

GHANA

Affordable housing in Ghana:
Market shaping indicators



Centre for Affordable
Housing Finance
in Africa

GHANA

Affordable housing in Ghana: Market shaping indicators



1	INTRODUCTION	3
2	CAHF IN GHANA	4
3	REALL IN GHANA	4
4	OVERVIEW – GHANA'S HOUSING SECTOR IN 2020	5
5	MACRO-ECONOMIC CONTEXT	6
6	DEMOGRAPHIC CONTEXT	7
7	LAND & INFRASTRUCTURE	9
8	HOUSING CONSTRUCTION & INVESTMENT	10
8.1	CONSTRUCTION FINANCING	
9	SALES, TRANSFER AND RENTAL	11
9.1	END USER FINANCING	12
9.2	PROPERTY MARKETS	13
10	MAINTENANCE & MANAGEMENT	14
11	STATE OF HOUSING DATA	15
11.1	POLICY & REGULATORY FRAMEWORK GOVERNING DATA FOR HOUSING	15
12	LOOKING FORWARD	16
	FURTHER READING	17

See CAHF's yearbook at:

<https://housingfinanceafrica.org/resources/yearbook/>

View Reall's Data Dashboard at: <https://www.reall.net/dashboard>



Centre for Affordable
Housing Finance
in Africa



¹ This report is an extension of the profile for Ghana prepared for CAHF's 2020 Housing Finance in Africa Yearbook. Prime Stat-SVC was the original author of the profile. David Chiwetu has extended the report further, providing additional detail.

GHANA

Affordable housing in Ghana: Market shaping indicators

1 Introduction

The Centre for Affordable Housing Finance in Africa has been operating as an independent think tank in South Africa since May 2014, pursuing its mission of making Africa's housing finance markets work.² Supported by the French and UK governments, as well as other funders and partners, CAHF's work extends across the continent. CAHF brings information to the marketplace to enable stakeholders in the public and private sector to make policy and investment decisions in favour of improved access to affordable housing. CAHF's emphasis is on the role that finance plays in realising this, and champions market intelligence—data, market analytics and research—to stimulate investor interest and to support better policy. CAHF is highly networked and engages with stakeholders at the local, national, regional, continental and global levels to support the realisation of investment towards affordable housing in Africa. CAHF monitors the progress and performance of African housing markets, and publishes this in its flagship publication, the Housing Finance Yearbook, every November³. The production of the Yearbook is an intensive effort and draws on the participation of local, in-country consultants, who track and present the current state of their local housing markets in short profiles, one for each of the continent's 54 countries. As part of our overall Housing Finance Data Agenda for Africa, presented by Reall under the Market Shaping Indicators name, CAHF partnered with Reall⁴ to develop extended reports for six countries, reflecting the fruits of more focused data gathering⁵.

Supported by the UK and Swedish governments, Reall is a market innovator and impact investor in affordable housing for the bottom 40 percent of the income pyramid in Africa and Asia. Headquartered in the UK and possessing over 30 years' experience in the sector, Reall's priority focus is in Kenya, Nigeria, Uganda, India and Pakistan, with a wider footprint that includes Ghana, Mozambique, the Philippines, and Zimbabwe. Reall and its network of in-country partners specialise in affordable housing and end-user financing solutions, while also tackling systemic political, regulatory, and financial barriers through strategic brokering interventions. By evidencing the cross-cutting developmental impact of housing (contributing to 16 of 17 SDGs) and demonstrating the commercially viable investable opportunity, Reall leverages private sector actors and resources to transform markets and accelerate delivery at scale.

The driving principle behind the Data Agenda is that market intelligence and data is fundamental market infrastructure for the housing finance sector. A key constraint undermining private sector participation and good policy engagement in affordable housing finance is the availability of data and market intelligence to facilitate risk-taking and decision-making. By providing market intelligence that makes the case for investment in underserved markets, we can support a better policy environment and increased private sector activity in affordable housing markets. In this way, we catalyse scale interventions.

This report highlights the progress and performance of Ghana's affordable housing market in 2020. Ghana is also a country in which CAHF has engaged substantially, together with FNB Ghana, African Union for Housing Finance (AUHF) member. This report extends the original profile for Ghana with data collected through the Data Agenda/Market Shaping Indicators process, and the experiences of Reall in working with Afreh Group. The original text, as published in the 2020 Yearbook: Housing Finance in Africa, was written by Prime Stat SVC LTD.⁶ David Chiwetu has extended the report to include additional information.

