

Chapter 7: Low-income Housing Solutions: Reviewing Effectiveness of Government's Initiatives to Provide Decent Housing. A Case Study of Botswana

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7.1 CHAPTER SUMMARY

This chapter reviews the effectiveness of the government's initiatives to address low-income housing solutions in Botswana. It will first unearth the effort the government has adopted or enacted and reviews them to determine their effectiveness. Assessing effectiveness helps the government to note change and eventually recommend more actions aimed at reaching sustainable solutions to provide decent housing for the low-income earners. While noticeable efforts have been made in Botswana, for example, activities by the Botswana Housing Corporation (BHC) and the recent Transfer Duty (Amendment) Act (Act No. 24 of 2019), the major missing aspect in literature which this chapter is seeking to plug is the effectiveness of the policies in making housing available for the low-income earners in Botswana. To understand the realities on the ground, the study employed mixed the approach technique for data collection. An online questionnaire was completed through google sheets by aspiring homeowners, while secondary data collection methods through review of published data by

organisations that report on housing, for example the Centre for Affordable Housing Finance in Africa (CAHF) and Vantage Properties Property Markets. Results indicated that many initiatives by the Botswana government were misdirected. The low-income earners do not benefit from the available schemes offered by BHC; therefore, initiatives are failing to benefit the people they are designed for. Because of that, it was recommended that the government should actively facilitate and promote programmes, for example, Rotating Savings and Credit Associations (ROSCAs) and Internal Saving and Lending Schemes (ISLES), that are initiated by the low-income earners themselves since they are the biggest benefactors of initiatives.

7.2 INTRODUCTION

The Millennium Development Goals (MDGs) (2000-2015) and the Sustainable Development Goals (SDGs) (2016-2030) aimed at improving the lives of at least a 100 million slum dwellers by 2020. Affordable and sustainable accommodation is still a huge challenge in Africa. UN-HABITAT defines affordable housing as “housing which is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs or threatens their enjoyment of basic human rights” (UNHABITAT, 2011). While the world at large is aiming at providing sustainable housing for low-income earners, developing countries such as Botswana have also been making noticeable efforts to ensure they work towards provision of housing for the low-income earners. This chapter seeks to explore the effectiveness of some of the policies implemented

by the Botswana government in helping its citizens to own houses.

7.3 BACKGROUND TO THE STUDY AND PROBLEM STATEMENT

According to UN figures, only 13% of the world's cities had affordable housing (UN HABITAT, 2016). In Africa, over 50% of the population lived in substandard conditions, whereas in India and China, nearly a quarter of the population lived in informal settlements (Florida, 2017). In 2014, McKinsey estimated that 330 million urban households were living in substandard housing or were financially stretched by housing costs (McKinsey Global Institute, 2014). This was projected to rise to nearly 440 million households, or 1.6 billion people, by 2025 – and 2.5 billion people by 2050. Based on median affordability (median price-to-income ratio), cities in less developed countries are found to be significantly less affordable (28% less affordable) than cities in more developed countries (Kallergis, et al., 2018). Millennials across the world are spending more on housing than any previous generation, with a lower quality of life (Judge and Tomlinson, 2018). Based on national reports, it was estimated that no less than 150 million people, or about 2% of the world's population, were homeless. However, about 1.6 billion, more than 20% of the world's population, lacked adequate housing.

Low-income earners are the ones that mostly suffer to obtain housing in any setup. This is attributed to many factors, for example, residential real estate finance. Easy availability of residential real estate finance in Botswana can unlock the

intrinsic land value of idle chunks deemed for housing use. Finance triggers development, hence economic growth is achieved. This chapter investigates effectiveness of government policies that are aimed at facilitating low-income earners in obtaining residential finance. The Botswana housing market has many players, these include developers, banks, building societies and a parastatal, the Botswana Housing Cooperative (BHC). While the population in Botswana is growing and the number of expatriate workers is increasing, the housing development market has also been growing to match the increasing demand. Competition for housing has also increased, leaving the low-income earners occupying dilapidated informal housing.

Low-income housing provision is a widely debated scholarly subject, it has been debated by Mendicino, and Punzi (2014), among many other notable scholars. While many solutions for low-income housing have been suggested in different countries, including Botswana, socio-economic backgrounds make it difficult for countries to find the recommended solutions applicable and practical. In Botswana, there is little information regarding effectiveness of the policies and strategies used by the Botswana government to overcome housing provision for the low-income earners. Botswana has enacted laws, for example, Transfer Duty (Amendment) Act (Act No. 24 of 2019), and even set up the BHC by an Act of Parliament (CAP 74.03) of 1971, to all aid the provision of sustainable housing. All these efforts have been noted, but missing in literature are facts on the effectiveness of the strategies in addressing low-income

housing. The prescription addressed to the present excess of challenges is desired to help Batswana to achieve sustainable housing.

The chapter investigates the effectiveness of the Botswana government policies and strategies on provision of sustainable housing for the low-income earners. It seeks to identify and list all policies that assist Batswana to own low-income sustainable housing, to track on the effectiveness of the existing policies and their impact, to identify statistics on number of beneficiaries, to suggest other existing low-income housing solutions implemented in other countries and to determine commitment level by assessing governments efforts towards housing provision.

