

**AN ANALYSIS OF FACTORS INFLUENCING HOUSING AFFORDABILITY IN
WINDHOEK, NAMIBIA**

**A RESEARCH PROJECT SUBMITTED IN FULLFILMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
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ABSTRACT

Research has consistently shown the importance of the housing sector on the economy, the long-term social and financial benefits and failure of the housing market to provide an adequate supply of well-located affordable housing. Despite various initiatives by Government and non-governmental organizations, the housing sector is faced with a number of strategic challenges, which provide the basis for policy and strategy decisions by exposing the existing gaps in the housing industry in Namibia and the inability by low to middle income groups to afford housing. This study aims to analyze the factors influencing housing affordability for the low to middle income households in Windhoek, in relation to the Windhoek housing property market and review how various policies introduced by the Government have influenced the Namibian housing market.

The study adopted a mixed research strategy. This involved close review of literature so as to enable the researcher to be familiar with the content and to gain an understanding of the themes and details in the text. The research instrument was pilot tested on five tenants residing in Hochland Park in Windhoek and guided interviews were conducted with the different selected income groups.

Results revealed that housing affordability in Windhoek is influenced by a number of social, economic and Government or political factors such as immigration, education levels, income, taxation, interest rates, preference, construction cost and availability of serviced land. Results also revealed that the high cost of living negatively affects housing affordability which makes it challenging for the low and middle households to buy houses.

In terms of housing policies and programmes, results underscore the fact that, there exists a number of these housing policies despite the fact that overall people, are not aware of most of

these policies with the exception of the National housing enterprise (NHE) and National housing policy and that these policies in any case have not had any effect on the housing affordability as house prices still remain high in Namibia, which in a way poses a challenge particularly for the low to middle income households. Other mentioned challenges to affordable housing in Windhoek include the limited funding and increasing costs of building materials, bureaucracy, poor contractors, poor quality work and corruption are to blame for the negative influence on the housing market and housing affordability in Windhoek.

The study recommends the need to reduce prices on housing, increase access to land and offer it at low costs, increase people's salaries particularly the low to middle income households, enforce Government policies on housing, award the "right people" contracts to build houses of quality, and ensure strict adherence to Government set rules and regulations in executing various policies.

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C.D. Kgobetsi (Haradoës)

Windhoek, April 2017.

DEDICATION

I dedicate this Thesis to my husband Mr. Ellis E.T. Haradoëb, my daughter Alice M. Kgobetsi-Haradoës and my mother Mrs. Regina Zuzo, my late father Mr. Stephanus S. (Buks) Kgobetsi, my stepfather Mr. Phillip M. Zuzo, and my entire family for their outstanding role in my study life. Your patience, love and prayers throughout these years are invaluable.

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DECLARATION

I, Consetha Desiree Kgobetsi (Haradoës) declare that “An Analysis of Factors Influencing Housing Affordability in Windhoek, Namibia” is my own work, and that this work, or any part has not been submitted before any degree or examination in any other University, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

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This Thesis has been submitted with my approval as University Supervisors

Signed:

Signature: Date.....

Dr. I. Randa (Namibia University of Science and Technology)

ACRONYMS

ABS:	Australian Bureau of Statistics
BoN:	Bank of Namibia
BOP:	Balance of Payment
BTP:	Build Together Programme
FNB:	First National bank
MFI:	Micro-finance institutions
MTEF:	Medium Term Expenditure Framework
NAMPAB:	Namibia Planning Advisory Board
NPD:	National Development Plan
NCCI:	Namibia chamber of commerce and industry
NHE:	National Housing Enterprise
NSW:	New South Wales
ROSCAs:	Rotating savings and credit associations
SDFN:	Shack Dwellers Federation of Namibia
TIPEEG:	Targeted Intervention Programme for Employment and Economic Growth
UWS:	University of Western Sydney

CHAPTER 1

INTRODUCTION

1.1 Orientation of the Proposed Study

Across the globe, housing is seen by all human beings as one of the fundamental demands for living in addition to food and clothing. Research has consistently shown the importance of the housing sector on the economy and the long-term social and financial benefits to individual homeowners (National Association of Realtors, 2012). Aside from the importance, housing affordability problems largely prevail partly within the housing system, such as the failure of the housing market to provide an adequate supply of well-located affordable housing and partly from outside the housing system and broader economic, social and environmental goals of Government (Michelle, Keith, Kathy, Terry & Yates, 2005).

In Namibia, the housing sector is labeled as a major contributor to the national economy in terms of finance. In addition, housing influences the social, political and environmental aspects of the Namibian society. Hence, “sustained and increasing housing development output therefore presents a great potential for various spin-off effects” (Namibia National Housing Policy, 2009, p. 3). Indeed the Government of Namibia has put in place various policies and regulations in order to enhance access to housing. According to Mosha (2011), some of the operational programs that have been undertaken include the Build-Together Programme (BTP), the National Housing Enterprise (NHE), Shack Dwellers Federation of Namibia (SDFN) and some Central Government Initiatives. However, despite the various interventions by the Government to provide affordable housing, the future of Namibia’s housing sector remains uncertain. The increasing prices of houses have made affordability of houses difficult, yet there is growing demand. The increase in demand for houses is attributed to the shortage of affordable housing (Mosha, 2011). It is upon such a

background that the researcher carried out an analysis on the factors influencing housing affordability in Windhoek, Namibia.

1.2 Statement of the Problem

Although the Namibian Government set up the National Housing Enterprise (NHE); a state housing scheme which aims to provide formal housing to low income groups, little has been done to solve the affordability challenge. The inability to provide enough affordable housing is attributed to the scarcity of land suitable for development (Mosha, 2011). Indeed according to the First National bank (FNB) house price Index (2010) there was a higher price per square metre for entry level houses when compared to the price per square metre for medium and high income market houses. As a result, the delivery of houses was affected due to the non-availability of land for development and this followed a decline in housing delivery in towns. Windhoek for instance registered a decline in the number of units from the range of 50-60 units per month in 2006 to the range of 8-10 units per month in 2011, although the demand for housing was estimated at 250 units per month (Heita, 2011). However, Hailulu (2013), argues that it is not just the scarcity of suitable land for development but also due to the fact that more than 73% of Namibians do not have access to credit facilities offered by the financial service sector, which makes it hard for them to afford to buy urban land and housing. Indeed various factors account for the inability to afford housing in Windhoek in particular. It is upon such a background that analysis of factors influencing housing affordability in Windhoek be carried out.

1.3 The Research Objectives

The objectives of the study will be;

- 1.3.1 To identify the main factors influencing housing affordability in the Windhoek, with emphasis on the interaction between social, economic, political and Governmental forces;
- 1.3.2 To assess the influence of the cost of living on housing affordability for the low to middle income households in relation to the Windhoek property market; and
- 1.3.3 To compare how various policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek.

1.4 The Significance of the Study

This study can be defended on three grounds. First, the researcher expects that the findings will inform all those people willing to acquire affordable housing in Windhoek municipality and other municipalities in the country on the various factors influencing affordable housing. Secondly, it is hoped that the study will help the policy makers to assess the influence of the cost of living on housing affordability for low to middle income households in relation to Windhoek property market and be able to compare how various policies introduced have influenced the Namibian housing market and housing affordability. Thirdly, the findings will enable the policy markets to identify and propose suitable policy recommendations and interventions with the objective to improve the housing affordability in Windhoek.

1.5 Definitions of key terms:

- i. Affordability – Is concerned with the securing some given standard of housing (or different standard) 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 (Lau & Li, 2006). In other terms households should be able to occupy housing that meets well-established norms of adequacy at a net rent which leaves them enough income to live without falling below the poverty standard.
- ii. Housing Affordability – Broadly refers to a person's ability to pay for their housing. Gabriel, Jacobs, Arthurson, Burke and Yates (2005, p. 8) define housing affordability as a “term usually denoting the maximum amount of income which households should be expected to pay for their housing”
- iii. Affordable housing – This refers to housing that adequately suits the needs of low- and moderate-income households at costs below those generally found in the Windhoek property market.
- iv. Low income group – This refers to those earning between NAD 1 500 to NAD 4 601 per month who, as per commercial banks’ requirements, would probably not qualify for a mortgage bond, thus they resort to other means of housing finance, such as those discussed by the study.
- v. Ultra-low income group – This refers to those who are earning below NAD 1 500 per month and includes people like support staff (cleaners), domestic workers and security guards.
- vi. Middle income group – This refers to those who earn above NAD 4 601 and are most likely to meet the income and collateral requirements of the commercial banks.
- vii. Late marriage – This is also commonly known as arranged marriages and forced marriages for young women or girls. These are also common practice in some communities in Namibia.

Young women are given away to uncles and cousins, usually men who are much older than themselves. Young women in these communities do not have a choice; parents and other clan members decide to whom they will be given into marriage. Other forms of forced marriage take place when a woman is forced to marry her deceased sister's husband, or when a widow is forced to marry her brother-in-law or another relative of her deceased husband; again to keep the wealth in the extended family (WLC, 2005).

1.6 The Limitations of the Study

The study was delimited to six townships in Windhoek municipality and did not include other municipalities due to the financial and logistical constraints. The study did not cover the political and historical aspect of why people in Namibia; a huge country with vast land and small population find it hard to get land which also acts as collateral security to banks as this would require a lot of time and other resources.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter covers literature review on the factors influencing housing affordability in Windhoek, Namibia. The review identified the main factors influencing housing affordability in Windhoek, with emphasis on the interaction between social, economic, political and Governmental forces; assessed the influence of the cost of living on housing affordability for the low to middle income households in relation to the Windhoek property market; and assessed how various policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek.

2.2 General overview

Globally, housing is seen by a majority of people as one of the fundamental requirements for living in addition to food and clothing. Research has consistently shown the importance of the housing sector in the economy and the long-term social and financial benefits to individual homeowners (National Association of Realtors, 2012). In Namibia, the housing sector is habitually labeled as a major contributor to the national economy in terms of finance. In addition, housing influences the social, political and environmental aspects of the Namibian society. Hence, “sustained and increasing housing development output therefore presents a great potential for various spin-off effects” (Namibia National Housing Policy, 2009, p. 3).

The purpose of this literature review is to support the identification and selection of models best suited for the analysis of factors that affect housing affordability; the influence of the cost of living on housing affordability for the low to middle income households in Windhoek and the subsequent analysis of how the various policies introduced by the Government have influenced

the Namibian housing market and housing affordability. Furthermore, this literature helps to identify gaps in past studies as far as the present study is concerned.

In order to understand the definition of housing affordability, it is important to understand the word affordability. According to Sen (2013), affordability has been interpreted as the relationship between household income and housing expenditure. Housing affordability is commonly measured in terms of the ratio of housing costs to income of a household. Thus, housing is affordable if expenditure relative to income is reasonable or moderate (Sen, 2013).

Several researchers and authors have however defined housing affordability differently. According to Michelle, et al. (2005, p. 7) “Housing Affordability’ is concerned with securing some given standard of housing at a price or rent which does not impose, in the eyes of some third party an unreasonable burden on household incomes.” Michelle, et al. (2005), have further conceptualized housing affordability in terms of a residual measure mainly relating housing costs and the capacity of a household to maintain an acceptable standard of living.

Luffman (2006), considers housing affordability as the ratio of the sum of the monthly housing expenses and the monthly income per household. Luffman’s definition of housing affordability is somehow related to the United States of America conventional public policy on housing affordability which defines housing affordability on the basis of the percentage of income that is spent on housing. In this context, the conventional public policy considers housing expenditures that exceed 30% of household income as an indicator of housing affordability problem (Wharton Real Estate Center, 1992).

The New South Wales (NSW) parliamentary library research service report by Louise (2011), considered housing affordability to be an expression of the social and material experiences of households, in relation to their individual housing situations. The research institute added that

affordability expresses the challenge each household faces in balancing the cost of their actual or potential housing, on the one hand, and their non-housing expenditures, on the other, within the constraints of their income.

However it should be noted that the term 'housing affordability' and affordable housing are not necessarily the same. For instance the phrase 'affordable housing' is often used as an alternative to terms such as 'public', 'social or 'low cost' housing in Australia (Gabriel, Jacobs, Arthurson, Burke and Yates, 2005). But again public housing and affordable housing are not necessarily the same. "Public housing" is often used as a generic term to refer to all publicly assisted housing, although the term "public housing" actually refers to a specific federal programme (McCarty, January 2014). The University of Western Sydney (UWS) (2008) meanwhile posits that affordable housing is housing which meets the needs of households whose incomes are not sufficient to allow them to access appropriate housing in the market without assistance.

From the definitions put forward by the various researchers and writers, it can be seen that although most definitions of affordable housing, use income and expenditure ratios to explain housing affordability, they do not draw a clear distinction on the exact amount of income earned and the exact amount that has to be spent on the house. For the case of the United States for instance, the conventional policy states that the maximum a household can spend on housing should be 30% beyond which it becomes a housing affordability problem. However this raises the question of "How much is the household's income that is being talked about here?" If for instance a household earns US\$250 000 per year, it means his or her monthly income would be roughly US\$20 000. Assuming taxes are fixed at 20 percent, this household would still retain US\$16 000. Further, under the same scenario, assuming the state has built affordable houses for the population, and that a household have access to these houses and is expected to pay 30% of their income, a

person who earns an estimate of US\$20 000, after taxes would still have a disposable income of US\$11 200 for that month. That means that even if the percentage of income on housing is increased to 40% he or she would still live well. This may well contradict the argument that an excess of 30% of household income is an indicator of housing affordability problem as defined by Wharton Real Estate Center (1992). Luffman's definition faces a similar problem to the one by the United States convention policy on affordable housing. The definition by the University of Western Sydney (UWS) (2008) also does not clearly indicate how much is sufficient and how much is not sufficient. The concept by Michelle et al. (2005), also does not provide any figures but tries to explain that if a household is able to meet the cost of housing and still maintain an acceptable standard of living, then housing can be said to be affordable. This definition is also deficient as it does not explain the type of house. For instance in Namibia houses range from shacks to urban mansions.

Therefore from the researcher's perspective, housing affordability will be defined as the ability of a household to spend a proportion of their income on "good housing" and the capacity of a household to maintain an acceptable standard of living with the disposable income. "Good housing" is in the sense that the house should at least have a good roof with a ceiling, well plastered and cemented; it should have a toilet and bathroom, kitchen, a bedroom or two and a good living room. This however should be backed up with a specific household income figure indicating exactly what housing affordability is by deducting the percentage of housing cost to determine the household's disposable income.

Housing affordability is seen to have a number of implications in various settings ranging from the environmental implications and spatial implications, to social implications as well as the economic implications. For instance in the social aspect, usually people have relatively cheaper

and much more affordable housing in areas with poor facilities such as poor roads, which makes it difficult to access work places or even hospitals and schools. This therefore has a negative effect on the employment aspect as well as health and social centeredness (Michelle et al., 2005). Concerning the Environmental and Spatial implications of housing affordability, the provision and setting of housing has substantial economic consequences for both the employment projections of households and the functional efficiency of regional labour markets (Berry, 2006). Accordingly, spatial discrepancies in cosmopolitan areas tend to increase the complications and expenditures of travelling to work, principally for low income earners working in the service sector.

Despite the importance of housing affordability, problems largely prevail partly within the housing system, such as the failure of the housing market to provide an adequate supply of well-located affordable housing and partly from outside the housing system therefore affecting the broader economic, social and environmental goals of Government (Michelle et al., 2005). Although a lot of research is focusing on rental affordability especially in the metropolitan areas, there is need to analyse the factors influencing housing affordability (Bank of Namibia, 2011; Berry, 2006; Judith et al., 2007).

2.3 Literature Review Approach

The research studies chosen for this literature review focused on factors that influence housing affordability, with emphasis on the the interaction between social, economic, political and Governmental forces towards creating an enabling environment in which access to housing is made affordable to all people in the Namibian society. The study employed mainly the education abstracts and the full text reviews. In addition, the following online journals were reviewed for online research articles: International Journal of Housing Markets and Analysis Vol 3(3), 245-255, Journal of Australian Social Trends, 2008 and the 13th Annual Symposium on Housing in Namibia. The researcher reviewed selected literature that was relatively most recent not older than

10 years. The literature reviewed was ranging from the years 2005 and 2014 with most of the literature running between 2008 and 2014. The research involved the use of various keywords to search for the database and these included: housing, affordability, factors, housing prices, housing index, housing market, income, property, problems and policies. All these helped the researcher to extract a sum of eleven articles which formed the basis for the study and whose writings were included in the review. However there were other search words used in the database and these yielded 29 articles out of which included actual research studies while others were merely summaries.

