

Press Release

Shelter Afrique invests KSh 200M in mortgage refinancing firm

- *Establishment of the mortgage refinancing firm will enhance affordability and boosts uptake of housing in Kenya.*

Nairobi: May 6th, 2019 - Pan African housing development financier, Shelter Afrique has invested \$2m (KSh 200m) in the Kenya Mortgage Refinance Company to support the development of affordable housing to meet the rising demand.

Confirming the firm's contribution, Shelter Afrique Chief Executive Officer Andrew Chimphondah said there were many Kenyans who would like to own houses but do not have access to affordable finance.

"We are encouraged by the formation of the Mortgage Refinance Company which provides long term lending to commercial banks, microfinance banks and Saccos to allow them to extend mortgage loans to eligible mwananchi over a longer period and at a lower cost. That is important because that enhances affordability and boosts uptake of housing. I am happy to announce that Shelter Afrique has invested \$2m in the Company to stimulate the demand for affordable housing," Mr Chimphondah said.

He noted that housing developers were not keen on building houses without guaranteed take-up, hence less focus on the lower end of the market.

Speaking at the recently concluded Centre of Excellence Masterclass session, Chimphondah revealed that a lack of affordability also explains the reasons why there were only 24,000 active mortgages in Kenya despite the country having a housing shortage over 2 million units.

"If 100 Kenyans apply for mortgages only five will qualify because of lack of affordability; 10% might be due to high credit risk, but the majority will be disqualified on the basis affordability,".

Chimphondah lauded the government's efforts to provide free land to developers and also for undertaking to provide necessary infrastructure conducive for housing development, under its affordable housing plan, which seeks to develop 500,000 housing units by the year 2022.

"Cost of land constitutes about 40% of the total cost of a housing unit and the Government undertaking to provide free land means a discount of equal margins on the units already," said Mr Chimphondah.

"Through such initiatives, it's possible to develop housing units costing as low as KSh1.5 million which I believe will be affordable to many Kenyan."

The Kenya Mortgage Refinance Company, fashioned as an implementing arm of government's affordable housing plan, operates as a private sector-driven company with the purpose of developing the primary and secondary mortgage markets through the provision of long-term funding to the mortgage lenders, thereby increasing the availability and affordability of mortgage loans to Kenyans whose incomes cannot allow them to take home loans from financial institutions.

Notes to Editors

About Shelter Afrique

Shelter Afrique is the only pan-African finance institution that exclusively supports the development of the housing and real estate sector in Africa. By meeting the needs of the continent's rapidly growing urban population, our work has a direct and positive impact on the lives of many.

A partnership of 44 African Governments, the African Development Bank (AfDB) and the Africa Reinsurance Company, Shelter Afrique builds strategic partnerships and offers a host of products and related services to support the efficient delivery of affordable housing and commercial real estate. These include project finance, institutional lending, equity investments & joint ventures, trade finance, and social housing. We also offer practical advice and technical assistance to a wide range of industry stakeholders.

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