled with average median price in the area valued at N\$ 1.8 million for the quarter but with median stand size of 1091m2 (Property prices, 2015).

2.5 Property index

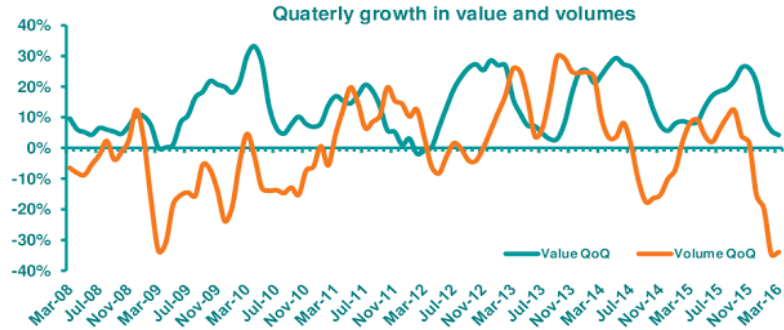


Figure 3: Quarterly growth in value and volumes (Source: FNB Housing index 2015).

The first quarter of 2016 saw price growth tapering growing at 4% on a quarterly basis, price growth seemed to have eased due to seasonal. Median price across the country was recorded at N\$800K (FNB Index, 2016).

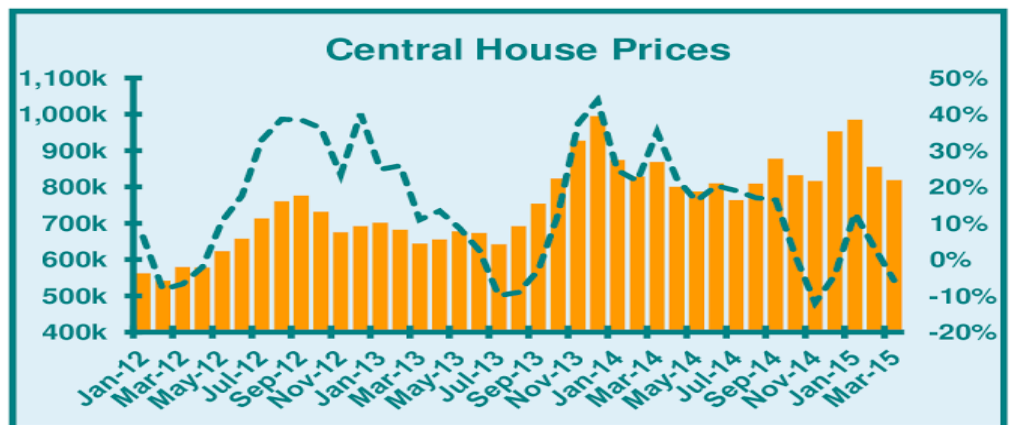


Figure 3: Central house prices (Source: FNB Housing index 2016).

At the end of March 2016, prices in central Namibia had increased the median price of property in Windhoek is N\$1.2m. Within Windhoek most transactions were recorded between N\$700K and N\$1.5mn in areas in areas like Rocky Crest, Wanaheda, Finkenstein and Elisenhaim. The most expensive house sold during the quarter was worth N\$9.6mn in Ausblick while the cheapest house was worth N\$441K in Okuryangava. Volumes picked up towards the end of March despite most houses being sold under N\$1.5mn. There was an increase in the sale of land in the area with land sales currently account for 46% of sales (FNB Index, 2016).

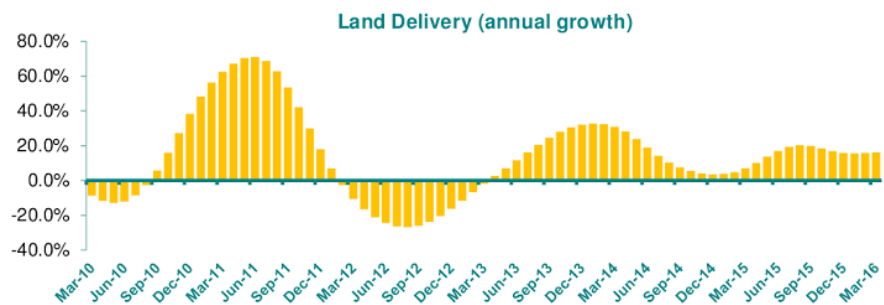


Figure 4: Land delivery (annual growth). (Source: FNB Housing index 2016).

Land delivery has shown signs of recovery since the final quarter of 2015. Currently, the price growth in this segment is 15% annually with average size of a stand - 642sqms across the whole country. These figures over the next year will become crucial in monitoring the advancements made by government in terms of servicing land. The first quarter of the year has been unsettling as the land situation exacerbates

in the country. A recent report by IMF served as a confirmation of some of the inherent challenges still faced in the sector (FNB Index, 2016).

Independent commentators have further estimated a housing market over-correction in the next few years if the situation is left unabated. A form of government legislature will have to be introduced in the next few years if social unrest is to be avoided due to lack of housing. The only cure to this insufferable market will definitely be to build more houses. Based on this first quarter performance, we maintain our view that property prices will grow between 13% and 15% during the course of the year (FNB Index, 2016).

2.6 Namibia National housing policy.

The National Housing Policy, adopted by cabinet in July 1991, guides all actions taken by the directorate of housing in the field of housing administration. Affordable housing has been established as one of the top four development priorities in the country, along with agriculture and rural development, education and training, and health care. Housing is recognised as an important investment sector for creating capital formation and generating income and employment. Benefits are measured in terms of improved social and political ability, as well as human effectiveness and education and reduction in crime and juvenile delinquency. It is recommended that the level of the relative share of national investment in housing should not be less than 5% of the Gross

National Product and that at least 25% of this investment should be sourced from the national development budget and deployed through public sector delivery agents. Housing has too often been regarded as consumable good and not an investment (Namibia Build Together Program).

The government of Namibia identified housing development as one of its key priorities. Housing development especially for the low and middle income groups excluded from the market and conventional housing development. These groups face the biggest constraints when it comes to getting affordable land and credit. The cost of conventionally serviced land is unaffordable to most low-income groups under the present planning and infrastructure regimes.

The high cost of serviced land has to do with planning and land development procedures including prescribed minimum sizes of erven, and the standards of infrastructure used by local Authorities. Thus, due to poverty levels, a sizable number of the population has no access to adequate shelter government's commitment to addressing the housing needs in all rural and urban areas of Namibia led to the formulation and adoption of the first National Housing Policy, approved by Cabinet in 1991. The Policy clearly states that the role of government is to facilitate and promote partnership between all relevant public and private parties concerned with the delivery of land, shelter and human settlement development.

Table 1 below gives a brief summary of the policy environment for housing delivery in Namibia. The overview below illustrates the complexities of delivering housing by showing the different policies and regulations that affect and influence housing delivery in Namibia. The key policy underpinning the government's housing strategy is the National Housing Policy, formulated and approved in 1991 and reviewed in 2009. The National Housing Policy contains government's challenges and suggests ways of improving the provision of affordable housing.

Table 1: Overview of policies and regulations related to housing

<i>General policies linked to Housing.</i>	<i>Year</i>	<i>Legislation policy</i>	<i>Key elements</i>	<i>Legislation/policies that influence housing</i>
National Development Plan 3	1991	National housing policy	Stating GRN's commitment to address housing needs	Legislation related to be housing finance: Banking Institutions Act, Co-operative Act, Friendly Societies Act, Usury Act, and Pension Act.
	1992	Local authorities act	Establishment of housing schemes by a municipal or town council with the approval of the minister	
Millennium Development Goals	1993	National Housing Enterprise Act	Governs the Operation of the NHE	Legislation related to land availability, and land titles; Deeds Registration Act, Agricultural Land Reform Act, Flexible
	2000			

		National Housing Development Act	Establishes National Housing Advisory Committee, Housing revolving funds, established Build Together	Land Tenure Act, Urban and Regional Planning Bill.
Vision 2030	2009			Policies and (upcoming) legislation related to build quality and materials; Namibian Planning and construction Bill, Water Supply and Sanitation Policy

Source: Housing policy and delivery in Namibian 2011.

2.7 Why is housing affordability important?

Central to the achievement of adequate provision and distribution of housing is the issue of managing the relationship between the price of housing and the capacity of the household to pay for their housing (Malpass and Murie, 1994). It is hardly possible to justify the relevance of housing affordability without being tempted to discuss the importance of housing and its centrality in our day-to-day life. Stone (1993, p.1) succinctly noted that; “Housing is not only a necessity of life; it has a pervasive impact on all aspects of our existence.

Housing is adequate - provides privacy and security against intrusions, both physical and emotional. It is the principal locus of personal and family life. It defines the community and determines access to jobs, to services, to stores, and to 105 significant other people in our lives. Housing contains not only our material possessions, but our dreams and despair.” (Gabriel, Jacobs, Arthurson, Burke & Yates 2005). Housing affordability has “implications not just for housing but also for employment, health, labour market, aged care, finance, community sustainability, economic development and urban and regional development.” According to Baker (2003), it also affects our national economic well-being: the rate of economic growth and our prosperity; and influences the distribution of resources between regions, individuals and generations.

Yates et al (2007, p.27) further states that, “housing affordability is important not just because of the costs borne by the individual households experiencing high housing costs, but also because it imposes costs on the wider economy and society.” Berry (2003) has gone further to show how housing affordability impacts local economic development and regional competitiveness. High housing costs in a city could frustrate and alienate young, creative workers at the beginning of their careers who actually drive innovation at workplaces. In most countries, the bulk of the national wealth is in form of residential housing investment and assets. For instance, in 1998, mortgage lenders in United States originated an estimated \$1.5 trillion in new mortgages for purchase of new homes and re-financing of existing ones while mortgage backed up securities stood at a staggering \$2.4 trillion (Greenspan, 1999).

Therefore, as long as housing affordability remains a major barrier that prevents families from realising their dreams of securing adequate housing, it will always be of prime importance to the households; to the developers who provide housing; to the interest groups who influence and manipulate the housing market; to the government who is expected to ensure housing access to all and to all those who want to make a difference. Building or rehabilitating affordable housing creates jobs in the construction field. Research by the National Association of Home Builders (NAHB) estimates that building 100 affordable housing units for families through the Low-Income Housing Tax Credit

program can lead to the creation of more than 120 jobs, on average, during a project's construction phase.³ Even more importantly, long after the homes are occupied, the ripple effect from residents of these new units can support as many as 30 new jobs in a wide. (NAHB, 2010).

Recent research suggests that moderate-income households who participate in affordable homeownership programs have a much lower risk of delinquency and foreclosure than similar buyers with prime or subprime loans. According to William, Apgar & Duda (2005), reducing foreclosures not only helps stabilize neighbourhoods, but also yields significant savings for local governments that may otherwise have to absorb costs related to property maintenance, court and legal expenses, increased police and social services for the affected neighbourhoods, and, in some cases, demolition of abandoned houses.

Investing in affordable housing does more than improve the quality of life for local residents – it strengthens the local economy by creating jobs and fortifying a community's tax base. Providing affordable housing also yields economic benefits to local employers by making it easier to attract and retain workers. Communities can encourage the provision of affordable housing by making use of a variety of policy tools at their disposal.

2.8 An Overview of housing programmes, policies and finance systems implemented in Brazil, China and South Africa.

a) Brazil

In 2009, Brazil launched the ambitious social housing programme Minha Casa, Minha Vida (My House, My Life). Its main goal is to stimulate construction and subsidize the acquisition of housing units for low- to low-middle income residents. The programme is financed by the government-owned Caixa Econômica Federal, the largest public bank in Latin America, which provides affiliated developers with construction financing and low-income homeowners with preferential mortgages.

The programme focuses on enabling first-time owners to purchase homes they would normally not be able to afford through a subsidy and by capping the maximum price per house that can be acquired using this benefit. The down payment and monthly instalments are determined by the family's income level. Considering its scale and the amount of subsidies allocated by the Government, the programme is considered to be a milestone that reaffirms social housing as an issue of national importance for the Government of Brazil

With the launch of the Minha Casa, Minha Vida (MCMV) economic stimulus program to subsidize the construction of 1 million low-income housing units (and recent approval of a second round of subsidies for 2

million homes), Brazil is in a unique position to achieve the triumvirate of sustainable growth the social goal of reducing the national housing deficit, the economic stimulus goal of creating jobs in the construction industry, and the environmental goal of developing healthy homes and communities. Centralized funding sources like MCMV can also be used as models for other assisted housing programs and, potentially, market-rate housing developments as cities, developers and construction product manufacturers become more experienced in green housing technologies (World Bank, 2011).

Many green construction and technology programs are already in place. Brazil has a history of promoting programs and policies related to sustainable housing design construction and maintenance, such as product certification, supply-chain, research and development, and Green Building programs. The Selo Azul Program, launched by CAIXA in 2010 with the goal of promoting green housing development in Brazil, is particularly promising. Enhancements to current programs can greatly improve sustainability of housing sector. With increasing awareness on sustainable construction, there are currently major opportunities to promote the incorporation of green construction technologies, as well as hazard-resistant technologies for climate adaptation, within formal and informal low-income housing in Brazil (World Bank, 2011).

Brazil has a well-established housing finance system. Since the 1960s, the bulk of mortgage finance has taken place within the Housing Finance System (Sistema Financeiro de Habitação). The system is divided in two segments known as the National Social Housing System and the National Market Housing System. The National Social Housing System focuses on providing housing for low-income households, whereas the National Market Housing System targets families with higher income that can be served in the private market. Both systems have different funds, mechanism and financing rationality, and distribution of subsidies. The bulk of resources allocated for these systems come from the Workers Severance Fund Fundo de Garantia do Tempo de Serviço) and the Brazilian Savings and Loans System (- Sistema Brasileiro de Poupança e Empréstimo). Like the Housing Finance System, these funds have existed since the 1960s (UN-HABITAT, 2013).

