



**FEDERAL MINISTRY  
OF HOUSING AND  
URBAN DEVELOPMENT**



**FEDERAL MINISTRY OF HOUSING & URBAN  
DEVELOPMENT ACTIVITY REAP**

# **DANGIWA HARPS ON INNOVATIVE HOUSING FINANCE TO TACKLE AFRICA'S AFFORDABILITY CRISIS**

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## DANGIWA HARPS ON INNOVATIVE HOUSING FINANCE TO TACKLE AFRICA'S AFFORDABILITY CRISIS



**K**igali, Rwanda – June 12, 2024: The Hon. Minister of Housing and Urban Development, Arc. Ahmed Musa Dangiwa, has called on African Ministers of Housing to embrace innovative housing finance solutions to address Africa's growing housing affordability crisis affecting the 80 percent of African population. This he said is important given macroeconomic challenges and rising inflationary trends which have impacted incomes and raised the bar on housing affordability.

The Hon. Minister made this call while delivering his opening remarks at the Ministerial Roundtable themed “Innovative Financing for Housing Affordability” on the second day of the 43rd Shelter Afrique Development (ShafDB) holding at the Marriott Hotel, in Kigali, Rwanda. The event brought together Ministers, delegates and private sector stakeholders to explore new approaches to alleviate the continent's housing challenges.

Dangiwa highlighted Africa's housing deficit and the housing affordability crisis affecting over 80% of Africa's population, driven by low incomes, challenging macroeconomic conditions, and escalating living costs. He underscored the critical need for affordable housing solutions targeting low and medium-income households, who are most affected by these economic pressures.

“These factors make it increasingly difficult for our citizens to afford decent and quality housing. With each passing year, the affordability bar keeps getting higher. Many households that could afford housing a year ago can no longer do so because of rising cost of building material costs and static incomes. I am worried about this because I believe that for us to make impact, we must find ways to design, build and facilitate delivery of affordable houses targeting the 80% of the low and medium-income percentile of our population,” he noted.



Drawing on his experience as the former Managing Director of the Federal Mortgage Bank of Nigeria (FMBN), the Chair 42nd AGM Bureau shared successful initiatives implemented in Nigeria. These initiatives include utilizing government funds to lower housing costs, engaging sub-national governments to provide land free of charge, and creating expandable housing units that can grow with homeowners' needs and financial capacity. Additionally, he highlighted the role of public-private partnerships (PPP) in facilitating collaborations with reputable developers to build affordable homes, incorporating cross-subsidy models to offer some units at subsidized rates. Furthermore, he highlighted efforts in collaboration with the Ministry of Finance to establish a N1 trillion Naira concessional financing window for developers and leveraging pension funds to provide single-digit mortgage loans were presented as key strategies.

Hon. Dangiwa stressed the necessity of shifting traditional financing models towards more innovative solutions tailored to Africa's unique contexts. These include empowering low-income families with manageable loans for home improvements, unlocking capital markets to inject liquidity into the housing sector, and expanding access to credit, savings, and insurance through digital financial services, especially in underserved communities.

He also acknowledged the potential of private sector-led solutions such as the Shelter Afrique Housing Solutions Fund. This initiative aims to stimulate housing demand and scale supply by providing long-term home loans to eligible buyers, in partnership with participating lending institutions and developers.

“For us to move forward and move the needle, we must have a shift in thinking and approach. We must develop a multi-dimensional strategy to solving it,” he added.



Hon. Dangiwa called on all stakeholders, including governments, financial institutions, developers, community organizations, and international partners, to collaborate and share best practices. He emphasized the importance of robust policy frameworks, effective regulatory environments, and transparent governance to create a housing finance ecosystem that leaves no one behind.

As the roundtable discussions continue, Hon. Dangiwa urged participants to think boldly and act decisively. He expressed optimism that innovative financing strategies, coupled with collaborative efforts, could transform the future of housing in Africa, ensuring hope, opportunity, and prosperity for all.

The event featured presentations from the private sector, discussions by several Ministers of Housing who all harped on the importance of long term financing, low interest mortgage loans to ensure delivery of affordable housing to tackle Africa's housing challenges.

**Signed**  
**Mark Chieshe**  
**SA Media & Strategy to Hon. Minister**

## Opening Remarks by the Hon. Minister Of Housing And Urban Development, Arc. Ahmed Musa Dangiwa at the Ministerial Roundtable Themed: Innovative Financing for Housing Affordability at the SHAFDB AGM Holding At The Marriott Hotel On Wednesday June 12th In Kigali, Rwanda

### Protocols

1. Good morning, Ladies and Gentlemen.

2. I would like to begin by thanking the Hon. Minister of Finance and Economic Planning for the Republic of Rwanda, Hon. Dr. Uzziel, for her welcoming remarks.

3. As you are already aware, Africa faces a large and growing housing deficit. This is alongside a disturbing housing affordability crisis affecting over 80% of our populations. The causes are evident: low incomes, a challenging macroeconomic environment, and rising living costs due to high inflationary trends.

4. These factors make it increasingly difficult for our citizens to afford decent and quality housing. With each passing year, the affordability bar keeps getting higher. Many households that could afford housing a year ago can no longer do so because of rising cost of building material costs and static incomes.

5. I am worried about this because I believe that for us to make impact, we must find ways to design, build and facilitate delivery of affordable houses targeting the 80% of the low and medium-income percentile of our population.