2.3.1 Overview of Research Studies Reviewed

2.3.1.1 Methodologies and housing affordability.

The research studies chosen for this review included eleven studies out of which six of them used purely qualitative methods (Anglicare, 2011; Bank of Namibia, 2011; Berry, 2006; Gabriel et la., 2005; Louise, 2011; First National Bank of Namibia, 2014) and three used both the qualitative and quantitative techniques whereby surveys were the main methods for data collection with a number of short questions and interviews used both qualitative and quantitative methods (Judith et al, 2007; Hailulu, 2013; Namibia National Housing Policy, 2009), while only two used purely quantitative data (Australian Bureau of Statistics, 2008; Oyewole, 2010).

The studies are all at Governmental level and they incorporate the political, social and economic concerns of various Governments on housing affordability. Out of the various studies, quite a number focused on urban housing needs and affordability and just a few focused on both urban and rural housing concerns (Berry, 2006; Judith et al., 2007).

2.3.2 Review of Factors that Influence Housing Affordability

2.3.2.1 Demand factors for housing affordability.

Housing affordability is influenced by the following demand factors:

Higher incomes and double income households. The increased productivity and higher prices from exports resulting from a resource boom have an effect on increasing household income and wealth (Goldbloom & Craston, 2008). As a result, households find it much desirable to spend some more of the income and wealth to improve the quality of their lives through for instance, improved quality of housing. Similarly, households feel the need to spend some quality time outside their homes by taking up vacations in ‘holiday homes’ particularly those at the coastal areas. This trend has increased to the level at which there is limited supply which has influenced prices to increase. In the present trend, many couples have seen their household incomes rise since they both work. However, as a result through stimulating competitive bidding-up, many couples have been forced to spend extra hours working in order to pay off their mortgage.

Decreasing average household size due to later marriage, fewer children and increased incidence of separation and divorce. In the present setting, many couples are finding it difficult to have to raise many children which has ultimately decreased the average size of a household. This is attributed to late marriages, as they will to have fewer children as well as the higher rates of divorce and separation. As a result, the increase in the number of lone persons has influenced unexpectedly to the demand for more housing for a given population. The trend is expected to increase as the number of single mothers keeps rising and the children follow the same trend. All these need to have their own apartments to stay independent as compared to having family or household group.

Population growth underpinned by higher immigration rates. The increase in demand for housing is attributed to population growth. According to Edwards (2006), in the first half of the twentieth century, the growth rate slowed significantly, the population growing at 120% in 50 years. In the second half of the century, the population growth rate has increased. High levels of immigration in the period following World War II and a 20 year baby boom have meant that growth in the 50 years is expected to be around 142%. The rate at which people are moving from country to country has increased and this increased migration has added to demand for housing considering that majority of the immigrants are young adults. What is more compelling is that majority of the young immigrants tend to head for the urban areas which are already hit with shortage of housing. The notion that people prefer to settle in the urban connects with the fact that most of the immigrants are job seekers who believe jobs can only be found in the urban/cities rather than in the country side. This therefore has resulted in the increase in demand for housing which ultimately forces prices for houses to rise.

Decline in standard home loan interest rates from the mid-1990s to early 2002 reflecting a low inflation environment. The fall in interest rates has the effect of allowing the households to borrow in order to finance ongoing projects. But at the same time, it gives the households the leverage to bid up house prices. This is what happened in the mid-1990s to early 2002. Today with the increase in the number of banks, and the low repo rate (presently at 6.5% for Namibia), had it not been for the recent inflation trends resulting from the strengthening of the US dollar, interest has generally been relatively low, permitting households to borrow so as to bid-high up for houses. This coupled with policy interest and lower housing loan rate has influenced the rise in demand for housing.

Greater credit availability including from non-bank lenders. Aside the low interest rates, the mushrooming number of credit worth lenders has made it easy to access credit. Non-bank

lenders have less jargon and less bureaucracy and have thus increased credit facilities for housing. With deregulation taking shape, the policy initiatives in Namibia have given way to the housing market to develop a range of products while credit is available for potential borrowers in position to pay. Banks are following suit as they are turning away from rationing of customers where customers do not necessarily need a long record of saving. In the present times, the standards on credit are becoming loose which gives housing lenders the opportunity to lend at excess capacity while permitting buyers to pay the money over a long period of time.

Taxation system incentives including negative gearing and capital gains tax which encourage investment in second and third properties. Taxation as an economic tool has the effect of increasing or decreasing the price on housing. By pushing up taxation in what is called a fiscal policy drive on property owners, it makes investing in such areas very attractive as property agents increase prices for their own gain with one eye set on the Government and the other on those looking for housing. Tax waivers meanwhile would do best for the wealthy than the low income earners. This means the wealthy will continue to demand and bid high-up prices and only culminating into increased prices.

Speculative demand which leads to the purchase of investment property. A German *geographer* and ethnographer Friedrich Ratzel used the term *Lebensraum* to denote “living space”. The phrase can be used here to explain that a growing population will always need more living space. As population increases there is going to be an increase in more land for houses to settle people. The speculation that there is increased demand for housing and that the land is for ever getting limited has made people to be encouraged to borrow today in order to provide for the future generation. It can be said that houses are now being valued at speculative levels and not merely as

homes. The speculative booms have triggered many households to bid high-up houses which have increased their prices, (Judith et al., 2007; Bank of Namibia, 2011).

2.3.2.2 Supply factors for housing affordability.

Housing affordability is affected by factors arising from the supply side as a result of a shortfall in the number of houses provided in response to the demand. The factors leading to supply short fall according to Judith et al., (2007) include, complex planning processes, state Government taxes and developer infrastructure charges (Bank of Namibia, 2011).

These factors (demand and supply) are also pointed out by the bank of Namibia as the key factors affecting the demand and supply of housing affordability in Namibia. From the demand side the research by Bank of Namibia, found out that housing demand was influenced by two things: demographics (population size, population growth, urbanisation, household size, and net migration) and cost: (wealth and income, the price of housing, cost of credit, availability of credit). While on the supply side, the factors that influenced housing shortfall include input costs of housing, land availability and the capacity. These factors as pointed out by both AHURI (2007) correlate to the fact that housing affordability is affected by both demand and supply factors.

2.3.3 Review of the influence of the cost of living on housing affordability for the low to middle income households in relation to the Windhoek property market.

As regards the influence of the cost of living on housing affordability for low to middle income households, it can be seen that renting is relatively common among young adults and low income households and that given the existing policies, the study reveals that changes in housing markets and the incidence of housing stress accentuates the amplitude of the business cycle which makes it more difficult for macroeconomic policy makers to effectively respond (Berry, 2006; Oyewole, 2010). In addition the concern is the prices of houses that quadrupled over the last decade

and the persistent backlog in most metropolitan areas. This was as a result of a number of factors which include the rising costs of building materials, unavailability of serviced land, high rates of Urbanisation, high borrowing costs and uncoordinated, development of related infrastructure, amongst other factors (Australian Bureau of Statistics, 2008; Bank of Namibia, 2011).

According to the FNB housing index (2014), the median house prices in Namibia have been on the rise much faster than they are provided. The FNB housing index 2014 reported that with gross national income up by 13 percent in 2013 and 22 percent in 2012, it was a simple case of more money chasing too few properties.

That said, the FNB House Price Index (October 2010) reported that 87 percent of the population earned less than US\$200 a month, a small house in Namibia even at the time was not available to the vast majority of the population. The Centre for Affordable Housing Finance in Africa suggested that even the cheapest house, built by a formal developer for about US\$14,252 could not be affordable to the majority of Namibians.

Although in the January 2014 FNB House Price Index, prices rose considerably due to reduced supply of houses, the history behind reveals that there are challenges in provision of housing by municipalities such as land rigidities while other challenges relate to commercial banks (FNB House Price Index, October 2010) which are over-exposed to mortgages relative to other credit. Therefore due to the inability to provide enough housing, the high income earners are willing to pay more to afford these houses but for the middle and lower income earners it remains a difficult and a challenging task. Ultimately, it remains to be seen that the idea of providing affordable housing cannot easily be met given the returns that housing property providers in the first place cannot meet the demand that is provided by the high income earners.

Over the last couple of years prices have been on the increase in Namibia and as observed in the table below, prices in Swakopmund, Tsumeb and Windhoek have almost tripled in five years while in some other places prices have doubled. Only a few towns have had a small increase or stable price for houses.

Table 1: Annual median house prices for Namibia

Annual Median House Prices in Namibia									
	2009	2010	2011	2012	2013	2014	5 Years	3 Years	1 Year
Arandis	175000	300000		300000	300000	300000	71%		0%
Aranos	510000	5775000	450000	4750000	500000	500000	-2%	11%	0%
Eenhana	208323	202162	322190	388500	462000	462000	122%	43%	0%
Gobabis	320988	383000	481500	608500	620000	840000	162%	74%	35%
Grootfontein	315000	280000	308900	500000	455000	450000	44%	47%	0%
Henties Bay	500000	563500	687500	780000	837000	837000	67%	22%	0%
Katima Mulilo	240000	286000	275000	326350	430000	430000	79%	56%	0%
Keetmanshoop	271500	334650	407000	450000	421000	450000	66%	11%	7%
Luderitz	231000	432000	280000	398500	413800	413800	79%	48%	0%
Mariental	302500	350000	400000	461200	418500	480000	59%	20%	15%
Okahandja	290000	355000	366900	471500	543000	650000	124%	77%	20%
Okahao	302000	262250	373200	295000	412000	412000	36%	10%	0%
Omaruru	555000	775000	650000	650000	480000	480000	-14%	-12%	0%
Omuthiya		349600	331500	343000	402000	380000		15%	-5%
Ondangwa	234000	258300	373500	512350	482500	545000	133%	46%	13%
Ongwediva	341500	442500	431000	505240	412000	470000	38%	9%	14%

Oshakati	310000	486300	475000	416000	420000	420000	35%	-12%	0%
Oshikango	340000	450000	268300	421500	578000	578000	70%	115%	0%
Oshikuku	294000	375000	311500	363000	380000	380000	29%	22%	0%
Otavi		350000	477000	475000	473700	473700		-1%	0%
Otjiwarongo	322170	377500	447000	592500	678928	775000	141%	73%	14%
Outapi	235600	223350	296000	371000	422400	500000	112%	69%	18%
Outjo	410000	378000	400000	470000	527000	527000	29%	32%	0%
Rundu	210000	280000	320700	331000	401000	534653	155%	67%	33%
Swakopmund	469500	612000	580500	700000	787500	1345000	186%	132%	71%
Tsumeb	341000	360000	470000	505550	661500	1168265	243%	149%	77%
Usakos	160000	180000	206000		430000	430000	169%	109%	0%
Walvis Bay	380000	489350	415000	450000	617500	539500	42%	30%	-13
Windhoek	472000	544000	682500	800000	980000	1500000	218%	120%	53%
Namibia	381000	450000	480000	609750	640000	545367	43%	14%	-15%

Source: FNB SA & S&P (2014)

Looking at the prices of houses in Windhoek alone over the past 5 years, one can notice that prices have been steadily on the rise and if one can draw a difference between the year 2009 and 2014 it can be concluded that prices were more than double. As shown in the Table 2 in the year 2009 the annual median price for a house was NAD 472,000 but by the year 2014 the price was NAD 1,500,000 which reflects a historical increase in the prices of houses over the year. The Namibian 2014 February reported that Namibia topped the Knight Frank Global House Price Index in 2014 according to the latest issue of the FNB Housing Index. One senior manager research and development at FNB by the name of Namene Kalili explained that this growth was attributed to Namibia's inability to meet the growing housing demand despite numerous Government

interventions to increase new housing units which saw Namibia record an annual price growth of 16.7% in 2014. The manager noted that house prices continued to increase in 2014 at a much faster pace than the long term trend over the past seven years. He was quoted as saying that “along with rising interest rates, we foresee continued deceleration in house price inflation for the remainder of the year, towards our 15% year-end forecast,”(Chamwe, 2014). Windhoek prices according to the research manager and development at FNB, in early 2014 remained under stress as a result of the much predicted municipal land auction in October, 2014 though however the remainder of the towns continued to post varying degrees of positive price growth.

Table 2: Annual median house prices in Windhoek

Annual Median House Prices (\$) in Windhoek	
Year	Windhoek
2009	472 000
2010	544 000
2011	682 500
2012	800 000
2013	980 000
2014	1 500 000

Source: FNB SA & S&P (January, 2014)

In order to ease the acquisition of houses and therefore enhance affordability the Namibian Government operates financial markets that advance loans at subsidised rates. However according to the National housing policy (2009) and regarding housing finance, almost 70 percent of the Namibians cannot afford collateralized home loan services that are present in the financial market.

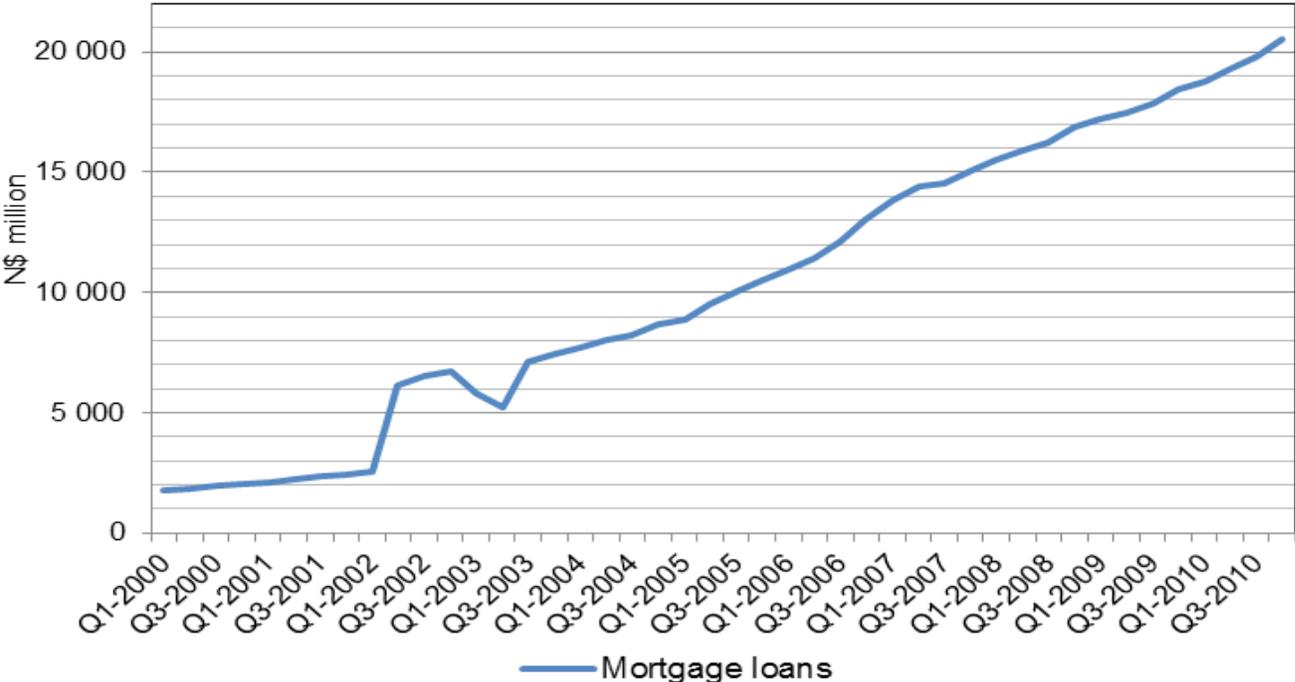
The reason for the exclusion of majority of the Namibians is because for one to have mortgage products delivered one is required to have a titled land and this land can only be obtained at a huge price. However, although there is need for collateral security such as possession of land, the actual challenge is that for most people, the problem is the ever rising cost of living across the country. For instance reporting in December 2014 and citing the Numbeo living express index, which states that Windhoek is the seventh most expensive city to live in Africa and the 21st most expensive in the world of 442 cities, the Namibia chamber of commerce and industry (NCCI) president Sven Thieme noted that Windhoek rent prices are 28 percent higher than Cape Town while the groceries are 25.1 percent higher in Cape Town (Windhoek express, December 2014). This has a negative direct implication on people's income as their expenses on housing is heavily affected. People rather find it worth spending on groceries and forego expenditure on housing. In other words, low households find it better to spend on rent rather than try pay for a house. This group usually will prefer to live at the extreme end of the city or towns. In poorly developed homes called shacks.