Since 2005, the social housing sector has been counting on the National Social Housing Fund (Fundo Nacional de Habitação de Interesse Social) established by Federal Law N°. 11124. The facility centralizes the budget funds for all programmes related to slum upgrading and social housing that integrates the National Social Housing System. The Housing Fund is largely composed of funds from the federal budget. The portfolio of action which the Housing Fund supports includes the acquisition, construction, renovation or leasing of housing units. In addition, the Housing Fund's resources can also be allocated to

programmes of land supply, regularization of informal settlements, or to the implementation of basic infrastructure complementary to programmes of housing (UN-HABITAT, 2013).

Abdalla (1999), mentioned that, the housing need in Brazil has been the problem faced by poor and low income earners for years. It is very difficult to obtain housing finances because the banks require security. Most of the poor do not have security for home loans, which resulted in an extremely high interest rate on home loans. In order to reduce the slums and homelessness in the cities the government provided tall buildings, where most poor and low income Brazilians, especially in the urban areas lives.

According to O'Connor (2001), a finance system was formulated in Brazil, this housing finance system was created to cater for a lack of funds for the middle class and to reduce restrictions that are imposed by borrowers. The Brazilian government increased and exercised its control in both the sources of funds and the destination of loans. It passed a law that compelled deposit-taking institutions to invest at least 70% of the HFS deposit in real estate investment with an interest rate on housing, which does not exceed 12%. It also stipulated that more than 90% of their investment must purchase construction of houses or residential apartments.

b) China

The concept of housing need in China has commonalities with South Africa's prioritisation of housing for the poor since 1994 to the present. During the UN General Assembly's special 11 session on human settlements held in New York, China revealed that it has placed the improvement of housing construction and human settlements at the top of its development agenda, by expanding reform dimensions and increasing financial inputs (Meng et al, 2001).

Meng et al (2004) further states that, “housing problems of low-income households have been attached much attention by Chinese government who formulated series of policies to solve the housing problems and adopted different kinds of measures to ensure the implement of these policies. Chinese government has launched many policies in succession, like Welfare Housing Project, affordable housing policy, low-rent housing policy, etc. since the Mid 1990s to try solving the housing problems of low-income households and has made great achievement. Housing security system for urban moderate and low-income households is an important part of social security system and embodies the predominant function of the governments.

Ikels, (2004), also mentioned that, government formulated a welfare housing project in 1995. Its aim is to resolve housing problems of low income inhabitants and also to regulate the functioning of the housing market and income distribution. According to Hao (2009), China's

welfare housing system in urban areas consists of three programs: The low rent public housing program, the affordable commodity housing program and the price restriction commodity housing program. The low rent public housing program is financed primarily by the local government budget. Currently, low rent public housing is open to eligible families in two forms: (1) in-kind distribution, frequently in the case of new housing projects; and (2) rent deduction, usually for current tenants of public housing. People who apply for low rent public housing must satisfy a number of criteria formulated jointly by local governments' relevant departments. In 2008, for example, an applicant (or a family) in Beijing for in-kind distribution was assessed based on the following: hukou status, marital status, per capita income, total assets, and per head current living floor space.

Hao (2009), states that disadvantaged families are given priority, such as families in by the end of 2006, all 274 cities at the prefecture level had launched the low rent public housing program locally. As many as 547,000 low income families have had their housing conditions improved since 1999. In 2007, a total of RMB 35.4 billion was spent by governments at all levels on the program, including the construction of 630,000 new units and the payment of rent allowance to 2.7 *million families* need of resettlement due to urban upgrading projects, or families with elderly or disabled members.

There are three types of affordable commodity housing projects: (1) projects directly developed by the government; (2) projects contracted to commercial developers under preferential conditions, such as free land use and tax incentives. The developers are required to follow certain guidelines in construction standards and selling price; and (3) projects developed by workunits on similar conditions enjoyed by commercial developers (Hao, 2009).

c) South Africa

According to South African legislation “access to housing and secure accommodation is an integral part of the government’s commitment to reduce poverty and to improve the quality of peoples’ lives. The Department of Housing determines finances, promotes coordinates, communicates, and monitors implementation of policy for housing and human settlement. Since the launch of the White Paper on Housing in December 1994, housing in South Africa has undergone fundamental changes. Between 1994 and June 2005, the housing programme provided more than 1, 7 million housing units to more than seven million people. During the same period, a total of 2.4 million subsidies were approved, and in 2004/05, 178 612 housing units were made available” (National Housing Code, 2001).

South Africa has been very active in addressing significant issues in housing, including a severe shortage of housing stock and the low quality of living conditions. A national housing programme was

introduced in 1994, which extended subsidies to low income households. This capital subsidy was sufficient for a secure plot, the installation of water and sanitation services and the construction of a basic house. This initiative resulted in the building of 1.5 million new housing units between 1994 and mid-2003, with a further 300,000 under construction at that point. More than 2.2 million houses were delivered up to 2009; this figure has since risen to 2.8 million units in 2010 (National Housing Code, 2001).

Rust (2001), further states that the approach taken by the Government of South Africa in its housing policy arises from two perspectives. On the one hand, government seeks to address the housing crisis directly through the scale delivery of subsidised housing for low income households. On the other hand, government seeks to create an environment conducive for the operations of the subsidised housing market within the larger non-subsidised market in order to foster growth in the economy.

2.9 Housing supplying institutions in Namibia.

Government is responsible for housing programmes in Namibia, such as the Build Together Programme Scheme and supports NHE. Besides government, there is also a range of non-governmental organisations involved in housing. The following extract is a brief summary of the housing suppliers in Namibia.

2.9.1 Government institutions

a) The Ministry of Regional and Local Government, Housing and Rural Development

The Ministry of Regional and Local Government, Housing and Rural Development (MRLGHRD) is committed to the delivery of services to the satisfaction of all communities through rural development, establishment of an effective, decentralised regional and local government system, housing and physical planning. MRLGHRD is acutely aware of the inequalities in the human settlement sector, which prompted it to redress the situation and to meet the people's aspirations through the directorate of housing. Functions include adopting and promoting legislation to give effect to national housing policies, setting broad national housing delivery goals and negotiating with regional and local delivery goals in support thereof, establishing a funding framework for housing, including a national subsidy program, guidelines for the spatial restructuring of cities, towns, villages and rural settlement areas.

In addition the ministry facilitates the DBTP through local authorities and regional councils and the provision of housing credit to groups not catered for by the private sector and NHE, the upgrading of informal settlements and other special housing

projects and schemes, the rendering of technical services to local authorities and regional councils in order to deliver BTP activities efficiently and effectively and setting of minimum national norms and standards for the housing sector (MRLGHRD, 2009).

b) *Build Together Programme*

According to Swart (1995) the Build Together Programme of Namibia aims to meet large-scale housing needs through an enabling approach to housing provision. It was established in 1992 and by 1995 had reached 3,322 low-income and low/middle-income families who do not have access to formal housing credit. The programme is an attempt by the government to show how the policy of enabling and facilitating the provision of affordable housing can be put into practice. The programme is therefore seen as a movement of the people, actively supported by the government. The building together programme is however still in its infancy compared to the other housing supply institutions in Namibia. However the programme provides houses at a much lower cost than could be achieved by the government alone.

The Namibia National housing policy (2009) states that the government of Namibia has made housing affordable to many and has instilled trust in people to help themselves. Women's access to shelter has been improved and 47% of BT beneficiaries are female-headed households. Women have been empowered by the BTP Programme in terms of access to shelter, land, finance and are involved in organising local committees, producing building materials and maintain a high

level of loan repayment. In order to sustain the programme in the long run through regional funds, the Namibian government is preparing a new housing bill. The BT Programme was awarded the habitat scroll of honour in 1993 and world habitat award in 1994.

According to Swart L (1995) the key feature of the programme is the establishment of Community Housing Development Groups (CHDG) in each local area. The role of these groups is to identify communities and families in need of housing or housing improvement in their area. They should also consult with them on how the community wants to solve their problems, prepare an implementation programme and submit it for funding. The CHDG also checks the credibility of loan applicants and monitors their building as well as playing a key role in checking the repayments of the borrowers. Local community leaders, local government officials and representatives of the beneficiaries are elected to these committees.

2.9.2 Quasi- government

a) National Housing Enterprise

NHE is a state-owned company of the government of the Republic of Namibia under the MRLGHD. Its accountability to the Ministry of Regional and Local Government, Housing and Rural Development was formalised by the NHE Act of 1993 (Act No 5 of 1993) as amended. Their role is to provide affordable housing for the low and middle income groups. NHE also acts as a lending institution as well as a

developer in the field of low income housing. NHE therefore acts both as a developer and financier in the housing market of Namibia.

The NHE replaced the National Building and Investment Corporation in 1993, and is a parastatal of the MRLGHRD. NHE states that it acts both as a lending institution and as a developer in the field of affordable housing. Its mission is to be the leader in the provision of housing to the nation. The target group consists of households with over N\$ 5,000 per month, and not more than N\$ 20,000 or a maximum joint income of N\$ 30,000 per month. Furthermore, collateral of 20 percent or a deposit of 5 percent is required. NHE sources funding from the capital markets and currently has an agreement in place with Standard Bank. This partnership entails that Standard Bank deals directly with NHE clients to arrange their mortgage, with the agreement that the interest rate is always at maximum the prime rate minus 1% (Bindels, Housing policy delivery in Namibia).

b) *Mass Housing Programme*

Through an initiative of His Excellency, Dr. Hifikepunye Pohamba a ministerial Committee was conceived in 2013 (Hailulu 2015). The committee was chaired by H.E. President Pohamba and comprised of the Minister of Regional and Local Government, Housing and Rural Development, the Minister of finance, presidential affairs Minister and attorney general and the director general of the National Housing Programme . The technical committee was chaired by the CEO of

Nationa Housing Enterprise produced the blueprint on Mass Housing Development Programme which was approved by Cabinet of the Republic of Namibia in July 2013. MHDP officially launched by His excellence President Pohamba on 26 November 2013. MHDP was implemented in 2 Phases:

- Phase 1: implemented over two financial years from 2014/15 to 2015/16. Pilot projects targeting the regional capitals of Namibia's 14 regions and selected towns with sufficient serviced plots to meet the target of approximately 10 000 plots. In total, 27 local authorities will benefit from Phase 1.
- Phase 2: implemented over the remaining 14 years starting from financial year 2016/17 to 2029/30. During this phase, the MHDP will be rolled out to all towns and villages in all the regions of Namibia.

Hailulu (2015) further states that the blueprint defines the main strategic goal of the program that of causing the construction of 185 000 housing units by the year 2030 underpinned by three objectives:

- Provide access to affordable housing to the Namibian people;
- Economic empowerment through ownership of a tradable asset (a house) that can be used as security for further wealth and asset generation at household's level;
- Creating jobs and stimulating economic growth
- Land redistribution to the needy

2.9.3 Non-Government Organisations

a) Namibian Housing Group

National Housing Action Group is a non-governmental organisation formed in 1992 to assist low-income housing groups. In 1998, NHAG became the support NGO for the Shack Dwellers Federation of Namibia, a network of savings groups comprising poor communities. Informal settlements in Namibia have been organising savings groups since 1987, but it was not until 1998 that the savings groups came together as a nationwide network to form SDFN. NHAG and SDFN have worked together over the years to help poor households improve their living conditions and gain access to basic infrastructure, including sanitation and housing. With a membership of more than 20,000 households in 717 savings groups, SDFN is active in all 13 regions of Namibia.

b) Shack Dwellers Federation of Namibia

According to Muller (2008), Shack Dwellers Federation of Namibia (SDFN) is a network of community-led savings groups working incrementally to secure affordable land, shelter and infrastructure services for low-income urban households across all 13 regions of Namibia. Twenty-two thousand households are currently participating in 434 saving groups enabling these low-income households to access finance, knowledge and understanding of housing processes. Initiated with one project in 1992, 3,200 households to date have secure tenure and 1,350 houses have been constructed at one-third of the cost of

conventional housing. The national government now accepts this community participatory approach and is working with SDFN providing funds and access to land.

SDFN has developed an incremental approach to accessing land, adding services and infrastructure and constructing houses. At every stage this process is community-driven. In addition to its advocacy role on behalf of those in housing need, it is now playing an increasing role in the delivery of the national housing policy for low-income households. Low-income communities start their own savings groups and once they have become a member of SDFN, can take out a loan to buy a piece of land. The savings group retains the freehold ownership of the land and each member has a plot, with an agreement setting out their rights and obligations and stipulating who will inherit it. With secure title established, each household occupies its plot, initially with a shack. The building of a new house can begin and an individual water and sanitation connection can be made when the household can afford it (Muller, 2008).

2.9.4 Private sector

Financial institutions that provide funding directly to consumers in the form of mortgages, micro-finance, or indirectly through agreements with the NHE. Financial institutions approached included First National Bank, Bank Windhoek and Ned Bank.

Staff reporter (2009) states that Namibia's housing backlog stands at 100 000 housing units and it grows at an annual rate of nearly 3700, making it an unsightly eyesore for the government. In order to meet the millennium development goals, vision 2030 and the Fourth National Development Plan, NDP4, government took a decision to scale up the provision of housing, access to finance for many Namibians and overhaul the current housing delivery system through the Mass Housing Programme. The largest backlog of housing is in the lowest income sectors with monthly incomes of N\$0 to N\$1,500, estimated at 45, 000. Those who earn between N\$1501 and N\$4,600 are estimated at 30, 000. The Build Together Programme targets people who earn N\$3,000 per month. The National Housing Enterprise, NHE, targets those earning over N\$5,000 per month, which is about 13 per cent of the population.