Universally, urban centres influence economic growth, and the standard of housing has long-term impact on inclusive growth (World Bank, 2015). For most people, buying or constructing a home is the single and largest expenditure they will ever incur. The home is also typically their most priced asset and investment that can appreciate over time, can be used as collateral for borrowing and is an imperative element of intergenerational wealth transfer through inheritance (*ibid/*). Owing to the rapid urbanisation occurring in Africa, the continent will be a leader in the world's urban population growth in the next decades. Africa is presently the least-urbanised continent, only accounting for 11.3% of the world's urban population, with the Sub-Saharan region being the continent's least urbanised. The cities are, however, expanding

rapidly and by 2050, the urban population is projected to reach 1.2 billion, with an urbanisation rate of 58% (UN-HABITAT 2014).

With predicted increase in demand of housing, pressure continues to be put on sustainable housing delivery systems and if the status quo does not change, the urban poor will not be able to afford formal housing, specifically if inclusive housing finance solutions are unavailable. This puts the topic of housing finance at the forefront of the global development agenda (World Bank, 2019). The research was circumscribed to the investigation of effectiveness of housing policies by the government for the low-income urban poor in Botswana. The study focused on developments carried on in Gaborone, Francistown, Palapye, Serowe, Selebi Phikwe, among other established residential cities in the country. These have been chosen for the research to represent reality on the ground experienced throughout Botswana. Pischke & Kohn (2011) remark that affordable housing finance issues are among the most challenging topics in development finance.

7.4 THEORETICAL UNDERPINNING AND LITERATURE ON HOUSING

Residential housing is fundamental for economic growth. Residential real estate houses a factor of production, which is labour. It increases the standards of living in an economy. Rapid and unplanned rural-urban migration increases the population in cities. It should be noted that a large population is a nation's strength when the labour resource is managed properly. Increasing demand for land has caused many to

engage in massive competition for the scarce land in cities. As a result, demand for housing in cities has drastically ballooned. Housing waiting lists are high. Inability by the authorities to contain the situation results in the existence of informal settlements (Chirisa, 2009, 2013). In Botswana, locals are facing competition when acquiring land from expatriates. Globally, housing is a complex welfare good that supplements and mediates the flow of other welfare goods and services at the household level, therefore, making individuals dependent on the state (Doling, and Ronald, 2010). Conley and Gifford (2003) have identified several countries where home ownership is an important policy mechanism in ameliorating the detrimental social effects of market forces in the absence of redistributive programmes. In other terms, the position of housing in national welfare systems is very complex than its role of providing physical shelter.

Smolka and Larangeira (2008) argue that urban policies need to recognise the fact that the poor make up a large portion, and sometimes a majority, of the urban population in developing countries. This is in relation to the Latin American region. However, among the three major developing regions (Latin America, Africa and Asia), Latin America already has high levels of urbanisation. Asia and Africa initiated their urban transition much later, with larger population bases than was the case in Latin America (*ibid.*). Much literature focus on the levels of housing finance in Sub-Saharan Africa, for example Tomlinson (2007). But it is also important to establish a perspective on

success of governments in providing finances for low-income earners to afford housing.

The Millennium Development Goals (2000-2015) and the Sustainable Development Goals (2016-2030) aimed to improving the lives of at least 100 million slum dwellers by 2020. When governments fail to provide sustainable housing for low-income earners, one resort to various options of acquiring real estate. Housing is viewed as one of the major determinants of the standard of living achieved by citizens (Conley and Gifford, 2003). Generally, it is believed that owning a house is a prestigious achievement in many parts of the world. When measuring someone's wealth and assets, residential real estate is some of the first assets considered and used as a yardstick in valuation. Residential real estate can be used for so many things, for examples it can be used as collateral asset when one seeks funding from financial institutions.

It can be argued that, globally, the principle underlying an asset-based approach to welfare is that, rather than relying on state-managed social transfers to counter the risks of poverty, individuals accept greater responsibility for their own welfare needs by investing in financial products and property assets which augment in value over time (Doling and Ronald, 2010). This implies that, in some societies, buyers seek finance for real estate investments not necessarily because they want to occupy them. Residential real estate will be considered as a lucrative investment that is guarantees good returns as rentals in the future after owners retire or are retrenched.

However, Doling & Ronald (*ibid.*) have noted that in recent years, concerns about the future of national welfare systems have led to many governments pursuing policy programmes promoting the uptake of individual asset building. There have been several initiatives, for example in the USA, Individual Development Accounts have since 1997 encouraged lower-income groups to save by matching contributions with public funds. The total amount of money saved can typically be used for funding house purchase, education, setting up a small business, or a pension annuity (McKay, 2002) as referenced in Doling and Ronald (2010).

Having noted that most people in the developed West invest in property to avoid risks of poverty upon reaching retirement age, it is important to highlight that this is different in some parts of Africa, Latin America and Asia because of poverty and high levels of unemployment. Senbet and Otchere (2005) noted the importance of increasing the development of capital markets and accelerating financial sector reforms as a means of integrating Africa into the global financial economy to attract international capital. Capital will increase employment levels, also increasing construction activities in the nation. The public sector can also directly influence the construction industry as it promotes settlements for factors of production, who are the citizens. In Tanzania, at some point, the public sector ceased housing construction, and home-seekers were left with little choice but to move into unplanned settlements and undertake

their own house construction (Tomlinson, 2007). This proves the need to subsidise the housing industry.