Besides, another challenge is that most Namibians are occupying land that is considered to be communal in the rural areas and its untitled land. In the urban setting the financial markets catering for the urban residents consist of the commercial banks that provide mostly the middle to high income earners with mortgage products including home loans. The National Housing Enterprise also found in the urban areas as well as the build together programme provides middle to low income groups and then there is the Shack Dwellers Federation of Namibia (SDFN) whose focus is providing funding to the ultra-low income households. However, based on the definition adopted for this study, looking at the shack dwellers federation clearly refutes the idea of housing affordability as the development of the federation is to try to ensure that the struggling population have one of the basic need met but it does not necessarily imply that such houses "shacks" is bound to solve the housing affordability challenge. Indeed some households rather prefer to get mortgage

loans to ensure they meet the cost of affordable houses. However this is usually difficult for low and middle end earners.

According to Mosha (2011), the annual growth in the value of mortgage credit extended by commercial banks averaged 17 percent, with the stock level moving from NAD 1.8 billion at the end of 2000 to roughly NAD 20.5 billion by the end of 2010.

Figure 1: Mortgage loans in Namibia over the years

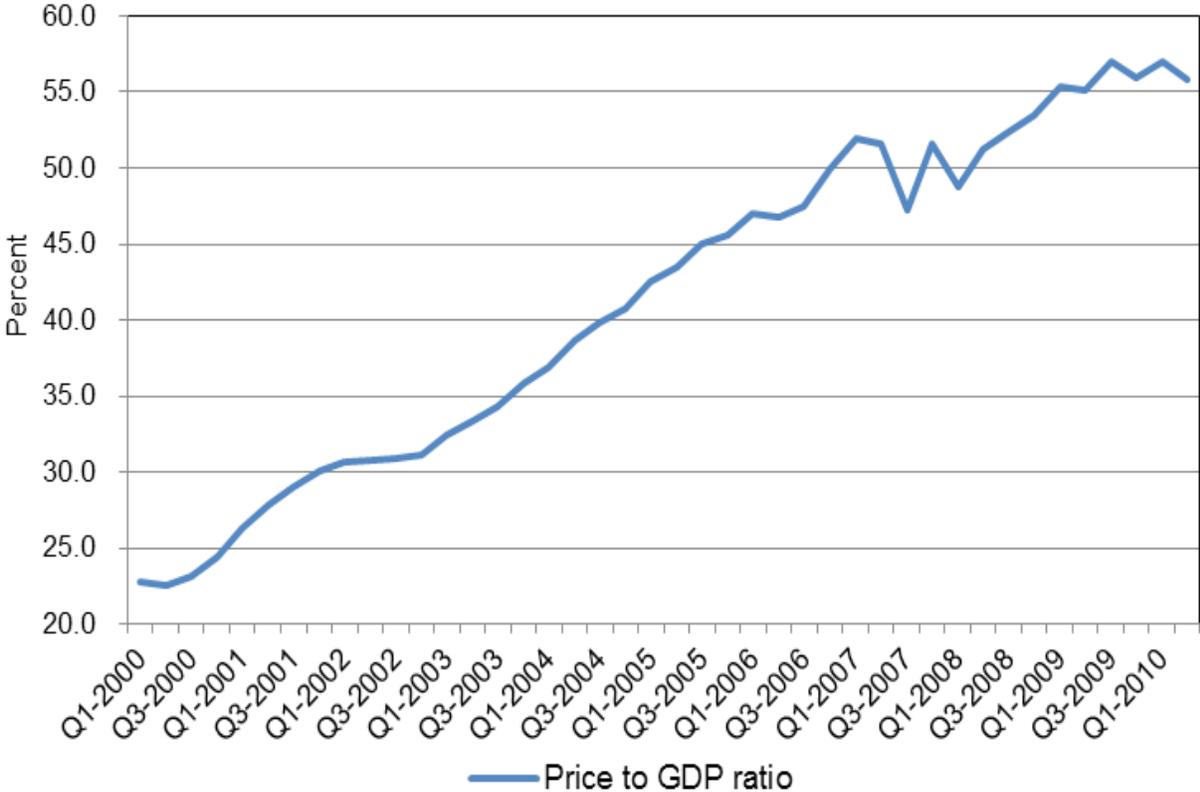


Source: BoN, CBS, FNB

Meanwhile the value of the total mortgage loans that were extended as a ratio of the total loans of commercial banks increased from 30.1 percent in 2001 to 52.3 percent in 2010. These developments were a clear reflection of the growing importance of the property market on the balance sheets of commercial banks and the increasing exposure of the banking sector to the mortgage market.

Therefore basing on the 2010 data by the Bank of Namibia (2011), the average house prices as a ratio of GDP was rising at a steep rate, except for the slight dip during the financial crisis of 2007-2009 as shown in by the figure below.

Figure 2: Average house prices to GDP ratio in Namibia over the years

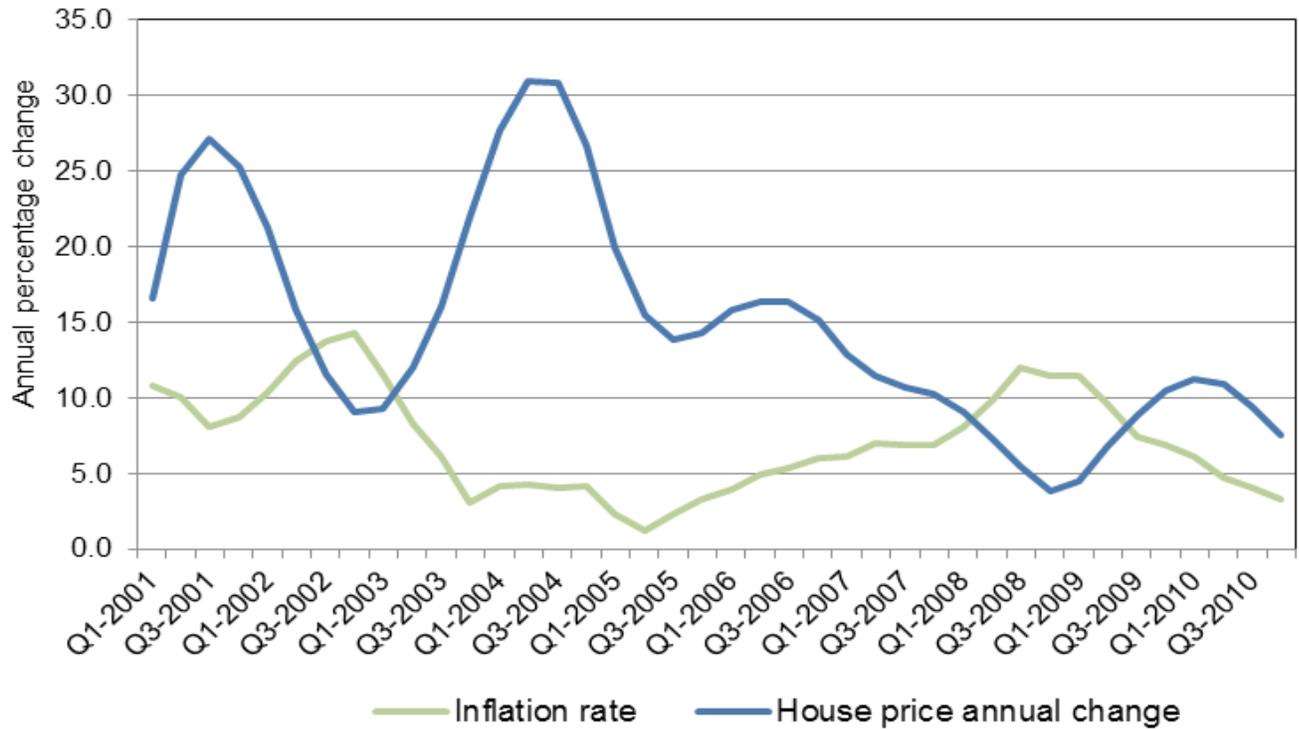


Source: BoN, CBS, FNB

Nonetheless, the rising trend observed earlier continued after the crises. This partly was a result of the favourable credit conditions that helped to boost the economy. This was also evidenced at the end of the year 2008 when the central bank employed an accommodative monetary policy evident towards the end of 2008. Due to the tight monetary policy the average prices of houses were rising but at a much slower rate and they were able to surpass the rate of inflation whose digit remained at one single digit but with the inflation rising in the same period

at 7.1 percent as reported by the central bank, house prices were forced to rise by 14.9 percent as shown in the figure below.

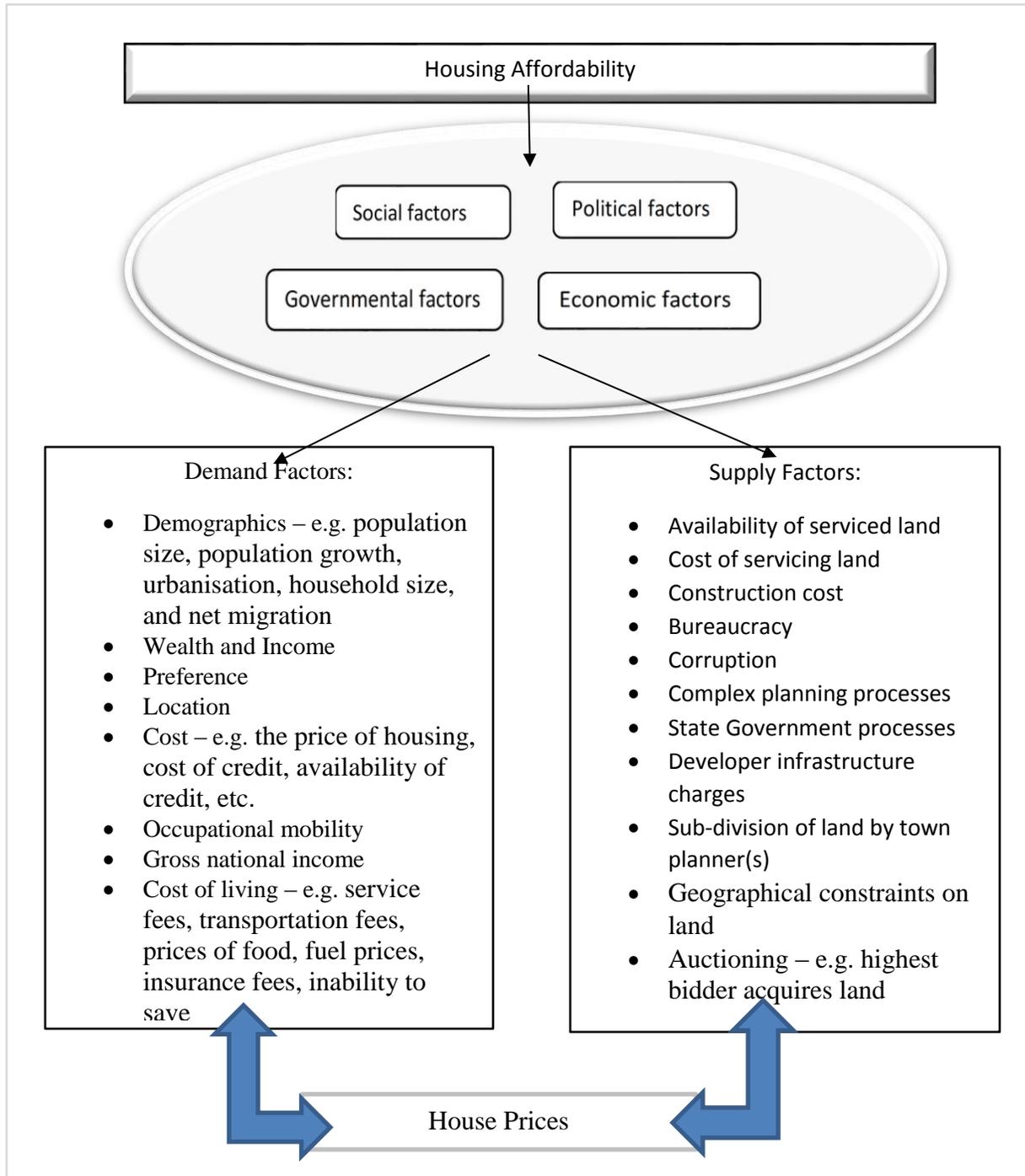
Figure 3: Inflation levels and house price annual changes over the years



Source: BoN, CBS, FNB

It is worth noting that all these changes in macro and micro economy took place in the a market related setting but also where the Government has its legal role of facilitating housing finance schemes and therefore providing housing at affordable rates. One of the key instruments is the National housing policy whose ultimate aim is in directing resources towards the provision of affordable and sustainable human settlements especially to the ultra-low income earners (Bank of Namibia, 2011). This and more of the Government housing policy initiatives will be discussed in the proceeding sub-sections.

Figure 4: Summary of the Theoretical Framework of the factors influencing housing affordability in Windhoek



2.3.3.1 Rental market affordability.

While affordability difficulties for home purchasers tend to get the attention of the media much more, the largest majority of households going through such problems are the households involved in renting apartments in the private market to accommodate their families. For tenants, housing affordability is viewed as the relationship that exists between the amount that is spent on rent and the level of income (Judith et al., 2007). When the level of rent is high it means income on spending is low and hence there is low propensity to save which increases the level of stress called rental stress which means that affordability is low and as such, people are not so much able to rent housing that meets their needs. For instance, according to the ABS (Australian Bureau of Statistics, 2008), the lower the income levels the high the level of renting as a proportion to total income and the higher the income the lower the level of renting as a proportion to total income. Nevertheless, it is imperative to note that even if it is always the case that renting is related to the low levels of income, there are substantial quantities of high income households which by option or condition are renting. In most cases, the high income people who spend on rent are usually the younger people and in most cases they are childless households (Australian Bureau of Statistics, 2008)

2.3.3.2 Housing affordability for low income earners.

According to the ABS, those households with lower incomes are generally more sensitive to rising housing costs than other households (Australian Bureau of Statistics, 2008). The Urban Research Centre adds to the impetus by stating that those groups that are most likely to experience rental pressure are largely related to the groups that are most likely to experience mortgage pressure. Although a number of initiatives have been put in place by the past and present Governments in developing economies especially in the area of housing affordability through availing easy access to finance, very few implications have been noticeable especially as regards

the low income earners (Oyewole, 2010). The United Nations Centre for human settlements (1990) defends the argument by positing that even if the houses have or may have been subsidized; it is still a challenge for the low income earners to afford (Oyewole, 2010).

According to World Bank (2002 as quoted in Oyewole, 2010), it is the failure and the inability by the different Governments' formal housing finance schemes to play their roles in a much efficient manner to solve the problems of the huge populations in developing countries that enabled the establishment of informal finance schemes.

However, despite the introduction of the informal finance schemes in most of the developing economies, these conventional public and private finance schemes have not done enough to provide the solution to the much needed housing needs of the low income divisions of the population (United Nations Centre for Human Settlements HABITAT, 2002).

Indeed as Kyessi and Furaha (2010) pointed out, the greatest housing initiatives that are taken by the Governments in most of Africa and other developing countries end up benefiting people with high income earnings and at least those with middle income earnings and thus end up neglecting the low income groups. This group therefore is left with no choice but to rent, but even then, since it is expensive to rent because of their low incomes, these households are forced to stay in illegal structures.

As quoted by Kyessi and Furaha in Vuyisani, (2001), the reason is because the Governments initiatives in countries like Ghana, Zambia, and South Africa as regards housing affordability do not apply to low income earners. For instance in a country like Ghana, the conventional mortgage lender is restricted in its capacity to help low income earners as they need small loans for incremental housing, which are unaffordable. For the case of Zambia, the housing finance schemes focus on making easy earnings by offering mortgages to a particular group of

people usually the high net worth earners which automatically disqualifies the low income groups who actually make up the largest population problems (Kyessi & Furaha, 2010).

This means that those without any form of income have no formal programme or initiative from Government to support them and not even informal programmes to upgrade their informal settlements as a matter of priority. But besides Government initiatives, this low income group has challenges in trying to find accommodation in terms of private rental housing and as such they experiences serious barriers. According to Anglicare (2011), some of the barriers faced by low income households in attaining private rental housing include: restricted access to public transport; higher illiteracy levels and poor communication or language skills; or even not having a formidable private rental history (Anglicare, 2011).

