

## COMMUNIQUÉ



The Millard Fuller Foundation (MFF) on Thursday, 22<sup>nd</sup> March 2018 held the first edition of its Quarterly Housing Seminars with the theme:

### **“Affordable Mortgage financing for the Informal Sector: the way forward”,**

the seminar had in attendance housing finance experts from both the private and public sector. The following constitute a few of the points and suggestions made by participants of the Forum:

#### **A. BACKGROUND**

- It was noted that informal sector contributes 65% of the nation’s GDP;
- The informal sector is innovative, entrepreneurial and hardworking. Though lenders tend to view it as risky, with proper risk mitigation mechanisms, it can form a credible client base.

#### **B. NEED TO REDUCE BUILDING COSTS**

- Developers should focus more on incremental housing models to ensure greater inclusivity for low-income earners.
- Developers should explore the use of alternative construction materials to drive down housing cost.
- Government should be engaged to provide infrastructure to reduce construction cost for Developers, and therefore house selling costs.

#### **C. NEED TO DEVELOP INNOVATIVE FINANCING MODELS**

- It was noted that most informal sector applicants might not be eligible for traditional mortgage products; housing microfinance products might be more suited to their needs.
- It was suggested that financing products should be self-sustaining & less reliant on Government intervention beyond a kick-start period.
- Synchronisation of communications processes should be encouraged with the Mortgage Bankers’ Association of Nigeria (MBAN), Nigerian Mortgage Refinance Company (NMRC), Real Estate Developers’ Association of Nigeria (REDAN) and Microfinance banks, to capacitate and support sector initiatives.
- Policies should be developed to achieve the standardization of processes in order to enable easier access to funding and faster resolution of matters relating to housing.

#### **D. NEED FOR POLICY DEVELOPMENT & EDUCATION**

- Government should simplify the process of getting legal right to land and property.
- It is imperative that actors in the sector engage in more consumer education and preparation; in addition, Government should design simple and easy-to-understand credit policies.

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