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## STATEMENT IN MOTIVATION OF MOTION ON URBAN LAND RESETTLEMENT SCHEME AND SOCIAL HOUSING ALTERNATIVES

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CHECK AGAINST DELIVERY

Namibia is the least densely populated country in the world per capita and yet we are now faced with a situation where the biggest problem facing the country is “the land issue.” Traditionally, “the land issue” referred to land for farming purposes but in recent years the focus has shifted to an outcry about the lack of availability of affordable urban land for housing purposes, particularly in the bigger cities or towns in the country.

According to the latest Namibia Household Income and Expenditure Survey of 2009-2010, 75% of Namibian households have a combined household income of between N\$1,600.00 and N\$4,200.00 per month. At the upper end, only the top 1,1% of Namibians live in households with monthly incomes of around or in excess of N\$48,000.00. Besides the glaring inequality divide which sees Namibia ranked as the country with the 3<sup>rd</sup> highest Gini Coefficient in the world. The significance of this divide is put into greater perspective when you note that Namibian households must earn at least a monthly income of N\$ 15,000.00 – N\$ 23,000.00 in order to realistically be able to afford an average residential property, according to Namene Kalili of FNB Namibia Holdings.

“This is almost three times the average household income for urban households in Namibia. Based on our calculations, the income requirement for the lower price segment came in at N\$ 15,000 per month. Less than 10% of the households in the country can afford a property in the lower price segment.” – **Namene Kalili**

In July 2014 as per the **FNB Namibia Holdings Housing Index**

- In the lower price segment, the average property price was N\$ 511,000.00
- In the middle price segment, the average property price was N\$ 1,213,000.00
- In the upper price segment, the average property price was N\$ 1,977,000.00

As evidenced by the numbers, very few Namibians are in a position to buy residential property, which is why we currently find ourselves in a position with a national housing backlog of close to 150000 (One Hundred And Fifty Thousand) units. Given that housing prices are unaffordable to the majority of the population, over 500000 Namibians live in shacks.

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There are various factors, both internal and external, that have contributed to this situation, one can list them but ultimately the greatest problem is that the housing and property fraternity have treated housing as a speculative market where capitalist forces of demand and supply have been allowed to control the market, whereas in our Constitution, housing or the right to own property is classified as a fundamental human right, that is the true crux of the problem. We can only begin to fix this problem once we begin to look at housing in its proper constitutional perspective and government and all the relevant stakeholders accepts the mandate that comes with that.

One of the reasons why the Mass Housing Programme has failed is that the NHE has deviated from its original mandate, perhaps due to capacity limitations, and has been forced to outsource its work to the private sector-to land developers, building contractors and property speculators-who are inherently profit driven, thus resulting in the interests of the poor being overlooked once again as the process is not shielded from external capitalist forces. One cannot realistically implement any social housing scheme-which the Mass Housing Programme was intended to be-in the same market in which private property developers operate and expect markedly different results. The primary problem with the Mass Housing Programme is that we are trying to find an alternative solution but are doing so within the confines of the current system which we have already identified as problematic, unless you remove the middleman you end up with the same problem and you continue to price out the working class. Low income buyers who should benefit from this scheme have to run to the self-same commercial banks with existing excessive profit margins, local authorities continue to outsource the servicing of land earmarked for this programme, thus there will be inevitable similarities between the Mass Housing Programme and the traditional free economy property market, and this surely could not have been the intention.

“Homelessness exists not because the system is not working, but because this is the way the system works.” – **Peter Marcuse**

The simple truth is there are (powerful) people with vested interests in ensuring the situation does not change. One does not need to bring up how many political office bearers and other high ranking government officials have directly benefitted and accumulated their wealth from profits derived from the property market.

This phenomenon has seen the “financialisation” of housing, which has seen a basic human right reduced to no more than a financial asset in the hands of greedy property speculators and developers.

The crux of this motion is to shift the focus back to housing as a fundamental human right and to once again focus on the social aspects of housing and move away from the solely profit-driven agenda.

Only once the government commits to housing as basic human right will we begin to see true and speedy change. What does this mean in practice?