Between now and 2016, government plans to build 8, 850 houses, while the number of plots to be serviced over the same period will be 10, 200. All in all, 27 towns in all 14 regions have been selected to be part of the first phase. Ministry's support to the Mass Housing Development Programme, slightly over N\$437, 17 million had been set aside for the construction of services in 27 towns for the first phase. Just over N\$261, 19 million has been allocated to other places which are not part of the first phase of the mass housing programme (Staff reporter, 2009).

Housing in Namibia is supplied by the government, non-government organisations, private sector and individuals at various income categories. In the N\$0 – N\$1,500 (US\$0 – US\$214) income group, where 52% of the population lies, 91% of the houses are shacks or low cost houses. In the N\$1,501 – N\$4,600 (US\$215 – US\$657) income group, where 35% of the population lie respectively, 78% of the houses are low to medium cost housing. The low cost housing is supplied by the BTP and the SDFN, a government and non-government entity respectively. These two have delivered 5,800 low cost houses between 2000 and 2005.

Very little is known about how many new houses are built in this segment by the private sector per annum. Companies such as Fritze & Quelle and Berechiah Building Contractors have begun to erect low-cost houses in the progressive development area of Mondesa in Swakopmund at the Namibian coast to illustrate the feasibility of low cost housing delivery by private developers (The Namibian, 2008). Low-cost housing initiatives such as the (CHP) also build housing in this segment. Individuals in this income segment also construct their own housing. In addition to the two lowest income segments the NHE, a government entity, builds houses for the N\$4,601 to N\$10,500 (US\$ 658 to US\$ 1,500) income segments where 70% of the homes are medium to high cost. The entity has delivered 3,245 houses from 2000 to 2006. For the N\$10,501 and above (US\$1,501 and above) where

98% of the houses are medium to high cost, house (Kalili, Andogo & Larson, 2008).

Table 2: Summary of income backlog.

% of the population	Income	Estimated Backlog	% of the type of houses	Organisation
5.7%	>N\$ 10,500	700	98% medium to high cost	NHE, COMMERCIAL BANKS
12%	N\$ 4,600- N\$10,500	4000	70% medium to high cost	NHE & PRIVATE DEVELOPERS
35%	N\$ 1,501- N\$4,600	30,000	78% low to medium cost houses	BTP,SDFN,CHP,NHE
52%	<N\$1,501	45,000	91% are shacks or low cost houses	BTP, SDFN,CHP,NHE

Source: Centre for affordable housing finance in Africa (2010).

Chapter 3

Research methodology

3.1 Introduction

This chapter outlines the details on how the study was conducted. The chapter includes aspects of the study such as research design, population, sample, sampling technique employed as well as the various phases, tools employed to collect the data, methods adopted in the the data processing, analysis reporting and ethics of research.

3.2 Research Design

Kothari (2004) states that a research design constitutes the blueprint for collection, management, measurement and analysis of data. Collis & Hussey (2009) further defined research design as a science or art of planning procedures for conducting studies so as to get the most valid findings. The research combined mixed method approach to assess the shortage of affordable of residential housing in Windhoek. Holloway (1997), explains that qualitative research is a form of social inquiry that focused on the way people interpret and make sense of their experiences and the world in which they live. Hoepfl, (1997), further explains that researchers who use logical positivism or quantitative research employ experimental methods and quantitative measures to

answer central research question. Qualitative and quantitative forms of knowledge lie in the fact that qualitative research method is concerned with ‘understanding human behaviour’ from the perspective of the particular people involved, while quantitative research is mainly interested in ‘discovering facts about social phenomena’ (Furze et al., 1996).

Research was conducted in Windhoek. Researcher used a combination of qualitative and quantitative methods of data collection. Quantitative section of research assessed how the low and middle income groups are affected based on their income levels, social backgrounds and the challenges they face when acquiring affordable homes. Qualitative section constituted of in-depth interviews with the housing supplying institution, commercial bank managers and employees. This enabled collection of opinions based on their perspective on challenges they face in providing affordable houses. Commercial banks included FNB, Nedbank and Standard bank. Unfortunately bank Windhoek refused to participate in the survey.

3.4 Research population

Target population for the purpose of this research consisted of top management officials from the Ministry of Rural and Urban Development, shack Dwellers Federation of Namibia, National Housing Action Group and National Housing Enterprise. The researcher approached 4 commercial banks that provide funding

directly to beneficiaries in the form of mortgages, micro-finance, or indirectly through agreements with the housing supply institutions such as NHE. The researcher targeted managers who were in the best position based on their experience and professional background to provide more detailed information due to the sensitivity and nature of the data. The population constituted of any low and middle income respondents who reside the preferred location of research in Windhoek. Low income earners in this study referred to those groups earning up to N\$3,500 and the middle income refers to those earning between N\$3,500-N\$10,000 This categorisation was referenced from the summary of income backlog table which allowed the researcher to use in choosing respective income ranges.

3.5 Sample size

As Sandelowski (1995) points out, "determining adequate sample size in qualitative research is ultimately a matter of judgement and experience." For the purpose of this research the sample will consist of managers and employees of the institutions directly involved with the projects in terms of decisions and actions that are taken to address the housing affordability issue. Hardon, Hodgkin & Fresle (2004), further explained that in qualitative studies the aim is not to be representative of the population. Validity, meaningfulness and insights generated from such studies have more to do with the information richness of the cases selected, and the analytical qualities of the researcher than with the sample size (Hardon, Hodgkin & Fresle, 2004).

Due to the time and nature of the population an appropriate sample size of 200 will be approached to conduct the research. Both the convenient and purposive sampling techniques were employed. In purposive sampling, units from a pre specified group were selected. Three suburbs were purposively chosen to sample respondents views based on the categorization of these areas into low and middle income areas in Windhoek. The sample of the selected respondents were chosen from low and middle income suburbs Wanheda, Okuryangava and Goreangab to represent low income and Khomasdal, Windhoek West and Hochland to represent middle income groups.

3.6. Sampling Technique

Under probability sampling research adopted stratified random sampling. Chosen region of study is Windhoek, which was further divided into two strata consisting of low and middle income areas. These strata are where a sample of 200 respondents was drawn equally from the respective locations. Under the stratified sampling the locations were chosen based on the categorisation low and middle income locations. Low income locations were represented by Wanheda, Okuryangava and Havana in Katutura while the middle income groups were represented by Windhoek West, Khomasdal. Researcher used random sampling for the 200 respondents that were approached from the low income and middle income location. Target respondents were heads of house who either owned or rented the house. In addition snowball and purposive sampling techniques were used to

select 16 respondents from housing supply institutions and from 3 commercial banks.

3.7 Research instruments

Researcher collected data using qualitative and quantitative methods of research that were realized through structured questionnaires, interview guides, document review and interactions. Document review included review of official documents, personal documents and reports. Researcher used structured and unstructured questionnaires with both open ended and close ended questions. The aim of having open-ended questions is to enable respondents to express their views and ideas on the research topic. Structured interviews were used help identify the main challenges and issues contributing to shortage of affordable housing. All instruments were pilot tested to determine their appropriateness and relevance to research before the commencement of research. Questionnaire and interview guide used in survey are provided in the appendix.

3.8 Research Procedure

Primary data was collected directly from the respondents based on the low and middle income locations selected. Managers of Housing Supply Institutions and Commercial Banks were purposively chosen. A sum of 200 questionnaires were distributed randomly in the location, to get a clear picture and also giving everyone in that specific area an

equal chance of taking part in the survey. Respondents were chosen randomly, 50 Wanaheda, 50 Havana, 50 Windhoek West and 50 Khomasdal. In every location data was gathered from household heads by providing questionnaires to those respondents who were willing to participate. Respondents either owned or rented the house. This enables the identification of the different challenges these individuals are facing to either finance or acquire property.

For the purpose of this study, managers were chosen purposively based on their expertise knowledge and experience in their respective fields to provide in-depth information on the subject matter. Interviews were conducted with managers of the three Commercial banks and Housing Supply Institutions, a tape recorder was used to record these conversations to be used for transcription purposes after the interview. Respondents for the interview were selected as follows: 2 from the Ministry of Rural and Urban Development, 4 from the shack Dwellers Federation of Namibia, 4 from the National Housing Action Group, 2 from the National Housing Enterprise, 2 from Standard Bank, and 1 from First National Bank and 1 from Nedbank. The managers were able to provide detailed in-depth information on the current housing crisis.

The employees were directly involved in the projects and provided some feedback based on their experience and the crisis at hand. Questionnaires distributed were completely unique to the various

respondents and organisations to be able to get a clear idea their specific opinions and ideas. Secondary data will be consist of initial study documents, plans, progress report, brochures, and documents available on the internet were used as data sources. Both published and unpublished documents will be used in order to supplement the primary data and to achieve the objective set forth.

3.9 Data Analysis

In the analysis of the data, both qualitative and quantitative methods were applied in order to ensure that the results are comparable. Study adopted both approaches of data analysis to utilise strengths of both research methods. The data collected from respondents analysed by demographic location, collections of views and opinions, income levels, challenges faced. Statistical tools used to analyse data were Microsoft Excel and SPSS software. Results from survey questionnaires were entered in Excel and transferred to SPSS for statistical analysis. Frequency tables and descriptive statistics were constructed and results were presented in tables and graphs. All the qualitative data collected through in-depth interviews analysed by summarizing, describing and interpreting and reconciling with quantitative data. Qualitative method was used to give comprehensive detail and understanding of the problem while quantitative method provided statistical depth of variables.

4. Research Ethics

There was voluntary participation where people were not forced into participating in this research. Research participants were fully informed about the procedures and gave their consent to participate. Research was conducted according to the availability of participants and did not interfere with their busy work schedule. The researcher ensured information was used solely for research purposes and all private documentations were secured under lock and key. The researcher kept respondents identities unanimous, in relation to their responses during the research unless given permission to disclose.

5. Conclusion

This chapter of the research provided details on how the study was carried out. It detailed the methodology this study followed, including the sampling method, the sources of data and the various tools and techniques that were employed in gathering the data. Chapter 3 also provided the methods that were adopted in the data processing, analysis and reporting.

Chapter 4

Presentation of results and analyses

4.1 Introduction

This chapter presents findings of study and discusses issues based on the objectives of the study as follows: examining how the low income and middle income individuals cope in the market with inflated house prices, the challenges faced, how they manage to overcome challenges and suggested strategies overcome and improve living conditions. Data presents the roles played by government and the housing supply challenges faced in Windhoek as well as policies governing supply of housing in Windhoek.

Data collected from commercial banks was analysed to determine the role they play in the provision of affordable loans to the house buyers. In order to answer research questions, two instruments were used to collect data for the purpose of this research. The questionnaires were distributed to low and middle income groups locations. Locations chosen for the sample were Wanaheda, Okuryangava and Goreangab to represent low income and Khomasdal, Windhoek West and Hochland to represent middle income groups. Targeted respondents were households in those specific locations. Interviews were conducted with management of housing supply institutions namely Build Together, National Housing action Group (Shack Dwellers federation of Namibia), National Housing Enterprise. Managers of commercial

banks namely, First national Bank, Standard Bank and Ned Bank were also interviewed to get the perspective of financial institutions.

4.2 Analysis and discussion of Household questionnaire

The following data was collected from low and middle income individuals based on their respective locations, Wanaheda, Okuryangava and Goreangab to represent low income, Khomasdal, Windhoek West and Hochland to represent middle income groups. Low income earners consisted of groups earning up to N\$3,500 and the middle income refers to those earning between N\$3,500-N\$10,000.

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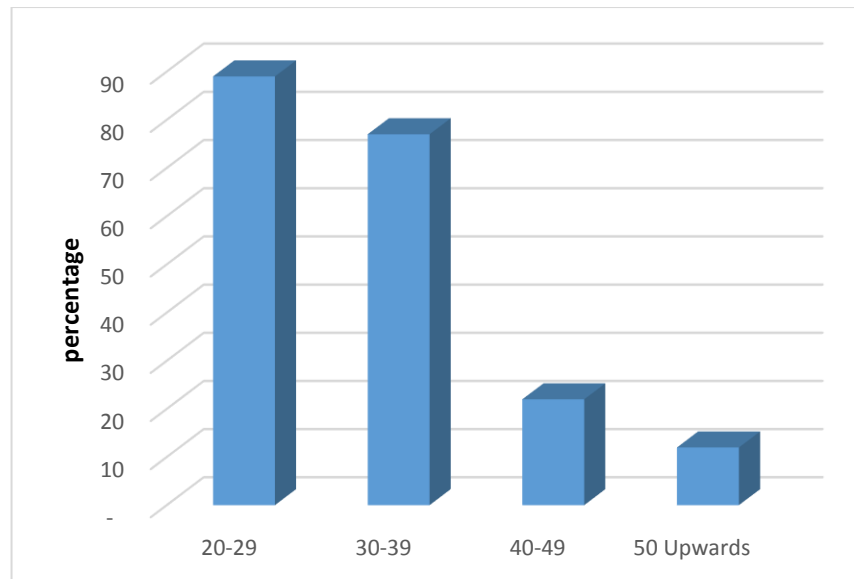


Figure 5: Age groups of respondents

Majority of the respondents were aged between 20-29 with 43.8%, followed by 30-39 with 37.9%, 40-49 with 10.8% and the least of the population was above 50 constituting of 5.9%. Majority of the sample was below the age of 50 while 20-29 age group had the highest respondents from the sample. Although the sample is not an absolute representative of the population by distribution, the low income market in Windhoek is fairly represented by the age groups 20-29 and 30-39. The sample was random and unbiased, majority of the population lied between the above stated ages ranges.