² See CAHF's website: <https://www.housingfinanceafrica.org>

³ See <http://housingfinanceafrica.org/resources/yearbook/>

⁴ See Reall's website: <https://www.reall.net/>

⁵ The Data Agenda for Africa is a joint initiative of CAHF and its partners 71point4 and Reall. For more detail, see <http://housingfinanceafrica.org/projects/a-housing-finance-data-agenda-for-africa/> and <https://www.reall.net/dashboard/msi>

⁶ See <https://housingfinanceafrica.org/authors/prime-stat-svc/>

GHANA

Affordable housing in Ghana: Market shaping indicators



Afreh Group's Reall-funded affordable housing project in Tamale

2 CAHF in Ghana

CAHF has undertaken various work with the support of local partners to support and contribute to the development of Ghana's housing and housing finance sectors. This includes a case study on housing microfinance for the self-employed in Ghana which identified and documented the experiences of three selected microfinance institutions (MFIs) that provide housing finance to self-employed clients.⁷ Working with GHL Bank (now FNB Ghana), a second case study provided insights into the challenges and opportunities in raising long term finance in Ghana.⁸ As part of CAHF's Residential Real Estate Investment Trusts Project, CAHF commissioned a study that outlined the general context of REITs and specifically residential REITs in Ghana among other African Countries.⁹ In early 2020, CAHF undertook work that involved scoping out the Ghanaian market and key issues facing practitioners by undertaking a Housing and Economy Value Chain/Housing Cost Benchmarking analysis and a Data Audit for Ghana. Together with the Ghana yearbook profile, CAHF's research is an important input into the broader Data Agenda work in Ghana—identifying key gaps in housing market data that would help create a better understanding of the housing ecosystem, for more targeted interventions and policy.

3 Reall in Ghana

Reall has been active in Ghana since 2014, and is currently invested in Tamale, capital of the northern part of the region. Reall partnered with a private developer, Afreh Group, to deliver 100 homes for co-operative members of the Tamale Community Cooperative Union, and these homes were completed in December 2020.¹⁰ Intended beneficiaries of the project are currently paying monthly rentals that are slightly higher than the anticipated monthly repayment costs. The project features a 65 square metre two bedroom single-storey house, with a design that allows for further extension at the homeowner's choice.¹¹

Twelve hectares of land was purchased, 10 km from the city centre on a main trunk road, and with schools and amenities within walking distance. Most of the clients already live in the site vicinity, allowing for easy access to their current jobs and businesses. The Tamale project is ideally situated with existing electricity and water lines, allowing each house to be fully serviced with household water, sanitation and energy.

THE DATA AGENDA WORK IDENTIFIES **KEY GAPS** IN HOUSING MARKET DATA THAT WOULD HELP CREATE A **BETTER UNDERSTANDING** OF THE **HOUSING ECOSYSTEM**

⁷ Chongo.B and Laufer, H. (2016). Housing Microfinance for the Self-Employed in Ghana: The Case of Three Lenders. http://housingfinanceafrica.org/app/uploads/CAHF_Case-Study-10_Housing-Microfinance-in-Ghana-2016.09.pdf

⁸ Prime Stat- SVC (2018). Access to Long Term Capital: The case of Ghana Home Loans. http://housingfinanceafrica.org/app/uploads/Ghana-Home-Loans-Case-Study_25-June-2018-1.pdf

⁹ RebelGroup. (2017). Residential REITs and their Potential to Increase Investment in and Access to Affordable Housing in Africa: Case Studies of African REITs. http://housingfinanceafrica.org/app/uploads/RGSA_CAHF_-Study-Residential-Reits-in-Africa_Case-study-Report-2017.pdf

¹⁰ Reall (2020). Reall in Ghana Dashboard. <https://www.reall.net/data-dashboard/ghana/> (Accessed 20 January 2020)

¹¹ Ibid.

GHANA

Affordable housing in Ghana: Market shaping indicators

4 Overview – Ghana’s housing sector in 2020

In December 2020, Ghana concluded tightly contested elections with the looming challenge of tackling high levels of unemployment and boosting the economy which has been badly hit by the coronavirus pandemic. The mortgage system in the country is at an elementary stage of development but appears promising as the government has pledged commitment to make housing financing available.

The pandemic’s impact on Ghana’s financial sector has led to the establishment of policy responses to counter the impact. These include a moratorium granted for microfinance loan repayments that are due for up to 30 days as well as the reduction of provisions for loans in the “Other Loans Especially Mentioned” (OLEM) from ten to five percent for all banks and Special Deposit Institutions. These measures are expected to lessen the financial sector’s losses from the pandemic.

