

# Building innovation into low-end housing finance

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Sub-Saharan Africa is transforming its housing finance system and both policy makers and private practitioners are scrambling to keep up. A new course offers housing financiers ways to steer clear of the issues that led to the US sub-prime crisis.

The Housing Finance Programme for Sub-Saharan Africa, designed by the University of Cape Town's Graduate School of Business (GSB), in partnership with the Wharton School of the University of Pennsylvania, and the FinMark Trust's Centre for Affordable Housing in Africa, will run at the GSB in October 2012.

Aimed at senior officials and CEOs, academics and consultants from sub-Saharan African economies who are employed by housing finance institutions, as well as government housing and finance agencies, and international development institutions, the programme seeks to provide an intensive education in policy innovations and institutional, financial and managerial aspects of housing finance, with an African focus.

Kathleen Evans, who co-directs the programme with Robert McGaffin, says that this programme is important for laying down the foundations for the ideal environment in which innovations in housing finance can work. There are, according to Evans, many issues and problems to understand fully before any successful attempt can be made to innovate in the sector.

"We need to stress that this is an academic programme and it is very intensive with a focus spanning many different aspects of offering housing finance to lower-income markets," she says. "The need for an objective look at how the system is transforming is growing rapidly because it is new and quite complex, especially in the sub-Saharan context, where there is scope for a variety of innovations."

The programme is six days long and is broken into seven modules, starting with an overview of housing markets, policy and the principles of finance.

"To lay a contextual foundation, we begin with exploring elements and current trends in sub-Saharan housing finance, housing market development and government policy, and conventional mortgage design and structures," says Evans.

"We also look at the different issues relating to the development of different housing finance systems in Africa, the types of finance relating to the development chain - design and construction, and the different finance products already available," she says.

Delegates will study mortgage funding models, alternative capital market funding models and the valuation of mortgages and the mortgage instruments. "We also analyse the safety and soundness of the banking system," says Evans. Focus will be given to housing cycles and market bubbles, banking risks, and controlling risks by government supervision and regulation.

Lastly, in light of the South African government's proposed mortgage subsidy and mortgage default insurance, delegates will learn how to extend mortgage lending and housing services to underserved markets. Attention will be given to what happened in the American sub-prime crisis and how that relates to emerging markets.

"The idea is to fully understand what is needed before finance institutions can lend to lower-income groups. In South Africa mortgage products are very difficult for some people to access, so we will investigate the liquidity in the market, the rationale and finance systems behind subsidising housing, as well as the constraints to low-income residential development," says Evans.

Throughout the programme, participants will unpack issues through theoretical debate using in-depth case studies.

The programme runs from 1 to 6 October at the Graduate School of Business. For more information contact Joanne Boulton on 021 406 1431 or visit [www.gsb.uct.ac.za/housing](http://www.gsb.uct.ac.za/housing).

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