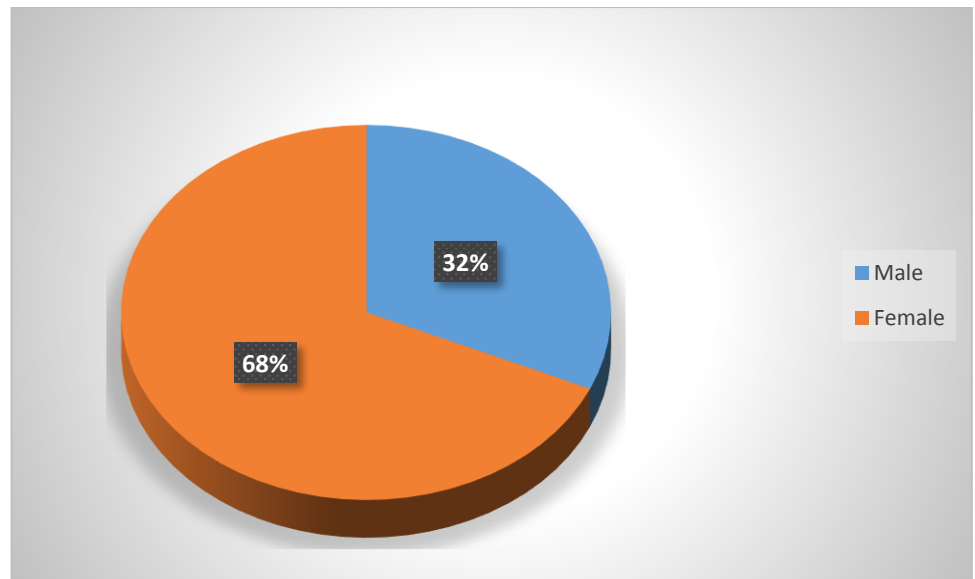


Figure 6: Gender of respondents

According to the graph majority of the sample consisted of females with 68% while men were 31.5%. Females outnumber males in the sample forming the majority of the sample which is in line with the labour survey that was conducted in 2014 with females constituting 52% of the population while the males constituted 48% of the population. The low income market predominantly consists of women according to the labour survey the highest number of unemployed population is women with 31.7% while men are 24.3%.

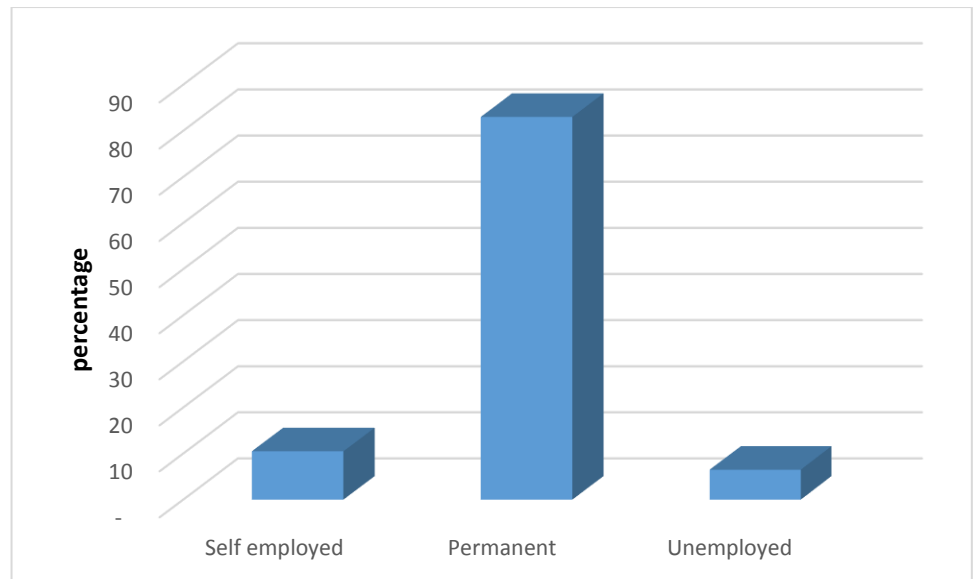


Figure 7: Employment status of respondents.

Distribution of employment type is consistent with reported youth unemployment figures. The percentage of unemployed within the sample would be expected to be higher if the sample was in line with the population, given that the majority of the sample is made up of participants below the age of 40. The percentage for self-employed / entrepreneurs may be representative of the population, which is in line with efforts to encourage small business enterprises and job creation.

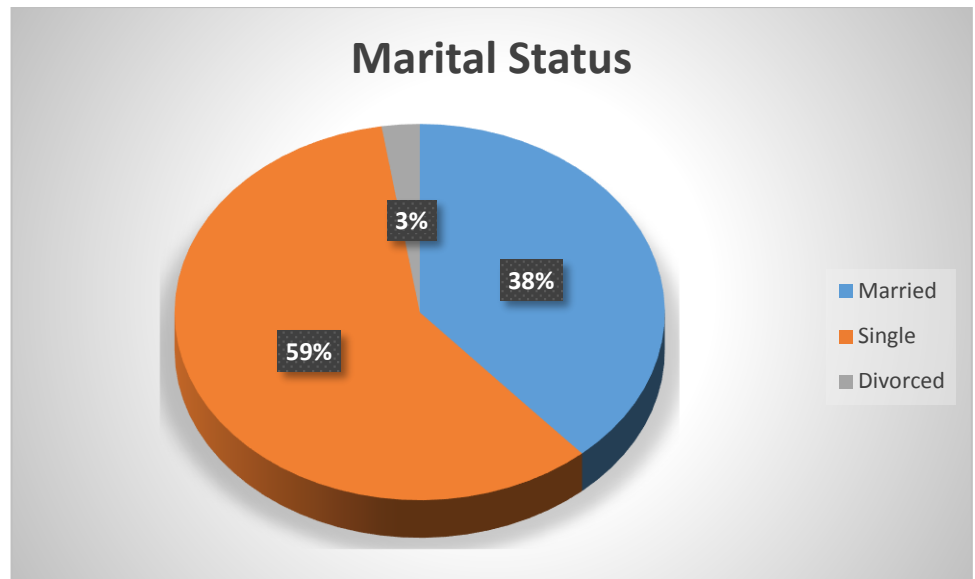


Figure 8: Marital Status of respondents

Sample consisted of single individual with 59% followed by the married couple with 38% and the least to the divorced 3% formed the minority of the population. The majority of the sample being single perpetuates the inability to afford housing compared to married households who are more likely to afford a house because of their shared incomes.

Table 3: Salaries/Wages distribution of respondents

Salary	No. of respondents	Percentage (%)
<N\$3,499	12	6
N\$3,500-N\$9,999	93	47
N\$10,000-N\$29,999	62	31
>N\$30,000	33	17
Total	200	100

Majority of the respondents earned between N\$3,500-N\$9,999 with 46.5% which implies majority lie in the middle income category. Followed by N\$10,000-N\$29,999 with 31%. And the high income constituted 16.3%. finally the least goes to N\$3,499 with 6%. According to the Namibian Labour survey Men in the employment sector outnumber women in employment nationally, particularly in urban areas where employment opportunities are more available than in rural areas. This implies men are more privileged than women in terms of access to finance and acquisition of homes. Although population should have consisted of low and middle income groups majority were middle income who chose to stay in low income locations due to low rental/affordable rental prices.

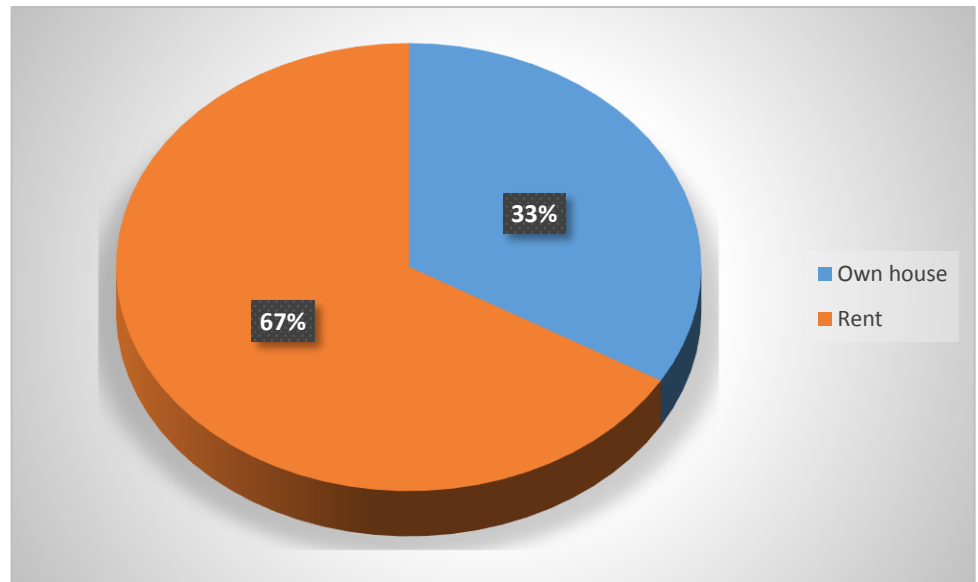


Figure 9: Household Ownership status of Respondents

According to the graph majority of respondents constituting 66.5% rented while the other 33.5% owned the houses. This is an indication that more than half of the respondents can afford to own homes. Based on the responses majority of the owners bought their houses prior to independence and are much older couples/ individuals while the other minority if the house owners inherited the property. The renters consisted of younger single couples or individuals who were in their early careers while the minority consisted of the low income earning less than N\$ 3,500. Decline of home ownership of the younger couples/ Individuals due to the current boom in house prices in Windhoek.

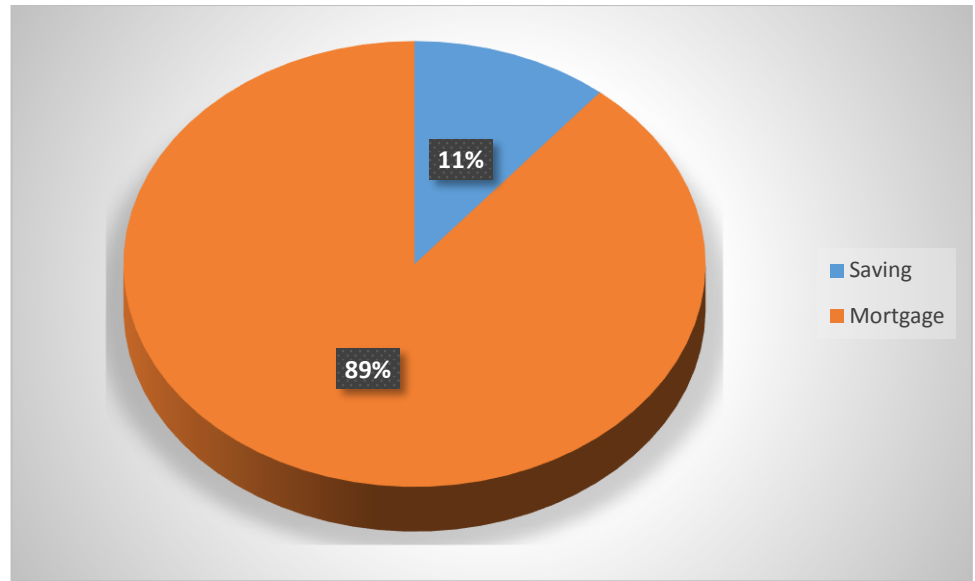


Figure 10: Sources of finance used to acquire housing by respondents

Majority of the population that own the house finance their houses with mortgage while the rest provide own finance from savings or inheritance. This is an indication of how difficult it is for the majority of the population to obtain housing due to high mortgage requirements and interest rates.

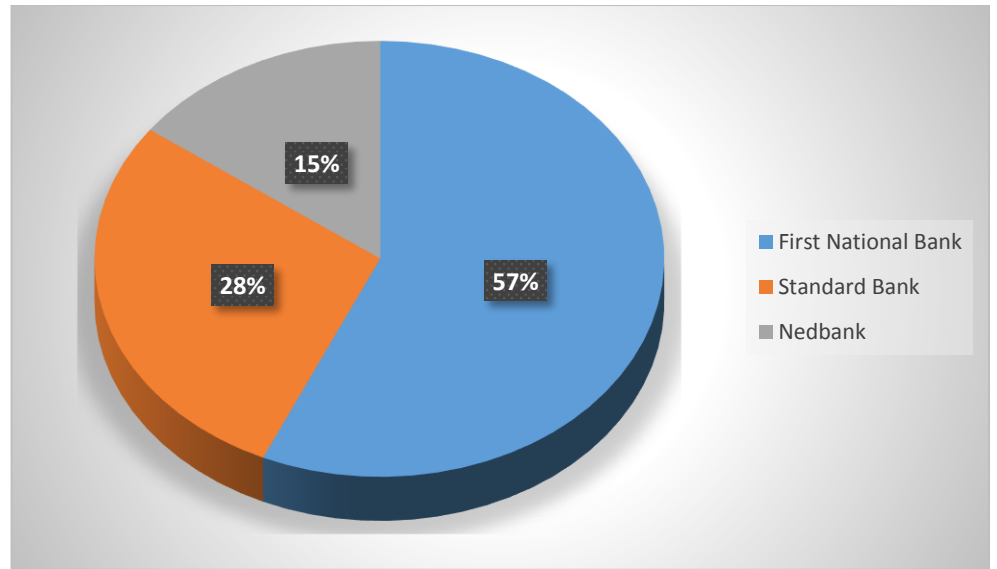


Figure 11: Banks providing mortgage to the household owners.

Out of the 67.2% who own mortgages majority preferred First National Bank with 56.7%, followed by Standard Bank with 28.4%, Nedbank with 14.9% and the least preferred bank is Bank Windhoek. Majority of the respondents agreed that FNB has more reasonable rates and a variety of loan options for their clients at an affordable rate.