The government has set up the National Housing and Mortgage Fund (NHMF) in partnership with Ghana Commercial Bank, Republic Bank and Stanbic Bank to deepen access to mortgage and residential housing finance. The 2015 National Housing Policy continues to provide direction for housing development in the country, with emphasis on the private sector involvement in affordable housing finance and delivery. Similarly, through the NHMF partnering with GCB Securities, an Affordable Housing Real Estate Investment Trust (REIT) was set up to provide rental homes for public sector workers. Looking forward, Ghana’s enabling environment and growing population makes it a fertile place for potential investors to contribute meaningfully to addressing a national issue by investing in the housing sector.

**THE MORTGAGE SYSTEM
IN THE COUNTRY IS AT AN
ELEMENTARY STAGE OF
DEVELOPMENT BUT APPEARS
PROMISING**

GHANA

Affordable housing in Ghana: Market shaping indicators

5 Macro-economic context

Between 1990 and 2018, Ghana's Human Development Index increased from 0.454 to 0.596, putting Ghana into the medium human development category. Before the pandemic, Ghana's GDP growth positioned the country as one of the six African economies leading the world's 10 fastest growing economies. Ghana recorded a real GDP growth of 6.5 percent, representing a 0.5 percentage point gain over 2018's figure of 6.3 percent.¹² The real estate sector witnessed appreciable gains as its contribution increased from 1.0 percent in 2013 to 2.7 percent in 2019. This represents an annual growth rate of 0.25 percent from 2013 to 2019.¹³ At the end of 2020, inflation in the country recorded 10.4 percent above the Bank of Ghana's target of 8-10 percent.

The Ghanaian labour market is characterised by high levels of labour participation and low levels of unemployment ranging from four to five percent. However, the challenge has been that most jobs are in low-productivity or self-employment activities that generate limited earnings. Just under half (48 percent) of the population is below the national poverty line and according to the World Bank, there is a need to proactively address rising youth unemployment.¹⁴

Table 1: Enabling and economic environment related indicators

Indicator	Value	Year	Source
HDI Ranking	140/189	2017	World Bank
Ease of doing business index rank: Global - National	118/190	2020	World Bank
Corruption perceptions index rank: Global - National	75/180	2020	Transparency International
Gini Coefficient	43.5	2019	World Bank
Yield on 2-year government bonds - National	19%	2020	Bank of Ghana
Yield on 10-year government bonds - National	20%	2019	Bank of Ghana
Unemployment rate - National	4.3%	2017	World Bank
Percentage of individuals over 24 that have not worked in the past 12 months - B40	18.4%	2014	Demographic & Health Survey; World Bank
Percentage of population below national poverty line - National	48.4%	2019	World Bank

The policy direction for the economy has been to reposition it from tax dependent to production based. Consequently, the government is promoting its initiative of establishing an industry in each of the 260 districts. For 2020, the IMF predicted the economy to grow by 1.5 percent, however this was revised to 1.1 percent.¹⁵ This contraction in growth is due to COVID-19's impact on global activities, and Ghana's economy is projected to rebound to 2.4 percent in 2022.

¹² Ministry of Finance (2020). 2020 Mid-year Review of the Budget Statement and Economic Policy and Supplementary Estimate. https://www.mofep.gov.gh/sites/default/files/budget-statements/2020-Mid-Year-Budget-Statement_v3/.pdf (Accessed 31 August 2020). Pg.

¹³ Ibid. Pg. 5

¹⁴ World Bank (2020). Addressing Youth Unemployment in Ghana Needs Urgent Action, calls New World Bank Report <https://www.worldbank.org/en/news/press-release/2020/09/29/addressing-youth-unemployment-in-ghana-needs-urgent-action>

¹⁵ International Monetary Fund (2020). Ghana at a Glance. <https://www.imf.org/en/Countries/GHA#ataglance> (Accessed 31 August 2020) to-the-Challenge-Nigerias-COVID-Response.pdf?sequence=1&isAllowed=y (Accessed 11 March 2021)

GHANA

Affordable housing in Ghana: Market shaping indicators

6 Demographic context

Ghana's population stood at just over 31 million people in 2020, with average population growth of 2.2 percent a year. Ghana's rapid urbanisation (56.7 percent of the population is now urban¹⁶) has occurred at a time when there is a huge affordable housing deficit of 5.7 million rooms in the country.¹⁷ The urban population has increased from approximately 35 percent of the total population in 1984 to 42 percent in 2000 and approximately 51.5 percent in 2010.¹⁸ As a consequence and cause of urbanisation, there are widening gaps in infrastructural development and job opportunities in northern and rural parts of Ghana. This poses challenges for policymakers to effectively guide sustainable urban development in Ghana. The bottom 40 percent of the income pyramid is characterised by a larger average household size (4.06), compared to the national average (3.2) (Table 2).