Smolka and Larangeira (2008) argue that urban policies need to recognise the fact that the poor make up a large portion, and sometimes a majority, of the urban population in developing countries mainly found in Africa, Asia and Latin America. If policies recognise this, it will simply imply that solutions to deal and help citizens should also be crafted. One can argue that the government will be expected to assume responsibility of the welfare of its citizens and assist in the provision of the basic human need. Regionally, Syagga (1987) examined the problems of low-cost housing in the African context against the backdrop of high population growth rates, rapid urbanisation, low incomes and a poor economic base. Oldfield (2000) argued that in South Africa, development of low-income housing continues to be a political imperative and an urban reconstruction priority for the post-apartheid South African state. But, even though policies for housing construction and delivery by the state are in place, in practice, many people are homeless. South Africa is facing a low-income housing crisis, with the backlog estimated at over three million units in 2006 (Pillay and Naudé, 2006). Overall, the delivery of housing to low-income citizens across South Africa reflects the state's realisation of citizens' social rights to housing and can help to strengthen a citizen's sense of belonging (Patel, 2016). Much research on housing issues has been recorded. Further other notions by Wilkinson (1998) traces the development of housing policy in South Africa from its

emergence in the 1920s as a response to social and public health problems associated with accelerated urbanisation to its deployment as a vehicle of 'reconstruction and development', while Goebel (2007) argues that low-cost housing provision has been a major focus of government in post-apartheid urban South Africa. Goebel (*ibid.*) posits that while successes can be noted, there is growing concern regarding the social and environmental sustainability of housing programmes and the impacts. Goodlad, (1996) enquired why progress has apparently been so slow by examining the nature of the housing challenge faced by the government of South Africa.

In Botswana, acts of statute like the Transfer Duty (Amendment) Act (Act No. 24 of 2019) and even the setting up the BHC by an Act of Parliament (CAP 74.03) of 1971, are proof that concerted efforts were made by the government. Unfortunately, no such effort has been recorded in assessing how effective these establishments have assisted low-income earners. While the BHC has managed to build and commission so many projects, it is sad that low-income earners are not many of the clients as they cannot afford the prices the houses will be sold for.

One can argue that only when organisations with the highest capacity are awarded an oligopoly status in developing social housing for low-income earners, funding for low-income housing will increase in the market. To achieve improvement in low-income housing supply, one can argue that only the government can create an overall board which will monitor the

activities of the BHC so that desired outputs are reached in the market.

Liquidity and finance challenges are compelling low-income earners to engage in alternatives they think can get them housing finance. Home-seekers are sometimes using political influence to threaten local planning authorities and possess councils land without payment. In some settlements, some households are allocating state or tribal land illegally. These are all desperate strategies adopted with the hope of being a proud owner of a house at the end. However, it is unfortunate that when individuals allocate each other plots, some do so without obtaining planning approvals from the respective planning authority. This creates health hazards on the informal settlements.

Housing is a human basic right. The government is responsible for provision of social housing for its citizens. Affordable housing is “housing which is adequate in quality and location and does not cost so much that it prohibits its occupants from meeting other basic living costs” (UN HABITAT, 2011). More than 300 million households lack affordable and sustainable housing in Africa. The UN reported that only 13% of the world’s cities have affordable housing (UN HABITAT, 2016). In Africa, over 50% of the population live in substandard conditions, whereas in India and China, nearly a quarter of the population live in informal settlements (Florida, 2017). It was estimated that 330 million urban households were living in substandard housing or were financially stretched by housing costs (McKinsey Global

Institute, 2014). This is projected to rise to nearly 440 million households, or 1.6 billion people, by 2025 and 2.5 billion people by 2050. Based on national reports, it's estimated that no less than 150 million people, or about 2% of the world's population, are homeless. However, about 1.6 billion, representing more than 20% of the world's population, lack adequate housing. The referenced evidence shows that social housing is not only affecting Botswana but is a common problem around the globe. An integrated approach is, therefore, required to solve this world challenge.

In Botswana, the housing backlog stood at about 36 000 units. Vantage Properties (2019) reported that in 2011, the government pledged to build 10 200 low-income houses by 2020 through the BHC, established by the Botswana government, to address the housing backlog. However, by 2018, only 3 200 units had been constructed. A survey carried out on ground revealed that most of the units completed were viewed as lacking an important element of the Triple As analysis which is accessibility affordability and availability. Table 7.1 investigates the Triple As, a checklist propounded by Vantage Properties analysing accessibility, affordability and availability of social housing in a particular area. The table synthesises the developments recorded against estimated demand where there is gap in sustainable housing supply. Results give an overall a basis for concluding whether the housing provided is accessible, affordable and available.

Table 7. 1: A synthesis of the Triple As analysis.

