500,000 Affordable Homes Program

Delivery framework overview

June 2019
Over the next five years and founded on social impact, the Government of Kenya will implement the big four agenda targeting four priority initiatives:

- **Job creation at scale**
- **Infrastructure investment**
- **Competitive utility costs**
- **Governance**
- **Security**
- **Technology innovation**

- **500,000 affordable homes**
- **15% of GDP from the manufacturing sector**
- **100% Food and Nutrition Security**
- **100% Universal Health Coverage (UHC)**
Why is housing a part of the Big 4 Agenda?

1. Housing ranks high after food as a fundamental human need.

2. Our Constitution in Article 43 (1)( b) recognizes the right to accessible and adequate housing, and to reasonable standards of sanitation.

3. Kenyans in urban area spend a considerable part of their income on rent, for instance, Nairobi residents spend more than 40% of their income on rent, well above the recommended 30%.

4. The cheapest home formally built by a developer in 2012 cost more than $15,000, which is more than 10 times the average annual income of $1,340.

5. Available lower income housing is not adequate and does not promote a quality of life that we want as evidenced by the fact that 6.4M Kenyans were living in slums representing about 56% of the country’s urban population.
The affordable housing program can have an impact on the broader economy beyond the delivery of homes.

**Impact on GDP**
- Estimate that the contribution of real estate and construction to GDP will increase from the current 7% to 14% by 2022.
- Between USD 1.5 and USD 3 induced in the economy for every USD 1 invested.
- Increased construction activity can become an important source of revenue through processing of permits, approvals, and other related activity.

**Job creation**
- Construction of housing is labor intensive.
- Labor can capture up to 10.5% of the value created by the spend on affordable housing.
- We estimate that for every unit constructed, there are 3 – 5 new jobs created.
- Up to 8 indirect jobs created per unit.

**Formalization of the informal sector**
- Ringfencing strategies will ensure that the *Jua Kali* sector are able to supply inputs to the affordable housing program.
- Light industries will also have the opportunity to provide construction materials such as cement.
INTRODUCTION

The current housing deficit is 1.9M and growing

It is estimated that Kenya has an annual housing demand of 250,000 annually with an estimated supply of 50,000 p.a. (80% deficit) targeting the high-end market.

In 2010 the demand for urban housing was estimated at around 80,000 units a year, with demand projected to increase to nearly 300,000 units a year by 2050. By comparison, in 2013 only 15,000 housing construction permits were issued in Nairobi, where most demand exists and most of these were for high-income apartments.

Only 2 percent of formally constructed houses are targeted to the lower income segments of the market, which account for the largest share of demand.

Furthermore, estimates of housing demand are for new housing only and do not speak to the high qualitative housing deficit in Kenya estimated at 1.8 mn.

The high cost of formal housing means that home ownership is out of reach for most urban Kenyans with vast majority of this population finding housing through rental markets (91% in Nairobi)

Kenya has an estimated 25,000 mortgages

SOURCE: State Department for Housing and Urban Development, World Bank
INTRODUCTION

We require solutions to enhance supply and facilitate demand

SUPPLY SIDE

• Developers have limitations on the number of units they can build because there are no guarantees on who will buy
• Instead of building thousands of units, they limit their risks and build only limited numbers

DEMAND SIDE

• Buyers lack adequate funding to take up units
• They do not qualify for mortgages because of lumpy cash flows
• Existing mortgages are too costly due to high interest rates and short repayment periods
The affordable housing program incorporates supply, demand, and enabling environment interventions.

- Proven demand master plan and mega city approach
- Mixed use developments with provision of social infrastructure and amenities
- Affordable developer financing through provision of offtake undertaking

Provision of land and bulk infrastructure
- Infrastructure funding under K.U.S.P
- Tax incentives
- Tax breaks (Zero rating of Stamp duty for first time home owners)
- Standardised designs and/or processes
- Legal and policy review and amendments

- Tenant Purchase Schemes (TPS)
- KMRC (extending Mortgages tenures)
- Housing Portal to assist in identifying the end buyer
The affordable housing program currently targets three income segments:

- **Low cost**: Income Range: KES 0 – KES 19,999
- **Mortgage Gap**: Income Range: KES 20,000 – KES 49,999
- **Middle to High Income**: Income Range: KES 50,000 – KES 149,999
- **Social**: Income Range: KES 150,000 +
**INTRODUCTION**