In practice this would necessitate policies and laws that ensure equitable access to housing so that first time buyers and the homeless are given preference to those who already own homes or who buy residential erven to built flats and sublet them. Another option is to introduce rental caps and adequate rental regulations and laws to protect



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tenants as the bargaining power in a Lessor-Lessee relationship is unequal and tenants are forced to pay exorbitant rent and enter into Lease Agreements with extremely unfavourable terms.

## **SOCIAL HOUSING ALTERNATIVES**

But both the aforementioned are quick stop gap fixes, what I propose is a comprehensive **National Social Housing Scheme**, with Windhoek as the “test centre” where it will be phased in or introduced. The aim of social housing is simply to negate the impact and power of the private housing market by providing an alternative housing market that is largely subsidized through the government, including construction and management of the scheme. An alternative (social housing) market can only be truly successful if it doesn’t become a poverty island and caters to residents from a variety of income groups, otherwise all you are doing is creating formalised “slums” or a “shack network.”

A “housing crisis” is not a unique phenomenon that Namibia is the first country to experience, accordingly we are in the fortunate position where we can learn from the steps that other countries have taken to address their own housing crises(es) and adapt and formulate our own unique National Social Housing Scheme that is specifically catered to our local demands and needs.

I will thus briefly elaborate on three social or public housing that have been and are still being successfully implemented around the world to reduce and address housing shortages, namely: the model implemented in Vienna (Austria), the Kenyan model and possibly the most famous and most successful model used in Singapore. These three models cover 3 different continents in Europe, Africa and Asia respectively and thus represent a wide spectrum. I will specifically not quote numerical figures specifying the subsidies or governmental contribution as these numbers are country specific and will not aid in understanding the models in our specific context.

### ***SOCIAL HOUSING MODEL IN VIENNA (AUSTRIA)***

European housing and socio-economic researcher, Christopher Reinprecht summarizes Vienna’s social housing model as follows:

“There is a general political consensus that society should be responsible for housing supply, and that housing is a basic human right need that should not be subject to free market mechanisms; rather, society should ensure that sufficient dwellings are available.” – **Christopher Reinprecht**

Over 60% of residents in Vienna live in subsidized rental apartments, including government (Vienna Municipal Department 50) owned apartments and a limited amount of apartments are owned by profit-orientated housing associations. The scheme originated in the mid 1920s when the Municipal Government constructed 61175 apartments in 42 housing developments for all income groups all around the city to encourage social cohesion and interaction amongst different classes to narrow the rich-poor divide and encourage class interaction.



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The Social Housing scheme is financed as follows: specific budgetary allocation is made each year for the erection of more houses in Vienna by the federal or regional government, money derived from corporate taxes throughout Vienna that is specifically earmarked for this purpose and lastly, a housing levy that is paid by all working Austrians. Any shortfall is then made up by the local Municipality in Vienna.

In this scheme, housing subsidies are object driven and do not apply to specific individuals but rather to the construction work in and of itself. The result is that the construction of homes is cheaper and thus they can be sold at a lower price.

The system has proven so successful that in modern day Vienna four-fifths of all housing being built now is subsidized via public funds. The exception being secondary homes for people who already own homes and the most expensive higher upper class homes are also not subject to subsidy.

The direct consequence of such a large sector of the population living in or having access to subsidized social housing is that the private housing market is forced to reduce prices as they directly compete with social housing schemes, and thus as a result private landlords cannot inflate rental rates and are forced to have prices on a relatively similar scale to those available in the social housing market.

The Vienna model works and has stood the test of time because it is diverse and caters for high income, middle income and low income families, thus it is a programme geared towards a centralised housing scheme, with a limited private housing market, and not just as in some cases with social housing models where the programmes are primarily-if not only-aimed towards building houses for the poor or low income families.

The main criticism or drawback of the Vienna Model is that the majority of the residents do not purchase the homes but are perpetual tenants, though at comparatively much lower rates than tenants in most places in the world.