With the increasing urban population, there is a huge opportunity for investors to engage in the production of quality construction materials and affordable housing for the urban areas using modern techniques that ensure timely and low-cost delivery of housing.

Table 2: Demand related indicators

Indicator	Value	Year	Source
Population size - Accra	4 943 075	2017	Ghana Statistical Services
Population growth rate - National	2.2%	2018	World Bank
Urbanisation rate - Urban	3.4%	2019	World Bank
Number of households - National	7 552 540	2019	C-GIDD
Number of urban households - B40	669 148	2014	Demographic & Health Survey
Average urban household size - National	3.2	2014	Demographic & Health Survey
Average urban household size - B40	4.06	2014	Demographic & Health Survey

THERE IS A HUGE OPPORTUNITY FOR INVESTORS TO ENGAGE IN AFFORDABLE HOUSING

¹⁶ World Bank (2020). Urban population (% of total population) – Ghana. <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=GH> (Accessed 10 August 2020).

¹⁷ Ministry of Water Resources, Works and Housing (2015). 2015 National Housing Policy. https://www.mwh.gov.gh/wp-content/uploads/2018/05/national_housing_policy_2015-1.pdf (Accessed 31 August 2020). Pg. 5

¹⁸ Ghana Statistical Service (2014). 2010 Population and Housing Census-Housing in Ghana. <https://www2.statsghana.gov.gh/docfiles/2010phc/Mono/Housing%20in%20Ghana.pdf> (Accessed 28 August 2020)

GHANA

Affordable housing in Ghana: Market shaping indicators

7 Land & infrastructure

Land ownership is generally recognised under the two categories of customary and public lands. Customary lands are owned by stools, skins, families, or clans with the respective group leaders holding the lands in trust for the benefit of the members. Public lands are acquired and vested in the President of Ghana for the common good of the country. However, private ownership of lands can be acquired through grants, sale, gift or marriage.¹⁹

Land tenure insecurity is prominent in both the urban and rural areas of Ghana, evident in the forms of land encroachment, multiple land sales, unapproved development schemes, undetermined boundaries of customary lands, conflicting land uses between mining and agriculture sectors, and weak systems to manage such conflicts. As a result, the Ghanaian land market is dysfunctional with low levels of investment in land owing to high transaction cost and sustained rural and urban poverty.²⁰ Efforts to enhance transparency and efficiency of land administration led to plans to digitise the land registry in 2018. It is estimated that 71 167 residential properties are registered with a title deed (**Table 3**). The Land Registration Division of the Lands Commission is responsible for registration of title, deed and other interests or instruments affecting land.

Following the completion and passage of the Ghana Building Code to regulate the standards of all construction activities, including those in the residential sector, the government with support from the International Finance Corporation (IFC) is currently undertaking a revision of the national building regulations (LI 1830) that was last updated in 1986. These reforms are part of measures put in place to improve competitiveness of doing business in Ghana.

Rural to urban migration in search of employment opportunities has contributed to many Ghanaians living in substandard housing that lacks access to basic infrastructure, such as water, electricity and waste management. Transport as a percentage of household expenditure (10 percent) was the second highest key driver of inflation behind housing, water, electricity, and gas (20.3 percent) in July 2020 (**Table 3**). Access to basic infrastructure and services varies greatly within and across urban and rural areas, and requires the disaggregation and analysis of relevant data to support interventions.

Lack of access to basic sanitation services is a major challenge at the national level (82 percent) and for the urban bottom 40 of the income pyramid (93 Percent). With ongoing rapid urbanisation, this poses a health risk particularly for the low-income populations. More than half (56 percent) of the urban bottom 40 households are without access to basic electricity compared to the overall population figure of 18 percent (**Table 3**).

¹⁹ Ghana Statistical Service (2014). 2010 Population and Housing Census-Housing in Ghana. <https://www2.statsghana.gov.gh/docfiles/2010phc/Mono/Housing%20in%20Ghana.pdf> (Accessed 28 August 2020)

²⁰ UN-Habitat and Global Land Tool Network (2014). Land Tenure Security in Selected Countries: Synthesis Report. https://unhabitat.org/sites/default/files/download-manager-files/Land%20Tenure%20Security%20in%20Selected%20Countries_English_2014.pdf (Accessed 28 August 2020) Pg. 4.