Table 4: Rental expense paid monthly by the respondents that rent

Rental Charge	No. of respondents	Percentage (%)
<N\$2,499	7	5
N\$2,500-N\$4,999	44	33
N\$5,000- N\$ 7,999	74	56
>N\$8,000	8	6
Total	133	100

Majority of the population pays between N\$5000-N\$7,999 which constitutes 55.6%, followed by N\$ 2500-N\$4,999 with 33.1%, more than N\$ 8000 with 6% and finally up to N\$ 2,499 with 5%. The above is consistent with the majority of the sample being permanently employed and earning an income between N\$ 2500 – N\$7,999. However, with the majority of rentals falling between N\$ 2,500 – 8,000 the sample was a true representation of the population.

4.3 Analysis and discussion of Challenges faced by individuals

When respondents were asked on the major factors contributing towards housing shortage in Windhoek their responses are demonstrated in the following pie chart as follows;

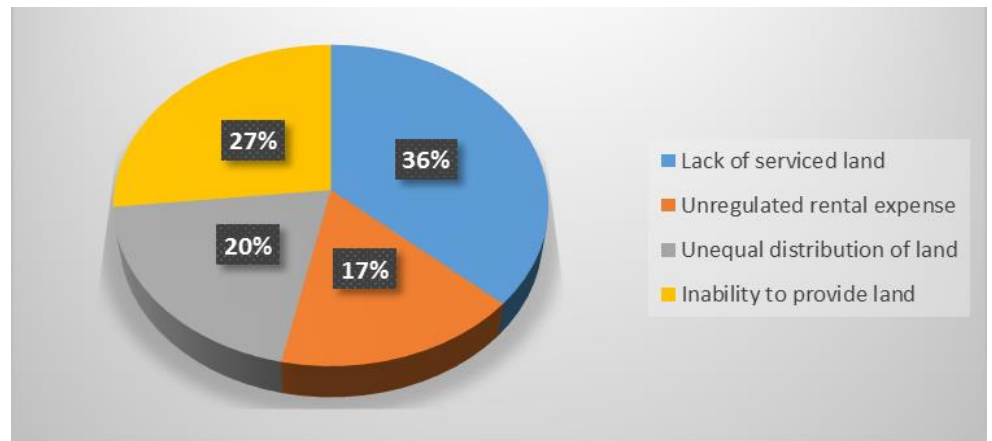


Figure 12: Factors contributing towards the shortage of affordable housing

Most respondents agreed lack of serviced land is the biggest factor contributing towards the shortage of affordable housing with 36%, followed by the inability to provide land at 27%, unequal distribution of land 20% and finally unregulated rental expense. The chart clearly indicates that lack serviced land has the biggest impact towards the shortage of affordable housing in Windhoek. Funding for the construction of property is readily available however the cost of servicing land is very high. Land acquisition process is very difficult for individuals due to the complicated requirements and very biased corrupt officials. Some individuals expressed that land is being sold and bought by the officials themselves through third parties and eventually transferring the rights back to themselves.

In addition respondents stated that high house prices contribute and worsens the situation because only the high income groups can afford to purchase a home while the low and middle income groups continue to struggle. Leasing of land without guarantee of ownership is another problem respondent's face. Banks only provide house loans that cover up to the actual valuation price. Individuals need to provide the difference between valued price and asking price from their own income or savings. This is very pricy as the mark up can constitute 60% of the actual price of the house. Land is sold to private developers which is sold to the general public at a marked up price. By the time private developers sell that property it has doubled in value. Access to credit facilities to buy land/ purchase property requirements are very high majority of the population cannot afford. The high poverty levels and the lack of easy access to finance in the form of mortgage loans further compound the housing situation in the country.

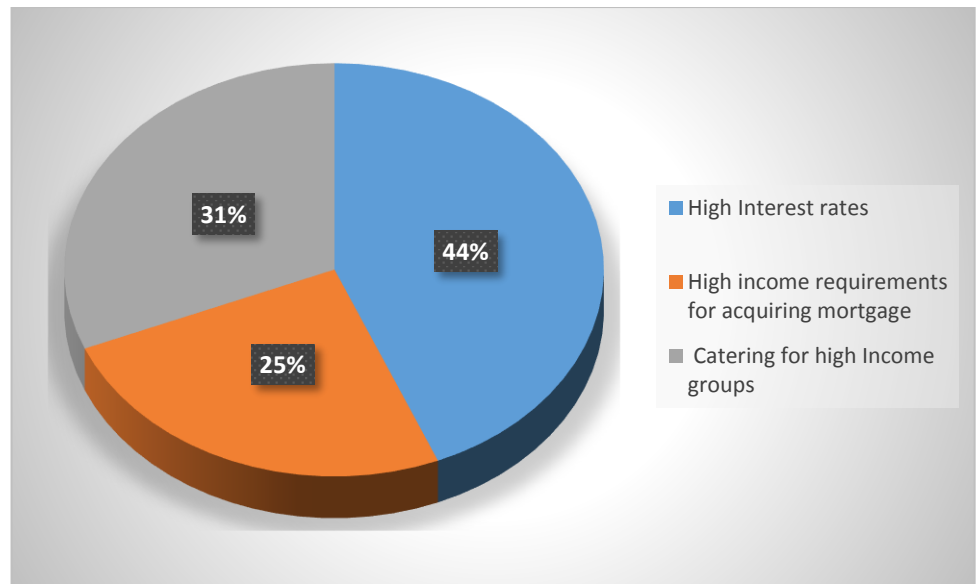


Figure 13: Financial Institution contribution towards shortage of affordable housing

According to the graph majority of the respondents agreed that high interest rates on housing loans being one of the biggest contributor towards shortage of affordable housing with 44%, followed by the need to cater for high income groups 31% by setting high income requirements which causes majority of the population not to qualify. In addition collateral in form of assets required by the bank to be able to provide loan. Collaterals are usually assets of high value which majority of the people do not have thus making it even harder for the individuals to acquire loans all these factors contribute indirectly to the difficulty in buying a home.

Suggested Solutions to overcome the shortage of affordable housing in Windhoek

The following solutions were the most common suggested solutions to the respondents

Table 5: Suggested solutions to overcome the shortage of affordable housing based on respondents opinion.

Opinion	Number of respondents	Percentsge (%)
Provide more serviced land	47	23.5
Lower bank interest rates	27	13.5
Government should allocate land	30	15
Increase the supply of housing	22	11
Re-distribution of land to previously disadvantaged groups	18	9
Regulate real estate agents	23	11.5
Regulate rental payments.	33	16.5
Total	200	100

4.4 Analysis and discussion of housing supply institutions questionnaire

Housing supply institutions that were approached included Build Together Programme, National Housing Enterprise and National Housing Action Group (Shack Dwellers Federation of Namibia) that agreed to participate in the survey by completing questionnaires. A total of 16 Officials agreed to participate and interviews were conducted with 4 commercial bank managers.

Table 6: Officials from Housing Supply Institutions

No of Officials	Housing Supply Institutions
2	Ministry of Rural and Urban Development Project co-ordinator and facilitator Monitoring and evaluating construction Facilitator
4	Shack Dwellers Federation of Namibia Regional Facilitator Community land and information Programme Team Leader Regional facilitator on loans National Facilitator of community based saving
4	National Housing Action Group Regional co-ordinator Construction of houses National coordinator Management team National co-ordinator
2	National Housing Enterprise , Projects Manager & Co-ordinator of Construction

Table 7: Managers from Commercial Banks

Number	Commercial Banks
2	Standard Bank: Real Estate Home Loan Consultant Private Banking Manager
1	First National Bank ; Market Research Manager
1	Nedbank Bank ; Private Banking Manager

Questionnaires were distributed to housing supply institutions and interviews were conducted to assess how housing supply institutions are functioning and various challenges faced in providing affordable homes to the growing urban population. Challenges faced by the population play a role in the current shortage of affordable housing in Windhoek. Questionnaire was divided into sections to address the different areas of organisations. All organisations are non-governmental organisations other than the Build together Program which is a government based organisation. The other three organisations are non-government although their full support and bulk of their funding comes 4 directly from the government. Although NHE caters for more of the middle income while BTP, SDFN and NHAG cater for the low income up to N\$3000.

BTP has been in operation in less than 3 years while the rest have operated for more than 15 years. These housing supply institutions been in the housing industry for a very long time trying to cater for the less fortunate providing affordable homes to the low and middle

income groups. Housing supply organisations have less than 20 employees other than BTP and NHE which has up to 100 employees or more. They have all constructed more than 1000 affordable homes within specific communities and are increasingly improving living standards and conditions of people. Through tireless efforts these organisations have managed to provide home loans and saving schemes to those who don't qualify for an actual loan from commercial institutions. Organisations are trying their best to do as much as possible in order to increase the provision of affordable homes in Windhoek and other regions. Below is a summary of the objectives of the above discussed organisations.

Build Together Programme

- Services land and providing land to both local and regional Councils

Shack Dwellers Federation of Namibia

- Encourage community to start saving and improve living conditions whilst providing affordable housing
- Improve living conditions
- Organising communities, encouraging them to save and to provide better living standards through community based saving schemes
- Support shack dwellers and respond to their housing needs

National Housing Group

- Build affordable houses and obtain affordable land
- Organise communities and improve living conditions, building and leadership capacity
- Encouraging decisions , planning and self-empowerment
- Assist the SDFN saving groups by facilitating the provision of housing and the administration of the Twahangana Fund
- Support shack Dwellers Federation and improve living standards of people.

National Housing Enterprise

- Financing and Construction of infrastructure and Housing Units
- Supervision and Implementation of the Mass Housing Project
- Provision of affordable Housing to Every Namibia at an affordable cost
- Facilitate the implementation of the Mass Housing Programme

These housing supply organisations are currently active in all regions although the study will be focused only in Windhoek.

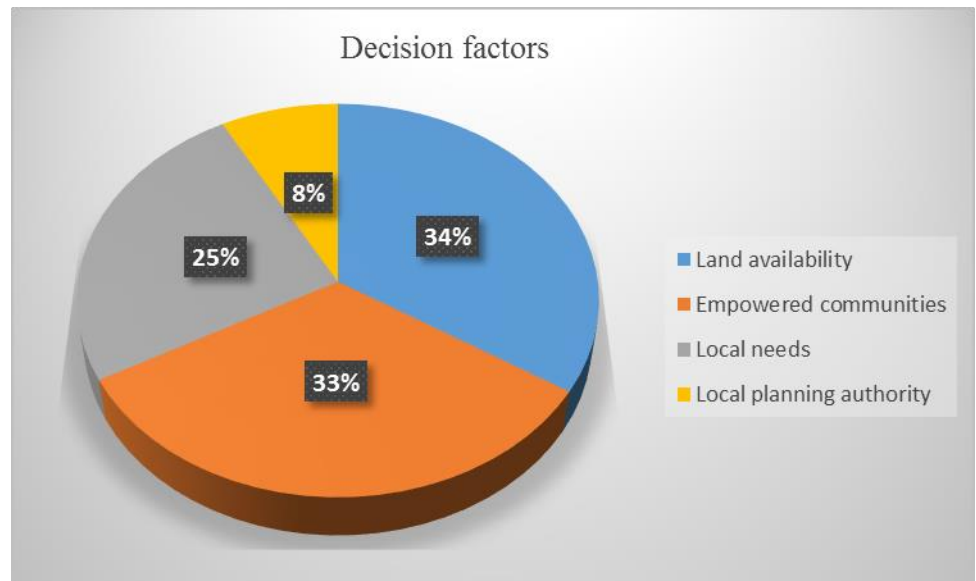


Figure 14: What shapes decisions of organisations?

Majority of the housing supply organisations are shaped by land availability with 34% , empowered communities with 33%, local needs with 25% and the least being local planning authorities 8% clearly indicates that its rarely considered in terms of the decision regarding housing provision .Organisations managed to develop and construct affordable homes last year which shows the initiative is definitely there and they are building more homes regardless of the shortage Windhoek is experiencing in the provision of housing.

Organisations encourage provision of affordable homes through provision of funding and ensuring land availability by encouraging the participation in construction of houses, working together as a community while helping and supporting each other through saving schemes. Self-service and negotiating for cheaper land by saving and building what people can afford rather than what the market is offering.

Encourage saving and develop strategies to provide more land to the communities.

In addition organisations ensured homes are made affordable using the following techniques:

- Provision of land and funding the local and regional councils by saving and loan schemes
- Encouraging their communities to participate in the construction process
- Negotiating with the building suppliers for discounts to ensure the final price isn't too extreme
- Involving house owners from beginning to the end of the housing acquisition process starting from the savings
- Construction process by participating in the building process and finally the acquisition of affordable homes
- Engaging the government, local authority, regional council and communities

BTP Properties are made affordable by the use of local materials, local companies and volunteer beneficiaries. SDFN encourages members to participate in the brick making during the construction. Creating a mutual understanding and trust in ownership rather than the capital legal process. Collective ownership, provision of service, construction of houses is done partly by the community members.



Figure 15: Factors that contribute to house affordability crisis

According to fig.13 majority of the institutions stated that Lack of initiative from the government with 58%, Excessive price of land 25% and the least likely lack of housing construction loans with 17%. However other than the above factors perceptions of low and middle income groups may also influence and contribute to the affordability problem. The government should be the key player and set guidelines on operation of banks and be involved themselves in housing matters to neutralise the process.

Lack of serviced land and getting approval for developed land has become more difficult and complicated for these organisations. High prices of building materials contributes towards the shortage of affordable house as the price account for more than half of total housing

expenditure. High cost of materials for building houses is a serious challenge militating against delivery of decent mass housing. Other challenges associated with building materials arise because most housing developers insist on the use of conventional building materials and technologies. These standards and regulations prevent the use of readily available local building materials and cost effective and environmentally friendly construction technologies.

Table 8: Major causes of high house rent in Windhoek

Causes of high house rent	Percentage (%)
Shortage of housing units	25
Absence of government Regulations	25
High demand of homes	42
Scarcity and slow delivery of land	8
Total	100

One of the biggest contributors to high house rent is increased demand for housing with 45% and the shortage in the supply of the houses. More housing is demanded while the supply is limited definitely triggers that price increase of rentals and house prices. Followed by 25% for absence of government regulation and shortage of housing units. The least likely cause was scarcity and slow delivery of land with 8%.