### ***SOCIAL HOUSING MODEL IN SINGAPORE***

This brings me to the Singaporean Social Housing Model, which unlike its counterpart in Vienna is premised on encouraging residents to purchase their homes. Singapore's social housing programme is run by the Housing Development Board (HDB) and close to 85% of the Singaporean population live in HDB-built apartments and houses. Furthermore, 90% of HDB residents own the homes in which they live. Only in exceptional circumstances where an HDB resident can truly not afford to buy his/her home are they permitted to stay on as perpetual tenants instead of purchasing their home.

A key difference between the approach of the Austrian government and the Singaporean one, is that the former uses a housing subsidy as a tool of redistribution of wealth, whereas the latter views the housing subsidy system as a tool to promote wider economic growth.

The Singaporean model does not prohibit an individual from purchasing more than one HDB house, however the size and extent of the grant or subsidy decreases with each additional home purchased, with first time buyers qualifying for the highest



subsidy towards the purchase an HBD house. The HBD system is further designed in such a manner that it awards the highest grants to towards families with the lowest incomes, thereby also making it a tool for wealth redistribution and means to narrow the financial gap between the most affluent and the most impoverished.

The financing schematic of the HBD houses is not as complex as the Vienna Model, but has one obvious drawback which the Honourable Members will probably pick up on immediately. In 1968, the Singaporean government introduced a policy which permitted the use of the Central Provident Fund (equivalent to the Social Security and Pension Fund systems here) to make down payments and monthly mortgage instalments. In modern day Singapore, 80% of residents who own HBD homes are not required to contribute any monthly cash sum towards covering their mortgage payments, but rather have the entire amount drawn monthly from the Central Provident Fund.

Another success story of the Singaporean model is that by building HBD neighbourhoods incorporating houses catered for different income groups, they have been able to achieve greater social cohesion and do away with neighbourhoods divided across racial or class lines.

And as we know from our own Namibian example, since the end of Apartheid, we have struggled to do away with the consequences of Apartheid spatial policies which has seen our towns, particularly Windhoek, divided across racial, tribal and class lines.

A further strength of the Singaporean model is that, like the Vienna model, the programme is committed to cutting edge architectural design and all new homes are built with an emphasis on the use of eco-friendly materials and strategies.

The Housing Development Board controls and administers every stage of the process, in that it is responsible for every aspect of the system – from constructing and selling the HBD homes and additionally, also acting as the mortgage lender.

The greatest and obvious draw back of the Singaporean model is that whilst it is ideal for the youth and young professionals residents who wish to purchase houses as they still have enough time to accumulate retirement savings later on life, it leaves older residents very exposed and vulnerable. However the trend has started in Singapore to take out additional private pension cover to serve as insurance against this possible shortfall.

### **SOCIAL HOUSING MODEL IN KENYA**

The Jamii Bora Trust, meaning “Good Families” in Kiswahili was established in 1999, when the founder (Ingrid Munro) extended loans to 50 women-headed “street families” or families from the Kenyan slums who wanted to escape poverty and build dignified shelter for themselves, as well as gain access to other social services like health and education, given that government intervention was too slow.

The Jamii Bora Trust, which initially started as a *de facto* Savings Club for 50 homeless women. The Savings Club that started out by offering micro-loans to Jamii Bora members in the slums or informal settlements in Keny has grown from its 50 members

in 1999 to over 300,000 members today and has been converted to a micro-finance institution or bank that is however closer to a social or family trust than it is a bank in its operational design.

One of Jamii Bora's greatest success stories is the construction of 2000 housing units in the Kajajido district under the banner of Kaputei Town in the southern part of Nairobi. Kaputei Town provides new homes for 2000 families, or approximately 10,000 people, drawn almost exclusively from the slums in or around Nairobi.

Jamii Bora's low cost houses are built by the members themselves and all materials are produced and made locally by the members, thus drastically reducing the costs associated with construction, especially the import of construction material.

Jamii Bora is widely credited with lifting the burden of the central government by providing alternative, innovative and speedy means for building and financing low cost housing.