City	Accessibility	Affordability	Availability	Demand	Supply	Developments
Gaborone	Average	Expensive	Scarce	High	Low	Moderate
Francistown	High	Expensive	Average	High	Average	High
Selibe	Average	Expensive	Scarce	Low	Low	High
Phikwe						
Palapye	Average	Expensive	Scarce	High	High	High
Maun	Average	Expensive	Scarce	High	High	High
Kasane	Low	Expensive	Scarce	Average	Av	High

In 2019, Vantage Properties reported that Gaborone has a diminishing supply of low-to-middle income housing, with most people, on average incomes, finding it difficult to locate affordable housing or finance building their homes. The drift to smaller and cheaper properties has been reinforced by an increased number of single-family households due to growing student and elderly populations. Many residential buy-to-let investors are struggling to find tenants, particularly as expatriate workers have found it difficult to renew work permits. Demand for multi-residential housing has increased and developers are increasingly tailoring schemes to the demands of average local buyers and tenants. Sales at the high end of the market are far less frequent and likely to stay muted for some time.

The recorded statistics of completed units by the BHC can deliver housing though many home-seekers are failing to meet

the requirements to qualify to purchase the developed units. Therefore, the low-cost housing sub-sector is experiencing a lower supply due to the absence of institutional capital for the housing sector. Supply of approximately 3 000 apartments was expected in 2019 and to grow in 2020. However, 2020 was subsequently affected by the COVID-19 pandemic. The Triple As assessment should be, therefore, used as a standard in measuring effectiveness of available housing ownership strategies being applied. A good affordable housing offer in a developed world should be one that is accessible, affordable and available. Botswana is encouraged to review these factors after completion of a project and set up best prices to accommodate the average populace.

Government Policies: Activities of the BHC

The Government of Botswana set up a parastatal, the BHC, by an Act of Parliament (CAP 74.03) of 1971 revised 1st April 2012. The corporation's mandate was expanded in accordance with Presidential Directive Cab 20 (B)/2010. The directive pronounced that all government housing implementation programmes be transferred to the BHC to operate as Government's Single Housing Authority (SiHA). In compliance with the directive, the BHC was, as from 1st April 2012, responsible for the construction of turnkey SIHA projects, Public Housing Initiative, youth housing as well as district (Housing Botswana Housing Corporation, 2020).

The corporation has completed several SiHA projects in various constituencies around the country. Furthermore, it has identified plots for construction of public officer's houses through the Public Housing Initiative. The current products offered by BHC are summarised in Table 7.2

Table 7. 2: Current products offered by the BHC (BHC, 2020)

Scheme	Details
SIHA Low Income Housing Programme	Self Help Housing Agency (SIHA) established in 1973 to assist the low-and middle lower-income earners to access housing in urban areas. Government took a decision to extend the SIHA programme to non-township areas in terms of Government Paper No. 2 of 2000 (National Policy on Housing in Botswana).
SIHA Home Improvement	<p>The main objective of this scheme is to provide funding for extension or renovation of an existing house and/or completion of an existing house or an unfinished structure. Beneficiaries of the SIHA Home Improvement loans are expected to start construction of their houses using their own resources and the SIHA loan would be utilised to complete the projects. Councils undertake inspections on site to ensure applicants have already started constructions before the loan can be released. The assessment must be done to verify the level of development and the loan is granted only if the required amount would allow for the completion of the project. Materials purchased by the loan must strictly be used to build the proposed structure and failure to do so is a violation of the agreement.</p> <p>The maximum loan entitlement is P60 000.00. The repayment period for the scheme is 20 years at no interest, while 10% interest is charged to beneficiaries defaulting on their payment. The implementation of the</p>

	programme is decentralised to district councils with the Department of Housing providing policy guidance and funding. Beneficiaries' applications and the home improvement construction process is administered by district councils.
SIHA Turnkey	The programme involves the design and construction of basic core houses for eligible low-income earners. Upon occupation, the beneficiaries pay the cost of the built houses for a period of 20 years at P375.00 per month at no interest, save for a penalty interest charged to beneficiaries who default. The turnkey loan amount is P90 000.00. The implementation of the programme is decentralised to district councils with the Department of Housing providing funding. The beneficiary identification and loan repayment administration processes are handled by the district councils. Construction of the beneficiary houses is undertaken by the BHC.

Government Policies: Transfer Duty Act

Transfer Duty (Amendment) Act (Act No. 24 of 2019) commenced on 1 March 2020. The government of Botswana published under Statutory Instrument No. 18 of 2020 that the Transfer Duty (Amendment) Act shall come into operation on 1 March 2020. The amendment brought along a series of changes and caused much debate in the Botswana tax discourse. The Minister of Finance and Economic Development, Dr. Thapelo Matsheka, announced on the 3rd of February 2020, that Batswana should buckle up and expect to see the changes effected, becoming effective commencing on that date. The Act would affect how real estate assets traded, in that they would become more expensive. The amendments adopted were motivated by various factors with the main purpose of

encouraging land and property ownership by Batswana, discouraging land acquisitions by foreigners. The main changes that were brought by the amendment would enable first-time citizen homeowners to be exempted from tax from P200 thousand to P1 million and a 30% transfer duty tax for non-citizens. The exemption aimed at making housing cheaper and affordable for the local low-income earners.