6. As you may be aware, before my appointment as Minister of Housing and Urban Development, I was the Managing Director of Federal Mortgage Bank of Nigeria (FMBN). During my term, we designed and financed affordable houses, including 1, 2, and 3-bedroom bungalows priced at 4, 6, and 8 million Naira respectively. When I became the Minister of Housing, the first thing I did was to set up a Technical Committee on Affordable housing design comprising Architects and built environment professionals at the Ministry. I tasked them to produce a workable organic design targetting those prices. They did a good job. However, with a 300% increase in building material

costs, achieving these price points is now impossible. Now the 1, 2, and 3 bedrooms now cost an average of N8M, N12M and N16M! Meanwhile inflation has sucked out the purchasing power of potential homeowners, making the situation worse.

7. This is a serious crisis to housing delivery for us in Nigeria and governments across Africa. For us to move forward and move the needle, we must have a shift in thinking and approach. We must develop a multi-dimensional strategy to solving it. While we encourage governments to drive policies to fix larger macroeconomic issues, we must also encourage innovative financing strategies to meet immediate needs. This involves creating financing frameworks to enhance individuals' capacity to own homes and lower the cost of finance required to increase supply. Striking this balance is crucial, and it is the question we need to address during this session.

8. It is against this background that the theme of this Ministerial Roundtable—**INNOVATIVE FINANCING FOR HOUSING AFFORDABILITY**—is critical.

9. In Nigeria, we are using a blend of innovative initiatives to lower the affordability ladder. Firstly, we leverage interest-free budgetary allocations for housing, engage sub-national governments who are custodians of land to provide land free-of charge – as part of their service to their service - to deliver subsidized housing units without incorporating infrastructure. So citizens pay only for the cost of the units built not the infrastructure or land. This collaborative stakeholder approach absorbs the cost of land, infrastructure and lowers the cost of housing units by as much as 40%.

10. Additionally, we incorporate organic designs to further reduce the cost of entry for first time homeowners. For example, our houses are designed in such a way that a 1-bedroom house can grow into 2 and 3 bedrooms as the homeowner's income and family size increase.



**11.** We have also embraced public-private partnerships (PPP) innovatively. Under PPP, we as government create an enabling environment for reputable developers to secure land and financing to build affordable homes while facilitating bankable offtaker guarantees from government owned housing institutions. Using cross subsidy, 20-30 percent of the housing units built under the PPP are dedicated and made available at subsidized rates to off-takers. For example, under our Renewed Hope Cities and Estates Programme, we signed an MoU with a Consortium of developers to deliver a 100,000 housing units under PPP comprising 1, 2, and 3 bedrooms. Using cross subsidy, 20-30% of the units in each location are to be sold to beneficiaries at subsidized rates, while the remaining are offered at commercial rates to enable the developers recoup their investments at a profit. We have also emphasized offtake options including 30-year mortgage loans at 7% interest rates, rent to own options and outright purchase.

**12.** We are also working with the Ministry of Finance and a host of other agencies within the housing space including Family Homes Funds Limited, Ministry of Finance Incorporated, the Nigeria Mortgage Refinance Company and the Pension Funds to create a Real Estate Investment Trust. The aim of the Trust is to create a N1Trillion Naira concessional financing window for private sector developers to enable them get low cost funds that would lead to the large scale delivery of houses to Nigerians. The target is to also leverage Pension funds to provide single digit mortgage loans to beneficiaries at a scale that is larger than what we are currently doing using the Federal Mortgage Bank of Nigeria (FMBN).

**13.** What is clear for us in Nigeria and I believe for most of us, is that we must innovate. We must think differently. We must challenge the status quo and also get our partners to factor our peculiarities in their financing models.

**14.** Traditional financing models have served us to a point. To bridge the housing deficit, we must explore and embrace new financial instruments and mechanisms tailored to our unique contexts. Microfinance, mortgage-backed securities, public-private partnerships, and digital financial services offer promising avenues. Microfinance can empower low-income families with small, manageable loans for home improvements. Mortgage-backed

securities can unlock capital markets, injecting liquidity into the housing sector. Public-private partnerships can combine public oversight with private sector efficiency. Digital financial services can expand access to credit, savings, and insurance, particularly in underserved communities.

**15.** However, it is also important to say that financial innovation alone is not enough. It must be accompanied by robust policy frameworks, effective regulatory environments, and transparent governance. Our goal should be to create a housing finance ecosystem that leaves no one behind.

**16.** On a continental scale, I am optimistic about the potential of private sector led innovative solutions such as the Shelter Afrique Housing Solutions Fund are key in catalyzing investments in the affordable housing industry. The Housing Solution Fund is a 100 billion Naira local currency real estate investment trust authorized and registered by the Securities & Exchange Commission of Nigeria. The initiative was conceptualized alongside its development partners, with Shelter Afrique a key partner, to provide innovative market-based solution to stimulate housing demand and sustainably scale housing supply; By investing in affordable and accessible long-dated home loans offered to eligible homebuyers in partnership with participating lending institutions and pre-qualified housing developers. Further details on the fund will be presented later in this roundtable.

**17.** Engaging all stakeholders is imperative. Governments, financial institutions, developers, community organizations, and international partners must work together. We must foster an environment where ideas can be exchanged freely, best practices shared, and every stakeholder committed to the common goal of housing affordability.

**18.** As we deliberate, I urge us all to think boldly and act decisively. Let us challenge conventional wisdom, explore uncharted territories, and forge new pathways to make affordable housing a reality for all Africans. Our discussions here will shape the future of housing on our continent, and it is our responsibility to ensure that this future is one of hope, opportunity, and prosperity.

Thank you.



# PHOTO GALLERY





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