When respondents were asked on the performance of government institutions responsible for housing matters their responses are clearly indicated on the following pie chart in fig .16

below

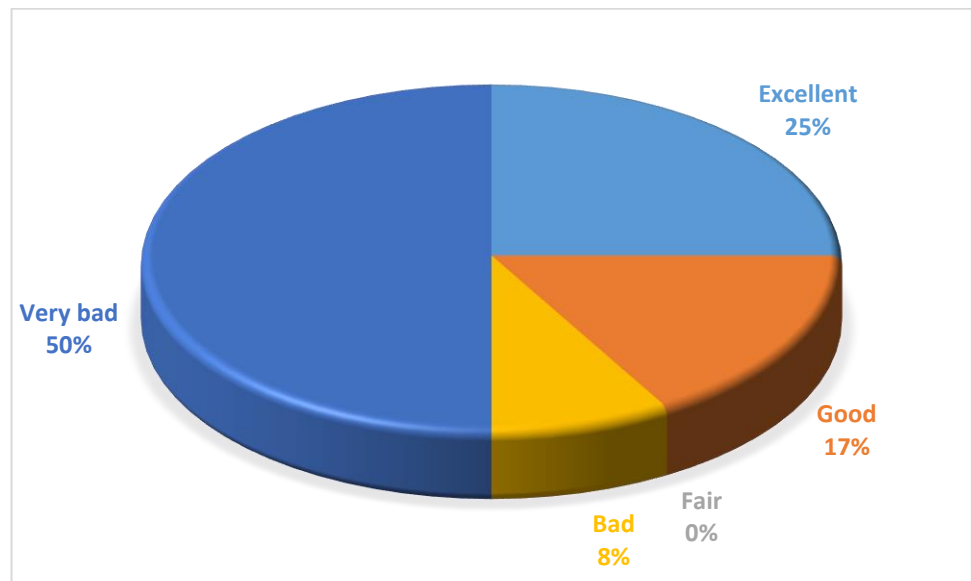


Figure 16: Government institutions responsible for housing matters ratings

Graph demonstrates how organisations view government in terms of regulating and conducting housing matters in the current housing market. Majority have clearly rated performance is extreme due to lack of regulations, initiative, bias and personal interests. A number of initiatives have been suggested but very few have been implemented. Remaining respondents are satisfied with the government's performance and are hopeful that situation will improve in time and growth takes place. This just shows how extreme the performance is. It's either very bad or just good but no one suggested them being fair. That implies there such high expectations for the government to perform and deliver and improve the current housing crisis.

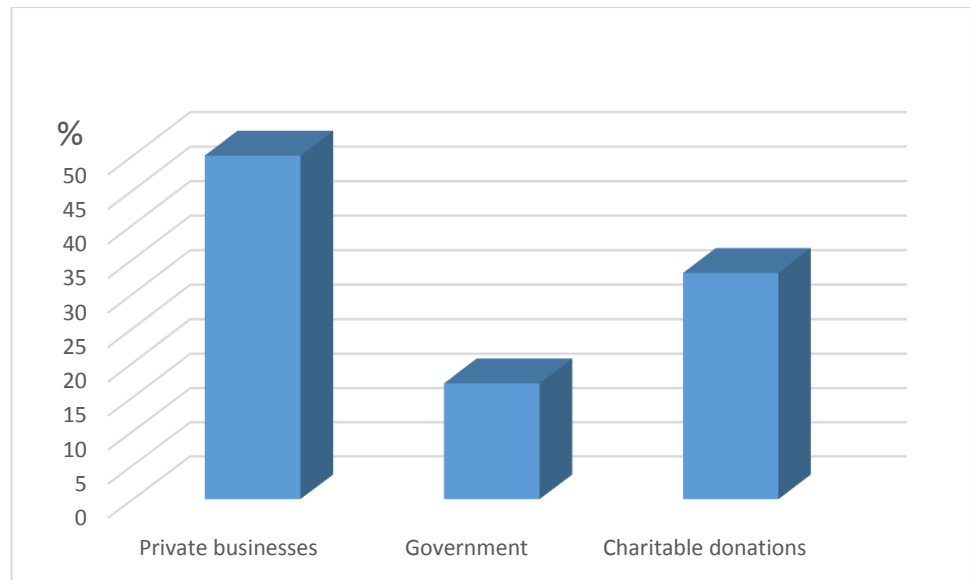


Figure 17: How organisations are funded

According to fig.17. Majority of the organisations are funded by the government with 50%, followed by charitable donations at 33% and the least funding comes from private businesses/ Institutions. This is a clear indication that the government plays a major role in financial stability of the organisations. BTP and SDFN stated their funding is obtained directly from commercial banks such as FNB and Standard bank, Pupkewitz Foundation, prepayments form members' savings and advance payments.

BTP programme received more than 100,000 for the construction, SDFN and NHG received a total of 60, 000, 0000 from the commencement of the organisation to date. NHE has received more than 100,000,000 to date. These funds are then allocated towards the construction of houses, SDFN and NHG allocated the funds according to groups based on their savings schemes on a first come first serve

basis, regions and the amount of funding required and grant communities in the saving groups ability to take part in the decision making process.

SDF has an agreement with commercial banks such as FNB, standard bank and DBN. They also negotiate on behalf of the community for a financial model that will cater for all classes with the private financial institutions donations and fund raising initiatives. BTP assist the beneficiaries through banks and commercial loans. NHE funding allocation is divided into section: 60% goes to public private partnership houses that are sold to middle income through private bank finance and the 40% goes to affordable houses that are funded through profits made on the middle income houses.

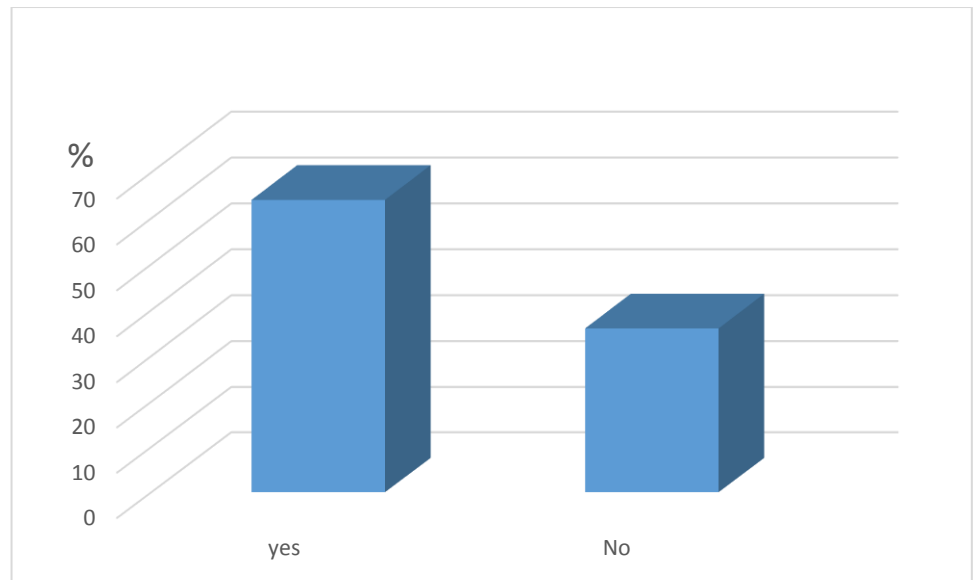


Figure 18: Awareness of government institutions on existing housing policies

According to fig.18 majority of the organisations constituting of 64% are aware of government housing policy and incorporate existing policies in their decision making. BTP has housing policies which includes national Housing goals, targets and commitment and fundamental principles for housing policy. SDFN and NHG has its own strategies which includes the strategic plan, activities to be implemented to reach the objective and the structure framework by which all the above should follow. NHE intends to implement the goal vision 2030 which implies housing should be provided to every Namibian by 2030 and they have incorporated that into their goals and strategies. NHE implemented a policy which provides new houses to new first time owners only and that house cannot be sold in less than

the specified number of years. Only people earning less than N\$ 20,000 may apply for such housing.

Challenges faced by institutions when providing affordable housing

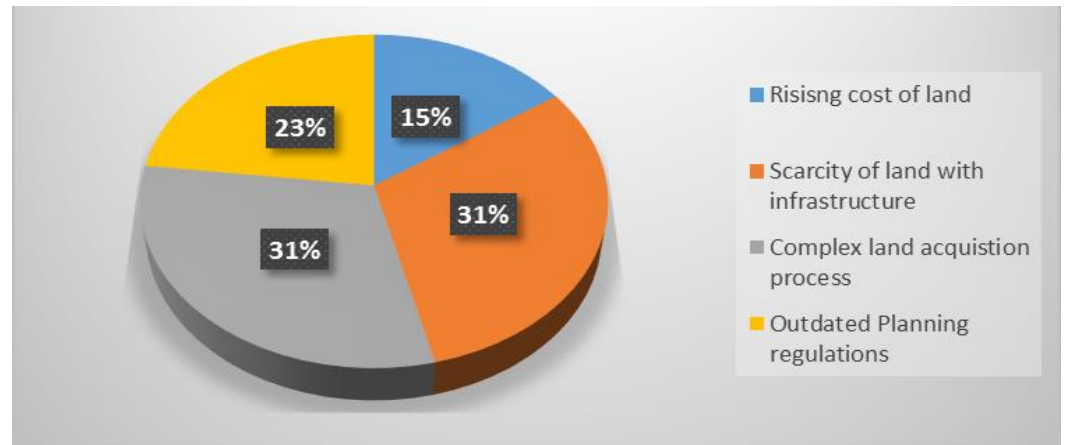


Figure 19: Key challenges faced by organisations

According to fig.19 One of the challenges faced by institutions include: scarcity of land 31% and the complicated land acquisition process 31%. Followed by outdated planning regulation with 23% and finally by the rising cost of land with 15%. Land acquisition process is very complicated in Windhoek. Other than that finding land that has been serviced is more expensive. In addition the above organisations stated high price of building materials and resignation of officials who understand the process makes the situation worse. Another issue they addressed is the lack of / shortage of funding.

Table 9: Suggested strategies to overcome challenges

Suggested Strategies	Percentage (%)
Availability of low cost building materials	20
Appropriate building technologies	13
Low interest rates on building finance	40
Change of building code	7
Sourcing funds from international communities	20
Total	100

According to the above table low interest rates on building finance with 40% appears to have the highest preference as a strategy followed by Availability of low cost building materials 20% and sourcing of funds from international communities 20% then appropriate building technologies and the least likely change of building code with 7%.. In addition to the above they also suggested sourcing funds from international corporates, Engaging government leaders to be more active and Cooperates, Community engagement to foster understanding and create ownership process that would result in house owners having more control and are more involved in the process and finally people participating in the construction process can also help lower prices and increase construction of houses.

Regardless of all these challenges organisations continue to struggle to be able to provide more housing especially for the low and middle

income groups. When organisations were asked why in spite of all the challenges encountered, one of the most important reason is to fulfil that social need of providing housing and to be able to cater to those who are mostly neglected in today's society. Organisations enable development in local communities, create better living conditions and move people from shacks providing them with an opportunity to save and own their homes while improving overall living conditions of people. An in-house programme is used in the construction process which facilitates the construction of houses capitalising on discount from building suppliers. This allows negotiations on better prices on materials from material suppliers which is then passed on to the end users this does bring down the prices of houses making them affordable.

4.5 Discussion from the financial Institutions Interviews

Interviews were conducted with managers of the three commercial banks namely, Standard Bank, First National Bank and Nedbank. Bank Windhoek declined to participate in the research.

I. Availability of housing loan schemes

Banks have housing loan schemes but do not target specific groups catered for based on class and agreements entered into by specific organisations. Some banks have an agreement between government and larger parastatals to offer loans with lower interest rate for their employees between 2011-2014. Currently there no tailored loans based

on the salary, there is no specific classification but is based on income of that individual applying for that specific loan. There are variety loans individuals can choose from upfront bond, traditional home loan, building loan, flexi bond, Re-advance, pre-paid, further loans, and future use and rate options. Unfortunately most of these options are not for the low and middle income groups.

II. Targeted beneficiaries

The targeted beneficiaries of these loans are mainly middle to high income individuals. Most banks agreed that providing loans to the low income is risky due to lack of steady income, higher risk default and transaction costs. Majority of these banks are willing to provide loans/ credit to middle and high income individuals at market rates based on the income earned by those individuals.

III. Availability of low interest loans.

Banks have all stated they don't have low interest rates because this is based on the income of the individual. Banks cannot give low interest rates due to the costs incurred that have to be recovered for smooth operations. One of the banks stated that the parastatal is given at an interest rate of 1.5% lower than the home loan agreed rate currently at 11.50%. This means having agreements with bigger business to acquire larger amounts to be able to have an advantage of obtaining the loans at a cheaper rate. Majority of the banks don't have low interest loans

and some agreed that they don't have specific interest rates but the interest is determined by the specific loan package selected.

IV. Official process for approval of a housing loan

The client will need 3 to 6 months bank statements to show proof of good credit standing and balances. Income and expenditure statement should reflect a surplus of not less than the required percentage of the monthly home loan instalment, after the deduction of all expenses, including the full home loan instalment. Percentage differs from bank to banks can range from 20-30% of the gross income depending on the income. Must have fixed employment of at least 2 years or more. Marriage certificate (if applicable). Ante nuptial Contract (ANC) if you are married out of community. Income and expenditure and assets and liabilities statement. Payslips to serve as proof of income (and that of spouse if applicable). If are self-employed, you will need to bring current financial statements or an auditor's letter confirming your income. Interest differs from bank to bank based on the package chosen. Bond payment ranges from 10-15 years or more. Interest payments are added to the actual instalments and are payable from the first month of the bond. The bond amount is determined by the monthly instalments that one can afford. The above stated requirements differs from bank to bank.

