

**SPEECH BY CHARLES H. MWAURA THE PRINCIPAL SECRETARY, STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DURING THE KENYA ALLIANCE OF RESIDENT ASSOCIATIONS' BI-MONTHLY TALK SERIES FORUM ON WEDNESDAY 8<sup>TH</sup> AUGUST, 2018 AT LAICO REGENCY HOTEL, NAIROBI.**

**Chairman of KARA,  
Chief Executive Officer**

**Ladies and Gentlemen;**

It gives me great pleasure to join you this morning at your bi-monthly talk series forum to engage with you on the topic: "The Big 4 Agenda: Roadmap and opportunities for Achieving Affordable Housing in Kenya"

Over the years the demand for new housing units especially in urban areas has been estimated at 250,000 units against an estimated supply of 50,000 housing units. Of the supply of the 50,000 units, 49,000 units are for the upper middle and high end market while only an estimated 1,000 units are available to the lower income segment of the housing market. The housing issue is therefore, two pronged. Affordable housing not available while the available housing is not affordable

**Ladies and Gentlemen;**

The Government, while noting the challenges facing the housing sector, has prioritized development of 500,000 affordable and social housing by the year 2022 as one of the key pillars of the Big 4. The definition of affordability here means that Kenyans should be able to own a house by paying mortgage amounts that are equal to the amount that they are currently paying for rental houses. The housing segment of the Big 4 agenda is an opportunities for all of us to provide decent and affordable housing, stimulate economic growth and spur industrial growth thus creating employment while lifting the standards of living. Indeed, housing is one of the economic sectors that can revitalize economic growth due to its forward and backward linkages, Therefore, investment in the Affordable Housing component will contribute positively to the other three pillars of the Big Four by creating employment, alleviating poverty and improving health and wellbeing.

**Ladies and Gentlemen,**

As Government, we have already held a series of consultative forums with various stakeholders who are key to the success of the Housing programme. We have had forums with Commercial Banks, Financial Institutions, Insurance Firms, Pension Funds and Private Equity Firms. We have also met Housing Cooperatives, Savings and Credit cooperatives, Developers and Private sector. We have also programmed to meet with universities and institutions of higher learning, Civil Society and Professional Organizations and KARA. These meetings with stakeholders have enabled the identification of the key drivers to the Affordable Housing Programme and development of implementation framework. These key drivers include land, finance, Infrastructure Technology and legislations.

## **Land**

The National and county Governments are in the process of identifying and securing land for the development of affordable and social housing. So far, we have secured six parcels (Kibera, Mariguini, Parkroad, Starehe, Shauri Moyo and Makongeni) of land in Nairobi where we shall construct the flagship projects. We have also had discussions with county Governments on the issue of setting land aside for the housing programme and so far we have signed MOUs with 12 Counties. These are ongoing processes. Moreover, the Government is committed to streamlining the land transaction processes to create efficiency and reduce costs related to unnecessary bureaucracy and delays in service provision. Digitalization of land records is also ongoing and the objective is to provide transparency and accountability in land registration.

## **Finance**

With regard to financing, the Government has already prioritized the creation of Kenya Mortgages Refinancing Company (KMRC), which has been incorporated and is expected to commence operation by February, 2019. KMRC will provide medium and long term liquidity to primary mortgage lenders including cooperatives. The Government is also in the process of operationalizing the National Housing Development Fund (NHDF) to provide a housing aggregator and off-take.

The Government will also be launching an online housing portal, a component of NHDF and will aggregate demand and segregate the market according to affordability and preferences. This portal will also provide a platform for developers to showcase their products and technologies in order for prospective buyers to sample and commence the process of purchasing either by tenant purchase or, mortgage.

To this end we have engaged a consultancy firm to undertake a National Master-plan for the affordable housing programme. The Master-plan will establish the demand and affordability of housing in all the counties and further identify available land for affordable housing development.

## **Infrastructure**

On infrastructure and related services, we are working with relevant ministries and Government departments within the infrastructure sector to provide support in addressing infrastructure needs in the affordable housing programme. The key infrastructure to be provided includes roads, water, electricity, sewer, telecommunication services, security, educational facilities, health facilities and transport services among others. This will reduce the cost of construction and the burden on the developers thus making the resultant housing loots affordable.

## **Technology**

With regard to technology, the Government has identified over 20 industrial Building System (IBS) providers, suppliers and manufacturers. These providers will showcase their materials and technologies to the sector so that it can appreciate available technologies aimed at reducing construction cost as well as time while maintaining the quality.

## **Legislation**

We have proposed a raft of amendments to various pieces of legislation to create an impetus for affordable housing delivery. Some of these amendments include the stamp duty Act, Income Tax Act and Sectional Properties Act, among others. There are also efforts to establish a one stop shop for approval process at the county level. The Government has also proposed various incentives both financial and non- financial to stimulate private sector investment in housing.

Some incentives have already been implemented, including reduction of corporate tax to 15% for developers who deliver more than 100 affordable housing units in a given year. The National Construction Authority (NCA) levies as well as National Environment Management Authority (NEMA) levies have also been scrapped to lower the cost of construction.

## **Ladies and Gentlemen,**

What we see as the role of KARA in the Housing programme is to first to understand the overall affordable housing programme including the development framework which we shall publish soon. KARA will then be expected to sensitize the project beneficiaries on the affordable and social housing programme.

In line with the mandate, KARA is expected to continue organizing the buyers/ beneficiaries of the houses into sustainable neighborhood associations/ communities. Of late, we have witnessed a lot of demolitions of buildings built on road reserves, riparian areas and even on sewer lines while in some cases people have done substandard work.

As an association that is in touch with communities on a daily basis, we expect you to be whistle blowers on these issues and also educate members of the associations on all current issues in the housing sector that affect them. We do not have to wait until the building is complete or until a building has killed people for us to talk.

As stated earlier, KARA is one of the institutions we shall be inviting for a workshop to discuss this programme in the next few days. With those few remarks, I wish you fruitful deliberations.

**THANKYOU**