Because of the inability by the Governments to provide housing for the low income groups in time they voluntarily strive to get rental housing on the private rental market with the working middle-income or high-income groups. Therefore as a result, this leads to the widening of the nationwide public and private housing shortage. This also makes affordability to become a huge distant dream for the low income groups to afford rentals as the prices are pushed up but more so as the increased costs of housing pushes the cost of living to increase, making it even more difficult for the low income groups.

The bottom line; the lack of suitable reasonably priced housing means that various low income employees either pay a high proportion of their incomes to live in quite fashionable but expensive apartments in the suburbs or choose to live at the far end of the city suburbs in illegal informal settlements. However this only makes life more expensive for them as they have to incur higher transport costs to get to their places of work if they are employed or to go and find food in the city like Windhoek where most of the food can only be obtained in shopping centres (Urban Research Centre, 2008).

2.3.4 Comparative Analysis of the Various Policies on Housing Market and Housing Affordability

2.3.4.1 Worldwide analysis.

With the ever increasing population and the exodus of people to the urban areas, housing affordability is becoming such a serious issue in many countries in the present world.

A number of countries are carrying out research in the area of housing to find solutions to the ever increasing population that does not match the supply of housing. For instance in Australia a research conducted by the Urban Research Centre considered that housing affordability problems are generating a complex set of policy challenges for Commonwealth, State and local Governments (Michelle et al., 2005). Still in Australia a study in 2008 prompted the senate committee to comment that Governments at all levels have an important role to play in ensuring that all members of the community, regardless of means, can access appropriate and affordable housing.

Meanwhile in India, a study by Kumar, Sanu and Newport (2008), titled ‘Operational guidelines for sustainable housing micro-finance in India’, stated that in the Indian context, the central Government in 1998 announced that the National Housing and Habitat Policy will provide “Housing for All”, with an emphasis on extending benefits to the poor, vulnerable and the deprived. The findings of their study however found out that there exists a problem in the developing countries of the lack of clear credit supply for housing finance for the low income groups as well as the median income groups but on the other hand they found out that the introduction of micro loans into housing programmes through micro-finance institutions (MFI’s) with proper institutional, financial and technical backups could yield better results towards solving the housing affordability problems. The beauty with the MFI’s in housing finance according to Kumar et al. (2008), is that, before implementing a housing loan, an MFI will come up with the

idea of trying to estimate the demand for housing in a particular place by carrying out a small survey before they can go ahead to design the housing loan products after acquiring enough information. This helps to try to match demand for finance on customer affordability needs and the willingness to borrow funds.

Another study conducted in India by Smets (2000) geared towards finding out the sources of housing finance for the urban poor in India found out that one of the world-wide practices for solving the problem of housing finance is through the rotating savings and credit associations (ROSCAs).” Smets (2000) argues that rotating savings and credit associations (ROSCAs) is a sure alternative way to conventional housing finance which involves conventional collateral. Basically ROSCAs are a global happening with roots in the urban as well as in the rural settings bearing different names in different countries. For instance in Mexico ROSCA’s are referred to as *tanda* while in Ghana they are referred to as *susu*. In India the name given to ROSCA’s is *chits funds* (Smets, 2000). Under this system (the ROSCA) members contribute a monthly fund agreed by each member as a common fund and this fund is then disbursed to one particular member of the group who may if he or she wishes, share the fund and the cost of the contribution with a partner. The process is a continuous and rotating one until all members receive the fund (Smets, 2000). According to Smets (2000), this association is efficient if households want to source funds to finance housing. It is common among slum dwellers that employ it to construct houses or even improve the existing shelter. The challenge with it is that there is need for mutual understanding by all members who should be obligated to pay back the funds to other members who contributed.

Therefore this policy though not viewed differently can enhance funding and promote affordable housing, and even then reduce dependency on the Government by households (Smets, 2000).

2.3.4.2 Namibian situation.

In order to ensure access to housing, the Government of Namibia adopted a number of policies with the key policy instrument being the National housing policy that was formulated and adopted in 1991 and reviewed in the year 2009. This policy contains a number of surprising but honest reviewed policies of Government's challenges and suggests the way forward. Presented below are the strategies in the National housing policy as found in the Namibian National housing policy (2009, p. 20).

“Promotion of capital investment in local and regional infrastructure to speed up the process of land delivery; mobilisation of domestic savings and affordable credit to provide and finance housing; provision of subsidies and grants by Government and development partners to support social housing; creating sustainable human settlements through an integrated housing development approach; promotion of the use of appropriate and alternative technologies; methods and services in order to provide affordable housing solutions; introduction of a four-based housing mix that includes houses for sale, rental accommodation (including rent to buy option), social/subsidy housing; houses built by people themselves, strengthening the housing regulatory environment including amendment of National Housing Development Act of 2000 and setting up of a Namibia Housing Code and the Housing Industry Regulatory Council to regulate the housing sector; enhancing institutional capacity and cohesion within the housing sector; supporting people housing processes where by Government has to provide financial resources in the form of housing subsidies; facilitation and grant funding and strengthening decentralised Build Together Programmes”.

In addition to these policies of housing, other policies related to housing are: the third National Development Plan (2007/2008), Vision 2030 (2004) and the Millennium Development Goals that the Government of Namibia has committed itself to work towards housing, and the recently launched Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) (National housing policy, 2009). These efforts mostly aim to enhance access to housing among middle, low and ultra-low income groups whilst housing to middle and high income groups is mainly financed through commercial banks. The prices of houses and other property are mainly determined through the market forces of demand and supply. But in addition to policies and programmes, the Government also avails funding from the central budget to speed up land and housing delivery in the country. However, it is important to look at some of the policies. Below is a summary of the policies and regulations regarding housing in Namibian.

Table 3: Policies and regulations on the Namibian housing market

Instrument	Main Objectives
National Policy on Housing of 1991 (revised in 2009)	Guides the actions of various stakeholders with regard to the development, provision and financing of housing
National Housing Development Act of 2000	Establish a National Advisory Committee on housing; a housing revolving fund and decentralised Build Together Programme
Local Authorities Act of 1992	Provides powers to the local Authorities to engage in housing schemes which include providing loans and availing affordable serviced land and establish a housing fund.
National Housing Enterprise Act of 1993	Provides for the establishment of the National Housing Enterprise to provide housing financing to middle and low income groups
Pension Fund Act of 1956	Makes provision for registered pension funds to be used as a guarantee
Namibia Estate Agents Act of 1976	The Act provides for the establishment of a board, whose main responsibility is that of maintaining and promoting the integrity of estate agents

Source: Namibia National Housing policy (2011)

With the various policies and regulations in place the Government of Namibia has taken various initiatives to enhance access to housing. According to the Mosha (2011), some of the operational programs that have been taken include the Build together programme (BTP), the

National Housing Enterprise (NHE), Shack Dwellers Federation of Namibia (SDFN) and some Central Government Initiatives. A few of these are briefly looked into below:

i. Build Together Programme (BTP)

According to the Mosha (2011), the BTP is seen to be one of the programmes the Namibian Government is facilitating, to ensure the delivery of housing and access to affordable housing to low and ultra-low income groups. The BTP operates at regional as well as local level through the regional and local Government authorities where by loans from the Government are channeled to the building of new houses/homes and improvement of the existing ones. The loans are set between NAD 3,000 to NAD 40,000 with a time repayment of 20 years. These loans are usually advanced to those groups of households whose income is less than NAD 3,000 a month and the interest is between 4% and 7% based on the duration of the loan repayment period.

ii. The National Housing Enterprise (NHE)

Mosha (2011) argues that the NHE is one the programmes that is devoted towards the provision of housing funds as well as the construction of houses for those individuals who are considered to be low and medium income earners. The loans advanced to this group of households usually do not exceed NAD 550,000. These loans are advanced through the various financing products and the duration for the repayment of these loans is usually 20-30 years with very low interest rates of minus one. Since it was established in 1993 the study reveals that it has been able to deliver over 8000 houses. According to Kalili et al. (2008), the delivery of houses by this programme was very high in the 90's whereby 625 units were developed in between 1993 and 1999 per year but has since declined. For instance, Kalili et al. (2008) argues that there was a dramatic decline in houses from 816 in the year 2000 to 216 in the year 2008 and 2009 although the programme increased its delivery in 2009/10 by 719 houses. The reasons for the decline will be discussed in the proceeding section.

iii. Shack Dwellers Federation of Namibia (SDFN)

In addition to above, the Mosha (2011) reports that it is not only Government programmes involved in the provision of housing but the NGO's as well. One of the NGO's that is involved in provision of affordable housing is the shack dwellers federation of Namibia (SDFN). The SDFN is a non-government savings organisation that consists of 620 housing groups. This savings groups aims to help its members to acquire land as well as infrastructures for benefit of housing. The loans provided by the SDFN usually range from NAD 8,000 to NAD 26,000. The loans are payable over a period of 11 years with interest rate set at 0.5 percent per month. In order to provide such cheap loans, the SDFN collects funding from its savings schemes, the central Government as well as local companies and international donors. Once the land is purchased, individual members attached to the scheme collectively clear the land and provide manual labor and this helps reduce the cost of construction by NAD 705 per square meter (Mosha, 2011). Although initially the delivery of housing was low especially in the 90's the support from the central Government (Government allocated NAD3.9 million to the SDFN in 2007/8 and 2009/10) and more funding from the medium term expenditure framework (MTEF) (NAD 8.5 million in 2010/11 – 2012/13) helped boost the delivery of houses. The individual savings contributed as much as NAD 7.7 million between 1998 and July 2010. But during the year 2010 alone the SDFN managed to construct 592 houses to its member. Thus between the year 1994 and 2010 the SDFN was able to construct 3,015 houses (Mosha, 2011).

iv. Central Government Initiatives

The central Government according to Mosha (2011), is responsible for funding a number programmes related to housing through various channels. For instance in the financial year 2009/10, the Government injected funding of approximately NAD 81 million to more than NAD 300 million per annum. The injection was geared towards the recapitalization of the NHE, to the

tune of NAD 85 million for the financial years 2010/11 – 2012/13. This was seen to yield the number of houses to 8000 by end of 2012. In addition, the central Government allocated more than NAD 300 million for the development of the informal settlements as well as infrastructure in Windhoek alone. More funds have been allocated to the BTP scheme to transform single quarters as well as Habitat Research and Development Centre to try to curb the rising costs of building materials. This body is responsible for conducting research in order to try to develop alternative building materials.

2.4 The Key Challenges to Affordable Housing in Namibia

Despite the various initiatives by both the Government and the non-governmental organisations, the housing sector is faced with a number of strategic challenges, which provide the basis for policy and strategy decisions and therefore require more research. Thus, the challenges provide the basis for this research by exposing the existing gaps in the housing industry in Namibia and the inability to afford housing by low income groups. On the side, one of Government's greatest challenges lie in its inability to meet vision 2030 on housing. To understand more, the research looks into some of the challenges to provision of housing or more specifically affordable housing.

According to the housing policy (2009), a number of strategic challenges on the provision of housing exist. The policy mentions the following as key strategic challenges:

Capacity to deliver land and housing, the challenge of secure tenure for low income earners, challenge to access affordable land, the problem of integration of housing and service infrastructure, the problem of financing the housing sector, challenges regarding the standards and service levels, the problem of town planning and proclamation, the lack of an enabling environment.

For instance in terms of financing housing, the Build Together Programme (BTP), could not advance loans because of limited funding and the increasing costs of building materials (Mosha, 2011). While on the other hand, the NHE programmes are hampered because of a lack of funding from the Government and if the funding is to be given, then the process around it also takes a long time. And as regards the issue of the inability to deliver land and housing, the National Housing Enterprise (NHE) programmes are hampered especially as the acquisition of land involves obtaining vacant land from local authorities, transfer of the title deed into NHE's name by the Deeds Office, subdivision of land by a town planner, approval of layout by the local authority, Namibia Planning Advisory Board (NAMPAB) and the Township Board, assigning of coordinates by quantity surveyors, registration by the surveyor general and thereafter procurement of professional engineering services for land servicing (Mosha, 2011). While the SDFN has been recording some success through provision of homes to its members, the challenges lie in the unavailability of developable land which is further compounded by the slow process of land delivery and a lengthy land registration process (Mosha, 2011). It is therefore observable from this literature that despite Government initiatives as well as the initiatives from the private sector, a number of challenges still exist in the housing sector and as such this is making it hard for the low income as well as the medium income groups to afford housing. It is upon such a background that the research is conducted so as to analyse the factors influencing housing affordability in the Khomas region.

2.5 Conclusion

Most of the data used in the literature for this study is generated through reviewing of the existing literature as well as from the presentations made on the topic in line with the qualitative approach. A few studies however used data from the survey especially of the mixed method of

both the quantitative and qualitative approach. The survey data collected is based on the open ended for qualitative data and closed ended question for the quantitative data.

The outcomes of the research provide evidence to suggest that there are a number of factors that influence housing affordability embedded in the demand and supply aspects. However, a few other factors are not included in determining housing affordability such as the geographical as well as the social cultural factors. Meanwhile, a number of studies used mainly secondary data of the qualitative approach, especially data from reviewed literature as well as information made through presentations on the topic of study. For that matter, more quantitative studies could lay ground for specific information to be generated so as to support the study, especially on how the cost of living influences housing affordability for the low to middle income households as well as to compare how various policies introduced by the various Governments work to influence housing affordability. In addition, the use of quantitative approaches could specifically generate the required information from the researcher's perspective especially regarding the factors that influence housing affordability. This could for instance, not only limit the endless narrative approaches but rather ensure the respondents' views are controlled so as to avoid unnecessary information with less impact on the subject matter.

In a separate manner, it could be relevant to take into consideration the various authorities involved in housing policy making, as well as those affected by the rising prices of rent as well as prices of houses. Instead, most of the studies used secondary data (Anglicare, 2011; Australian Bureau of Statistics, 2008; Berry, 2006; Gabriel et al, 2005; Namibia National Housing Policy, 2009). The use of secondary sources of the qualitative research means that key facts were not garnered from those directly affected by the inability to access affordable housing and not even to

collect firsthand information on how the cost of living affects housing affordability especially among the low to middle income households.

In a number of ways the information garnered through the reviewing of literature and the information generated through presentations differed in some way. For instance a presentation made by the Australian Bureau of Statistics (2008) stated that renting is relatively common among young adults and low income households. In addition, the study stated that some high income households may choose to rent for financial, lifestyle or other reasons. While from a review of literature perspective the study by Bank of Namibia (2011) symposium found out that house prices quadrupled over the last decade and the housing backlog persists in Namibia which made purchasing costly compared to renting. The study pointed out the key factors that led to rising housing unit prices as being; the rising costs of building materials, unavailability of serviced land, high rates of urbanisation, high borrowing costs and uncoordinated development of related infrastructure, amongst other factors. Besides the study also concluded that housing affordability was influenced by household income, demographic factors, demand for housing, interest rates, dwelling prices of rent and supply of housing. All in all, the reviewed literature as well as presentations though seemed to be on point in as far as providing solutions to housing affordability, they seemed to forget to involve the key parties that are actually in dire need to access affordable housing. The bottom line is that, concrete solutions should have been solicited through first-hand information rather than merely relying mostly on second hand information.

This is of utmost importance because demand as well as supply factors and their underlying factors can be directly understood through individual households who need housing at an affordable rate. In fact populations requiring housing could also be easily estimated and this could make planning by the various policy makers easier as well. It is therefore relevant that by and large

both primary data representing the qualitative approach and secondary data representing mainly quantitative approaches is used in the study in an equivalent manner if possible but more so largely in support of primary sources to garner such data so as to determine factors that influence housing affordability.

Therefore in order to analyse the factors that influence housing affordability, preferences must be in the quantitative data approaches so as to get firsthand information with little qualitative means applied. As such further research should be done to answer the following questions: what are the main factors influencing housing affordability, with emphasis on the interaction between social, economic, political and Governmental forces? How does the cost of living influence the cost of living on housing affordability for the low to middle income households? And finally, how do the various policies introduced by the Government influenced the housing market and housing affordability? Coming up with the answers to the questions above have the potential to not only inform the people willing to acquire affordable housing on the various factors influencing affordable housing, but also to help the policy makers to assess the influence of the cost of living on housing affordability for low to middle income households and be able to compare how various policies influence the housing market and housing affordability as well as improving the policy drives and directions.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this study was to analyse the factors influencing housing affordability in Windhoek, Namibia. The main research question for this study is: What factors influence housing affordability in Windhoek, Namibia? The sub questions were as follows: What are the main factors influencing housing affordability in Windhoek with emphasis on the interaction between social, economic, political and Governmental forces? How does the cost of living influence housing affordability for the low to middle income households in relation to the Windhoek property market? And how have the various policies introduced by the Government influenced the Namibian housing market and housing affordability in Windhoek?