Members who wish to purchase homes built by Jamii Bora receive home loans at discounted rates ranging between 8.5-10% interest with a 10-15 year repayment period. Members further pay in a monthly member contribution which is used for all maintenance work required on the houses. Additional funding from Jamii Bora is also garnered from the central government, the business fraternity, civic and welfare organisations – thus making the funding of the project a *quasi* national affair.

Jamii Bora is a unique form of social entrepreneurship and works because the members are both the employees and the owners of the bank. Traditionally the construction of low cost housing is outsourced to property developers who may not necessarily be aware of the specific needs and the natural resources that are readily available in the locality, whereas the members were able to build houses using mostly free or cheap natural resources that they themselves converted into building materials on site, thereby reducing costs related to transportation of building materials.

Critically when designing the outlay for Kaputei Town, because the members themselves were the builders and the future owners they were able to suggest and incorporate essential facilities like primary schools, health care facilities, police stations and so forth thus turning the development into a *pseudo* independent town for low income families where they had access to most essential services. It is said that Jamii Bora has been successful in creating a "new middle income" by lifting people out of poverty in this way.

### **Urban Land Resettlement Scheme**

The second part of my motion looks at the creation of an Urban Land Resettlement Scheme as eluded to in our Party Manifesto.

The basic rationale is the same as that behind the generic land Reform Resettlement scheme aimed at communal farmers and to a smaller degree commercial farmers.

Urban land tenure in Namibia has been regulated by a number of Acts and regulations. The oldest Act which is still in operation is the Deeds Registries Act of 1937. In terms of this Act all land in Namibia must be surveyed before it can be registered. Any transactions resulting in change of ownership of land, including long leases and servitudes, must first be surveyed by a professional land surveyor, approved by the Surveyor General (SG), and thereafter registered in the Deeds Office. Of more recent date is the Land Survey Act of 1993. Surveying of land is done in terms of this Land Survey Act. Before land can be surveyed, an elaborate process of approval is often required, involving the use of various professional consultants (generally town planners) and a series of intermediate approvals by various individuals and committees. Most planning procedures are based on the Townships and Division of Land Ordinance, Ordinance No. 11 of 1963, and to a certain extent the Town Planning Ordinance No.60 of 1954. As you can tell the process can be long and arduous.

While the currently available Namibian surveyors, lawyers, government officials and even politicians have generally speaking adequately been trained and are suitably qualified in these formal land registration systems (systems defined in the broad sense, including planning, surveying and registration, the problem is that whilst the system is effective in terms of accuracy and security, it is completely ineffective in terms of cost and equitability. The same problems which lead to the birth of the Land Reform Act and related policy frameworks.

The system is widely accepted to be very slow and most importantly, only serves to secure the property and housing rights of those already in possession of urban land and makes entry into the market very expensive and unequitable.

In Windhoek alone, less than half of the residents benefit from the formal land tenure system. Approximately 18 000 families (at least 25% of the city population) live in informal settlements without any permanent tenure. Furthermore, the majority of the low income residents in the northern informal suburbs of the city who do have freehold ownership, do not have access to the economic benefits of freehold, being mortgage finance and other land development financing schemes as the formalised commercial banking sector do not recognise their rights.

As a result we sit with an institutional framework that protects the rights of urban land owners who partly obtained same due to the inequitable distribution that was prevalent in pre independence Namibia and access to affordable urban land is reserved for a small affluent minority.

I am aware that there will necessarily be costs associated with such an endeavour, however to illustrate the potential benefits of such a scheme let me use a simple model. If you were to assume that the costs of servicing one plot/erf is N\$ 50,000.00 and you had N\$ 1 million allocated to do so, you would be able to service 20 plots which would equate to 20 families whom you have provided shelter to. If one were to assume each family consists of 5 people then that is 100 Namibian's who now have a dignified dwelling to call home. Using the self-same model, now imagine if you were

to set aside N\$ 1 Billion for the same purpose, you would be able to provide homes to one hundred thousand Namibians. Yes, it's admittedly a costly exercise but given the crisis and sensitivity surrounding the issue it is a necessary one.

It is for these reasons that I propose that this august house look into the establishment of an urban Land Resettlement Scheme as the current legal and/or legislative framework does not permit or encourage equitable access to urban land.