

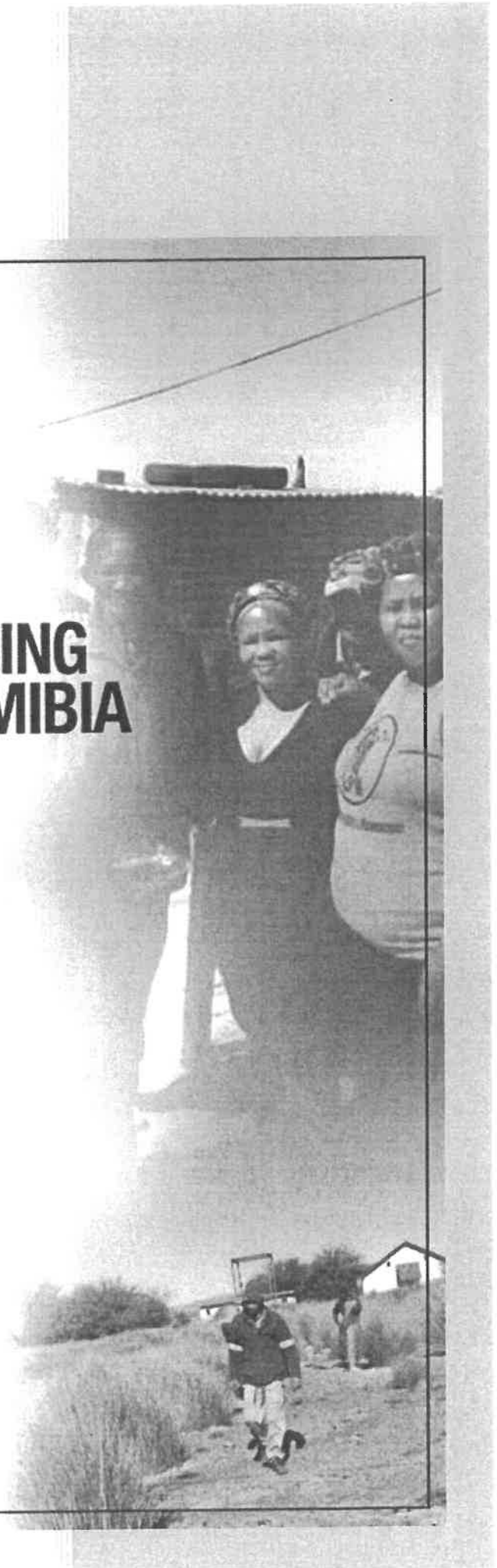


# SUITABLE HOUSING OPTIONS IN NAMIBIA

19 SEPTEMBER 2023

*To address housing shortage  
and funding gaps*

**BY HON. UTAARA MOOTU**



**Honorable Speaker,**

**Honorable Members of Parliament,**

1. Housing is an anchor in the framework of societal well-being, constituting a foundational pillar that influences various facets of human life. Beyond its elemental function as shelter, housing significantly impacts physical and mental health, economic stability, social cohesion, and community development. Nobel Prize winner and Professor of Economics and Philosophy at Harvard University Amartya Sen highlights in his book **‘Development as Freedom’** that the dialectical relationship between development and freedom connects with one another and that shelter is a key for human progress. It is essential for human survival with dignity.
2. Hence there is a drastic need to redefine the provision of housing as social justice, as enshrined in our constitution and international conventions and agreements that ensure the right to adequate housing is safe, secure, affordable, and must primarily provide freedom from eviction. In addition, the right to housing is clearly supported by international law, at the foundation of the international human rights system in the Universal Declaration of Human Rights. This Declaration, adopted by the United Nations in 1948, establishes an internationally recognized set of standards for all persons without qualification. Article 25 of the Universal Declaration of Human Rights declares that: “Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including .... housing”.
3. Historically, Africa’s infrastructure backlog is interlinked with its expenditure that nearly halved to just over 1% of the GDP between 1980 and 1998, in comparison to the increase in defense spending that averaged 10% in 1998, spending on infrastructure was just 4% (Mills, 2021). Namibia is no exception, it has a staggering backlog that stands at 300000 housing units, and should construct 30 000 houses annually (New Era, 2023). Estimates indicate that it will take 300 years to eradicate, these numbers could be higher given the external shocks that affected the economy during Covid-19. Namibia grapples with high inequality, with the average household income in 2014 marked at N\$ 6626, with 91.1% of the surveyed households falling under the average income bracket (NSA, 2015). The main factor leading to the housing shortage is that the housing demand outstrips the supply