This chapter is organised in sections as follows: section 3.2 explains the research design that was used and the justification thereof, section 3.3 explains the overview of the research strategy that supported the study, section 3.4 explains the study population and sampling for this study, section 3.5 explains the research instrument, section 3.6 explains the data collection procedure, section 3.7 explains the data analysis methodology, and lastly section 3.8 explains the ethical considerations for this study.

The study aimed to identify the main factors influencing housing affordability in the Windhoek, with emphasis on the interaction between social, economic, political and Governmental forces; to assess the influence of the cost of living on housing affordability for the low to middle income households in relation to the Windhoek property market; and to assess how various policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek.

3.2 Research design

A research design is a plan that defines, how, when and where data are to be collected and analysed (Burns & Grove, 2005). It is also considered to be a blue print for carrying out a study that exploits control over factors that could affect the validity of the findings. A research design is used to identify how subjects are to be conscripted and assimilated into a study and or what will happen during the study and not leaving out the timing of any treatments and measures, and when the study will come to an end (Macnee & McCabe, 2008). According to Burns & Grove (2005), research methodology is like a design that clearly outlines structures in which the study is realized. The study adopted a mixed research strategy. When investigations first started, the researcher used qualitative studies, exploring the phenomena and collecting data from various literatures, and then later on, quantitative studies followed bringing in statistics, tables and graphs, an approach similar to what was adopted by Judith et al. (2007), Hailulu (2013) and in the Namibia National Housing Policy (2009).

Furthermore, for purposes of this study, on the one side, the researcher used the qualitative design of the exploratory approach, whereby the researcher identified the boundaries of the environment in which the problems, opportunities or situations of interest were likely to reside and to identified the salient factors or variables that could be found there and be of relevance to the research. A qualitative research design implies data collection methods and analysis, with the aim of exploring social relations. A qualitative research design allows researchers to discover facts about the relationships. The purpose of qualitative research is to promote greater understanding of not just the way things are, but also why they are the way they are (Amin 2005, p. 42).

3.3 Overview of the research design

The researcher followed a phenomenology approach for this study. As Cohen, Manion & Morrison (2007) posits, a phenomenology approach in its broadest meaning, is a theoretical point

of view that advocates the study of direct experience taken at face value; and one which sees behaviour as determined by the phenomena of experience rather than by external, objective and physically described reality. The objective of phenomenology is the direct investigation and description of phenomena as consciously experienced, without theories about their causal explanations or their objective reality. It therefore seeks to understand how people construct meaning.

3.4 Research Population

Wisniewski (2006), defines a population as relating to the entire set of informants that are of interest to a researcher. For purposes of this study, the population of study comprised the persons in the lower-middle income (NAD 24k – NAD 84k pa), middle income (NAD 84k – NAD 180k pa) and upper-middle income (NAD 180 – NAD 420k pa) groups; figures drawn from the pyramid of annual incomes (Kalili, Adongo & Larson, 2008). This group was taken from the selected townships of Katutura, Khomasdal, Cimbabasia, Dorado Park, Hochland Park and Pioneers Park, during the period of March 2016 to June 2016, emphasizing on individuals renting. The researcher also collected significant information on a face to face basis using interviews from some of the relevant members working with the city of Windhoek municipality, the National housing enterprise and First National Bank Namibia. Thus the researcher held a face to face interview with the Valuation Technician, Department of Urban Planning & Property Management of the city of Windhoek Municipality (T.Y. Khaile, personal communication, June 14, 2015); with the market research manager of the First National Bank (D. Kavishe, personal communication, May 13, 2016); the researcher also held another face to face interview with Deeds Registry (E. Hangu, personal communication, August 4, 2016); and finally another face to face interview was held with the revenue accountant of the National Housing Enterprise (D. Goagoseb, personal communication, August 5, 2016).

3.4.1 Sample and sampling technique

Sample and sampling. A sample can be defined as the subset of a population. It is extracted from the population for the purpose of the study and should have the potential to be representative of the entire population. The main reason for choosing a sample for a research study is because it is impractical and uneconomical to involve all the members of the population in a research project. According to Leedy & Ormrod (2010), it is impossible for a researcher to be everywhere, whether he/she is observing, interviewing, experiencing or pursuing some combination of strategies.

According to Singh (2006), sampling is an indispensable technique of behavioural research; the research work cannot be undertaken without use of sampling. The study of the total population is not possible and it is also impracticable. Sampling is thus “a process of selective observations” (Babbie & Mouton 2001, p. 164). The motive behind sampling is to enable the researcher to select a given set of elements from the target population in a manner that permits the characteristics of that population to accurately define the features of the entire population where such elements are selected from. By taking the subset of the target population the study allows the researcher to conclude that the sample was representative in its setup (De Vos et al., 2000; Neumann, 2000). The statistical method of obtaining or selecting representative data or observations from a population is known as sampling (Welman et al., 2005). In this study, a sample population of 60 respondents was used. Out of the 60 respondents, 20 of them were selected from the lower income group, 20 from the middle income group and the remaining 20 from the upper-middle income group.

Sampling techniques. The researcher used purposive sampling to select the sample population. As the name suggests, the sample was chosen for a specific purpose, in this case: emphasis was on a group of households renting in the townships of Katutura, Khomasdal,

Cimbabasia, Dorado Park, Hochland Park and Pioniers Park, emphasizing on individuals renting as well as in the various income categories; lower-middle income (NAD24k – NAD84k pa), middle income (NAD84k – NAD180k pa) and upper-middle income (NAD180 – NAD420k pa) groups. The reason for selecting this group of respondents was to get an in-depth understanding of the factors affecting housing affordability in Windhoek. The researcher used a recruitment questionnaire to ensure the recruited respondents met the requirements for participating in the interviews and focus group discussions.

3.5 Research instrument

3.5.1 Data collection instrument.

The researcher used semi-structured questionnaires to get a comprehensive understanding of the factors influencing housing affordability in Windhoek and to assess the influence of the cost of living on housing for the selected groups. “Questionnaires are considered to be the most frequently used data collection instrument” (De Vos *et al.*, 2005, p. 166). A questionnaire is regarded as collection of questions based on the subject of concern to the researcher and it is completed by respondents. The use of questionnaire is important because it allows anonymity and may result in more honest responses. When a questionnaire is well designed it is the best tool for collecting the best and most accurate data. However Burns & Groove (2003, p. 289), point out that the questionnaire is problematic because it depends on personal reporting which makes it a biased or inaccurate tool sometimes. The interview was the primary source of collecting data using the open ended questionnaires. The researcher then held focus group discussions to get a comprehensive understanding on how respondents interpreted the various policies that were introduced by Government reflecting on how such policies and how they have influenced housing market and housing affordability in Windhoek. And also using focus groups, the researcher was

able get to understand what people see and think are the best policies and interventions that Government should put in place in order to improve housing affordability in Windhoek.

3.5.2 Development of instrument.

In developing the research instrument, validation is a key step as it is the extent to which an instrument measures what is intended to measure. In the case of the questionnaire, preliminary self-administered questionnaires were developed by the researcher to deal with the aforementioned objectives. The draft self-administered questionnaires were sent to the supervisor for his comments. And also before the self-administered questionnaires were finalised and used for data collection, a pilot study was conducted after which the questions that needed changes were fine-tuned basing on feedback received from pilot study. Meanwhile, the final self-administered questionnaires were prepared after all the concerns put forward by them had been clarified and the questions reformulated. Clear instructions were laid out in the questionnaires regarding the way to complete the questions. The questionnaire contained the open ended questions since they permit respondents to be creative and to express themselves when responding to these questions and they do not simply limit the responses of the respondent. A focus group interview guide questionnaire that was also used for this study was developed and given to the supervisor for verification and the method and process of conducting a focus group discussion was also laid in it. Changes were made basing on the supervisors advice.

Validity and reliability. According to Lee & Lings (2008), validity is the ability to produce findings that are in agreement with theoretical or conceptual values (Kalili et al., 2008). Validity in other words has to do with producing accurate results and measuring what is supposed to be measured according to the study design. According to De Vos et al. (2005), validity is in various kinds and these include: content validity, face validity, criterion validity, and construct validity. De Vos et al. (2005), further states that the content validity is concerned with the adequacy

of the sampling to address the content of an instrument while face validity refers to whether the instrument appears to measure the relevant construct.

For purposes of this study, the researcher determined the following: face validity, criterion validity, and content validity. For the researcher to establish the face validity, the semi structured interview questionnaires were given to five tenants in Hochland Park and then one questionnaire was given to the supervisor of the researcher. The researcher also held a focus group discussion with the five respondents selected in Hochland Park. The selected group was requested to validate questions contained in the questionnaire as well as in the outline of the thesis in relation to the study. As regards the content validity, the researcher presented the preliminary instrument to the supervisor and the five selected interviewees in Hochland Park to determine its content. In this aspect the researcher requested for the opinion of the supervisor and the five interviewees in Hochland Park regarding the validity of the tool and the thesis outline in relation to the objectives of the study. Feedback and confirmation from them guaranteed that the questions actually assessed the test characteristics identified by the researcher. In as far as the criterion validity is concerned, the researcher obtained information from one of the secondary sources; the internet which contains a number of journals and other publications regarding factors influencing Housing Affordability so as to come up with the research instrument that were used in the study. And finally for reliability, a pilot study was conducted also known as the inter-rater reliability and this was enhanced by the reliability through familiarity with the environment in which the study was carried out. According to Lee & Lings (2008), reliability is referred to as the ability of an instrument to produce consistent results. Reliability was also ensured by using pilot tested research instrument.

Pilot study. A pilot study which is also known as a pre-test study is generally defined as a smaller form of a proposed study that is carried out to refine the methodology (Burns & Grove, 2005). A pilot study is developed in the same way just like the proposed study, using the same

subjects, the same background, the same treatment, and the same data collection and the techniques of analysis. Indeed according to De Vos *et al.* (2005, p. 210) a pilot study provides a unique opportunity for the following:

- assessing the suitability of the interview schedule or questionnaire;
- testing and adapting the measuring instruments such as assessment scales, standard scales for sufficiency, validity and reliability;
- determining the suitability of the procedures for collecting data;
- testing the suitability of the sampling frame;
- determining the number of codes per questions and making necessary changes prior to the study; and
- estimating the amount of time for completing the questionnaires or interview schedule.

The research instrument was pilot tested on five tenants residing in Hochland Park in Windhoek. This enabled the researcher to evaluate applicability and precision of the semi structured questionnaire and the focus group discussion interview guides in terms of data retrieval and significance. As designated above, the aspect of inter-rater reliability was established in the pilot testing phase.

3.6 Data collection procedure

The researcher obtained an introductory letter from the Faculty Dean, which allowed the researcher to be introduced to the mayor of the city of Windhoek before scheduling appointments with the respondents and commencing the investigation. Guided interviews were conducted with the different selected income groups by using semi-structured interviews and focus group discussions to get information on the factors influencing housing affordability in Windhoek, the influence of the cost of living on housing affordability on the selected groups, and the influence of

the various policies on housing affordability as well as the policy recommendations and interventions to improve housing affordability in Windhoek.

3.7 Data Analysis

The data was analyzed through the use of qualitative approach particularly the inductive approach to qualitative data analysis. This involved preparation of raw data files where the discussions was transcribed and transcripts generated; close review of literature so as to enable the researcher be familiar with the content and to gain an understanding of the themes and details in the text; creation of categories where the more general categories were derived from the research aims and where the specific categories were derived from multiple readings of the raw data; overlapping coding and un-coded text and continuing revision and refinement of category system within each category, the researcher searched for sub-topics, including contradictory points of view and new insights. The researcher also selected appropriate quotes that conveyed the core theme or essence of a category.

3.8 Research Ethics

The researcher ensured potential participants received detailed written information about the purpose and objectives of the study and this helped them to make clear informed decision on whether or not to participate. Before commencement Participants were guaranteed that any information they disclose would be treated with utmost confidentiality and respect for privacy. The ethical concerns that were perceived when the study was being carried out were presented as follows:

3.8.1 Permission.

The researcher sought permission from UNAM post graduate committee as well as the Academic and administration department to carry out the study. The proposal presented by the researcher to the committee was reviewed to ensure it conformed to ethical standards of business research. Verbal permission was also sought from the individual participants.

3.8.2 Informed consent.

In the study, the researcher obtained an informed consent from all the participants. The researcher provided sufficient information concerning the purpose and procedures of the study, and the rights of the respondents to participate. The researcher also provided enough information that helped to establish her reliability. The researcher further took the initiative to inform the participants that they were obliged to withdraw from the study at any time without difficulty. Finally the researcher's informed consent was sought when the questionnaire was administered, with the aid of the participant information brochure.

3.8.3 Participant protection.

In the study, the researcher took it upon herself to ethically protect the participants against any form of harm that could result from participating in a study. The researcher did this by informing the potential participants about the research in time and promised to protect the participants carefully and entirely. The researcher took the initiative although it could be said that it was problematic to determine whether a participant could possibly incur harm through the study and the likelihood should not be rationalized away by stating that the study might benefit them in some way.

3.8.4 Right to privacy and voluntary participation.

The researcher ensured her actions did not violate the rights of the participant to privacy. The researcher understood that the participant had the right not to be interviewed, the right to refuse to respond to any questions, the right to be free to enjoy lunch or dinner without disturbance, the right to not be interviewed in the night, and the right to be interviewed for a shorter period of time and not for long periods. Since privacy is synonymous with self-determination and confidentiality the participants had self determination to decide whether or not to participate in the study. Thus the researcher responsibly took the initiative to obtain an informed consent from the potential participants especially when information considered private was to be solicited from the participant. The participants during this study were issued with relevant information regarding the objectives of the study and this information was issued through the information leaflet. The informed consent to collect information from the participants was sought only after the potential participants had fully read and understood the objectives of the study. In addition, the participants were assured that their responses were private and confidential.

3.8.5 Anonymity.

The researcher took it upon herself to ensure information regarding the participants or simply the informants was kept unanimous. As Mouton (2003) argues, the participant's right should be respected mutually when it has been assured explicitly and also when no clear pact to the contrary has been made (De Vos et al., 2005). Anonymity is conserved when a person's acts or statements are revealed without a revelation of his or her identity. For purposes of this study, the responses of the participants were unanimous as the researcher did not reveal their names. There was no provision on the questionnaire where the participants would automatically fill in their names. This was done with the intention of ensuring anonymity.

3.8.6 Confidentiality.

The researcher also assured the participants who participated in this study that the information and opinions they provided was treated with the strictest of confidentiality. The participants were also assured of the fact that the information that they shared would be used strictly for the intended purposes and no other people would be able to access the questionnaire after the data collection. This condition is reflected by Le Beau (1998, p. 33), who stated that confidentiality entails that information shared by someone is not divulged to others (De Vos et al., 2005). There were no names of participants recorded on any questionnaire.

3.8.7 Benefits.

The researcher thoroughly explained to the participants the importance of the data in order to encourage them to fully participate in the study and also provided valuable information in the form of responses. Indeed, the respondents were informed of how the information would be used academically to identify and analyse factors influencing housing affordability in Windhoek, Namibia.

3.9 Summary

In this chapter, the researcher strove to explain the activity of research, the manner in which the researcher proceeded with it, and the manner in which the researcher measured the progress as well as what led to its success. The chapter also discussed the research design that was followed, the research methodology that was adopted in connection with the research approaches, the population under study, the sample and sampling technique, the data collection methods, tool pretesting as well as the ethical considerations. The next chapter focuses on the presentation of the results of the study.