**Key priority areas**

**Housing spread for the affordable homes pillar by land ownership**

<table>
<thead>
<tr>
<th>Housing spread</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>125,000</td>
</tr>
<tr>
<td>Low Cost</td>
<td>225,000</td>
</tr>
<tr>
<td>Mortgage Gap</td>
<td>150,000</td>
</tr>
<tr>
<td>Total units</td>
<td>500,000</td>
</tr>
</tbody>
</table>

**Enhance affordability of homes by addressing interest rate and tenure**

**Cost of home ownership**

<table>
<thead>
<tr>
<th>Cost per square meter</th>
<th>KSh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market rate</td>
<td>44,754</td>
</tr>
<tr>
<td>Housing programme</td>
<td>31,328</td>
</tr>
</tbody>
</table>

**Reduce cost of construction per square meter**

<table>
<thead>
<tr>
<th>Cost of home ownership</th>
<th>%/Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saccos</td>
<td>10 %</td>
</tr>
<tr>
<td>Housing Fund</td>
<td>7 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 yrs</td>
<td>7 yrs</td>
</tr>
<tr>
<td>25 yrs</td>
<td></td>
</tr>
</tbody>
</table>

**Housing spread**

- **Units**
  - Social: 125,000
  - Low Cost: 225,000
  - Mortgage Gap: 150,000
  - Total units: 500,000

- **Housing spread for the affordable homes pillar by land ownership**
  - **Social**: 125,000
  - **Low Cost**: 225,000
  - **Mortgage Gap**: 150,000
  - **Total units**: 500,000

- **Enhance affordability of homes by addressing interest rate and tenure**
  - **Cost of home ownership**
    - **Interest**: 10 %
    - **Tenure**: 8 yrs
    - **Interest**: 7 %

- **Reduce cost of construction per square meter**
  - **Market rate**: 44,754
  - **Housing programme**: 31,328

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INTRODUCTION

Key priority areas

Close the annual low-income housing gap by 60%

Annual low income housing gap
Units

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>170,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

-60% decrease

Create 350,000 jobs in the construction sector

Jobs created
Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>50,000</td>
<td>350,000</td>
</tr>
</tbody>
</table>

+600% increase

Increase construction sector contribution to GDP

Contribution to GDP
KSh Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billions</td>
<td>452</td>
<td>905</td>
</tr>
</tbody>
</table>

+100% increase

Jun-19
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HOUSE MODELS, CONSTRUCTION COSTS, AND SELLING PRICES
House Models

- AHP houses have three major typologies with the following minimum plinth/usable areas:
  - 1 bedroom – 30 m²
  - 2 bedroom – 40 m²
  - 3 bedroom – 60 m²
- Units must meet the AHP Development Framework Guidelines which have been summarized below
- AHP Strategic Partners are encouraged to innovate and proposed better typologies and other improvements

Construction Costs

- The AHP delivery framework places the onus of bringing the cost of construction down to the developer
- By capping the costs of the units at offtake, the developer is compelled to find innovative ways to reduce costs
- The DFGs give quality guidelines which ensures that developers will not compromise quality for cost
- Lastly, there are various incentives to further reduce costs:
  - Development split
  - Provision of land and bulk infrastructure
  - Tax incentives (e.g. corporate tax rate of 15% for building 100 units or more)

Selling Prices

- Generally the max. selling prices are:
  - 1 bedroom – KES 1 M
  - 2 bedroom – KES 2 M
  - 3 bedroom – KES 3 M
- The benefit of AHP for homebuyers, however, is in running a national tenant purchase scheme that will allow the home owners to spend current rent payments towards home ownership payment
Affordable housing program max. unit costs

To enhance range of affordability, we have the maximum cost for each unit to be delivered under the program.

<table>
<thead>
<tr>
<th></th>
<th>1 room KES</th>
<th>2 room KES</th>
<th>Bedsitter KES</th>
<th>1 bedroom KES</th>
<th>2 bedroom KES</th>
<th>3 bedroom KES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social housing</td>
<td>• 600,000</td>
<td>• 1,000,000</td>
<td>• n/a</td>
<td>• n/a</td>
<td>• n/a</td>
<td>• n/a</td>
</tr>
<tr>
<td>(Max. Selling Price)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>• n/a</td>
<td>• n/a</td>
<td>• 800,000</td>
<td>• 1,000,000</td>
<td>• 2,000,000</td>
<td>• 3,000,000</td>
</tr>
<tr>
<td>(Max. Selling Price)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Accessibility to all Kenyans from social perspective

Accessibility to Kenyans has been considered across various aspects of the program from eligibility, registration, and even design principles.