exacerbated by high unemployment rate, rising housing prices and growing urbanization, which results in the proliferation of informal settlements.

4. The urbanization rate in Namibia surpasses that of Swaziland (21.3%), Tanzania (31.6%) and Zimbabwe (32.4%), which leads to a fifth of the urban population facing difficulty in accessing critical infrastructure, sanitation facilities that correlates with poor housing (Chiripanhura, 2018). Thus, the National housing Act (1991), amongst other legislation is the most fundamental, to reform when addressing rural housing demands.
5. Currently the policy is mirrored to fit the urban more than the rural setup, for instance no housing scheme is available to allow rural communities access to build decent houses on credit schemes. Elderly applicants via the Build together program are required to apply with a co-applicant, with an income threshold of N\$ 100 – N\$ 3,000 this neo-liberal approach excludes the masses and lacks the capacity to foster rural transformation.
6. Rural infrastructure development is at a snail pace and is thus unable to curb increasing rural-urban migration rates. Hence, there is an urgent call for the amendment of existing housing programs or to introduce a separate rural housing policy.

### **Housing Demand and Supply**

**Honorable Speaker**

**Honorable Members,**

7. In the realm of housing economics, a mismatch exists between the demand for housing units and their corresponding supply, resulting in escalated housing prices. The market is skewed and is dictated by the commercial banks, of which the Bank of Namibia indicates excludes 70% of the population (Bon, 2011). In the finance market banks usually operate on a 30% of monthly income to service the loan, and their lending policies exhibit discrimination as they solely focus on individuals with a formal employment status. In addition, excluding most of the country's 46.10 % of young people that are unemployed or have low incomes to enable them to pay for

housing demand. Owning a house for this section of the population, becomes a façade, as young people today will have to pay 13 times more, than the price that their parents paid for their houses (Namibian, 2023).

8. The lack of access to mortgages is a core problem to the backlog in the country, and banks must be regulated strictly on home loans granted at high interest rates, especially for first-time homeowners. The largest concentration of backlog exists among the lowest income groups of N\$ 0 to N\$ 1,500, and N\$ 1501 to N\$ 4600 with a combined total of 75000 units (Sweeney- Bindles, 2018). It can be inferred that developers are capitalizing on the exclusion of these demographic segments by disregarding the need for more affordable housing options. Furthermore, financial institutions should proactively collaborate with governments to explore viable strategies for integrating these **'underserved communities**.
9. They should exhibit innovation and a willingness to assume greater risks in broadening the diversity of their loan clientele. While initiatives like the **"N\$ 5 per brick"** project by Standard Bank showed promise, it falls short in fully addressing the funding deficits required in attaining decent housing.
10. Participation from the private sector should not end there, they should actively engage with government to conduct an in-depth analysis of the existing housing programs i.e., Build Together, National Housing Enterprise, to provide feasible recommendations on the restructuring of these policies to accelerate the housing delivery rate. As NHE has never met its target of 1200 houses per year.
11. There are a range of alternatives available to financing housing, such as micro-financing which are short -term loans, which are more expensive and have higher interests. Pooling savings is another progressive community-based network of housing saving schemes, but the financial tool with more potential due to provision longevity is the pension fund. On the contrary there are greater limitations as the government uses the pension fund to finance expenditure and may not allow access to finance housing. This should be criticized as the government controls the financial freedoms of individuals regarding their **pensions**.