CHAPTER 4

PRESENTATION AND ANALYSIS OF THE RESULTS

4.1 Introduction

In this chapter, results of the study are presented. The main purpose of this study was to analyse the factors influencing housing affordability in Windhoek, Namibia. The study objectives were to: identify the main factors influencing housing affordability in Windhoek, with emphasis on the interaction between social, economic, political and Governmental forces; explore the influence of the cost of living on housing affordability for the low to middle income households in relation to Windhoek property market; and assess how various policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek. A sample of sixty (60) respondents from the different townships in Windhoek were selected for this study and these included twenty (20) respondents who were selected from the lower income group, twenty (20) respondents who were selected from the middle income group and the remaining twenty (20) respondents who were selected from the upper-middle income group. Selecting respondents for the study, the researcher intended on selecting equal sample for male and female, however found that female showed more interest and willingness to participate in the study compared to male. This group also included three (3) officials; one (1) from the Deeds Registry Office of the Ministry of Land and Resettlement, another working in the National housing enterprise in Windhoek in the revenue department and another from the city of Windhoek. All the sixty (60) respondents responded very well.

4.2 Demographic Responses

Table 4: Respondents gender (in %)

Gender		
	Frequency	Percent
Male	24	40
Female	36	60

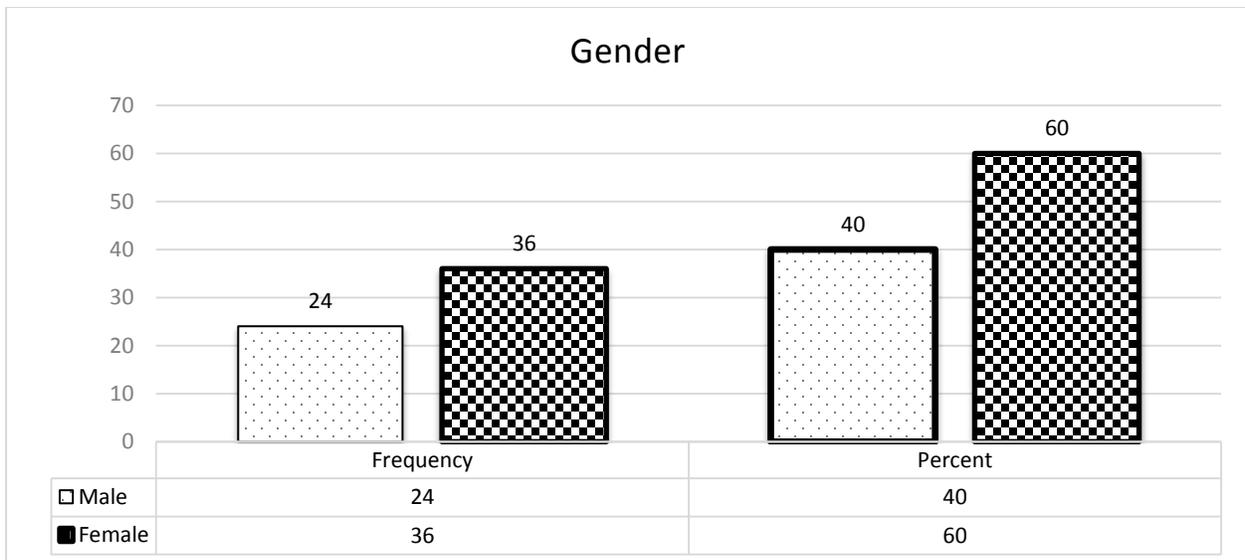


Figure 5: Respondents Gender

Results in Table 4 and figure 4 above present respondent's gender. The results show that sixty (60) percent of respondents were Females and Males constituted the remaining forty (40) percent. This shows some sense of gender imbalance in as far as having interest to own a home in Windhoek is concerned. More females than males are particular about having a home of their own and so are paying close attention to the developments in Windhoek property market in particular. This shows that males may be less inclined to drive for house affordability since given the culture

where women have a stronger responsibility to support their children and are thus doing everything necessary to get a home for the entire family.

Table 5: Respondents by Age [in %]

Age		
	Frequency	
	Percent	
18-25	5	11.1
26-30	10	22.2
31-35	10	22.2
36-40	9	20.1
41-50	6	13.3
55+	5	11.1

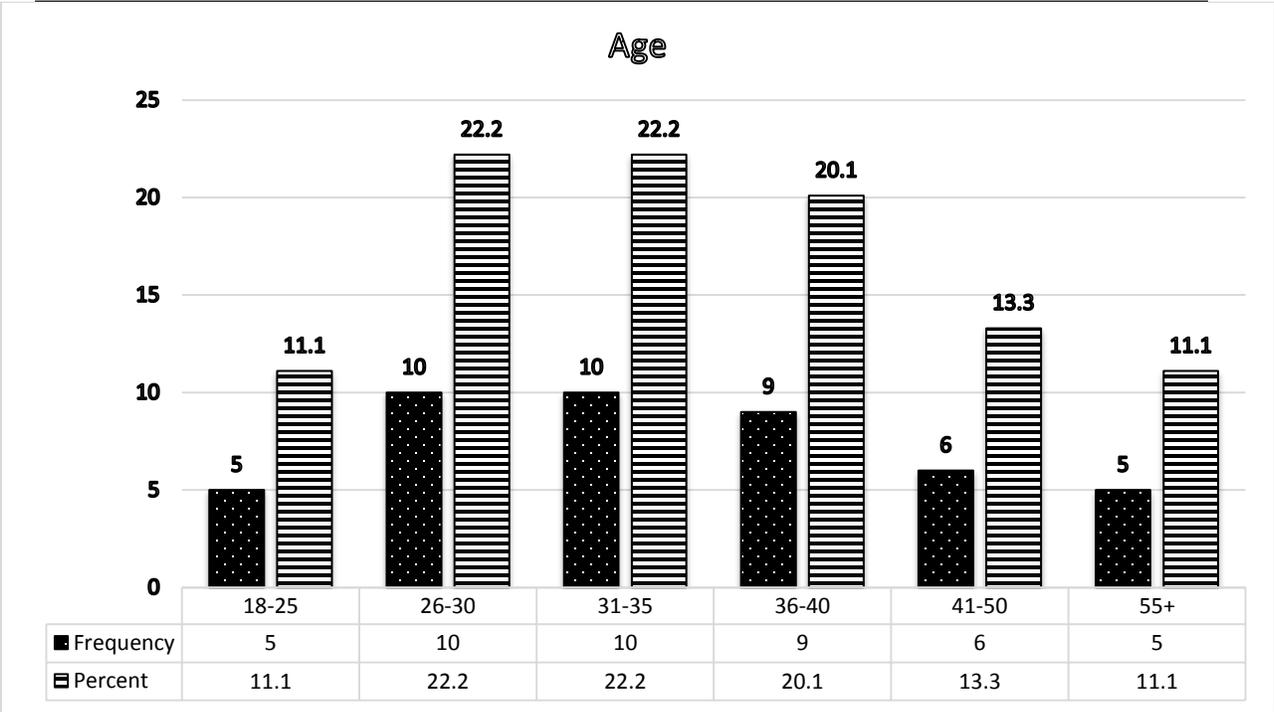


Figure 6: Respondents Age

As presented in Table 5 and figure 5 above, the majority of respondents were in the age bracket of 26-30 years [22.2%] and 31-35 years [22.2%]; these were followed by those in the age bracket of 36-40 representing 20.1%, while those in the age bracket of 41-50 years constituted 13.3% and those between 18-25 and 50 and above years both constituted 11.1% and they also made up the least group of the households that were selected for this study. This means that the most dominant group of households that feel they need housing badly either to rent or buy is those in the age bracket of 26-40 years. These people have either just finishing university or have started having families and need to be independent. Meanwhile a few of those between 18-25 years are also categorically mature to see the need for housing while those between 41-55 years and above are equally in need of housing in the city of Windhoek. It explains that most adults prefer to stay in the countryside while most youth want to be in the urban areas.

Table 6: Respondents by Education level

Education level		
	Frequency	Percent
No qualification	0	0
Certificate	5	11.1
Diploma	28	62.2
Bachelor's degree	12	26.7
Honours Bachelor's degree	0	0
Master's degree	0	0
PHD	0	0

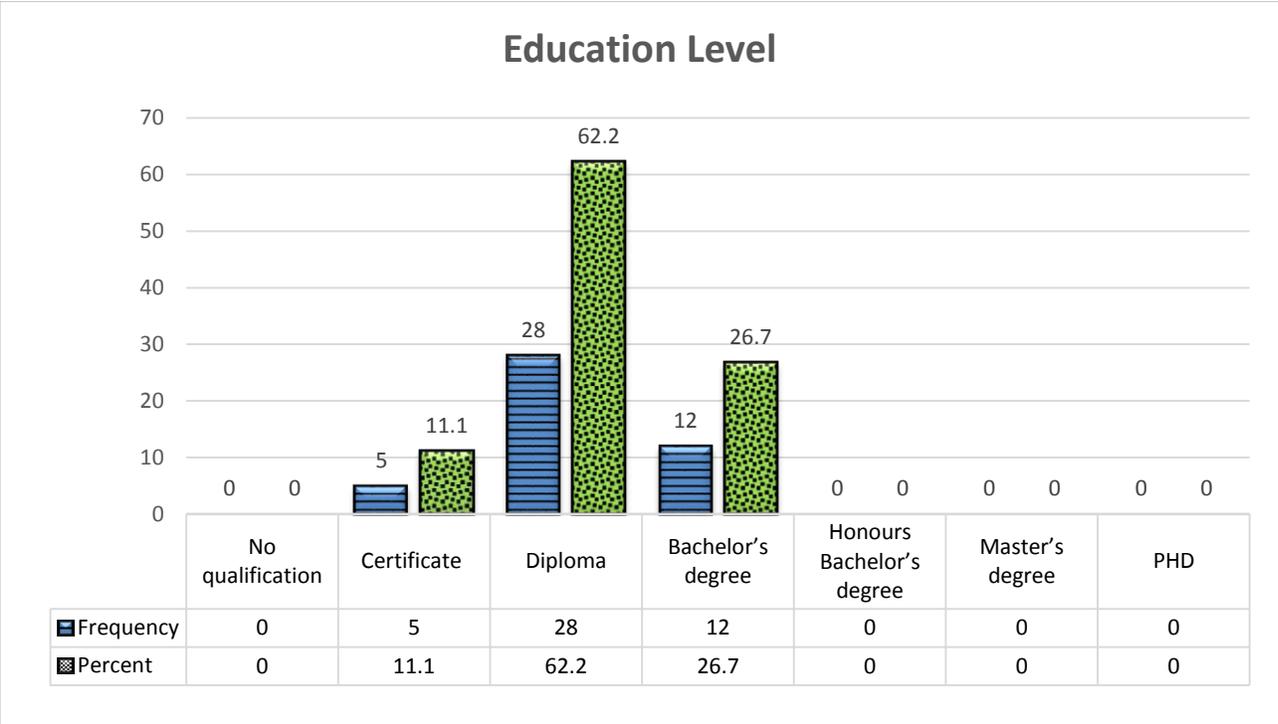


Figure 7. Respondents: education level

The results of the study show that majority of respondents had attained a diploma level education and these constituted 62.2% of the respondents. This was followed by those who had attained a bachelor’s degree and they constituted 26.7% of the respondents. The lowest level of education for the respondents was a tertiary certificate and the group here constituted 11.1% of the respondents. There were no respondents with, honours, master’s and or PHD degree in the selected respondents in the various townships. This means that most of the respondents in the selected townships in Windhoek hold either a diploma or degree with just a few holding certificates from a tertiary institution. This means that the more educated people are, the more likely they are to obtain a decent paying job and thus are likely earn a better income, compared to an individual with no qualification, which in turns signifies the existence of a positive relationship between education and income. Basing on the interviews and focus group conducted the researcher found that those who were in the higher middle income group, were mostly held at least a first degree and in most

instances also held decent jobs. Those in the low income group were mainly with little education particularly a certificate although this category also attracted many who held a diploma.

4.3 Factors Influencing Housing Affordability in the Windhoek, with emphasis on the interaction of Social, Economic, Political and Governmental forces

To understand the different factors influencing housing affordability in Windhoek with reference to the social, economic, political and Government forces, the researcher first sought the understanding of the respondents of the phrase affordable housing. Respondents defined housing affordability in varying ways. One respondent for instance stated:

“affordable housing is when everyone who earns a salary is able to afford a decent house”. Another one said *“affordable housing is when everybody is able to acquire a house without having a big salary”*, while another said *“affordable housing is when all those earning an income are able to afford a decent home”*. Majority of the respondents defined affordable housing as *“when everyone is able to afford a house at low costs”*.

The definitions put forward correlate with the definition by the University of Western Sydney (UWS) (2008) which defines affordable housing as housing which meets the needs of households whose incomes are not sufficient to allow them to access appropriate housing in the market without assistance. Upon the understanding of the definition, respondents largely implored the inability to afford housing particularly in Windhoek. Most of the respondents simply argued that housing affordability in Windhoek is almost impossible. They used phrases like *“it is crazy expensive”*, *“there is no such thing”*, and that affordability depended on one’s income level. This correlates with the FNB House Price Index (October 2010) which reported that 87 percent of the

population earned less than US\$200 a month, whereby a small house in Namibia even at the time was not available to the vast majority of the population. On that basis the Centre for Affordable Housing Finance in Africa suggested that even the cheapest house, built by a formal developer for about US\$14,252 could not be affordable to the majority of Namibians. In terms of how people spend their incomes in case there was an increase, it was found that people were more willing to spend about 40% of their salary on housing but that if there was an increase then they were less willing to spend on housing. One respondent indicated that;

“if for instance a family has two incomes where both the man and woman are working and with no children then they are more inclined to spend more on housing than those with kids, which means that they then end up spending more on other things such as clothing and vacations”.

For some respondents, having fewer children in early relationships without getting married forced many to have single apartments. As regards immigration aspect, many of the respondents blamed the high prices on the increasing number of immigrants particularly from the neighbouring Angola whereby the local nationals felt foreign nationals had a hand in inflating the house prices hence making them unaffordable. On the aspect of economic objective of setting interest rates, respondents conceded that interest rates and taxation have a bearing on determining housing affordability in one way or the other. One respondent argued that;

“Once the central bank decides to increase the interest rate, it makes it difficult for people to borrow as the commercial banks would in return increase interest on lending which in the end make those who build and sell homes charge high prices for their structures and thus making them less affordable. In a similar manner, an increase in

taxation makes it difficult to charge lower prices for the house and automatically disqualifies many of the buyers and or those renting”.

This relates to Namibian 2014 February report which indicated that Namibia topped the Knight Frank Global House Price Index in 2014 basing on the FNB Housing Index at the time. For clarity purposes, a senior manager of research and development at FNB, Mr Namene Kalili explained that this growth was attributed to Namibia's inability to meet the growing housing demand despite owing to numerous Government interventions to increase new housing units which saw Namibia record an annual price growth of 16.7% in 2014. The manager noted that house prices continued to increase in 2014 at a much faster pace than the long term trend over the past seven years. On that note, Chamwa (2014) in his statement was quoted as saying that “along with rising interest rates, we foresee continued deceleration in house price inflation for the remainder of the year, towards our 15% year-end forecast,”

Pertaining to the cost of borrowing money to finance a house, respondents unanimously in their argument stated that not all people qualified for the loans particularly home loans given the challenges thereof. This correlates to the National housing policy (2009) on housing finance, where almost 70 percent of the Namibians cannot afford collateralized home loan services that are currently present in the housing mortgage market. The extended reason for the exclusion of a majority of Namibians is that for one to have mortgage products delivered; one is required to have a titled land and this land can only be obtained at a very high price.

Respondents were also of the view that prices would continue to rise and that it was meaningless to go for a loan to facilitate the purchase of land given the current cost of living in Windhoek and that as long as Government did not do much to intervene in the land question, it will continue raise the questions in the future. Respondents also provided

interesting and relatively similar responses on the issue of whether high land costs do affect the purchase of land for housing for the low income earners if the city of Windhoek has plans on how a certain area must look like. They argued that it does affect negatively and one respondent gave a reason saying;

“.....most of the land is owned by the whites who put the price of land so high such that it is only their fellow whites or prominent blacks with more money who are in position to purchase, and such a policy on land makes it difficult for the low to middle income earners to purchase land and erect affordable houses”

This also coincided with the question of putting high charges on land, materials and machinery for infrastructural development which does affect housing affordability for the low to middle income earners given that every aspect of it is an increased cost for the low to middle income earners already disqualifying them.

This in summary implies that Economic factors compared to the social, political and Government forces such as the level of income, the interest rates by financial institutions and taxation are significant for one to afford housing in Windhoek. Where a couple is married and both are working it makes sense that they surrender ones income on housing. However this depends on social aspect of who really is the head of the house. Meanwhile the question of land is considered to be a political issue which requires a lengthy study and interpretation according to some sources interviewed.