<table>
<thead>
<tr>
<th>Development Framework Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The program has incorporated principles on social safeguards which considers the needs of vulnerable groups</td>
</tr>
<tr>
<td>• Design principles cover accessibility for people with disabilities and the elderly</td>
</tr>
<tr>
<td>• Considerations for different types of households including single parent homes, child-headed households, etc.</td>
</tr>
<tr>
<td>• Considerations on family sizes and culture have impacted design e.g. unit sizes, use of bedsitters for students only, etc.</td>
</tr>
<tr>
<td>• Continued revisions to framework based on feedback from various stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eligibility and Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• This program is intended to benefit all Kenyans</td>
</tr>
<tr>
<td>• Participation is open to all Kenyans above the age of 18 who register on the Affordable Housing Portal</td>
</tr>
<tr>
<td>• Registration will be facilitated through various options including Huduma Centers where Kenyans currently receive services from Government</td>
</tr>
<tr>
<td>• Huduma Centers will have support services for registration help, and other areas where users may require assistance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selection of homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The housing portal will offer participants various choices in terms of the kind of home they would like to own</td>
</tr>
<tr>
<td>• This includes typology and location</td>
</tr>
<tr>
<td>• There is a policy for 1 individual, 1 home</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demand survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>• SDHUD hired KPMG to develop a Housing Master Plan</td>
</tr>
<tr>
<td>• This master plan included a nationwide survey on demand</td>
</tr>
<tr>
<td>• Views on the typologies, demand for homes, locations of projects, etc. were covered in the project</td>
</tr>
<tr>
<td>• The outputs continue to impact the Development Framework Guidelines which are in the process of revision</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication and Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• AHP campaign program will be rolled out to engage Kenyans and explain the aims of the program</td>
</tr>
<tr>
<td>• All key aspects on registration, allocation of homes, and other salient features will be explained</td>
</tr>
<tr>
<td>• The communications campaign will be conducted across the country using a variety of media and dissemination methods</td>
</tr>
</tbody>
</table>
Key design principles

- Open Space
- Access & Movement
- Smart Technology
- Safety & Security
- Creating Communities
- Building Technology
Design principle: open space

- Open Space
- Active Spaces
- Sports Facility
- Gathering Space
- Playground
- Pocket Park
- Public Realm Networks
DEVELOPMENT FRAMEWORK

Design principle: access and movement

- Access & Movement
- Treelined Avenue
- Pedestrian Friendly
- Green Verge
- Cycling Path
Design principles: safety and security

DEVELOPMENT FRAMEWORK

- Safety & Security
- Access Control
- Management
- Security
- Perimeter
Design principle: community facilities

Community Centre
Retail Centre
Schools
Clinic
Design principles: building technology

- Frame & In-Fill
- InSitu Formwork
- Pre-cast Panel

Building Technology
Design principles: smart technology
Development Split

The preliminary target split under the AHP is a 70% - 30%, in favour of affordable housing, subject to review by SDHUD on a project-by-project basis.

Development Returns

Where the land contribution has been made by the GoK, the development returns above the hurdle will be allocated based on a pre-agreed split.
Typical land breakdown

- Residential: 50%
- Utilities, Roads, and Services: 25%
- Open Space: 15%
- Community Facilities with Retail: 10%
Typical site master planning
Modular design approach

DEVELOPMENT FRAMEWORK

![Diagram with floor plans and elevations showing modular design approach]

<table>
<thead>
<tr>
<th>Type</th>
<th>1 Bed</th>
<th>2 Bed</th>
<th>3 Bed</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>G+2</td>
<td>6</td>
<td>12</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>G+3</td>
<td>8</td>
<td>16</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>G+4</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>G+5</td>
<td>12</td>
<td>24</td>
<td>12</td>
<td>48</td>
</tr>
</tbody>
</table>
DEVELOPMENT FRAMEWORK

Modular and traditional construction

**Structural Frame & In-fill**
- Structural slab, columns / beams;
- Block in-fill with traditional stone;
- Mix of off-site and on-site construction methods;
- Maximise local content and contractors engagement.