GHANA

Affordable housing in Ghana: Market shaping indicators

Table 3: Land assembly, title and infrastructure-related indicators

Indicator	Value	Year	Source
Regulated minimum size of a residential plot in urban areas in square meters - Urban	110	2011	Town and Country Planning Department
Total number of residential properties with a title deed - National	71 167	2017	Lands Commission
Name of residential property registration procedure that takes the longest to complete - National	Seller conducts the title search and obtains the Title transfer form at the Land Title Registry	2020	World Bank
Transport as a percentage of household expenditure - National	10%	2019	Ghana Statistical Services
Percent of households without access to basic drinking water services (National)	19%	2017	World Bank
Percent of households without access to basic drinking water services (B40)	39%	2014	Demographic & Health Survey
Percent of households without access to basic sanitation services - National	82%	2017	World Bank
Percent of households without access to basic sanitation services (B40)	93%	2014	Demographic & Health Survey
Percent of households without access to basic electricity (National)	18%	2017	World Bank
Percent of households without access to basic electricity (B40)	56%	2014	Demographic & Health Survey

To reduce the hardships brought about by the pandemic, the government absorbed utility bills on water for households and businesses. Water was mobilised for vulnerable communities who did not have constant supply. In addition, electricity bills for lifeline consumers of electricity who consume less than 50 kilowatt hours a month, were fully absorbed while all others had half of their electricity bill absorbed. This relief package was extended to last the whole year. During the lockdown, food items were distributed to the vulnerable and needy, especially those in informal settlements.

GHANA

Affordable housing in Ghana: Market shaping indicators

8 Housing construction & investment

The housing market, segmented into the formal and informal, has a high share of informal activity made up of actors who acquire their own land and engage the services of tradesmen to build incrementally, based on resource availability. This allows for affordable construction but may affect the quality. Formal developers have often focused on the middle to high income segment of the housing market, with only a few catering to the low income segment. Despite the presence of formal real estate developers catering to the lower income segment, the prices of houses are often beyond the means of low-income earners as the buildings are priced in foreign currency.

8.1 Construction financing

The annual housing growth rate of the decade before and including 2010 was 4.4 percent.²¹ This resulted in a total housing stock of 3 392 745 in 2010 and an estimated figure of 5 218 626 in 2020, assuming a compounded annual rate. The average number of persons per house has seen a decrease since 1984, reflecting the increase in housing ownership due to improved economic conditions. In 2010, the average number of persons per house was 7.3. Based on the estimated 2020 housing stock, the average number of people per house is expected to have dropped further to 5.9. The number of people per sleeping room for urban formal and informal dwellings is 2.5 and 2.23 respectively (**Table 4**). The figure is slightly higher for the Urban Bottom 40 of the population with close to 3 people per sleeping room, this may reflect living arrangements whereby Ghanaians live closely with relatives, friends and families due to the support and social ties that exist in living in close proximity.

Approximately 30.4 percent of the urban population are living in slums, informal settlements or inadequate dwellings (**Table 4**). These areas are overcrowded, have limited access to piped water and poor sanitation facilities.

Table 4: Housing construction and investment related indicators:

Indicator	Value	Year	Source
Size of cheapest, newly built dwelling by a formal developer or contractor in an urban area in square meters - Urban	32	2020	Millard Fuller Foundation
Number of people per sleeping room in formal dwellings - Urban	2.11	2018	Demographic & Health Survey
Number of people per sleeping room in formal dwellings - B40	1.68	2018	Demographic & Health Survey
Number of people per sleeping room in informal dwellings - B40	2.55	2018	Demographic & Health Survey
Percentage of population living in slums, informal settlements, or inadequate dwellings - Urban	58.8%	2018	United Nations Human Settlements Programme
Number of households living in dwellings built using durable building materials (walls and roof) - National	2 129 609	2018	Demographic & Health Survey, C-GIDD

In efforts to bridge the housing gap, the government is supporting the construction of affordable homes and enhancing access to housing credit through mortgages for government workers. Projects initiated since 2007 and abandoned for some time, have been resuscitated and completed, or are at various stages of completion.²² The Government has also embarked on several private public partnerships (PPP). For example, in 2019 the government signed a PPP agreement with a Hungarian private company, Solin, to construct 10 000 affordable housing units across the country.²³

²¹ Ghana Statistical Service (2014). 2010 Population and Housing Census-Housing in Ghana. National Analytical Report. https://statsghana.gov.gh/gssmain/fileUpload/pressrelease/2010_PHC_National_Analytical_Report.pdf (Accessed 31 August 2020) Pg.26.