V. Availability of Low-cost housing loan schemes

Banks approached do not have low cost housing scheme although one of the banks agreed they have a scheme that only caters to large scale projects. If more clients are granted loans this will lead to an increases in the pool of clients in the bank's books while increasing profits. Loans are be paid back in monthly instalments although at a lower percentage it increases the overall profits. The other banks don not have such schemes.

VI. Can you state other types of housing loan scheme your organisation is currently implementing?

Most banks don not have any housing loan schemes currently being implemented. Some banks have Promotional campaigns to suit needs to cater for middle and high income groups. One of the banks stated they have contractual agreements with firms to provide low income rates for their employees to be able to acquire housing loans. Currently the targeted groups are mainly the high income individuals while most of them don not have specific targeted groups.

VII. Availability of agreements/ relationship with housing supply institutions in terms of low interest loans

Most banks have stated they do have agreements with some housing organisations where they provide funding and assist with projects. Although one of the banks stated that they currently have no agreement

with National Housing Enterprise and Shack Dwellers Federation of Namibia but has completed some projects while they await further projects to finance. Other Institutions financed include Shack Dwellers, NHE, Build Together and Donations.

4.6 Conclusion.

Analysis consisted of information and discussions obtained directly from primary sources. The main instruments that were used to gather the data included a questionnaire and interviews. Questionnaires were administered to individual house owners and renters as well as the housing supply institution management, while the interviews were conducted with managers of the three commercial banking institutions.

Chapter 5

Findings and Recommendations

5.1 Introduction

The main objective of this research is to identify, determine and assess factors contributing towards the shortage of affordable residential housing in Windhoek and the challenges low and middle income group's face in buying a house. Study evaluated challenges housing supply institutions face in providing affordable housing in Windhoek to the ever growing urban population. Commercial banks were evaluated to determine their role in the current housing affordability crisis. Overall study looked at how organizations and individuals faced challenges and the suggested solutions on how to improve the affordable housing crisis. The main objective was to conduct an assessment study on the provision of affordable housing in Windhoek. The study investigated the shortage of affordable housing in Windhoek by highlighting some of the major factors contributing towards the current housing crisis. Addressing the current housing problem will lead to an increased home ownership and supply of more affordable housing for the low and middle income groups. This chapter discusses findings, suggested solutions and provides further recommendations.

5.2 Findings

Research Objective 1: *Factors that have contributed towards the shortage of affordable housing supply in Windhoek.*

According to findings, most respondents agreed lack of serviced land is the biggest factor contributing towards the shortage of affordable housing, the inability to provide land, unequal distribution of land and finally unregulated rental expense. Funding for the construction of property is readily available however when cost of servicing land is considered the cost becomes tremendously large. Land acquisition process is very difficult for individuals due to the complicated requirements and biased corrupt officials. Some individuals agreed that land is being sold and bought by the officials themselves through third parties and eventually transferring the rights back to themselves.

Respondents further stated that high house prices contribute and worsens the situation as only the high income groups can afford to purchase a home while the low and middle income groups continue to struggle. Leasing of land without guarantee of ownership is another problem respondents face. Banks only provide house loans that cover up to the actual valuation price. Individuals need to provide the difference between the valued price and the asking price from their own income or savings. This is very pricy as the mark up can constitute 60% of the actual price if the house. Land is sold to private developers which is sold to the general public at a marked up price. By the time

private developers sell that property cost has doubled in value. Access to credit facilities to buy land/ purchase property requirements are very high majority of the population cannot afford. Majority of the land available is not serviced and when they do acquire it, servicing needs to be done. This takes tremendous amounts of capital prior to the commencement of the construction process. In addition to that, lack of initiative from the government to implement strategies and policies to make that provision by providing more serviced land.

Organizations further stated that the government should simplify the land acquisition process and speed up the approval process for them to be able to increase the construction of houses which leads to an increase in the housing supply. Another factor considered was the high prices of building materials. The more money spent on acquisition of building materials, the higher the cost which eventually trickles down to the house price and fluctuating the actual house price. Lack of serviced land and getting approval for developed land has become more difficult and complicated for these organisations.

High prices of building materials contributes towards the shortage of affordable house as the price account for more than half of total housing expenditure. High cost of materials for building houses is a serious challenge militating against delivery of decent mass housing. Other challenges associated with building materials arise because most housing developers insist on the use of conventional building materials and technologies. These standards and regulations prevent the use of

readily available local building materials and cost effective and environmentally friendly construction technologies.

Research Objective 2: *Key challenges associated with the supply of affordable housing in Windhoek.*

Some major challenges organisations face in the supply of affordable housing is outdated planning regulations. Organisations policies and procedures are outdated, what would have worked years ago does not necessarily mean it is going to work now. Days have changed and circumstances have changed. Organisations need to remove those phased out ways of doing things and bring in new and improved ways that will suit the current population needs. Another key challenge addressed is the scarcity of serviced land which is one of the biggest drawbacks for all organisations. Windhoek does not have shortage of land, the major problem is the shortage of serviced land. Another challenge organisations face is lack of sufficient funds although funds are obtained from the government and private institutions, it is hardly enough due to the increasing population and increased demand for housing.

Research Objective 3: *Synergy of policies governing supply of affordable housing in Windhoek.*

Organizations are aware of the national housing policies have been incorporated into organizations goals and objectives. National housing

policies serve as guidance and are used side by side with existing policies of that specific organization to improve living conditions of people. Organizations are able to improve on the strategy formation while increasing provision of housing especially for the low income who are usually sidelined. BTP has its own housing policies which includes national Housing goals, targets and commitment and fundamental principles for housing policy. SDFN and NHG have strategies which incorporates the strategic plan, activities to be implemented to reach the objective and the structure framework. NHE intends to implement goal vision 2030 which states housing should be provided to every Namibian by 2030 and have incorporated that into their long term goals and objectives. NHE implemented a policy which provides new houses to new first time owners only and that house cannot be sold in less than the specified number of years. Only people earning less than N\$ 20,000 may apply for this type housing. There is definitely a synergy in the policies of organizations which shows they are not operating in isolation but in alignment with government 2030 vision.

Research Objective 4: Long term goals and strategies to overcome and improve housing affordability

In spite of challenges being faced, organizations continue to strive to provide affordable housing for the low and middle income groups. Some strategies implemented include low interest rates on building

finance. Low interest loans are being given to their beneficiaries that allows them to be able to purchase houses at affordable prices. Organizations have agreements with construction companies to purchase locally made construction materials at lower prices. If construction materials can be purchased at lower prices they are able to construct houses and sell them at affordable prices.

Organisations source funds from international organizations that enables them to progress with housing provision regardless of the limited funding received from government institutions. There are various construction techniques that allow them to construct houses quicker and at a cheaper rate. Houses can be constructed to suit specific needs of low and middle income groups. This can range from a one bedroom to a three bedroom houses depending on the affordability of the beneficiaries. Other than the above suggested strategies engaging government leaders to be more proactive in the Community to foster understanding and create an ownership process that will result in increased house ownership.

Research Objective 5: *Challenges low and middle income groups face to acquire affordable housing*

Data was collected from low and middle income individuals who live in Windhoek from their respective and chosen locations. Individuals were selected randomly based on their respective locations Wanaheda, Okuryangava and Goreangab to represent low income and Khomasdal,

Windhoek West and Hochland to represent middle income groups. The low income earners in this study refers to those groups earning up to N\$3,500 and the middle income refers to those earning between N\$3,500-N\$10,000. This categorisation was referenced from the in the summary of income backlog table which then allowed the researcher to sample and obtain data.

Most respondents were permanently employed ranging between 20-40 years of age. Based on the analysis majority of the individuals in these locations were categorised as middle and high income individuals which was surprising considering the locations that were supposed to represent low income represented middle income individuals. Majority of the respondents earned between N\$3,500-N\$9,999 with 46.5% which implies majority lie in the middle income category. According to the Namibian Labour survey Men in the employment sector outnumber women in employment nationally, particularly in urban areas where employment opportunities are more available than in rural areas. Looking at the gender statistics men are more privileged than women in terms of accessing finance and acquisition of homes.

Although the population should have consisted of low and middle income groups majority were in the middle income category who chose to stay in low income locations due to low rental/ affordable rental prices .Middle income population constituted 45.8% of the sample. Most respondents constituting of 65.5% which is more than half of the selected sample were renting. Many could not afford houses nor qualify for a mortgage. Mostly married couples and those above 40 owned their

own houses. Married couples have collected income which allows them to qualify when applying for a housing loan.

For the older individuals who owned home stated these houses were purchased prior to independence by that time house prices were not highly inflated like the current times. Majority of the individuals who rent, are mainly young professionals with a good income and yet still struggled to own their own homes. The current housing crisis is affecting are all classes from low, middle and high income individuals. According to research low income groups are catered for by government housing providing institutions such as SDFN, BTP and NHE while those in between are left not catered for. The challenges that were mostly common among the sample included lack of serviced land, unregulated rental expense, unequal distribution of land and the inability of the officials to actually proved that land other than the above they also. The land acquisition process is very difficult for individuals as the process itself is complicated and very biased. Some individuals expressed that land is only being sold and bought by the officials themselves by using third parties and eventually transferring the rights back to themselves.

In addition ,individuals stated that high house prices contribute as well, because that means only the high income groups can afford while the low and middle income groups continues to struggle, leasing of land without guarantee of ownership is a problem. Banks finance over valued properties also contributes in the sense if they got private valuers they would discover that these houses are overpriced. Land

is sold to private developers who add additional mark ups to make profits. By the time that specific land or house is being sold the house price is excessively high. Finally access to credit facilities to buy land/ acquire property requirements are very high majority of the populations cannot afford as they fail to qualify for one.

5.3 Conclusions

Housing providing institutions like NHE, NHG, SDFN and BTP have been in the housing provision industry for more than 15 years which shows they have a lot of insight on how the housing market operates. Other than that, these organisations have catered for low income and middle income individuals in spite of the ever-growing masses and the challenges they face. Institutions are driven by housing needs of the people while encouraging them to save and participate in the process itself. In spite of obstacles faced, these organisations still manage to provide affordable housing. However, there are a lot of others factors preventing them from reaching their ultimate objective which is to construct and provide more housing to the growing population at an affordable price. The major problem being faced is lack of serviced land and limited funding. In addition to that organisations align their policies with the National Housing policy so they can work accordingly and together towards the 2030 Vision, which states by 2030 every Namibian will have access to housing.

Financial institutions have a role to play in this housing price crisis but they can't really be blamed as these are businesses and their main objective is to make profits. They have high mortgage rates because banks are businesses that need to make profits. Most banks don't have housing loan schemes to cater for the low income groups but they do have certain agreements with some institutions. Majority of the beneficiaries range between middle to high income individuals. Banks don't have low interest rate loans to cater for any specific group range but they determine interest based on the income earned. Although financing low-cost housing may increase the client base they don't own such facilities. Mainly middle to high income group's benefit from housing loan schemes. It seems that they may not have agreements with housing supply institutions however they offer funding to these organisations in the form of Donations.

Most respondents rented regardless of their income range. Although majority of the respondents were permanently employed most of them could not afford to own a house. Mostly the older couples or individuals owned houses which were purchased way before independence. High income individuals who qualified for mortgages can afford and middle income which are very few and mostly the married couples. For those that rented suffered the most as the higher the house prices the higher the rental expense, rental expense is very high in Windhoek and this is as a result of inflated property prices. 36.5% of the 65.5% paid N\$5000-N\$8000. In spite of that these people have no choice but to pay. Other than that they all agreed that

lack of serviced land is the biggest problem among other challenges they face.

Government needs to recognise the growing masses in Windhoek and the need to find strategies to be able to cater for the population ranging from the low to middle. Supply of affordable housing cannot be left to private institutions who are more profit oriented but should be controlled by the government in that way all people's needs will be considered and will be taken care of. Housing should be considered as a need rather than a want. Eventually if these individuals especially the low income groups will end up in the shacks and slums which is another problem for the city. Government should take responsibility to increase the provision of affordable housing for all everyone.

Affordable housing isn't a problem that is impossible to solve as there are initiatives already implemented and have been quite successful. The problem is organisations can only do so much and provide as much as their funding and resources permit them to. Increased demand of affordable housing will gradually increase indefinitely due to the ever increasing urban population. However the different organisations and institutions can come together and work together to combat this problem. The government being the key player should try as much as possible to dispose of required resources to the other agencies and institutions to be able to increase the supply of affordable housing.

Affordable housing should not be looked at in isolation but as one of the biggest indicators towards economic growth. Diverse group of individuals, organisations and international bodies should come together and formulate strategies on how to overcome this challenge. The strategies/ plans should be carefully considered and laid out to suit the needs of each and every individual. The government can look at how other countries have combated housing affordability crisis and try to implement the same in the Namibian economy. The government should also provide more sustainable development programmes for the middle and low income population. The suggested rent control act should be reinforced and strengthened to protect the tenants who constitute majority of the population from the exaggerated rental costs.

5.4 Recommendations

Provision of adequate and decent housing is a right every Namibian should have and should be looked at as such and be considered as one of the most important social economic indicator in the development of Namibia as a nation . There should be a comprehensive and enforceable National housing policy and the related strategic actions to be taken to ensure development of an appropriate housing provision system. This should incorporate and utilise all the human resources, funding and resources to address the challenges on the shortage of affordable housing in Namibia.

Developing and appropriate law and regulations structure that govern the provision of affordable housing, its development, infrastructure and

funding. Priorities should be set out to when the projects should commence and follow through to completion regardless, rules should be enforced on this that prevents them from stopping halfway or suddenly putting a stop to that specific development. There should be strict controls to ensure all projects started should be completed.

