



UNBUNDLING THE NATIONAL HOUSING DEVELOPMENT FUND LEVY

Presentation by:

CPA Elkana Kimeli
Maasai Mara University

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Uphold public interest

Presentation Outline



- ☐ The need for housing fund
- ☐ Affordable housing
- ☐ National Housing Development Fund
- ☐ The Challenges of operationalizing the fund
- ☐ Way forward?

Background



- ❑ Currently over half of the world population lives in urban areas and **over 1 billion** of them live in slums
- ❑ Article 43 (1)(b) of the Constitution provides that the government is responsible for providing accessible and adequate housing with reasonable sanitation to all Kenyans.

Need for a Housing Fund



- ❑ The UN sustainable development goals number 11 provides for sustainable cities and communities which affordable housing is critical to achieve this.
- ❑ The President in December 2017 unveiled his Big 4 agenda out of which affordable housing is one of the agendas
- ❑ What are the other agendas?

Background....



Stand Alone Goal On Cities – Goal 11 “Make cities and human settlements inclusive, safe, resilient and sustainable”

Background....



My Big 4 Action Plan

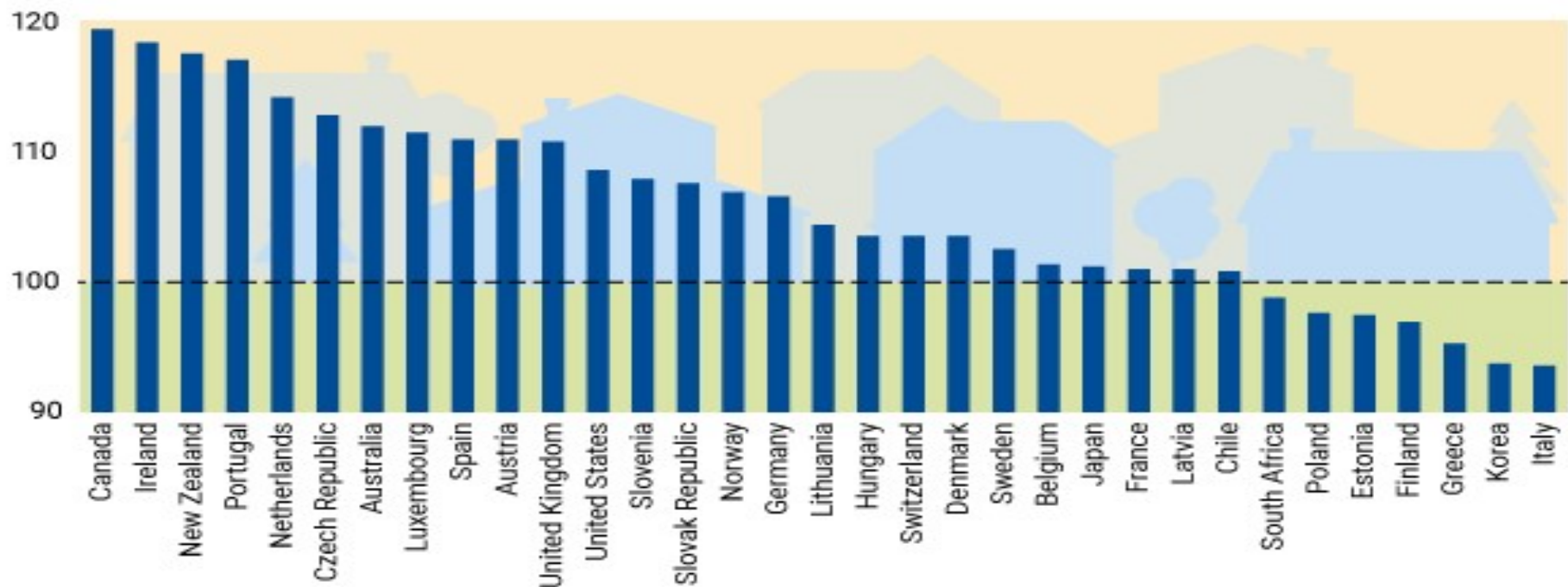
1. Food Security
2. Affordable Housing
3. Manufacturing
4. Affordable Healthcare
for all

Background....