²² Meqasa (2020). List of Affordable Housing Projects in Ghana. 1 June 2020. Meqasa. <https://meqasa.com/blog/list-of-affordable-housing-projects-in-ghana/>. (Accessed 31 August 2020)

²³ Munen A. (2019). Ghana to construct 10,000 affordable housing units. <https://constructionreviewonline.com/2019/02/ghana-to-construct-10000-affordable-housing-units/>. 17 February 2019. Construction Review Online. (Accessed 30 August 2020)

GHANA

Affordable housing in Ghana: Market shaping indicators

9 Sales, transfer and rental

The largest proportion of households in Ghana (42.1 percent) own their dwelling while 29.7 percent are living rent-free (**Table 5**). Rent paying occupants account for 27.6 percent while perching and squatting account for a combined 0.5 percent.²⁴ Many Ghanaians prefer to build and own their houses incrementally which accounts for the widespread horizontal development that has led to urban sprawl. Compound houses (57.3 percent) account for the highest typology of house occupied, followed by separate houses (28 percent), semidetached houses (4.7 percent), huts (4.8 percent) and flat/apartments (3.3 percent). Flats and apartments have not seen a popular demand due to their relatively high cost and an entrenched socio-cultural preference for individualised spaces. However, recently there has been an emerging demand spurred by the expatriate community, and non-resident Ghanaians. They view these types of accommodation as more secure than the traditional approach of incremental construction on lands which are frequently subjected to multiple sales, ownership disputes and outright stealing. Often, the high interest charged on mortgages by the various mortgage and financial institutions deters workers from applying, and they prefer to use the equity of personal loans and other income sources.

9.1 End user financing

Ghana's financial sector broadly comprises the banking and the non-banking systems with insurance and capital markets as the components of the non-banking system. Currently, 23 banks operate as universal banks, a significant reduction from the 34 banks that operated before the implementation of the new minimum capital requirement.²⁵ FNB Bank, Republic Bank, Cal Bank, Stanbic Bank, Fidelity Bank, Société Générale Ghana and Omni Bank offer a range of mortgage products including home construction, home purchase, home improvement, refinancing, and land purchase. Ghana has low levels of financial inclusion of individuals with only 10.2 percent of the adult population having borrowed formally in 2017 (**Table 5**).

Mortgage to GDP ratio has remained below 0.5 percent over the years, with 0.8 percent of households financing their housing acquisition through mortgages.²⁶ On average, mortgages in Ghana are granted for a term of 15 years with a maximum loan-to-value ratio of 85 percent. In 2017, total mortgages in Ghana amounted to GH¢114 million (US\$19 789 042) which grew to GH¢216 million (US\$37 495 028) in 2018, a 90 percent increment. The rate of non-performing loans in 2019 was 13.9 percent, depicting a significant improvement in performance from 18.2 percent 2018.²⁷ The price offered by Damax Construction for its lowest price house is GH¢ 115,400 (US\$20,000). This is against a national average annual income of GH¢ 33,937 (US\$5,891).

GHANA HAS LOW LEVELS OF FINANCIAL INCLUSION OF INDIVIDUALS

²⁴ Ibid. Pg.136

²⁵ Ministry of Finance (2020). 2020 Mid-year Review and Supplementary Estimate. 23 July 2020. https://www.mofep.gov.gh/sites/default/files/budget-statements/2020-Mid-Year-Budget-Statement_v3.pdf (Accessed 31 August 2020)

²⁶ National Housing Mortgage Fund (2020). National Housing and Mortgage Fund Limited. <https://nhmf.com.gh/about-us#> (Accessed 31 August 2020).

GHANA

Affordable housing in Ghana: Market shaping indicators

Table 5: Sales, transfer and rental related indicators:

Indicator	Value	Year	Source
Percentage of households that own their dwelling – National	42%	2017	Ghana Statistical Service
Percentage of households that own their dwelling – B40	29%	2014	Demographic & Health Survey
Typical Rental price for Cheapest newly built dwelling by a formal developer or contractor in local currency units- Urban	GHC 3264	2019	Meqasa
Percentage of households that rent their dwelling-Urban	28%	2017	Ghana Statistical Services
Does a foreclosure policy exist?- National	Yes	2020	World Bank
Number of mortgage providers – National	8	2020	Bank of Ghana
Percentage of the adult population that borrowed formally - National	10.2 %	2017	World Bank
Value of residential mortgages outstanding in local currency units – National	GHC 5 346 830 000	2020	Bank of Ghana
Prevailing residential mortgage rate	12.2%	2019	National Housing and Mortgage Fund
Maximum residential mortgage term - National	15	2020	Bank of Ghana

The government has set up the National Housing and Mortgage Fund (NHMF) in partnership with Ghana Commercial Bank, Republic Bank and Stanbic Bank to deepen access to mortgage and residential housing finance. Through the NHMF, 250 housing units are being constructed as phase one, expected to be complete by September 2020 with an additional 200 housing units in phase two to be completed at Tema Community 22.²⁸ Similarly, through the NHMF partnering with GCB Securities, an Affordable Housing Real Estate Investment Trust (REIT) was set up to provide rental homes for public sector workers. The scheme is based on a rent-to-own model where public sector workers can access decent and affordable homes for between 15 to 20 years and pay a residual value to own the property.²⁹ Lower interest rates (11.9 to 12.5 percent) are being offered as part of the scheme, compared with the nominal minimum rate of 24 percent for non-foreign currency or Ghanaian cedi-denominated mortgages (**Table 5**).

