

Affordable Housing in Kigali: Issues and Recommendations



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Rwanda has been experiencing a very high rate of population and urban growth. This has posed serious problems for socio-economic development because of the inability of existing institutions and mechanisms to cope with emerging challenges. These problems are more critical in the capital City of Kigali, where huge housing supply deficits, dilapidated housing conditions, high cost of housing as well as the proliferation of informal settlements are eminent (Tsinda, Abbott et al. 2013, Manirakiza 2014).

Kigali's housing deficit is increasing despite a number of new policies, programs and strategies initiated by the public and private sectors to address this problem. The majority of those in need of housing are in the low-income cadre and some require special housing programs to be able to afford decent housing.

To address the problem, the Government of Rwanda has recently engaged in the provision of affordable housing through a number of initiatives including but not limited to subsidized housing facilities through commercial banks, incentives like tax holidays for construction companies, mortgage plans and housing loans and tax exemption on construction materials especially for big construction projects. This policy brief highlights the root causes of large housing deficits in Kigali, explains why existing initiatives are not functioning as they should and offers a number of recommendations that can enhance the provision of affordable housing across the city.

Housing deficit in Kigali

The rapid demographic and urban growth presents the authorities managing the city with a serious challenge: an escalating deficit in housing or dwelling units, resulting in overcrowding, high rent and the proliferation of informal settlements. According

to the report on housing market demand, housing finance, and housing preferences for the City of Kigali by planet consortium 2012, Kigali's population is expected to double by 2022. Backlog demand in Kigali for 2012 was estimated at 108,807 dwelling units, equivalent to almost one half of the existing housing stock.

Accordingly, total demand for new dwellings in Kigali from 2012 to 2022 is expected to reach 344,068 units, which is equivalent to an average of 31,279 units per year. This is not matched with corresponding supply (Benon, Mbabazize et al. 2016). Currently, the annual housing supply is about 1000 units, leading to an annual deficit of about 30279 units (Claude 2015). This implies that a housing deficit is likely to increase if the current shortage is left unaddressed.

Causes and Effects of Housing Deficit

The Government of Rwanda has devised a number of initiatives. In the implementation of government-led initiatives on affordable housing, the master plans and land use policies that guide building permit management have a big role to play. However, adherence to the master plans has mostly been limited owing to the limited capacity of One Stop Centres . Only 11 out of 30 One Stop Centres are fully operational with adequate staff and basic office equipment. Furthermore, the problem of staff turnover in those centres was overemphasized in the Utafiti Sera Stakeholders' Forum on Urban Governance in Kigali which was held on January 18, 2018 in Marasa Umubano Hotel, Kigali, Rwanda.

Some of the other challenges include the high cost of construction materials which often constitutes a large part of overall housing costs. The relative scarcity of common construction materials in adequate quantities makes importation inevitable. In addition, housing developers insist on the use of conventional building materials and technologies

most of which are also imported and are expensive. There has been poor identification of cheaper and locally sourced construction materials owing largely to lack of research. This contributes to the high cost of the houses built and, consequently, their unaffordability.

Topographical constraints were also reported as challenges. More than half the land cannot be developed due to surface conditions—either the slope is too steep, or it is wetland—and of the existing housing stock, about 70 percent is in single-story informal units. Kigali’s topographical constraints pose cost problems, making it more expensive to provide affordable housing.

Further, there is little consideration for the prospect of rental houses. Most initiatives focus exclusively on house ownership, despite the shortage in housing on the supply side, and low purchasing power on the demand side. This has in turn increased the costs of rents which can provide a feasible alternative for those lacking the financial capacity to purchase homes.

Lack of proper planning and coordination mechanisms has also contributed to the housing shortage. Although an inter-ministerial steering-committee was established to coordinate projects that fall under the same cluster, their efforts failed to produce the desired results. This is due to the fact that different units within the housing sector function in accordance with a silo approach which is indicative of incoherent the housing policies and approaches.

Finally, there is also a need to redefine what constitutes ‘affordable housing’. A number of housing projects classified as ‘affordable’, were in reality unaffordable to the target market of the designated projects.

Recommendations

This policy brief proposes four main recommendations that are linked to the implications of the findings as listed in the below table:

Findings	Recommendations
Limited adherence to master plans	<ul style="list-style-type: none"> • Sensitize the communities on implementing master plans, national housing and land use policies • Popularize public policies using simple language by engaging local elected leaders and producing handbooks and manuals to disseminate the existing policies • Adopt adequate urban governance strategies • Utilize a multi-sectoral approach to city governance and transformation taking into account society, culture, environment, etc.
A number of constructed houses classified as ‘affordable’, were in reality not affordable	<ul style="list-style-type: none"> • Establish a more comprehensive analysis of what is referred to as ‘affordable housing’ by matching the latter concept with the existing <i>Ubudehe</i> categorization scheme¹. • Review and consider subsidizing all factors that contribute to making houses expensive (land, materials, technology, etc.). • Consider rental houses as an alternative to houses acquisition. • Assess the actual total cost of imported construction materials and technologies. • Identify potential local suppliers/producers of construction materials and technologies that can substitute imports.
Inappropriate coordination and implementation mechanisms	<ul style="list-style-type: none"> • Find ways and means of improving institutional coordination and implementation mechanisms for urban governance and city transformation
Mismatch between the goals set out by GoR and their implementation of	<ul style="list-style-type: none"> • Always conduct a feasibility assessment before the implementation of projects (or pilot projects before scaling-up) • Conduct assessment of households’ income to ensure that it matches with the cost of houses to be constructed

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An innovative initiative and processing system meant to expedite the planning, building and land development approval process concurrently). One Stop Centre Services includes: (i) ensuring respect for safety standards in the construction sector (ii) developing and reviewing key area detailed physical plans (iii) ensuring quick service delivery mostly in building permit issuance and monitoring and (iiii) advising the City of Kigali or Districts' land bureau for efficient service delivery.

Ubudehe categorisation scheme is used by a

number of social protection interventions to identify beneficiaries of social protection programmes. The 2015 Ubudehe categorisation covered a total of 2,358,488 households (10,382,558 people) across the country and classified them into 4 categories reflecting their degree of social and economic status: Category 1 (16%), Category 2 (29.8%), Category 3 (53.7%) and Category 4 (0.5%). Those in Ubudehe category 1 are eligible for non-contributory benefits provided that they meet additional eligibility requirements.

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