Government incentives should be aimed at creative appropriate programmes and grants with combined efforts from private organisations to facilitate the provision of housing finance for the low and middle income. Some of the effective scenarios where government incentives were involve the following: MI Banco of Peru is an example of a microfinance institution which was originally started by an NGO, donor funded, with a strong social mission focused on the poor and low income populations that was able to convert to a commercial bank as a result of government policies that improved economic stability.

In 2000 MI Banco introduced an innovative housing loan called MiCasa. (Ferguson, 2008). Today MI Banco continues to be an active force in Peru's affordable housing market. Germany's public aid granted to institutions which build accommodation for low-income populations, Belgium's home improvement grants, Kenya's tax credits, and Sweden's block grants for neighbourhood improvement just to name a few (Kolawale, 2011). These are some of the ways other countries are utilising government incentives to meet the needs of their respective societies. Namibia can adopt one or more of these examples to apply it to the current Namibian economy to improve the housing crisis.

The use of cheaper construction materials and technologies that are durable and can easily be used in the construction in the building process on a continuous basis as well as be used in for the construction of the bigger projects. Home layout and identification of suitable low-cost, low-tech building materials that are eco-friendly is acceptable and practical. Government can provide incentives to housing supply institutions such as tax reductions and other benefits/subsidies that encourages them to use cost saving technologies and material for the construction of affordable housing. The use of local /recycled materials and local labour allows the minimisation of costs. The formulation of the new design norms and standards for housing should be performance-based rather than material-specific to allow the use of a wider variety of materials. Use of local building materials should be encouraged through subsidization and incentives. Governments should facilitate appropriate and effective use of local/recycled materials in their social housing programmes.

One of the most critical factor affecting development of affordable housing for both property developers and individual's houses is funding. Financing the construction process and later developing the necessary infrastructure with limited finances is a key determinant to the type of housing one can afford. Lack of formal income and land collateral reduces eligibility for housing subsidy programs, raises risks profile for commercial mortgage lending for the low and middle income groups. Majority struggle to buy land and construct their houses due to limited capital and in most cases are considered not

creditworthy enough to access loans from local banks. Support towards development of alternative finance sources for the urban poor; housing microfinance, credit cooperatives, savings groups and community mortgages should be provided to ensure fairness and equality for these individuals. The government can introduce housing microfinance Institutions or provide facilities that can provide micro-loans. Housing microfinance has been implemented by recognised microfinance institutions like, the Grameen bank, Bofo Microfinance in Ghana. Micro finance institutions have flexible lending methods; for example, lending for land purchase, house construction and even infrastructure development. Lending at every stage is governed by specific conditions and requirements.

The government can diversify resources and use the money obtained to fund the construction of affordable houses. They can also decentralise the decision making process of who and how land is allocated, which institutions should receive more funding, which projects should be completed first. By focusing on the projects that have started following through to completion. This allows decisions to be made by not only the top officials but also by the housing supply developers. The above suggested solutions can only work if governments, private organisations, International and private Investors, commercial banks as well as the individuals who are who are directly affected by the shortage which are the low and middle income category come together and formulate a strategy. The proposed strategy should work for all and must be formulated to suit all needs and cater to as many as possible

and be prioritised to provide affordable housing and reduce the current crisis at hand.

5.5 Recommendations for further study

After research was conducted and results were analysed the following recommendations require further studying.

1. Study was based in Windhoek however the study should be conducted in other parts of Namibia to determine if this crisis is spread to other regions or just affecting the capital.
2. There is a shortage of serviced land and research needs to be conducted to find out why is this is a problem while there is plenty of land in Windhoek. What is really preventing the government from providing more serviced land which is one of the biggest obstacle hindering the construction of affordable homes.⁹
3. There is a need to research on the appropriate building technologies that can be used by the government and the private institutions to improve and increase the construction of affordable housing for the low and middle income.
4. There is a need to research on how housing institutions funding is allocated and how these funds are being used in the construction of affordable homes.

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**QUESTIONNAIRE FOR THE AFFORDABLE HOUSING SUPPLY INSTITUTIONS
IN WINDHOEK**

Dear Respondent,

My name is Daria Gabone, a Master in Business Administration (Finance) student from the Namibian Business School, University of Namibia. This questionnaire is a research instrument for my Master Thesis on “**The Provision of affordable Housing in Namibia; The Case of Housing Supply Institutions in Windhoek.**” This study is purely for academic purposes. Kindly respond to the questions. Be assured that the confidentiality of the information collected and the anonymity of the respondents would be maintained and respected. Your participation in this research is voluntary. This structured interview seeks to investigate why there is a shortage of affordable housing in Windhoek and the challenges faced by the supply institutions to address this problem.

Thank you for your cooperation.

Daria Gabone

-
- Please respond to all the questions in the questionnaire
 - Please put an (✓) in the box/ boxes most applicable to your organisation

GENERAL INFORMATION

1. Please indicate the name of your organisation:

2. What is the main role of the person completing this questionnaire in the organisation?

Sex of the respondent (please tick)

Male	<input type="checkbox"/>
Female	<input type="checkbox"/>

- 3.
- Type of company**

Private company	<input type="checkbox"/>
Non-governmental	<input type="checkbox"/>
Government agency	<input type="checkbox"/>
Quasi-government	<input type="checkbox"/>

4. How is your organisation linked to affordable housing provision?

Planning authority	<input type="checkbox"/>
Housing providers	<input type="checkbox"/>
Community related group	<input type="checkbox"/>

Other please specify:

5. Years in operation

a) Less than 5 years	
b) 5-15 years	
c) More than 15 years	

6. Number of Employees in your organisation

Less than 20 employees	
20-100 employees	
More than 100 employees	

7. Number of housing units constructed by your organisation

None	
1-500	
501-1000	
More than 1000	

8. Please give a brief description of the main objective of your organisation?

9. In which regions is your organisation active? (Please tick)

Zambezi	<input type="checkbox"/>	Omaheke	<input type="checkbox"/>
Erongo	<input type="checkbox"/>	Omusati	<input type="checkbox"/>
Hardap	<input type="checkbox"/>	Oshana	<input type="checkbox"/>
Ikaras	<input type="checkbox"/>	Oshikoto	<input type="checkbox"/>
Kavango	<input type="checkbox"/>	Otjozondjupa	<input type="checkbox"/>

10. What shapes the decisions regarding how and where affordable housing is provided in your organisation?

Local planning authorities	<input type="checkbox"/>
Developer profit targets	<input type="checkbox"/>
Local needs	<input type="checkbox"/>
Land availability	<input type="checkbox"/>
Empowered Communities	<input type="checkbox"/>

Others please specify:

11. Has your organisation developed new affordable houses last year? (Please tick)

12.

Yes	
No	

12. How many new affordable houses has your organisation developed in the past 5 years? (enter the number)

2012	
2013	
2014	
2015	
2016	

13. Has your organisation completed affordable houses? (please tick)

Yes	
No	

14. How many new affordable homes did your organisation complete so far In the past 5 years? (Enter number)?

--

15. Are there reasons why your organisation did not build affordable houses last year?

16. Do you think that over the last years the ability to provide affordable housing in rural settlements has been successful? If not please state why?

17. How does the organisation encourage the provision of affordable houses?

How does your organisation ensure provision of affordable homes?

18. How are the properties associated with the organisation made affordable?

19. What is your opinion on the housing prices in Windhoek? (please tick)

Very high	<input type="checkbox"/>
Moderate	<input type="checkbox"/>
Low	<input type="checkbox"/>

19. What major factors are making houses even less affordable in Windhoek?

Lack of initiative from government in ensuring affordable housing	
Unavailability of affordable housing loan	
Excessive price of land	

Other please specify:

20. What is your opinion regarding house rent in Windhoek? (please tick)

Very high	
Moderate	
Low	

19. What do you think are the major causes of high house rent in Windhoek?

There are shortage of housing units	
Absence of government regulations to control house rent.	
High demand	

Others please specify:

20. How do you rate the performance of government agencies responsible for housing matters? (please tick)

Excellent	Good	Fair	Bad	Very bad

21. Give reason for your answer in Q20.

22. Who in your opinion should have the most influence in determining where and how housing should be provided?

Local community Developers	
Planning authorities	
Housing authorities	
Independent researchers	

Other please specify:

23. Are you aware of other affordable housing programmes implemented in Windhoek? (please tick)

Yes	
No	

If yes state them:

24. Which of the above stated programmes have been effective in the provision of affordable housing in Windhoek?

FUNDING

1. How is the organisation funded?

Private business	
Government funding	
Charitable donations/grants	

Other specify:

2. What is the total grant received by your organisation for the construction of affordable homes?

3. What are your main sources of funding for new affordable housing?

4. How are these funds allocated towards the construction of affordable homes?

5. How is the organisation funded to provide affordable housing for the low income and middle income groups?

6. Methods of Housing provision funding to the low and middle income groups

Provision of housing through mortgages	
Provision of site and service	
Public-private partnership	
Funding by international bodies	

Other specify;

POLICICES

1. Are you aware of government's policies regarding housing?

Yes	
No	

2. Which ones?

3. Does your organisation have policies governing the provision of affordable housing?

Yes	
No	

Which ones?

4. Is your organisation promoting housing finance policies or programmes aiming at enabling access to other affordable housing by the low and middle income groups, through the provision credit with financial institutions?

Yes	
No	

If yes how?

CHALLENGES

4. What are the key challenges encountered by your organisation that are preventing the organisation from achieving its overall objective of supplying affordable housing.

Low return on investment	
Rising cost of land	
Scarcity of land with Infrastructure	
High interest on capital finance	
Complex land acquisition process	
Outdated planning regulations	

Other challenges other than above please state them;

SUGGESTED STRATEGIES TO OVERCOME CHALLENGES

What are the strategies that your organisation has put in place to overcome challenges on the provision of low cost housing in Windhoek?

Availability of low cost building materials	
Appropriate building technologies	
Low interest rates on building finance	

Change of the building code	
Sourcing funds from international communities	
Elimination of cultural barriers on property ownership and management	

Other strategies other than above please state them;

MOTIVATION BEHIND THE HOUSING PROVISION INSTITUTIONS

What motivate your organisation to keep doing what you do?

Statement	
Maximum profit motive	
Social need motive	
Government incentives	
Availability of low cost building materials and technologies	

Other motives please specify:

QUESTIONNAIRE TO HOUSEHOLDS IN WINDHOEK

Dear Respondent,

My name is Daria Gabone, a Master in Business Administration (Finance) student from the Namibian Business School. University of Namibia. This questionnaire is a research instrument for my Master Thesis on “**The Provision of affordable Housing in Namibia; The Case of Housing Supply Institutions in Windhoek.**” This study is purely for academic purposes. Kindly respond to the questions. Be assured that the confidentiality of the information collected and the anonymity of the respondents would be maintained and respected. Your participation in this research is voluntary. The research seeks to investigate why there is a shortage of affordable housing in Windhoek and the challenges faced by individuals.

Thank you for your cooperation.

Daria Gabone

- Please respond to all the questions in the questionnaire
- Please put an (✓) in the box/ boxes most applicable to your organisation

GENERAL INFORMATION

1. Age: 20-30 () 30-40 () 40-50 () 50 Upwards
2. Sex: Male () Female ()
3. Current Location_____

4. Employment Type
 - a. Self Employed/ Entrepreneur
 - b. Permanent Employee
 - c. Unemployed
5. Marital status Married () single () divorced ()
6. In monetary terms how much is your income per month?
 - a. Up to N\$3500
 - b. N\$3600- N\$10, 0000
 - c. More than N\$10, 000
7. Do you: Own the house () rent () other_____
8. How did you acquire your house?

Bank () Agent () Housing Institution () other _____

9. How did you finance your home?

Savings () Mortgage () other _____

10. From which bank is your house being financed?

a. FNB () Standard Bank () Nedbank () Bank Windhoek

11. If you're renting how much is the rental income on a monthly basis?

12. In your opinion what are major causes contributing towards housing shortage in Windhoek?

a. Lack of serviced land

b. Unregulated rental income

c. Unequal distribution of land

d. Inability to provide housing/ property grants

Other: _____

13. What role do financial institutions such as banks play in contributing towards the shortage of housing?

a. High interest rates

b. High income requirements for acquiring mortgage

c. Mostly catering for high income groups

Other _____

14. In your opinion what solutions can you suggest to overcome this housing crisis?

INTERVIEW GUIDE FOR HOUSING FINANCE PROVIDERS

Dear Respondent,

My name is Daria Gabone, a Master in Business Administration (Finance) student from the Namibian Business School, University of Namibia. This questionnaire is a research instrument for my Master Thesis on “**The Provision of affordable Housing in Namibia; The Case of Housing Supply Institutions in Windhoek.**” This study is purely for academic purposes. Kindly respond to the questions. Be assured that the confidentiality of the information collected and the anonymity of the respondents would be maintained and respected. Your participation in this research is voluntary. This structured interview seeks to investigate why there is a shortage of affordable housing in Windhoek and the challenges faced by the supply institutions to address this problem.

Thank you for your cooperation.

Daria Gabone

GENERAL INFORMATION

Name of Institution: _____

Name of interviewee: _____

Position in the organisation: _____

Date and time of interview: _____

1. What are the available housing loan schemes being offered by this bank for the low income and middle income groups in Windhoek?
2. Who are the target beneficiaries of different housing loans scheme being offered by this bank?
3. Are there low-interest-rate housing loan scheme being offered by this Bank?
4. What is the official process to get approval of such loan?
5. Is financing for Low-cost housing loan schemes profitable?
6. Could you state other types of housing loan scheme your organisation is currently implementing?
7. Who are your target group for the housing loan scheme?
8. Do you have any agreement/ relationship with housing supply institutions in terms of low interest loans being offered to their beneficiaries?