

Financing rental in African Cities: new build and inner city regeneration

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About Altair Africa

- Division of Altair Housing consultancy services UK- one of the world's leading consultancies specialising in affordable housing
- Part of the Aquila group which is quoted on the UK stock exchange
- Expertise covers housing, finance, treasury, governance, market analysis and operations

- Past experience mainly in the UK, East Europe, India and South America
- Recent assignments Kenya, Rwanda, Ghana, Nigeria range from housing market analysis, market demand viability analysis, feasibility studies rental housing companies, funding rent to own, design of home loan assistance product, financial and business plan modelling

Delivering large scale rental housing

- Good quality formal rental market is a necessity to tackle housing crisis
- Fragmented informal and small players rarely spawn large rental across the world
- Large scale delivery needs equity investment or long term bank debt lending
- This means equity from institutions or individual investors considering aversion of banks to provide long term debt

Delivering large scale rental housing

- Helps if investment is tradeable
- Requires exit route either investment sale, rent to buy or tradeable equity
- Investors require reassurance so need for reputable fund managers and trustees
- Vehicles could be REITS as long as costs are not too high

Delivering large scale rental housing

- Requires property management companies that could manage and maintain properties effectively at scale
- Legal and Regulatory environment that is conducive to enforcement of tenancy contract obligations
- Skills and knowledge



CASE STUDY RUGURAMA PARK KIGALI RWANDA

RENTAL HOUSING PROJECT FEASIBILITY STUDY

Purpose of the study

- To assess viability of pilot large scale affordable rental company
- To de risk exposure to housing market sales
- To mitigate against the constraints caused by the limited mortgage market capacity
- Explore opportunities to replicate the model on other large scale new developments

- A viable large scale rental company is feasible financially and operationally
- It could be an attractive investable proposition and provide commercial returns for investors
- Regulatory and policies changes required
- For funding to be viable interest payments to investors must match the profile of rental income.

Delivering large scale rental housing

- Robust corporate funding and governance structure required
- Capacity building including creation of accredited professional property management body to be responsible for training and skills development