**Pre-Cast Frame**
- Reduced wet works trades on site;
- Created in factory conditions for increased quality;
- Logistical opportunities through just in time principles;
- Standardisation principles reflected in design.

**In-Situ System**
- Most widely used in current supply chain;
- Relatively low skill labour required;
- Programme takes longer than alternatives;
- More demanding for on-site logistics;
- Multiple trades linked on delivery.

June 19

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PROJECT LOCATIONS COUNTRY WIDE
AFFORDABLE HOUSING PROGRAM

Project locations and criteria

- AHP targets projects across the country in urban areas
- AHP includes solutions for social housing as well as innovations for rural housing projects as well

- The program framework anticipates the use of National and County Government land to ensure distribution of homes and to catalyze projects

- The State Department of Housing and Urban Development (SDHUD) has signed MoUs with 24 counties
  - Counties aim to build at least 2,000 units annually
  - Counties will identify land which is suitable for housing
  - Other counties are also in the process of reviewing MoUs

- To rationalize housing unit targets across the nation, SDHUD also completed a demand survey which aggregated data on the demand for housing across the country

- In addition, the Development Framework Guidelines (DFGs) have provisions for selecting and prioritizing projects across the country based on demand, suitability of proposed land location, availability of offtake, among other important factors
AFFORDABLE HOUSING PROGRAM

Project pipeline heatmap – national and county land

Counties that haven’t signed MoUs
- Nairobi County – 67,800 Units
- Mombasa County – 10,900 Units
- LAPSSET Lamu Project – 20,000 Units
- Kiambu County – 6,000 Units
- Homa Bay County – 2,000
- Nyandarua County – 2,000
- Meru County – 2,000
- Nyeri County – 2,000
- Kisii County – 2,000
- Tharaka Nithi County – 2,000
- Uasin Gishu County – 2,000
- West Pokot County – 2,000
- Bomet County – 2,000
- Elgeyo Marakwet County – 2,000
- Nandi County – 2,000
- Embu County – 2,000
- Siaya County – 2,000
- Vihiga County – 2,000
- Garissa County – 2,000
- Baringo County – 2,000
- Kilifi County – 2,000
- Kirinyaga County – 2,000
- Kisumu County – 2,000
- Kakamega County – 2,000
- Bungoma County – 2,000
- Isiolo County – 2,000
- Wajir County – 2,000
- Murang’a County – 2,000
AFFORDABLE HOUSING PROGRAM

Project pipeline heatmap – private land

Call 1:
77 potential project sites across 21 counties with over 9,600 acres offered by private sector

Call 2:
44 potential project sites across 32 counties with over 2,700 acres offered by private sector

Counties with proposed private land projects
One of the major challenges of housing in rural areas is the quality of building materials. We have constructed 92 appropriate building technology (ABT) centres across the country to promote use of local materials in building construction.

**Research and Training**
- Train youth, women, and children in use of building materials
- Conduct research on improving local materials for sustainable construction
- Modernizing construction practices while preserving cultural values

**Region specific solutions**
- Improving fire resistance on makuti roofing and use of coral stones in coast region
- Modernizing roofing in Masai land for water harvesting while maintaining cultural design
- Discouraging use of burning bricks in western region which deplete our forests

**Matofali Machine**
- Developed with Numerical Machining Complex
- Used for manufacture of stabilized soil blocks
- Improves walling construction
- Reduces construction cost by 30%
- Machines to be distributed to ABT centers

**Funding**
- Funding for rural housing to continue from NHC
- Offering funding at competitive interest rates of 7% from Housing Fund
In every community, we work with settlement executive committees which represent community interests and ensure that those living in the community are beneficiaries.

- Completed 822 houses in Kibera Soweto A
- Sold to those living in the slum and were registered in 2005
- Enumeration was done to confirm and verify the right beneficiaries
- Occupancy in July 2016

Homes were sold as rent-to-own with 25 years tenure and 3% interest rates.