The amendment of the Capital Transfer Tax Act 2019 operationalises the objectives of the 2015 land policy. In particular reference, the first four objectives are affected by increasing the threshold capital gains tax when a foreigner is purchasing a property. It is expected that this will make properties more expensive. Botswana had a depressed real estate market (Vantage Properties, 2019) and it was expected that the amendment would make properties more expensive. It was projected that the Amendment would reduce the number of willing buyers on the market, though there were meant to help Batswana to afford housing. With the new development, it was expected that property would take longer than normal to be sold to the next buyer. An educated guess suggested that the amendment would reduce the number of buyers on the market since foreigners would be charged more than locals. Technocrats and analysts interpreted the amendment as a case of the government shooting itself in the foot. The policies of Botswana encouraged FDI but the move to increase 30% transfer duty tax for non-citizens discouraged ownership of land which is a necessary factor of production before one can invest capital. While the act was commendable for its efforts of

lowering cost when citizens purchase housing for the first time, it seemed to fail to consider the opportunity cost of potential business to be lost from non-citizens.

The amendment tax exemption to first-time citizen homeowners (residential property and undeveloped plot intended to be used/developed as a home), would make it easier for parents to transfer their properties to their children during their lifetime without tax. The move would also further enhance immovable property ownership by citizens. Further, the citizen exemption which stood at P200 000 was increased to P1 million, representing a 400% increase, making property ownership much easier for citizens. The amendment meant that citizens would not pay tax on the first P1 million of the value of immovable property they purchase. This exemption could be enjoyed multiple times in a tax year or in one's lifetime as it is not limited. This is concrete evidence that the government was working towards empowering their citizens to take up space. To complement the move, the 18% unemployment rate needed to be reduced and wages increased so that home-seekers could afford to take up mortgage loans in efforts of owning residential houses.

The Amendment Act increased the transfer duty for non-citizens from 5% to 30%, which means that such persons would fork out more if ever they intended to purchase land. Previously, both citizens and non-citizens used to pay the tax at 5%, with non-citizens paying 30% only on the acquisition of agricultural

land. This increase was likely to make the acquisition of property by non-citizens a mammoth task due to the costs involved. However, non-citizens would pay only 18% transfer duty if they managed to acquire property from VAT registrants, i.e., they would pay only the difference between the 30% and the standard VAT rate of 12%, which was altered to 14%. The increased tax could also remove most of the non-citizens from the purchasing pool, which would likely cause a slowdown in property sales. Exchange rate of properties measure economic activities. After the implementation of the Amendment Act, property exchange rates were expected to decline, representing a slow transaction of property. It was projected that property values were likely to decrease as the sellers would be competing for the few available buyers. This would cause banks to struggle in recouping initial outlay on properties that were sold after mortgage defaults and finally the properties could take longer than the normal time on the market before it attracting a potential suitor.

Lessons Learnt

The adopted transfer duty act has negative and positive implications on FDI and DI. The amendment is being considered a selfish act in that it discourages ownership of land by foreign nationals. All the costs involved in the acquisition of a property are borne by the purchaser. This means that the act is effectively increasing the values of properties for foreigners. Effectively, the government is interpreted to be saying the correct things when encouraging FDI, but acting the wrong way

by enacting laws that discourage foreigners to invest in the country. FDIs aligned to residential estate developments are likely going to shrink. Foreigners who already own properties might cling onto their properties, afraid that they will pay more to buy new properties. Few Batswana might benefit from the amendment as they will be the new entrants capitalising on the act. Overall, properties around the country might reduce in value and transactions decrease in the coming period. The amendment threatens overall economic growth of Botswana. Further, the BHC had good intentions. However, the 18% unemployment rate, especially amongst the youths, disqualified most of low-income earners to afford to be accommodated on any of the projects that are offered by the BHC. It may be argued that while the initiative is clear, the cost of homes eliminates majority of low-income earners.

7.5 RESEARCH METHODOLOGY

The study obtained data through interviews with low-income earners, representatives of the BHC and political leaders directly involved in strategy and policy implementation. Two different interview guides were prepared and administered to the two main groups of respondents, the BHC and politicians. Applicants completed an online questionnaire through google sheets since the COVID-19 restrictions discouraged social physical interactions. Qualitative data were presented textually and contextually while quantitative data were analysed using graphs, charts and Excel presentations. The research develops practical suggestions for the Botswana government to consider

policies that can be more effective on low-income housing. The targeted populations were those 22 years or older and sought to purchase a home for the first time, or those who were actively seeking to purchase or construct homes for the first time. Respondents were reached using online platforms such as Facebook groups and estate agents' databases, where people were actively seeking to acquire homes and from leaders of targeted institutions. Selected key informants included people with vast experience and knowledge in the low-income housing and policy-making politicians in Botswana.

7.6 RESULTS OF THE STUDY

Figure 7.1 shows the number of respondents in comparison with the targeted audience for the questionnaires. There was a response rate of 72%, which is above the 70% ideal response rate as recommended by Saunders *et. al* (2003). Therefore, the inference obtained from the research is adequate to derive pragmatic conclusions.

