



## ECONOMIC & SOCIAL JUSTICE TRUST

### **Strong interventions needed to solve the housing crisis**

***Press Statement, 26 November 2014***

Namibia's housing crisis has reached enormous proportions. Well over 500 000 Namibians are already living in shacks and the current average house prices in the country are unaffordable for over 90% of the population. The announcement of the mass housing programme last year provided some hope that the issue would finally be addressed. However, the main agency which was expected to implement the programme, the Namibia Housing Enterprise (NHE) which was meant to construct decent houses for the poor seem to have deviated from its mandate and shifted its focus on profit-driven outsourcing, making houses unaffordable for the poor. Essentially Namibia has no affordable low cost housing resulting in the further mushrooming of shacks. Local authority by-laws and the "middle man syndrome" of tenderised housing projects have pushed up prices in the absence of price controls.

The National Mass Housing Programme (NMHP), launched in November 2013 by President Hifikepunye Pohamba, aims to build 185 000 affordable houses by 2030 at an estimated cost of N\$ 45 billion. Phase one of the programme which started in late 2013 is to run for a period of two years targeting 14 Regional capital centres with an ambition of delivering at least 8 800 units at an estimated cost of N\$2,7 billion. However, just a day after the NMHP was launched it came to light that there would be delays in kick-starting the project because of technicalities on tenders. Projects of this nature seem to always have the potential of encouraging the mushrooming of the so-called *tenderpreneurs* who would hastily register new businesses with a view of becoming instant millionaires. There are already several cases of conflicts of interests in the allocation of housing tenders and there are severe cases of over-pricing of houses by construction companies. Some companies apparently charged N\$ 75,000 to service land of 40 m<sup>2</sup>. Furthermore, the NHE has raised the costs of the mass housing programme to more than N\$ 5000 per square metre to make the project more profitable for developers. Such practices send a warning that the developmental potential of the mass housing project can be destroyed by greed and self-interest of the elite.

The Economic and Social Justice Trust is an organisation of volunteers and was registered this year with the aim to promote the social and economic rights of Namibians with particular emphasis on a fair and equitable distribution of resources in favour of the poor. We share the concerns expressed by the Shack Dwellers Federation of Namibia and others that the interests of the poor will once again be overlooked poor will once again be left out when the new houses are built. We agree that public housing initiatives must benefit those who need houses most and that they must be involved in the design and implementation of the housing programme. There is also a need to shield the program from the greed of land developers, multiple house owners and contractors. The weaknesses of the mass housing initiative is that it seeks a solution within the confines of the current excessive bank profit margins without addressing the conduct of commercial banks. The Estate Agents Board can also not be entrusted with public interest as the Board is primarily made up of estate agents who are pursuing and protecting their own interest.

In addition, local authorities should service and avail land and not merely outsource this function. The City of Windhoek's provision for first time buyers of erven at auctions is not enforced and multiple house owners and developers are the beneficiaries of the current practices. Tenders for construction must go straight to communities/local construction companies to cut out middlemen. The Build Together Programme should be revived and the Shack Dwellers Federation of Namibia needs to be involved in housing initiatives. It is also necessary to make use of local labour under decent wages and working conditions and to develop local production of construction materials which are currently imported. This would help to ensure that there are maximum social and economic benefits from the mass housing programme.

Finally, we call for limitations regarding multiple house ownership by wealthy individuals who crowd- out others in need of housing. Investment in housing has become a speculative strategy for the rich and keeps housing prices at inflated levels. Regulations are also required to limit the inflated rentals which effectively mean that tenants pay off the full bond of land owners. Such practices only benefit a tiny elite but are detrimental to the needs of the majority of Namibians who struggle to afford a basic house. Housing must be regarded as a basic human right which must be guaranteed for all.