



SOME ISSUES ON RENTAL

"FORMAL RENTAL HOUSING IN SUB-SAHARAN AFRICA"
- PLENARY SESSION 3

Malcolm McCarthy – 14 Oct 2014

Legal and regulatory framework – formal rental



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- Rental Housing Act – Tenant Landlord Relationship
- Landlord and tenant mediation and arbitration service
 - ▣ speedy,
 - ▣ non bureaucratic
 - ▣ equal protection landlord and tenant
- Building Quality Legislation and Regulation

Legal and regulatory framework – formal rental



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- Rent control of rental market **(NO!!)**
- Government intervention in market through incentives **(yes!)**
- Where incentives - regulation of direction and targeting of incentives from investment through life of asset.

Sustainable financial model



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- Where affordable let market works
 - ▣ Facilitate environment for risk reduction to encourage investment – equity and loan finance
 - Land and building planning streamlined
 - Management of tenant landlord relationship
 - Reducing of potential operational cost overload e.g. Level of rates and utility costs
 - range of landlord options – easy provider access to market

- Where market cannot work - **incentive interventions**
 - ▣ Tax rebates
 - ▣ Grants on capital and operational (care as open ended commitment)
 - ▣ Guarantees and loan reduction
 - ▣ Non profit but good business landlords

Affordability issues



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- Must have regular, reliable and verifiable income
- Capital costs for right product
- High management administration costs – keep it lean, efficient and effective
- Large profit returns on investment particularly where land prices are high
- Increasing municipal and utility costs make rentals unaffordable
- Targeting of grant/subsidy to those that need it most

Institutional Capacity Building



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- Institutional set up costs – ‘non profit’ and ‘for profit’
- Capacity development required for young sector
- Focus on:
 - Controlling cost and quality of developments
 - Financial management of operations
 - Management functions
- Programmatic approach to different modes
- Dealing with set up costs and capacity development – self funded or subsidized?

Data Collection and Market Intelligence



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- Information re market that is dispersed needs greater linkage between agencies
 - ▣ Market Demand
 - ▣ Rentals and real costs by building and unit type
 - ▣ Building durability and cost
 - ▣ Financial returns
 - ▣ Management costs
 - ▣ Grant and subsidy returns

- Confusion between 'need' and 'market' demand

- Key financing management indicators need more careful defining
 - ▣ For profit medium and large landlords – (possibly best developed)
 - ▣ Small and emerging landlords
 - ▣ Non profit government subsidized

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Thanks