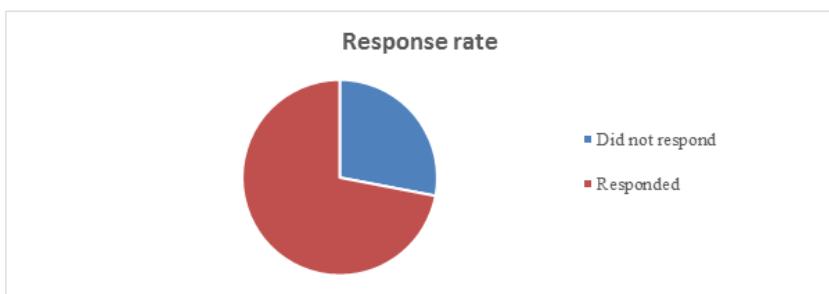


Figure 7.1: Response Rate (Fieldwork, 2020)

Socio-demographic profile of survey respondents

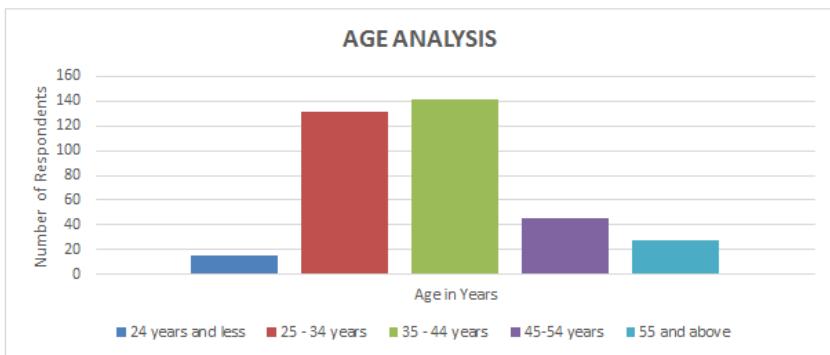


Figure 7.2: Age analysis (Fieldwork, 2020)

The age analysis in Figure 7.2 shows that only 15 of the respondents were 24 years and below, while the majority were between the ages of 24 to 44, representing more than 75% of the respondents. The low contribution by respondents of 24 years and below signifies that most individuals obtained their first homes after the age of 25 years, while the low from 45 and above was due to the mode of obtaining data used, which was electronic through the use of Google Sheets.

Figure 7.3 shows that 56% of the questionnaire respondents have a postgraduate qualification which may present bias as this is not a true reflection on the targeted respondents. This has been due mainly to the method in which the data was collected which targeted those who were able to access internet services and familiar with the electronic data collection tool. Almost forty percent (38%) reported to have a first

diploma/degree, while only 7% had only secondary qualifications.

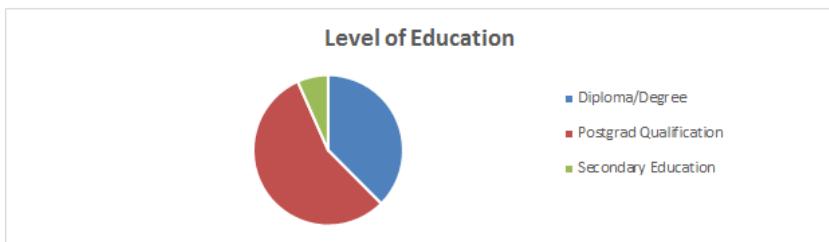


Figure 7.3: Level of Education (Fieldwork, 2020)

As shown in the Figure 7.4, 65% of the respondents professed to own their own homes with only one respondent aged 24 years or less owning their own home through gift/inheritance. The results showed a difference positive variance of approximately 9%.

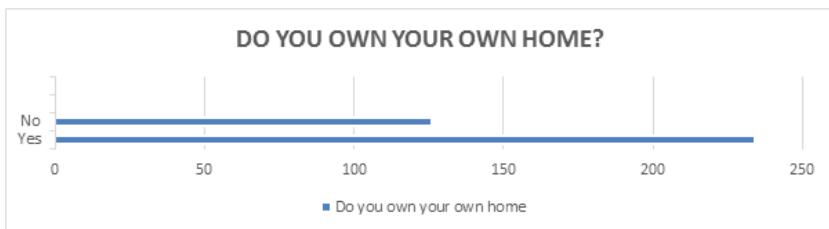


Figure 7.4: Home Ownership (Fieldwork, 2020)

The shows that The number of people who own homes increases with age, with 92% of those 55 years and above owning a least one residential dwelling, demonstrating the relationship between age and homeownership (Figure 7.5) .

Only 1 (one) of the respondents aged 24 years or less owns a dwelling gotten through gift or inheritance rather than the normal acquisition represented by most respondents. The 45 to 54 years age range accounted for 86% of the respondents owning a home, while the 35 to 44 years age range and 25 to 34 years age range had 66% and 56% of the respondents, respectively..

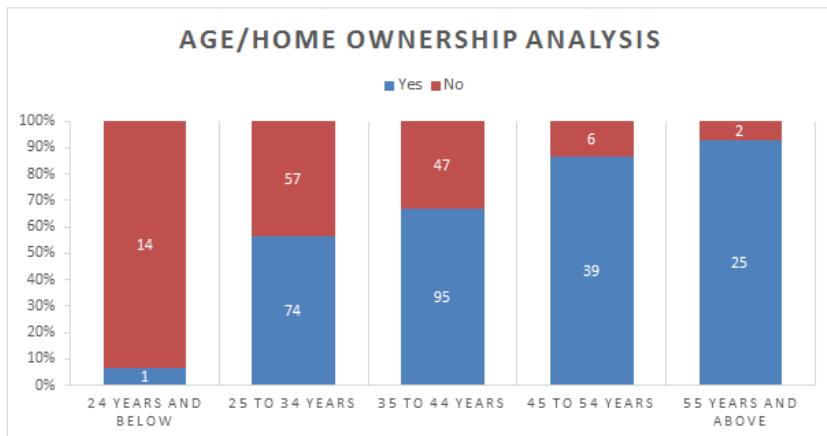


Figure 7. 5: Age/Home Ownership Analysis (Fieldwork, 2020)