- One room sold at KES 600k – KES 2,500 per month
- Two rooms sold at KES 1M – KES 4,500 per month
- Three room sold at KES 1.35M – KES 6,500 per month

Next projects include Kibera B, C, D followed by Mariguini and Kiambiu.

- Enumeration for Kibera B is completed and verification is ongoing
- 498 slums in the country have been mapped and will work with County Governments to improve housing conditions
- The Housing Fund will be consolidating financing solutions to ensure social housing projects are delivered.
FINANCING FRAMEWORK OVERVIEW
The financing framework for affordable housing supports both the supply and demand side.
The Housing Fund is the suitable mechanism for providing funding support for both developers and home owners.

**PROPOSED SOLUTION**

**SUPPLY SIDE**

The Housing Fund will be the Bulk Purchaser of housing units from developers, thereby mitigating the offtake risk.

**DEMAND SIDE**

The Housing Fund will be the Long Term Financier offering homeowners affordable and accessible funding to buy homes primarily through a National Tenant Purchase Scheme.
Housing Fund

Mandate and primary functions

The Housing Fund will mobilize capital, offer certainty of sales in the form of an off-take undertaking to developers, and provide accessible finance for home buyers through a National Tenant Purchase Scheme.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital mobilization</td>
<td>- The Housing Fund will mobilize capital from Government (through 3% employer/employee contribution, Development Finance Institutions, Affordable Housing Home Owners Savings Plans from the Home Owners and Local Banks to fulfil its mandate.</td>
</tr>
<tr>
<td>Bulk Purchaser (De-risking developers)</td>
<td>- Offer certainty of sales in the form of an off-take undertaking that will allow the developers access construction financing.</td>
</tr>
<tr>
<td></td>
<td>- Purchase the housing units for cash once construction is complete to allow the developers to recycle their capital and develop more units.</td>
</tr>
<tr>
<td>Long-Term Financier (Enabling homeowners)</td>
<td>- Allow ordinary Kenyans to save for an affordable home via a Savings Plan which they can use as a down payment towards their affordable house.</td>
</tr>
<tr>
<td></td>
<td>- Offer home buyers the ability to purchase their homes via an affordable 25-year Tenant Purchase Scheme.</td>
</tr>
<tr>
<td></td>
<td>- Target interest rates between 3% and 7%</td>
</tr>
<tr>
<td></td>
<td>- Allow Kenyans to purchase affordable houses nationwide through the Housing Fund while paying a monthly rate nearly equal to their current rental expense</td>
</tr>
</tbody>
</table>
The Housing Fund will mobilize capital, offer certainty of sales in the form of an off-take undertaking to developers, and provide accessible finance for home buyers through a National Tenant Purchase Scheme.
The Housing Fund will have funding from various sources:

- Short-term credit lines from banks, DFIs, and other financial institutions
- Issuance of asset-backed securities to institutional investors to fund the NTPS, issued in 3 classes:
  1. Short-term notes (0-5 years)
  2. Medium-term notes (5-10 years)
  3. Long-term notes (10-20 years)
- Contributions from employers and employees (3%)
- Other GoK funding (e.g., short-term loan, etc.)
Overview – Demand consolidation

- The Housing Portal is a platform that connects individuals to the Affordable Housing Program & Housing Fund
- It will provide real live evidence of demand aggregation to strategic partners of the AHP
- It will allow individuals to see progress towards and a real connection to the dream of home ownership
- Ultimately, the portal will make the National Tenant Purchase Scheme more accessible online
- Provides potential home owners ability to share information to facilitate allocation of homes through a ballot-based system
- It will accept payments from mobile money, bank accounts, credit and debit cards
- Will be accessible through a variety of platforms including: USSD, mobile app, mobile web, and web portal
Individual Registration

- The system registers aspiring home owners and allows them to make contributions into their savings’ wallets in the Housing Fund.