12. Government-funded programs also fall short in catering to the needs of the lowest-income sectors. For instance, the Build Together Program exclusively targets individuals with monthly incomes of N\$ 3000 below, while the NHE program is aimed at those with incomes exceeding N\$ 500. Unfortunately, this approach fails to address the pressing issues, considering that 50% of the population lacks a stable income. Additionally, it excludes the informal market, which lacks consistent monthly income to support housing loans. To address this gap, there is a need for dedicated programs within the BTP framework that will focus on the informal market, combined with initiatives to establish savings pools for them to build their own homes.
13. Economists challenge the technicalities around the ownership of the NHE homes, based on the legal provision that the house must not change ownership within a period of ten years (Chiripanhura, 2018). What happens when a beneficiary dies, does the household lose the deed to the house? What are the provisions that the government has put in place given the loopholes that Covid-19 has exposed?

**Honorable Speaker,**

**Honorable Members,**

14. Land scarcity is often the perpetuator of the backlog due to the lack of available serviced land, combined with the prolonged approval process of land delivery. The Build Together Program in 1998 was decentralized to Regional Council and Local Authority level to maintain the initiative, through revolving funds to service the loan schemes. However, limited human resources are provided to support LA's and RCs with their mandate, there is lack of coordination regarding the beneficiary lists for Local Authority and NHE as each entity has its own. The Local Authority should be the main organ to coordinate the beneficiary lists with referrals from the NHE to avoid duplications.
15. Further, land inequality is deeply institutionalized through the provision in the Local Authorities Act (1992) section 30 that approval is required by the Minister in respect with all planned disposal of immovable property, and any allocation done without prior approval from the Minister will be unlawful. This process contradicts the aim

of decentralizing the land delivery process (BTP) to address the backlogs, as the Minister delays approvals for up to 6 months. In addition, the narrative that the Minister does not grant government individuals access to un-serviced land, who may afford the land through housing corporative, and pooling savings but the, in the same provision, it allows for developers to enjoy access to un-serviced land. This is an unjust system and exposes the cracks of **structural violence** in Galtung's theory that societal harm is not solely perpetuated by direct physical violence but through systematic injustices.

**Honorable Speaker,**

16. To shed light to my claims I have conducted a comparative analysis, of development reports submitted by local authorities in Luderitz and Okahandja :

*Luderitz Report 2021*

- Nautilus single quarters is one of the remaining Single Quarters in the country, but the facility is in such a dilapidated condition that it is almost unimaginable for anybody to live in it. However, due to the absence of accommodation (houses), previous and current Councils have on several occasions approached MURD for assistance with funding to reconstruct the facility and turn it into decent living units, but the ministry has not been forthcoming. This forced the current Council to approach several Embassies such as Japan, Indonesia, and China for assistance. Such an approach is still to yield fruits.

Allocated Land;

1. Block ERF 2055 – 59 plots
2. Nautilus Extension 3 – 194 erven
3. Nautilus Extension 4 240 erven
4. Area 7 – 600 erven
5. Luderitz Extension 5 – 100 erven

At the current state of affairs i.e. where funding is not sufficient, Council continues to spend amounts not less than N\$50'000.00 of their own funds on civil engineer Consultants to assist with planning and hope that MURD positively responds to their demand. Resources are thus, not aligned to the needs of the Local Authority as the land and housing demands continue to outweigh available resources placing Council in a peculiar situation.

(MURD) Vote 17 allocation to Luderitz Town Council

FY2021/2022:- **N\$8 million**

FY2022/2023:- N\$1'419'000.00

FY2023/2024:- N\$2'8 million

FY2024/2025:- N\$1'490'000.00

FY2024/2025:- N\$1'564'000.00

Listed challenges.