House Price-to-Income Ratio Around the World

House prices have grown faster than incomes in over half the countries
(2018:Q2 or latest available index, 2015 = 100)



Source: Organisation for Economic Co-operation and Development

Affordable Housing



Legal notice no. 238 3(2) of the regulations of affordable housing defines affordable housing scheme as:

- ❑ Social housing meant for monthly income earners of upto shs. 19,999
- ❑ Low cost housing designated for monthly income earners between 20,000 to 49,999
- ❑ Middle to high income housing designated for monthly income earners of incomes in excess of shs. 150,000

Principles of Affordable Housing



- ☐ Inspire leadership – Passion and persistence
- ☐ Build community support and trust
- ☐ Learn the alphabet and do the math -
financing
- ☐ Know your market and know your customers
- ☐ Nurture partnerships

Principles of Affordable cont'd..



- ☐ Select sites for opportunity and choice
(attractiveness of the locations)
- ☐ Strive for healthy balanced communities
- ☐ Use design to foster community, safety & pride
- ☐ Empower residents
- ☐ Ensure sustainability

National Housing Fund



- ❑ The finance Act of 2018 amended the employment act of 2007 with an introduction of National Housing Development Fund (NHDF)
- ❑ It requires each employer and employee to contribute 1.5% each per month subject to a combined maximum of Kshs. 5,000.
- ❑ The amount contributed can be withdrawn in cash upon retirement or after 15 years for those who may not qualify for affordable housing

NHDF Cont'd.....



- ☐ The amount withdrawn is subject to tax
- ☐ The amount contributed can be transferred to a registered pension scheme or to a spouse, child or any other person who is eligible
- ☐ The amount is payable by 9th of every month
- ☐ Failure to remit attracts a penalty of 5% of the due amount per month
- ☐ The fund was to be operational after gazettelement of the requisite regulations (01/01/19)
- ☐ The amount withdrawn is subject to tax

Allocation of Houses



- ❑ Interested applicants are expected to register on the portal and contribute to the fund
- ❑ The houses will be allocated in a transparent manner free of human intervention
- ❑ Individuals can qualify for low cost housing bracket, social housing, or the mortgage cap.
- ❑ The allocation is random from a waiting list on a first come basis priority will be given to families
- ❑ Evaluation is based on income, household status, other assets owned, vulnerable groups and deposit

Bomayangu portal



https://bomayangu.go.ke/Register

[HOME](#)[AHP](#)[HOUSING PROJECTS](#)[FAQS](#)[CONTACT](#)[REGISTER](#)[LOGIN](#)

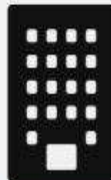
Individual

This account is for those that are applying for home allocation. You **MUST** be a Kenyan citizen

[Create an Account](#)

Employer

This account is for employers registered in the Republic of Kenya.

[Coming soon](#)

Property Developer

This account is for property developers operating in the Republic of Kenya.

[Apply as a strategic partner](#)

Financial Institution

This account is for financial institutions registered and operating in the Republic of Kenya.

[Apply as a strategic partner](#)

Exercise



- Briefly with your colleagues discuss on the viability of the fund as currently constituted (within 5 minutes)

Challenges of NHDF



- ☐ Likely misappropriation of funds
- ☐ What of people who already own homes?
- ☐ Not all contributors will benefit from it
- ☐ Agitation by employees for increased pay
- ☐ What of the unemployed?
- ☐ Was there public participation?

Challenges on Property Devt



- ☐ Access to land
- ☐ Inappropriate housing designs
- ☐ High costs of property development
- ☐ Ease of doing business (approvals/licenses)
- ☐ Fraud in housing schemes(Embakasi ranching)
- ☐ Unawareness on investment in housing (youth)
- ☐ Building safety and standards
- ☐ Inadequate funding
- ☐ Government policies that inhibit innovation
- ☐ Corruption

Opportunities



- ☐ Review of inhibitive policies, standards and laws
- ☐ Mobilization of resources (NHDF)
- ☐ Minimization of construction costs
- ☐ Revisiting land allocation and related policies
- ☐ Enhance partnerships (UN Habitat)

Q&A



❑ Any comments, questions, feedback.....

END



Thank you.....