4.4 The influence of the cost of living on housing affordability for the low to middle income households in relation to the Windhoek property market

In as far as this research question or objective is concerned; the respondents suggested that the cost of living in Windhoek is generally high owing to high transport cost, food prices, medical insurance and above all the continuous rising cost of rent. This correlates to the findings by the

report in December 2014 and citing the Numbeo living expense index, which states that Windhoek is the seventh most expensive city to live in, in Africa and the 21st most expensive in the world of 442 cities. This is after the Namibia Chamber of Commerce and Industry (NCCI) president, Sven Thieme noted that Windhoek rent prices are 28 percent higher than Cape Town while the groceries are 25.1 percent higher in Cape Town (Windhoek express, December 2014). This was found to have a negative direct implication on people's income as household expenses on housing is heavily affected since a significant portion of the households' income is spent on consumables and less is available for a house, therefore it becomes a challenge to afford a house. On that basis and more, many respondents indicated that the cost of living is high. A number of reasons were advanced to explain the high cost of living in Windhoek. One respondent justified the claim by stating that as a country, Namibia imports about half of its foodstuffs as well as many other everyday items that are used in homes. The aspect of the high cost of transportation attributes to the continuous rise in commodity prices therefore basically making products unaffordable, was also put forward. Respondents also justified the claim by stating that in Windhoek, some businesses are monopolized which makes calls for higher profit targets and thus driving prices up. Some respondents indicated that the high tariffs on electricity had driven the prices of goods upwards particularly with the postpaid consumers bearing the highest burden while those with prepaid metering system equally bore a heavy burden. One particular respondent denoted that;

“.....without having improved access to productive resources such as land, finance, energy, water and information and communication technology in addition to access to markets, housing drives the cost higher and higher and ultimately it is the reason for the high cost of living in Windhoek”.

Respondents then mentioned that depending on the place of residence, rent prices differed. However from the researchers analysis based on the data collected, the data showed that in the low income areas such as Katutura, the rent prices averaged between NAD 1,500 to NAD 3,000 for a room in a house, an outside room or even a shack, while the middle income areas such as Dorado Park the rent averaged between NAD 3,000 to NAD 5,000 for a room in a house or bachelors flat and on average between NAD 7,000 to NAD 10,000 for a two bedroom unit in the Dorado Park and Hochland Park areas as well. Meanwhile in the upper middle-income areas such as Cimbabasia, the rent prices for houses averaged between NAD 5,000 to NAD 15,000.

In terms of the average monthly cost of paying for a house in these townships, for an individual or household seeking to buy a house, the respondents noted that in the lower price segments, the average monthly amount payable ranged between NAD 5,000 to NAD 10,000, while in the middle income areas, the average monthly amount payable ranged between NAD 8,000 to NAD 15,000 and finally in the upper price segment, the average monthly amount payable for a house ranged from NAD 10,000 to NAD 30,000.

More respondents indicated that they preferred buying their personal houses rather renting but were limited by the high cost of living. One of the respondents stated that *“it would make sense to buy a house but given the inability to pay for the house and also meet the basic needs then renting remained the best option”*. One specifically stated, *“I would love to buy a house but with the money I make now, I can only afford to rent”*. Another one said;

“.....I would rather rent because my salary won't be enough to buy a house and also sustain me.” While another respondent was quoted saying *“I would rent then at least I will have some money left to cover my daily needs”*.

This analysis is in line with Hailulu (2013), who argues that it is not just the scarcity of suitable land for development but also due to the fact that more than 73% of Namibians do not have access to credit facilities offered by the financial service sector which makes it hard for them to afford to buy urban land and housing.

In summary, the cost of living in Windhoek is generally expensive attributed to factors such as the high cost of rent, service fees, transportation fees, prices of food, fuel prices, insurance fees, and all this affects savings. What is worse is that even the savings have withholding tax. The high prices come are also heightened by the high dependence on high cost imports. This forces home developers to charge high prices in terms of rent and purchases. As compared to purchasing, renting relieves most residents which allow people to spend some of their income on other essentials after paying rent. Thus the inability to afford housing is also attributed to the high cost of living.

4.5 How Various Policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek

To explain the objective, the respondents could only mention two policies that they were conversant with namely; the National housing enterprise and the national housing policy, of the two, majority of the respondents mostly indicated that they were aware of the National housing enterprise (NHE). Briefly, the NHE is nothing but a programme that focuses on the provision of housing funds and the construction of houses for mainly low to middle income households. The NHE offers loans to the stated group and the repayment period is earmarked for 20-30 years according to Mosha (2011), with relatively low interest rates.

Meanwhile, a few respondents indicated that they were aware of the National housing policy that was formulated and adopted in 1991 and reviewed in the year 2009, although they have paid

little interest to it since benefit is so limited. The policy formulated ten (10) key strategies to address the constraints and principles within the housing sector in Namibia. It remains to be seen that this policy focuses on the Promotion of capital investment in local and regional infrastructure to speed up the process of land delivery, mobilization of domestic savings and affordable credit to provide and finance housing; Provision of subsidies and grants by Government and development partners to support social housing; Creating sustainable human settlements through an integrated housing development approach; Promotion of the use of appropriate and alternative technologies, methods and services in order to provide affordable housing solutions; Introduction of a four-based housing mix into the Namibian housing market that includes houses for sale, rental accommodation (including rent to buy option), social/subsidy housing and houses built by people themselves; Strengthening the housing regulatory environment including amendment of National Housing Development Act of 2000 and setting up of a Namibia Housing Code and the Housing Industry Regulatory Council to regulate the housing sector; Enhancing institutional capacity and cohesion within the housing sector; Supporting people housing processes where by Government has to provide financial resources in the form of housing subsidies, facilitation and grant funding and strengthening decentralized Build Together Programmes (Namibia National Housing Policy, 2009) .

The common medium of information through which they got to know about these two policies was the newspapers mainly the Namibia newspaper, followed by the sun and the Republican. Radio and TV were not favorite media for transmitting information on housing policies although a few mentioned such media.

In terms of the manner in which the various policies have influenced the Namibia housing market and housing affordability, most respondents interviewed revealed that they have not felt

any effect at all as houses have remained expensive. One respondent for instance stated, *“these policies were supposed to make houses affordable for everyone but failed”*.

Regarding the likely consequences of the various policies towards vision 2030, the result from the majority respondents was that vision 2030 will not have much change since the year 2030 is not far and that most people will not have good homes then given the quality of houses that are built under the various policies. Many particular respondents had varying reactions. One respondent for instance argued;

“2030 is too near for these policies to change anything and mass housing is not going to satisfy everyone”.

Similarly one other respondent noted, *“housing would not be of good quality because they use cheap material, cheap labour and eat the money up”*. This correlates with Mosha’s study in which he revealed that when it comes to financing housing, the Build Together Programme (BTP), failed to advance loans because of limited funding and the increasing costs of building materials. In order to ensure affordable housing in Windhoek in particular, the respondents were of the view that, prices on houses should be reduced, land should be made available at low costs, peoples salaries should be increased, the Government should enforce policies that can regulate housing prices, a new policy should be established to build new houses that everyone can afford, competent people should be awarded the tenders, and that the Government should stipulate some strict guidelines to be adhered to and followed by those responsible to carry out or execute these various policies to see the expected results produced.

In summary, the housing policies have not had any positive impact on housing affordability as this is explained by the lack of awareness of the existing policies and where there is awareness;

there are not enough details of such policies. With the existing policies, prices of houses are continuously skyrocketing but if the policies are well handled then they are likely to allow many people to have affordable housing. However, this is likely to work out if both the Government and private sector players work together and build affordable housing. Actual implementation of the policies must be considered and not remain on paper.

4.6 Conclusion

This chapter presented results of the study and, where applicable, linked them to the reviewed literature on affordable housing. A pivotal finding being that limited funding and increasing costs of building materials, bureaucracy, poor contractors, poor quality work and corruption are to blame for the negative influence on the housing market and housing affordability in Windhoek.

CHAPTER 5

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter the objectives are revisited and presented, a discussion to the study is presented, conclusion to the findings is presented and recommendations for future research are presented followed by the summary of the chapter presented. The purpose of this study was to analyse the factors influencing housing affordability in Windhoek for the different categories namely; the low income and the middle income households.

5.2 Objectives revisited

The findings, together with the relevant theoretical information used in the study, led the researcher to arrive at several conclusions. The study was guided by the objectives in the following subsection 5.2.1 below.

5.2.1 Objectives outlined below:

5.2.1.1 To identify the main factors influencing housing affordability in the Windhoek.

5.2.1.2 To explore the influence of the cost of living on housing affordability for the low to middle income households in the Windhoek property market; and

5.2.1.3 To assess how various policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek.

5.3 Discussions

5.3.1 Discussions on the factors influencing housing affordability in Windhoek.

By categorizing the factors that influence housing affordability into demand factors and supply factors, it is easier to deduce from this point the missing factors and therefore be able to choose from the two, which one is more relevant in as far as influencing housing affordability is concerned. Basing on the findings, the researcher was certainly able to find out underlying factors that influence housing affordability from the main demand and supply factors. However, the researcher also notes with caution that environmental, cultural and geographical factors are not taken into consideration. For instance according Elizabeth (2013), geographical constraints on land availability can be important in some places. If people assume that demand will go up in the future, this will push up the prices of houses in the more geographically constrained places that people want to or prefer to live in. This will particularly be typical of the culture of people who are immobile perhaps due to preference to stay in particular place for instance a dominant city. This can be different if people are more mobile and are more willing to travel to other cities where by the prices of houses will be lower and may only face a smaller long term house price increments.

Even though the demand factors are viewed as the main determinants of housing affordability, (Bank of Namibia, 2011; AHURI, 2007; Judith et al., 2007), one could argue that if the necessary supply factors are put in place, then the demand factors that affect housing affordability may become less relevant and less influential. Demand factors may be outweighed by the geographical and occupational mobility of the people especially if factories are set up in other cities and not necessarily the main city so the people can travel to such place and work there. Demand factors may also be influenced by the environmental and social-cultural concerns of the

society especially for countries moving towards the second world country status. This means demand for housing is directly linked to the setup of society and peoples' way of life.

Meanwhile, supply is affected by the corrupt tendencies and bureaucratic process where the land acquisition procedure follows the rules of the property evaluators, developers and real estate agents who make it hard for low income and medium income groups to afford houses. Besides, supply is affected by auctioning in that the idea of auctioning really makes it hard for low income earners to afford land or any other property such as a house as the highest bidder is the one to acquire the land (Bank of Namibia, 2011; Judith et al, 2007; Rowland, 2011). In most countries, the process of auctioning is carried out by commercial banks usually to recover their costs especially on defaulters of mortgage loans while the city authorities auction on serviced land to recoup the cost of land clearing and servicing. The valuers affect affordability in that they are tasked with determining the worth of property at a given period of time. Given the location of the property such as a house, for example in the cities or even on the outskirts, it makes it harder for the low income groups to afford such property (Bank of Namibia, 2011; Judith et al, 2007; Rowland, 2011).

Thus, apart from the demand and supply factors, affordability of housing is also influenced by factors such as: the procedures applicable in the process of acquiring a property in Namibia; the auction techniques used by local authorities to dispose of land; the valuers who are tasked with determining the worth of an already standing structure; the role property developers play in the housing market and the additional transfer costs, incurred during the process of acquiring a property. Depending on the income bracket, these factors can have a positive or negative impact on affordability of housing. Usually however, the low income groups are the victims who walk away with nothing as they are unable to compete.

5.3.2 Discussions on the influence of the cost of living on housing affordability for the low to middle income households in the Windhoek property market.

The cost of living can negatively or positively influence housing affordability for low to middle income households. When the cost of living is high, the marginal propensity to save among low income households is zero while the marginal propensity to consume is greater than 1. This means that an increase in the cost of living affects mainly low income earners and their ability to invest in housing is diminished. However when the gross national income (GNI) increases demand will increase and this include demand for houses. This correlates to FNB housing index 2014 which reported that the GNI increased up by 13 percent in 2013 and 22 percent in 2012 which was an indication of more money chasing too few properties (First National bank, 2014).

In a situation where the property market is unable to supply enough housing, resulting from rigidities in the market such as inability to buy land, or over exposure to mortgages relative to other credit lenders. Macro-economic objectives of Governments are key players in determining the cost of living in some way. It should be remembered that most Governments aim to fight inflation, increase employment, achieve economic growth, and obtain a favorable balance of payment (BOP) position. However in trying to achieve one, then a conflict of interest arises, which in one way or the other has an effect on the cost of living and therefore housing affordability. For as interest rates rise, it becomes difficult for households to borrow and the cost of doing business is also affected and this is more evident for the low and middle income households whose marginal propensity to save is completely affected. High interest rates also have the effect of increasing the price property such as land which ultimately increases the price of housing unit built on such expensive land. Similarly an increase in the inflation figures tend to push up prices of goods and services leaving the households with no money to purchase housing. Inflation is described as a

situation in which there is too much money chasing very few goods. However what happens usually is that when there is inflation, Governments and other employers, are slow to increase the incomes of households whereas at the same time, the market forces determine prices of goods and services. In a situation that cost of rent is increased due to inflation, this has a negative direct implication on people's income as their expenses on housing is heavily affected. Such households would rather find it worth spending on groceries and forego expenditure on housing. In other words, low income households find it better to spend on rent rather than pay for a house. This group usually will prefer to live at the extreme end of the city or towns, in poorly developed homes called shacks. This also correlates for instance, to the findings of Australian Bureau of Statistics (2008), which concluded that the lower the income levels the high the level of renting, and the higher the income the lower the level of renting. In summary, households with lower incomes are generally more sensitive to rising housing costs than other households and hence an increase in the cost of living has a negative implication on such households.

5.3.3 Discussion of how the various policies introduced by the Namibian Government affect the housing market and housing affordability.

A lot of research is being carried out by many Governments in the area of housing in order to come up with policies that are geared towards promoting housing affordability. With the ever increasing population and the exodus of people to the urban areas, housing affordability is becoming such a serious issue in many countries in the present world. In India for instance the central Government in 1998 announced that the National Housing and Habitat Policy would provide "Housing for All", with an emphasis on extending benefits to the poor, vulnerable and the deprived. In Namibia, the Government adopted a number of policies with the key policy instrument being the National housing policy, formulated and adopted in 1991 and reviewed in the year 2009.

Although the policy contains a number reviewed housing policies, challenges engulf it. In trying to back up these policies, various Governments also avail funding from the central budget to speed up land acquisition and housing.

In terms of Namibia, the various policies on housing are formulated on the programmes of Government and private players. However, of the two players, their major role is to provide financial loans to different income groups depending on the demand. The loans extended are payable over a long period of time usually 20 to 30 years for build together programme and the National housing enterprise respectively. However from the look of things, the only way in which one can acquire a loan, one should be able to maintain a stable monthly income. In the event that the loan acquirer misses out on payment, then it may be something else, like having to lose the property.

It can also be deduced that the Government housing policy players tend to focus on those households with some level of income. So what happens to those who are surviving on wages? Thus the various policies all have a common agenda of making money through extending housing loans to households. Although these loans are extended at a relatively lower rate, it benefits different classes of people at different levels. The very poor are supported by the Shack Dwellers Federation of Namibia (SDFN) and this only raises the question even further, of what is housing affordability.

5.4. Conclusion

The analysis of the research findings reveal that housing affordability in Windhoek is influenced by social, economic and Government or political forces. Socially, immigration is seen to offer a drive for increased prices such that when more people come into the country, there is tendency for the home sellers to increase prices as this drives the demand upwards making the

home people to fall out. Similarly, people who are not yet married but have children out of wedlock often prefer to get single apartments to raise their children and only stay with their spouses after official marriage has taken place as part of a cultural demand for some communities, though this does not cut across a large section of society in Windhoek. However, in the instance that they opt to stay together then they often prefer to own a big apartment with at least more than one bedroom. People who go for single apartments are usually the young graduates holding relatively good jobs and these are categorized in the middle income group which is not often the case with the low income group.