The delays in operations owing to the temporary closure of some financial institutions, and additional operational costs incurred in equipping staff to work remotely due to the pandemic, pose a significant operational risk to revenue. Moreover, high levels of uncertainty, decline in value of many financial assets and higher foreign exchange rates potentially subject the financial sector to increased market risk, possible increase in credit risk and increased liquidity tightening.³⁰ To further improve access to finance, the Government of Ghana intends to set up the National Development Bank, which will provide periodic dedicated funds for intervention in key areas including the housing sector.³¹

²⁸ https://www.mofep.gov.gh/sites/default/files/budget-statements/2020-Mid-Year-Budget-Statement_v3.pdf (Accessed 31 August 2020)

²⁹ National Housing Mortgage Fund (2020). National Housing and Mortgage Fund Limited. <https://nhmf.com.gh/about-us#> (Accessed 31 August 2020).

³⁰ Meqasa (2020). Ghana's Housing Story, 5 March 2020. Meqasa. <https://blog.meqasa.com/ghanas-housing-story/> (Accessed 31 August 2020)

³¹ CalBank (2020). Loan Products: CalBank Mortgage. <https://calbank.net/for-me/loan-products/cal-mortgage/> (Accessed 31 August 2020)

GHANA

Affordable housing in Ghana: Market shaping indicators

9.2 Property markets

In Accra, it has been observed that land price appreciation of building lands ranged from 8 to 11.5 percent between 2018 and 2019.³² Exemplifying the challenge faced by most households, banks providing mortgage loans set a debt-to-income ceiling not exceeding 45 percent of net income, with 15 percent down payment by borrowers required upfront. A typical monthly mortgage instalment is estimated at 45 percent of household net income³³ which according to the IMF's definition of housing affordability, outlines a relatively unaffordable housing product, even for higher income households.

The service of estate agents is key to the property market, however, there is no formal recognition for the practice of estate agency in Ghana. Since 2019, the Draft Rent Control law has undergone a number of iterations to enhance its robustness and responsiveness to the rental market across the country. Presently, the latest draft has been submitted to Cabinet for consideration and approval, following which it will be taken through the formal legislation processes to become law.³⁴

Additionally, the Government has signalled its intent to regulate real estate practice, including the conduct of property transactions, with the submission of the Draft Real Estate Agency bill to parliament for passage into law. The Condominium Bill, which will regulate the management of shared or public spaces in multi-family residential developments, remains on the drawing board, awaiting some further work by the Ministry of Works and Housing. Among its provisions, the mandatory insurance cover imposed on the owners, a novelty in its application in the country, will stimulate further development of the sector.

At the onset of the pandemic, estate developers operated at a maximum capacity of 30 percent with plans to shut down completely if conditions worsened. Moreover, conventional sales and marketing approaches are vastly distorted. Open house, property viewings, housing fairs and mortgage clinics are likely to be cancelled for the rest of the year, with great losses to marketers

³² GhanaWeb. (2020). Rent Bill before Cabinet for Approval. 24 June 2020. GhanaWeb. <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Rent-bill-before-cabinet-for-approval-989308> (Accessed 31 August 2020)

³³ Bank of Ghana (2007). A Note on Microfinance in Ghana. <https://www.bog.gov.gh/wp-content/uploads/2019/07/Microfinancing1.pdf> (Accessed 15 August 2020).

³⁴ GhanaWeb. (2020). Rent Bill before Cabinet for Approval. 24 June 2020. GhanaWeb. <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Rent-bill-before-cabinet-for-approval-989308> (Accessed 31 August 2020)

GHANA

Affordable housing in Ghana: Market shaping indicators

10 Maintenance & management

The majority of households in Ghana build incrementally using mostly inexpensive construction materials and the services of small-scale artisans. There is a growing argument to transform the existing housing stock and revitalise infrastructure to meet the increasing housing demand. About 78 percent of the population have no access to basic waste collection services (**Table 6**). Land tenure insecurity in urban and rural areas of Ghana affects the ability of municipal authorities to generate revenue through the collection of property taxes.