1. Funds allocation from the line ministry is not enough to cater for the servicing of residential land and Luderitz topography (rocky) making such an expense two-fold more than other Local Authorities and thus, the inability of Council to meet the high influx of new arrivals into the informal settlement due to the hydrogen Project hype.
2. Council experiences a challenge with Developers that have not paid nor developed land allocated to them, forcing Council to consider revisiting to land allocation to Developers as it continuously hampers progress.

*Okahandja Local Authority: "Council Report, 2023"*

- Through a Council Resolution, a total of 4000 plots of land allocated in areas of Ekunde 1,2 & 3- and Five-Rand informal settlements, with the aim to provide affordable security of tenure and construct housing in the foreseeable future. Data collection and numbering of existing structures are primarily shacks in the mentioned informal settlement areas.

(MURD) Vote 17 allocation to Okahandja Town Council

FY2021/2022:- **N\$37,4 million**

FY2022/2023:- N\$1'9 million

FY2023/2024:- N\$1'9 million

FY2024/2025:- N\$10 million

FY2025/2026:- N\$2 million

Listed challenges

- Council awaits approval of a submission for the flexible land tenure from the ministry.

Other observations on the financial year of 2023/2024 Budget by MURD:

- a) Upgrade of Informal Settlements additional budget allocation by MURD i.e., Countrywide Land Servicing in informal settlements is **N\$96 million (for all Local Authorities without any individual allocation / budget formulae)**
- b) Mass Housing Development Program i.e., Build Together etc. N\$148'584'000.00 (for all Local Authorities country wide)
- c) Given their economic situations, compounded by the Nam power and Nam water debts with few exceptions, Local Authorities in most instances can not afford to construct adequate and affordable housing and Build Together Program. Most Local Authorities have been dormant for a number of years and delivered very little impact upon revival, barely three years ago. This reality and with the inputs of institutions such as the Shack dwellers Federation, NUST Integrated Land Management Division and the Namibia Housing Action Group – has confined land delivery in Local Authorities as far as surveying and land servicing only.

17. The above statement clearly indicates that there is a demand to legally amend the Local Authority Act 1992 to simplify the land delivery process. There is an evident monopoly within local surveyors with a minor group dominating the share of the market, by strategically delay in the registration process of trained town and regional planner by the Namibia Council for Town and Regional Planners (NCTRP). It is noted that the last registration of a town and regional planner occurred six years ago, while there are currently over 55 eligible planners awaiting registration.

**Honorable Speaker,**

18. Land costs can be as high as 40% of the total costs of a house (Chipripanhura, 2019). Thus, an introduction of a Land Value Tax is set as an opportunity to reshape suburban development practices strategically. This fiscal approach is rooted in the idea that it can encourage higher urban land density. Land value goes beyond physical structures, it can depend on location and proximity to facilities. The taxation model calculates levies based on land value, deducting contributions from property structures. Thus, resulting in properties with higher-valued buildings to reduce tax liability, which aligns with increased urban density.



### **Green Housing**

19. As Namibia has ambitions of becoming one of Africa's largest energy hubs, and pioneers for climate change. Hence, discussions around exploiting the massive USD 1.2 trillion 'Green economies' should be a priority. One of the contributing factors of exorbitant housing prices is the expensive building materials used, and the lack of alternative materials. Increased environmental concerns and demand for energy-efficient housing, is ensuring that investing in green homes is considered as profitable. Globally, there are growing government incentives and rebates for green investments such as i.e., Canada Green Homes Grant, as eco-friendly homes provide long-term cost savings through reduced utility bills. Mass housing projects in Namibia must incorporate build-in solar systems, to deal with possible energy deficits that we face. Going green exposes, the government to channels of FDI that can empower government loan schemes and housing projects.

**Honorable Speaker,**

**Honorable Members,**

20. As enshrined in our constitution housing is a basic right, it co-exists with human survival. I, therefore, ask that the house considers this motion and that it may be referred to the relevant standing committee for further deliberations.

**I so submit!**