- Registration Options:
  - Mobile – USSD
    - Dial *500# to Register Details
  - Mobile & Web-based
    - Visit www.bomayangu.go.ke
  - Huduma Centres – with web-enabled stations that allow:
    - Registration
    - Update of Details
    - Upload of KYC documents
HOUSING PORTAL

Fair and Transparent Allocation

**Registration**
- Online Portal
- Provide all personal details

**Pre-Qualification**
- ID Verification
- Income Verification
- Credit Profile

**Qualification**
- KRA registered
- Continuous saving
- Need assessment

**Contributions**
- Statutory & Voluntary
- Savings for Deposit

**Allocation**
- Preference of location and housing typology available
- 12.5% Deposit Saved

**Move In**
- TPS/Mortgage/ Cash Sale
- Sign Agreements

01 02 03 04 05 06
Allocation procedure and process

- Potential home buyers will be required to register on the housing portal.
- Allocation will be conducted through a transparent and unbiased process with no human interference.
- During registration, the online form will ask questions that will allow for profiling of individuals, e.g., are users married, do they have children, etc.
- These markers will be used to determine the most comprehensive grouping to place individuals.
- The groupings will then have draws from which individuals will be awarded the homes.
- The objective of separating individuals into groups is to ensure that housing projects have minimum attributes of diversity.
  - This will avoid selection of only one type of family or that only very vulnerable families are selected in a particular neighborhood.
- It also allows for balancing of scales among those who have the most need (e.g., single parent with four children in the social housing bracket vs single lady in the middle- to high-income bracket).
- It allows for housing projects to cater to special groups such as police officers, nurses, doctors, etc., who contribute essential services that can be useful in creating sustainable communities.
- In order to be eligible and considered for a draw, a registered user must have:
  - A full profile on the Housing Portal.
  - Been making contributions to their online wallets for at least six months.
  - Accumulated 2.5% of the value of the home they wish to purchase, they will be eligible for the allocation process.
Strategic Partners

- Online registration
  - Property Developers
  - Financial Institutions/Investors
  - Land owners

- User access

- Ability to upload:
  - Descriptions of Projects
  - Breakdown of housing typologies
  - Price points per type
  - GIS/Mapped locations
  - Images – incl. renderings, floor plans
  - Financial Products offering

- Access to
  - Overview of demand
  - Customer profiles by category
## Basic Allocation Criteria

<table>
<thead>
<tr>
<th></th>
<th>Social Housing</th>
<th>Low Cost Housing</th>
<th>Mortgage Gap</th>
<th>Mortgage Market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Range</strong></td>
<td>KES 0 – 20,000</td>
<td>KES 21,000 – 59,999</td>
<td>KES 60,000 – 149,999</td>
<td>KES +150,000</td>
</tr>
<tr>
<td><strong>Tax Registration</strong></td>
<td>Unlikely to have tax registration</td>
<td>Some probability of tax registration</td>
<td>Likely to have tax registration</td>
<td>More likely to be tax registered</td>
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<td><strong>Banked</strong></td>
<td>Unbanked or solely on mobile money</td>
<td>Mix of traditionally banked and mobile banking only users</td>
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<td><strong>Transaction History</strong></td>
<td>Less visible transaction history</td>
<td>Somewhat visible transaction history</td>
<td>Visible transaction history</td>
<td>Highly visible transaction history</td>
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<td><strong>Capacity for Savings</strong></td>
<td>Low capacity for savings</td>
<td>Some capacity for savings towards housing contributions</td>
<td>Decent to good capacity to save towards housing contributions</td>
<td>Better capacity to save towards housing</td>
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<td><strong>Purchase Profile</strong></td>
<td>Best candidates for TPS</td>
<td>Mixed candidates: TPS &amp; Mortgage</td>
<td>Good candidate for low interest mortgage</td>
<td>Best candidate for low interest mortgage</td>
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HOUSING PORTAL

Analytics for Transparency

- Analytics to support decision making
- Demand assessments
- Registration visibility
- Savings & Contributions Transparency
- Partners visibility
**Principles of legal framework**

**Commitment Agreement**
This agreement governs the provision requiring a commitment fee of up to 10% of the project cost of a particular development to be deposited by the developer into a designated escrow account as advised by SDHUD.

**Escrow Agreement**
This governs the use of the commitment fee which the successful developer, private investor or contractor shall provide, pending negotiations and signing of the Project Agreement.

**Letter of Support**
This is a letter that may be issued by GoK through the National Treasury, in favour of the developer, private investor, or contractor and its financiers to provide that the GoK will ensure that the Housing Fund is not wound up so long as it has continuing outstanding obligations. The Letter of Support will only be issued in appropriate circumstances.