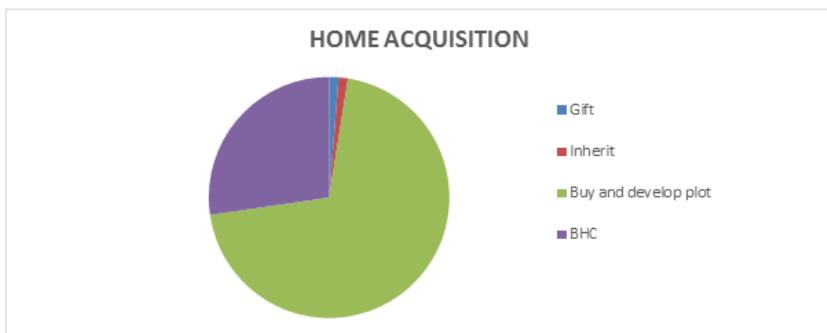


Figure 7.6: Home Acquisition (Fieldwork, 2020)

As shown in Figure 7.7, approximately 70% of the respondents acquired their first homes through purchase of plot and constructing their homes themselves. The study shows that only 27% bought complete houses from the BHC, 55% of those using mortgage facilities by banks, 35% paying the full purchase price from savings, and only 10% using developer finance. Developer finance is normally very steep as developers may require one to pay at least 30% upfront as deposit and the balance within six to 24 months. People tend to shun such options of purchasing completed dwellings through developer finance.

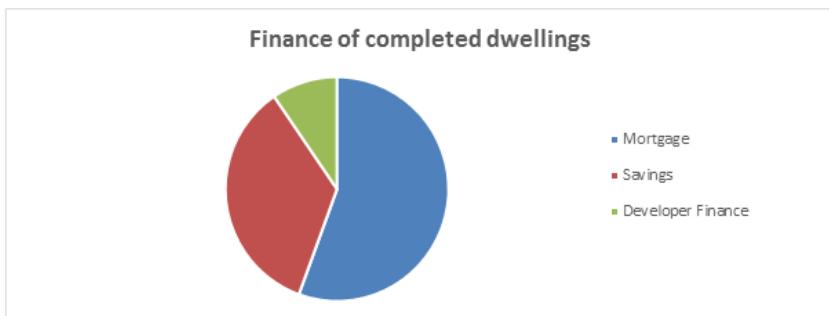


Figure 7.7: Financing of completed dwellings (Fieldwork, 2020)

Land accessibility

Due to the unavailability of mortgages for low-income earners and the costs of funding the purchase of their own homes, most Batswana have resorted to buying vacant residential stands and developing the houses themselves. This is a cheaper option for most home-seekers. This has led to developers and local

authorities focusing mainly on providing undeveloped plots. This way home-seekers can spread payment over long periods of time and stretch what is affordable to them. Though this ties down people to paying rentals and construction costs simultaneously, it is the option available to many. In some instances, home-seekers opt to construct a temporary structure on the plots to live in.

A high demand of plots in big cities such as Francistown and Gaborone have been noted. Registered and titled land is comparatively expensive while tribal land is cheaper but tends to be very risky with home-seekers likely losing their money since they do not have title over it. The form of land and property ownership in Botswana is mainly in the form of title, tribal and state land. Figure 7.8 shows that of the 167 respondents who purchased undeveloped plots, 58% had personal rights to that land through tribal lands and 42% bought legal rights and received their title deeds.

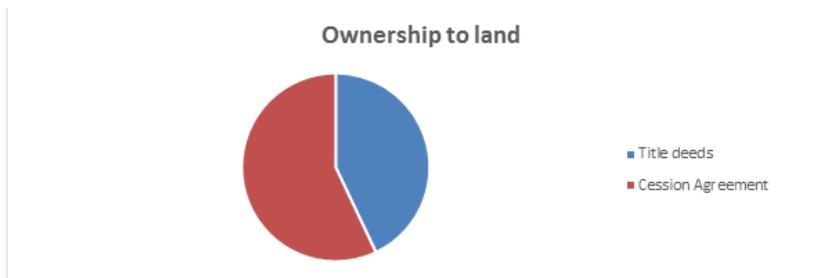


Figure 7.8: Form of land Ownership (Fieldwork, 2020)

Key Takings from the BHC

The BHC plays a crucial role in financing the built environment. While most products do not seem to serve the urban poor, the BHC is willing to give assistance to any local who meets their criteria. The BHC has had challenges where the target market, which is the low-income group, did not qualify for their products and the middle-income was not interested in the product. This gives rise to the project having a slow uptake and, therefore, forcing the project managers to review down prices at some point. Even if the low-income group was interested, they would not qualify or had to come up with proof of finance and sometimes high deposits to be able to make acceptable payment plans towards the purchase of the properties.

