

# The Housing Crisis In Nam - A Troubled Scene!

ABOUT two months ago the first allegations of financial irregularities in the upgrading of the Single Quarters emerged. In the following month Mr Karl Gowaseb, Director of Housing, was suspended and reinstated. Then followed the arrest of Mr Axaro Tsowaseb, chief executive officer of the NHE, Mr Ignatius Bampton of Alba Construction and Mr Willem Paulse, Mr Bampton's spokesman. Last week Mr Karl Gowaseb was arrested and refused bail. During this process the previous Minister of Regional, Local Government and Housing went in front of Cabinet to clear herself over allegations that some of the materials meant for the Single Quarters Upgrading Project were used to build her house.

It is against this background that the Urban Trust (UTN), a policy development and advocacy institution concerned with the urban poor, writes this letter. We believe in providing the urban poor with as much information as possible, to enable them to take to task individuals and institutions in the event of any financial mismanagement that affects the urban poor in particular.

First of all, the N\$10 million that is alleged to be missing from the Single Quarters Upgrading Project is taxpayers' money. Because of this the public needs to be informed about how it has been spent.

When one looks at the housing situation in Namibia, the following key issues come to mind:

- \* the role of low-cost income housing in job creation, thereby contributing to economic development in Namibia;
- \* the involvement of banks, insurance companies and pension funds, many of which were "looking" for opportunities to invest in Namibia, hardly ever invest in housing;

\* What has been the role of the NHE and the Ministry of Housing Government in ensuring easy access to housing for the urban poor.

Against this imposing backdrop, the Ministry has made remarkable progress in achieving some of its goals. Firstly, the former Minister of Local Government and Housing has articulated a vision of housing development as a process that

enables people to "help themselves". Though she has personally taken an activist approach that is admired by many, she stated that government should be seen as a last resort in the development of affordable housing and that people should take control of their own local resources and channel them into appropriate forms of community development. Behind the scenes, the Ministry has tried to "influence" the private finance sector into financing housing development, though this sector is understandably waiting for appropriate market rate investment instruments and clear-cut opportunities to invest in housing, particularly with regard to the low income.

Secondly, the NHE has been to some extent capable of taking through its sustainable housing development strategy. Since independence there was remarkable optimism that NHE would impose financial discipline on projects such as the Katutura Single Quarters and that it would sensitise staff members to the underwriting and collection criteria that best fits with the incomes and needs of poor people most affected

by housing shortages. There was great optimism that the NHE would take a strong role in working with the Ministry of Finance and the private sector to devise appropriate investment instruments, such as housing bonds issued by NHE, which will enable banks, insurance companies and pension funds to invest in low income housing development in Namibia.

With regard to the Build Together Programme (BTP) some optimism also prevails. However, neither the public nor government agencies have any up-to-date data on the beneficiaries and particularly the cost-effectiveness of the programme. The Ministry of Housing should however be commended for attempting to promote self-help housing and community-based planning and participation. The question is, how can the Ministry do more?

The optimism has been negated by a number of constraints, problems, lack of transparency, lack of extensive consultations, for example:

\* The Ministry and its Housing Directorate, which designed the BTP, has failed to grasp the institutional and financial support structures needed by sustainable low-cost housing development.

Only a very small number (just over 4 000) houses were built and completed under the programme, to date. Further, the programme is hampered by poor repayment rates of loans, which according to the Ministry stands at 50 per cent, but the actual repayment to date is approximately N\$3 million of a total of N\$31 million.

\* In some instances interest rate subsidised loans were given in cash transfers to beneficiaries rather than providing building materials and supplies.

\* To date, labour intensive grassroots training for self-help housing and for small building contractors is virtually nonexistent.

\* Financial institutions such as the private finance sector (which should offer market rate loans to low-income wage earners) have been virtually shut out of the housing delivery and policy implementation process.

\* Real consultation with low-income people has, to a very significant extent, been negated.

It is time that the public receive independently verifiable truths about what has been reported in the press over the past number of days. The public also needs to know how misappropriated funds are going to be recovered.

\* Will housing become less affordable for the urban poor?

\* Will ratepayers now

be paying more?

\* Will informal business people be paying more GST and ADD?

\* Will taxpayers be paying more tax now?

\* Will municipalities be "forced" to raise the price of land for housing purposes, meaning houses will become more expensive and therefore more inaccessible to the very poor?

In view of the aforementioned information, the current volatile situation with regard to the Single Quarters issue has to be handled in a way that will restore the public's faith in Government. This can best be achieved if information is made public to all stakeholders, including to low-income earners.

Low-income earners, through their representative organisations, should work with the relevant Ministries and institutions and together try to come up with innovative ways to maximise affordable and sustainable housing.

Perhaps it is now time to reconvene, re-look and revisit the National Housing Policy to take stock of our housing situation and to revisit the national housing delivery system at all levels. Representatives of community groups, NGOs and CBOs should be working as a team with the government and others, but more importantly, they should be taking on their role more aggressively and be advocating for:

1. legal reforms to establish systematic processes for public participation in planning and budgeting at all levels of

Government;

2. financial discipline and programme transparency by the Housing Directorate and the National Housing Enterprise;

3. increased infrastructure financing for towns and municipalities to service land for leasing to the very poor who neither want nor can afford homeownership;

4. capital outlays to quasi-governmental institutions and NGOs which have the capacity to make single-bond loans to housing co-operatives and self-help groups; to make experimental loans to women and women's groups to build and manage rental housing in urban areas; and

5. a national housing finance bill that would enable NGOs and local authorities to gain access to housing related finance on a proposal basis.

In conclusion, the Urban Trust would like to note that housing is a multi-sectoral, human development activity.

In view of the above, we would like to make a strong request to civil society: business groups, church groups, associations, NGOs, CBOs, etc., which are all "housing" institutions, to participate in and monitor the housing policy and project implementation processes at the national, regional, local and community levels. This will secure a transparent and affordable housing delivery system for the nation.

THE URBAN TRUST OF  
NAMIBIA  
WINDHOEK



## SWABOU