**Development Framework Agreement**
This agreement provides a guideline of the fundamental heads of terms to be addressed and provided in the Project Agreement as project details emerge. It works as an "interim Agreement" for urgent works to commence pending final negotiations and execution of the Project Agreement.

**Project Agreement**
This agreement governs the relationship between the GoK and the developer, private investor, or contractor, and sets out in detail the terms and conditions for the development and delivery of each Project.

**Offtake Agreement**
This agreement is issued by the GoK in favour of the developer, private investor, or contractor as an undertaking for the purchase on behalf of the GoK of the completed housing units within a specified period from the date of construction completion, this time period being determined on a project-by-project basis.
ENVIRONMENT AND SOCIAL SAFEGUARDS
Principles of Environment and Social Safeguards

1. Program Advertisement
   - Advice to prospective applicants on eligible/ineligible activities, potential environmental and social issues; potential impacts and mitigation measures for different types of sub-projects

2. Submission of Proposals
   - Identify potential environmental issues and proposed mitigation measures

3. Eligibility Screening of Proposals
   - Review of eligibility of proposal, excluding any with high environmental and social risks

4. Evaluation/Selection of Proposals
   - ESA screening, evaluation of environmental & social issues and proposed mitigations; scope of ESIA/ESMP, if required

5. Project Approval
   - Environmental & social mitigation measures included in project contract; includes specific provisions for environmentally sound procurement, contracting

6. Negotiation and Agreement on Work Plan, Contract Signing
   - Procurement include environmental & social provisions in bidding documents, specifications, contracts (including penalties for non-compliance)

7. Progress Report, Accounting, Verification
   - Monitoring according to environmental monitoring plan, reports to IPDU and other relevant authorities

8. Final Reporting and Accounting
   - Final reports, on EMP compliance and environmental/social impacts
KEY MILESTONES
### AFFORDABLE HOUSING PROGRAM

#### Summary of key milestones

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- **Integrated delivery unit set up and operationalization**
  - Consulting firm onboarded to delivery unit
  - Delivery unit operationalization

- **Development framework guidelines finalization**
  - Revisions to development framework
  - Approvals and updated publication

- **Housing Fund Development**
  - National assembly review and approval
  - Housing Fund administrative guidelines development
  - Housing Fund guidelines approval
  - Collections protocol and operationalization
  - Operationalization of the Housing Fund
  - Investment decision mechanism operationalization

- **Housing Portal Development**
  - Modules use testing
  - Portal launch soft launch
  - Contributions and profiling modules operationalization
  - Huduma Center support operationalization
  - Nationwide campaign for registrations and contributions

Delivery unit set up and consultants onboarded

DFGs revised and published

Housing Fund setup completed, operationalization finalized, and collections mechanisms completed.

Housing Portal launched, support activated nationwide, registrants onboarded and contributions begun.
### Summary of key milestones

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- **Project Pipeline Development (private land projects)**
  - Evaluation of Round 1 Applications
  - Negotiations with successful private land projects
  - Site programming and strategic assessment
  - Prioritization of suitable projects from private land

- **Flagship projects**
  - **Park Road**
    - Contractor onsite
    - Delivery of first units
    - Project completion
  - **Starehe**
    - Procurement
    - Contractor onsite and mobilized
  - **Shauri Moyo**
    - Procurement
    - Contractor onsite and mobilized
  - **Makongeni**
    - Procurement
    - Contractor onsite and mobilized
  - **Mavoko**
    - Procurement
    - Contractor onsite and mobilized

- **Project pipeline for private land developments completed; schedule of units to be delivered completed by Q2 2019**
- **Delivery of first 288 units by August 2019; Project completion by Q1 2021**
- **Delivery of first units by Q4 2019**
- **Delivery of first Q1 2020.**
- **Delivery of first units by Q3 2019**
## AFFORDABLE HOUSING PROGRAM

### Summary of key milestones

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- Contractor onsite by Apr 2019; First units delivered by Q4 2019
- Relocation strategy by end of Apr 2019; Procurement in May 2019; Contractor on site by Jun/Jul 2019
- Contractor onsite by Apr 2019; First units delivered by beginning of Q4 2019
Thank you

Disclaimer:
The purpose of this Presentation is to provide recipients with information on proposed program approach for the 500,000 Affordable Homes Program. This presentation is subject to change as the development framework is challenged and subjected to stakeholder engagement and market sounding.