To receive assistance, it is offered starting mainly from the middle-income groups earning from BWP8 000 and above. This is regarded as sustainable and low risk for the institution. With the country having a minimum hourly wage of BWP6.77, it becomes difficult for average one to qualify to purchase a house. However, professionals and technicians like nurses, doctors, and teachers and basically all those employed by the government and its parastatals can afford housing.

Some of the urban poor also face challenges of accessing banking facilities, as they cannot meet the basic Know Your Customer (KYC) requirements to open accounts. Low-income groups are excluded as they are unable to demonstrate their capacity to repay because most are informally employed or run

unregistered small businesses such as street vending. Under services offered by the BHC, these groups are excluded because of lack of affordability. Finally, it should be also noted that the BHC also serves customers owning plots in a construction arrangement. This is a great way of partnering the house-seekers in achieving the overall desired goal. The value of structure constructed is limited only to the value of the land which one owns.

Experience of Government

Urbanisation has put pressure on the existing infrastructure that was previously designed to accommodate a smaller population. Urban population growth continues to put pressure on the demand for land and housing in urban centres. Botswana has a housing backlog of about 36 000 units. Private property developers could play an important role in housing delivery. However, these developers target upper middle- and high-income clients since low-income earners get way too little to be able to pay back for home ownerships in urban areas. It has been argued that the increased population has exerted enormous pressure on land, leading to shortage of land, thereby creating squat. This has generated an increase in conflict between land boards and the squatters generally.

The recorded housing backlog of ±36 000 units out of ±500 000 in the country led to authorities assigning institutions, such as the BHC. For example, in 2011 the government targeted to

build 10 200 low-income houses by 2020 through the BHC. These efforts saw positive change since it was once recorded that the BHC had over 17 000 houses in the urban centres, in addition to having over 7 500 housing units through institutions and councils. The BHC is the largest housing developer in Botswana because of the huge financial assistance it receives from the government.

A local housing waiting list is maintained for all first-time potential homeowners where those who aspire to own a home in the city register their interests and purchase a potential homeowners account which must be maintained through monthly subscriptions. Affordable housing contributes to social development and functionality of cities as articulated in the United Nations SDG number 11 and Millennial Development Goal (MDG) Number 7, Target D, which aim to achieve sustainable cities and communities, and achieve housing for all, respectively.

7.7 SUMMARY AND RECOMMENDATIONS DRAWN FROM THE STUDY

The major challenge in the housing market is the government initiatives failure to craft products priced for the low-income earners. Table 7.3 shows the status quo and suggested measures that can be taken to improve housing supply and affordability policies in Botswana.

Table 7.3: Synthesis of findings and solutions.

Stakeholder	Current Status	Recommendations
Central government	Enacted laws that provide for establishment of the BHC. From time to time, politicians effect laws that support ownership of property by locals, for example Transfer Duty Amendment Act.	Review policies around the poorest groups in the country. Also increase the minimum wage rates for the majority to be able to afford.
		The government should update all acts and policies that affect the housing value chain to ensure Botswana is in tandem with the international community and recent technologies.
	As reported in the research results, there are <u>less</u> subsidies provided by the government to help provide housing for the poor.	The government should consider initiating programmes that assist the urban poor and the unbankable groups of society as a means of easing the pressures and stress that come with seeking housing.
BHC	Banks and the BHC finance only the purchase of titled and completed structures rather than providing loans for housing construction sometimes. Housing affordability for people in the lower 50% of income distribution, is a major challenge in countries across Africa, Botswana included. Such citizens cannot afford a modern, completed house, what is regarded the cheapest, and hence are restricted to informal or semi-formal, incremental housing.	Continue to offer home improvement salary-based services to those who are too poor to qualify for other products. Also encouraged is to device varied products so that the poor can find what matches their earning levels.
		Advised to continue with rent-to-buy (build, operate, transfer [BOT]) low-cost houses targeting the low-income groups through Public Private Partnerships (PPPs) with property developers and banks.
Home-seekers	Botswana's Unemployment rate increased to 18.72% in December 2020, from the previously reported 18.19% in December 2019. The rate is updated yearly, available from December 1991 to December 2020, with an average rate of 17.90 %.	Home-seekers could adopt alternative society-based finance schemes such as ROSCAs and ISLES. These schemes encourage savings at community level and, if applied earnestly, could be used to finance housing incrementally, one member at a time.

7.8 CONCLUSION

While Botswana has appropriately functioning land markets and strong formal property rights, it suffers from low, unregulated and informal incomes; weak land regulation; lack of housing products for low-income earners and their limited access to finance, negatively affecting the provision of adequate housing to all. Moreover, the Batswana government need to take up the housing provision as one of its major urban value drivers and influence the private sector and home-seekers into behaviour that discourages slum dwellings. The value chain of housing could be a starting point to rewrite policies and acts that reflect the current social ills and challenges. Such policies will help in ensure inclusive solutions for all. Furthermore, home-seekers, particularly the urban poor, need to engage in self-help community-based programmes such as Rotating Savings and Credit Associations (ROSCAs) and Internal Savings and Lending Schemes (ISLES) that will help in housing provision, together with developer finance and micro-finance. Such measures will incrementally assist home-seekers in owning their own home someday.