The economic forces mentioned include; salary or income levels, taxation levels, interest rates and borrowing. In terms of salary or income levels, it remains to be seen even in the definition that people with sizable incomes should be able to spend on housing but even then the level of income does matter, such that those with low incomes are usually in position to spend a small proportion of their income on housing in low income areas of Katutura, such as Wanaheda, Soweto and Luxury Hill Katutura, while the middle income earners prefer to spend on better housing in areas such Dorado park, Rocky Crest and Khomasdal. This also means that once people's incomes increase, it makes households to increase a proportion of their income on housing but this is not the case if they experienced a reduced income due to factors such as rising cost of living. Still on the economic aspect, the findings reveal that setting interest rates and taxation can affect housing affordability. For instance in a situation where there is a high interest on mortgage loans for the home owners, he or she is likely to rise the selling price for these homes in order to recover some cost. This in turn makes housing affordability difficult, whereas this will have the opposite effect should the interest rate be kept low. Similarly, taxation on the sale of property affects housing affordability in that a high tax on the seller would make the price to go up so that the tax burden is born on the buyer and not the seller.

Government's failure to secure affordable land for its citizens makes affordable housing a challenge because if left in the private hands, the land becomes so much more expensive such that when the price of land is high the likely outcome is the high cost of housing. This is because, not only is the buyer to pay for the land but also the property in this case the house on the land. Generally it remains to be seen that the actual implementation of affordable housing seems not to happen.

Nonetheless, all the various factors influencing housing affordability as presented above fall in the demand and supply driving factors which incorporate the environmental, cultural and geographical factors seen to be influencing factors for housing affordability. In terms of geographical concern, this may as well be concerned with geographical constraints on land availability which is significant in some areas such that when people assume that there is going to be an increased demand, this is likely to push up prices in such a geographically constrained area. The driving force is the immobility aspect of people in certain areas due to a preference aspect to stay in a particular area, perhaps due to security and safety concerns as opposed to areas or places of high mobility. Demand factors are seen to be the driving forces although it remains to be seen that if supply factors are put in place, then this may render the demand factors less relevant and insignificant. Thus it may occur that demand factors may become less significant by the geographical as well as the occupational mobility aspects of the people, particularly if there are attracting forces in other areas with good pay and good amenities. Meanwhile the demand factors may be driven by the environmental as well as social cultural factors for instance in the societies advancing in terms of development such as from low to middle income status as this set up is linked to societal transformation such that demand for housing is linked to a social cultural transformation of society. Again affordability is affected by the supply aspect which in itself is affected by the corrupt tendencies and bureaucratic process in which land acquisition procedure

follows the rules of the property evaluators, developers and real estate agents who make it hard for low income and medium income groups to afford houses. That aside, supply is affected by auctioning in that the idea of auctioning really makes it hard for low to middle income earners to afford land or any other property such as a house as the highest bidder is the one to acquire the land. Apart from the demand and supply factors, affordability of housing is also influenced by factors such as: the procedures applicable in the process of acquiring a property in Namibia; the auction techniques used by local authorities to dispose of land; the valuers who are tasked with determining the worth of an already standing structure; the role property developers play in the housing market and the additional transfer costs, incurred during the process of acquiring property. Depending on the income bracket, these factors can have a positive or negative impact on the affordability of housing. Usually however, the low income groups are the victims who walk away with nothing as they are unable to compete.

The study also concludes that the cost of living in Windhoek is high and that this makes the affordability of housing quite challenging. The driving forces for the high cost of living include the high cost of transport, the rising food prices, high medical insurance and low salaries which make it difficult for the households to have a disposable income to spend on housing particularly for the low to middle income groups. The justification for the high cost of living is the high dependence of Namibia as a country on consumer goods particularly from South Africa. These goods are mainly imported by road and once they reach Namibia, the traders charge high prices to recover the cost of import tariffs and transport. Within the country, factories operating inland pay high electricity tariffs on their produce and are thus forced to charge high prices to cover their capital plus make some profits. This situation coupled with the water bills, VAT, medical insurance and other forms of insurance affect the incomes of the households, hence making it hard for the low to middle income groups to save on housing. This also leaves many of the low to middle

income households better prepared to rent than to buy houses which makes ownership of “affordable housing” a challenge in its own. The majority of households would have preferred having their own houses, but face a different reality.

Finally the study concludes that although there exists a number of housing policies including; National housing policy (2009), the third National Development Plan (2007/2008), Vision 2030 (2004), the Millennium Development Goals that have been at the forefront of promoting affordable housing by the Government of Namibia couple with the recently launched Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) which include the Build together programme (BTP), the National Housing Enterprise (NHE), Shack Dwellers Federation of Namibia (SDFN) and some Central Government Initiatives, most households’ knowledge are only limited to the National housing enterprise (NHE) and the National housing policy. This can as well explain the lack of information as a hindering factor towards promoting affordable housing to the low, middle and high income groups in Windhoek. Even with the mentioned two policies, it remains clear that these policies have not had any positive effect on housing as houses remain expensive in the city with many of the low to middle income earners finding it difficult to purchase houses and instead opting to rent. It is revealed that such challenges such as the limited funding and increasing costs of building materials, bureaucracy, poor contractors, poor quality work and corruption are also to blame for the negative influence on the housing market and housing affordability in Windhoek.

5.5 Recommendations

Considering the conclusions provided above, the following recommendations are made by the researcher:

- In order to ensure affordable housing in Windhoek in particular, there is need for the providers of homes to reduce the prices for the different income groups to be able to afford housing and appropriately manage the actual distribution of these “affordable houses” and to ensure that they reach the targeted income groups.
- There is also a need for the Government to avail land at low cost to enable people of various incomes brackets to be able to purchase land and then build their own houses as this is much more cost effective than using contractors that inflate prices.
- There is a need to have the salaries of the low to middle income groups increased, to what can be described as a livable salary, to enable them to have a disposable income which they can then spend on housing, and still have excess to cover additional basic expenses. This should apply to all sectors from government to private.
- Furthermore, there is the need for the Government to enforce policies that can regulate the housing prices and this may as well mean having a new policy to build new houses that caters for all income groups, especially the low to middle income households. The interplay between the private and public sector to provide affordable housing is a necessity in the country, however, this process also needs to be closely managed.
- And last but not least, there is the need to have competent people to be awarded the tenders to offer quality housing and ensure houses are given to the rightful owners on time. Most contractors are selling dreams to build affordable quality houses, but the reality is that most are only for self-enrichment. Government, municipalities and policy-makers need to

investigate the idea of introducing brackets in order to regulate the profit percentage especially if the tender or land allocation was done on a basis of addressing the current economic problem and increase supply of housing to the low and middle income groups, and not for purposes of self-enrichment.

- The cost of living is an aspect on its own and a subject that requires in depth research. However, as a factor identified that affects a households spending power, the researcher recommends that there is a need for Government along with various institutions to encourage interest in the agriculture and help in setting up more local factors with the objective of reducing the countries dependency on neighboring countries such as South Africa, from importing produce that can be locally produced. Some avenues that could for instance be explored in this regard are for example where Government and Inland Revenue give some tax relieves on locally produced goods, on input and output taxes, Town Councils to give special rates where power supply is required or help introduce solar energy to relieve the burden of high electricity costs, the media to help promote local products by aggressively marketing local products.
- And finally there is the need for the Government to stipulate strict guidelines to be adhered to and followed by those responsible to execute various policies to ensure expected results are produced. Thus Government intervention although may be delicate, it may help prevent a potential fallout makes more sense rather than letting the market regulate itself.

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APPENDIX 1

INTERVIEW RESEARCH QUESTIONNAIRE

RESEARCH TOPIC

AN ANALYSIS OF FACTORS INFLUENCING HOUSING AFFORDABILITY IN WINDHOEK, NAMIBIA

The aim of the questionnaire

This research questionnaire has been designed with the intention of collecting information on the main factors influencing housing affordability in Windhoek in particular. The research is essentially for academic reasons and information collected will be treated with utmost confidentiality. I am therefore kindly requesting for your cooperation, honesty and integrity to avoid any partialities.

DETAILS OF THE RESEARCHER

NAME: CONSETHA DESIREE KGOBETSI (HARADOËS)

STUDENT NUMBER: 200001833

COURSE UNIT: RESEARCH THESIS

DEGREE PROGRAMME: MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

Part A

Demographic characteristics

1. Gender

Male		Female	
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Age

1	18-25	2	26-30	3	31-35	4	36-40	5	41-50	6	55+	7
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2. Education level/qualification

Education level	
No qualification	
Certificate	
Diploma	
Bachelor's degree	
Honours Bachelor's degree	
Master's degree	
PHD	

3. Employment status (are you currently....)

Employed		Self-employment		unemployed		other	
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5. Length on the job

0-5		6-10		11-15		16-20	
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Main Question 1

What are the main factors influencing housing affordability in Windhoek, with emphasis on the interaction between social, economic, political and Governmental forces?

Sub questions:

1. What is your understanding of the phrase “affordable housing?”
2. Given your understanding of the concept, tell me about affordable housing in Windhoek
3. How do people spend money when their incomes increase? In Windhoek for instance, can we say couples working with a combined income find it easy to spend on housing? And why?
4. In Windhoek’s case does later marriage, love for fewer children and increased incidence of separation and divorce increase demand for single apartments? And why?
5. How do you perceive the Population growth underpinned by higher immigration rates as influencing house affordability? Does immigration increase house prices? And why?
6. When the central bank decides to increase interest rates and Government increases taxation on housing does it make housing affordability difficult? And why?
7. If the cost of borrowing money for housing is low does it mean that people will easily afford housing? And why?
8. In terms of Taxation, how does the Taxation system incentive in Namibia influence housing affordability? Do you think that increased taxation on property affects affordability of housing?
9. When people expect price of land to be more expensive in future do they take loans today to invest in housing? And why?
10. If the city of Windhoek has a plan on how a certain area must look like, does it affect the purchase of land for housing for low income earners? And why?

11. By putting high charges on land, materials and machinery for infrastructural development does affect housing affordability for low income earners? And why?

Main Question 2

How does the cost of living influence the cost of housing affordability for the low to middle income households?

Sub questions:

1. How do you find the cost of living in Windhoek in terms of rent, transport, food, fuel, medical insurance and the like?
2. Basing on your response above, do you perceive the cost of living to be high or low?
3. Basing on your answer in (2) above what in your view could be the driving force of this cost of living?
4. Specifically, in terms of housing, what is the average amount of rent in this township of Windhoek?
5. What is the average monthly cost of paying for a house in this township for those buying houses here? Do you find it high or low and why?
6. With valid reasons, would you rather pay rent or buy a house on a monthly basis with the given cost of living in Windhoek

Main Question 3

How do the various policies introduced by the Government influence housing market and housing affordability?

Sub questions:

1. What in your understanding are some of the policies that were introduced by the Namibian Government to influence the housing market and affordable housing? Could it be one of the following?
 - a) National Policy on Housing of 1991 (revised in 2009),
 - b) Third National Development Plan (2007/2008),
 - c) Vision 2030 (2004) and
 - d) Targeted Intervention Programme for Employment and Economic Growth (TIPEEG)
2. How did you get to know about the policies mentioned above? Could it be via any of the following?
 - a) Radio,
 - b) Television,
 - c) Newspapers and
 - d) Social media such as Facebook
3. How in your view have the policies influenced the Namibian housing market and housing affordability? Can it be linked to the following?
 - a) Made houses cheaper and affordable
 - b) Made houses expensive and unaffordable
 - c) Have not changed the situation.

4. What are the likely consequences of the various policies towards vision 2030? Could it be any or all of the following?

- a) Many people will have houses and live a quality life
- b) Only a few wealthy will have housing

5. What in your opinion should be done to ensure affordable housing in Windhoek in particular? Do you think one of the following is appropriate?

- a) Reduced government taxation,
- b) Easing land acquisition,
- c) Simplifying loan procedures,
- d) Increasing government funding and
- e) Promoting efficiency

6. What have been the challenges to these policies as far as affordable housing is concerned? Could these be associated with some or all of the following?

- a) Government taxation,
- b) Land acquisition challenges,
- c) Loan scheme issues,
- d) Lack of funding,
- e) Government long process of implementing a policy

7. What are some of the achievements of the various policies on housing so far? Could it be one or all of the following?

- a) There will be cheap affordable housing
- b) Acceleration to the access to funding for housing

APPENDIX 2

FOCUS GROUP DISCUSSION RESEARCH QUESTIONNAIRE

RESEARCH TOPIC

AN ANALYSIS OF FACTORS INFLUENCING HOUSING AFFORDABILITY IN WINDHOEK, NAMIBIA

FOCUS GROUP DISCUSSION RESEARCHER AND PARTICIPANT GUIDE

Thank you for agreeing to participate. My name is CONSETHA DESIREE KGOBETSI (HARADOËS). I am a student at the University of Namibia and I am pursuing a Master of Science Degree in Accounting and Finance. I am very interested to hear your valuable opinion on how the various housing policies introduced by the Government have influenced the Namibian housing market and housing affordability in Windhoek

- The purpose of this study is to understand how people in Windhoek interpret the various policies that were introduced by Government and how these policies have influenced housing market and housing affordability in Windhoek. Besides I also want to understand what people think are the best policies and interventions that Government should put in place in order to improve housing affordability in Windhoek. If you don't know these policies, each will have a copy to acquaint yourselves with policies before we get started.
- The information you give me is completely confidential, and I will not associate your name with anything you say in the focus group.
- I would like to tape the focus groups so that we can make sure to capture the thoughts, opinions, and ideas that we shall all hear from the group. No names will be attached to the focus groups and the tapes will be destroyed as soon as they are transcribed.

- You may refuse to answer any question or withdraw from the study at any time.
- I understand how important it is that this information is kept private and confidential. I will ask participants to respect each other's confidentiality.
- If you have any questions now or after we have completed the discussion, you can always contact me, on the phone number that is on this question guide.
- Please fill in your name and sign to show you agree to participate in this focus group.

The Focus group will last about one hour. Please feel free to move around and help yourself to refreshments.

Before we turn on the recorder, are there any questions? Once again we shall start with introductions.

1. Please tell us your name
2. What you do for a living?
3. How long have you been on that job?
4. What is the average amount of rent in this township of Windhoek? Is it between NAD 1500-NAD 3000; or NAD 3100-NAD6000; or NAD7000 and above. Please choose one.
5. What is the average monthly cost of paying for a house in this township for those buying houses here? Do you find it high or low and why? Is it between NAD500000-NAD740000; or NAD750,000-NAD1,000,000; or NAD1,000,000 and above. Please choose one.
6. How long have you been in this township?

Thank you.

Let's now move to the questions:

1. Let's start the discussion by talking about what makes the idea of affordable housing.
2. What are some of the positive aspects of the policies on affordable housing in Windhoek?
3. What are some of the things that aren't so good about the policies on affordable housing in Windhoek in particular?
4. Have you considered buying a house? If so, why or why not? What factors have contributed to your decision to want to buy and or not to buy a house?
5. What would keep you paying rent and not buying a house? What suggestions do you have to improve the various policies so that you would want to see people acquire houses affordably?

That concludes our focus group. Thank you so much for coming and sharing your thoughts and opinions with us. We have a short evaluation form that we would like you to fill out. If you have additional information that you did not get to say in the focus group, please feel free to write it on this evaluation form.

The researcher will focus on the following probes for discussion:

- Salary and the proportion on rent/ purchase
- Benefits and failures to provide affordable housing
- Standards of living (Cost of living, Housing, Electricity, Water and Transportation)
- Financing organs including challenges for accessing such finance.
 - Central and commercial Banks
 - Microfinances
 - Ngo's

APPENDIX 3

DETAILS OF PARTICIPANT IN RESEARCH

RESEARCH TOPIC

AN ANALYSIS OF FACTORS INFLUENCING HOUSING AFFORDABILITY IN

WINDHOEK, NAMIBIA

Surname:

Name(s):

Gender

Male		Female	
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Area of residents:

Katutura		Khomasdal		Dorado Park		Hochland Park		Cimbambasia	
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Employment status (are you currently....)

Employed		Self-employment		unemployed		other	
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Age category

	18-25		26-30		31-35		36-40		41-50		55+	
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Education level/qualification

Grade		Certificate		Diploma		First Degree		Master's Degree	
10-12									

Income level range (Please tick in the appropriate box)

Less than NAD5,000 pm	NAD5,001- NAD10,000 pm	NAD10,001- NAD20,000 pm	NAD20,001- NAD35,000 pm	NAD35,001- NAD50,000 pm	NAD50,001- NAD70,000 pm	More than NAD70,000 pm
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I have voluntarily participated in the questionnaire/ interview.

I declare that I have truthfully and to the best of my ability answered the questions, and give my consent that the information may be used for this and any future studies of academic nature only.

.....

(Signature of participant)

Date

Place