Table 6: Maintenance and management related indicators

Indicator	Value	Year	Source
Number of approved building permit applications for improvements to residential properties - National	152	2018	Accra Metropolitan Assembly
Improvements to dwellings as a % of household expenditure - National	3.2%	2019	Ghana Statistical Services
Percentage of households without access to basic waste collection services - National	78%	2017	Ghana Statistical Services
Number of microfinance providers - National	180	2018	Bank of Ghana
Value of microfinance loans in local currency units - National	GHC 215 170 000	2018	Bank of Ghana

There are 180 microfinance institutions operating under the non-banking system, offering services classified as formal, semi-formal and informal, the last of which is available to all classes of households (**Table 6**).³⁵ A general concern noted by several studies points to the affordability of HMF loans in Ghana, which are strongly affected by limited access to long-term capital. This may be partly illustrated by dwelling improvements accounting for only 3.2 percent of household expenditure (**Table 6**). As of 2018, MFIs providing housing loans charged interest rates far above local currency-denominated mortgages, as much as 15 percent higher for two to three-year durations.

³⁵ Bank of Ghana (2007). A Note on Microfinance in Ghana. <https://www.bog.gov.gh/wp-content/uploads/2019/07/Microfinancing1.pdf> (Accessed 15 August 2020).

GHANA

Affordable housing in Ghana: Market shaping indicators

11 State of housing data

Data on housing is sparse and those available are often dated. The Ghana Statistical Service (GSS) collects and publishes data on housing after conducting the population and housing census, which is undertaken every decade. Due to the pandemic the census, which was to be conducted in 2020, has been postponed to 2021. The data covered by GSS includes housing and land access, demand and supply, housing finance and infrastructure, and access to basic services. The Bank of Ghana's data on housing finance is very limited and only focuses on mortgage rates. This information is publicly available online. The main data gaps related to housing finance include yearly housing stock increase, number of mortgages outstanding, mortgage loan performance, average property values, loan to value ratios, and disaggregated data on mortgages by region among others.

The review found that closing data gaps requires more detailed scoping and engagement with Ghana Statistical Services, Bank of Ghana, Ministry of Works and Housing and the Lands Commission, to get a better understanding of the Ghanaian data landscape.³⁶ For example, the aggregation of its macroeconomic and financial sector data limits the understanding and analysis of the economic impact of the housing sector. Similarly, closing data gaps and improving data quality in some cases would require the dissemination of data that is already collected by these institutions. The main recommendation from the review is to develop an engagement strategy with key institutions to close data gaps and improve data quality along Ghana's housing value chain.

11.1 Policy and regulatory framework governing data for housing

The review of the data landscape in Ghana's housing ecosystem contains a short summary of the key pieces of legislation and regulations governing Ghana's housing data landscape. The laws and regulations noted above were assessed from a data perspective, and some of the key findings are as follows:

- The Land Use and Spatial Planning Act has the largest impact on Ghana's data ecosystem, containing (amongst others) requirements for the contents of zoning schemes and the public dissemination of records.
- The Bank of Ghana Act of 2002 has significant data implications. Section 56 of the Act provides wide-reaching powers to the BoG for data requests from institutions and persons. In terms of dissemination requirements, section 55 of the Act requires the BoG to publish monthly and quarterly bulletins as well as annual reports. These documents contain statistics on money and banking, public finance, prices, wages, production, the balance of payment and any other statistical data that the BoG may require to perform its duties.
- The Home Mortgage Finance Act of 2008 applies to transactions between financial institutions and their customers for the provision of finance for transactions relating to residential property (construction, completion, extension, maintenance, etc.). Overall, this Act is more focused on the legal contract between mortgagors and mortgagees and does not contribute directly to Ghana's data landscape.

³⁶ De Beer, A., Whitehead, F., Garbers, C., Melzer, I., Agasi, R. A review of the Data Landscape in African Housing Ecosystems: Ghana. Centre for Affordable Housing Finance in Africa. Forthcoming 2020.

GHANA

Affordable housing in Ghana: Market shaping indicators

12 Looking forward

With the increasing urban population, there is a huge opportunity for investors to engage in the production of quality construction materials and affordable housing for the urban areas using modern techniques that ensure timely and low-cost delivery of housing. Several innovative techniques have been piloted locally and globally such as expandable polystyrene products and use of recycled materials that allow efficient use of local resources to produce affordable buildings. Various research institutions such as the Building and Road Research Institute have been undertaking research into the use of locally sourced materials for construction that will require support to further fine tune the design processes for replicability and scalability.

The Government has indicated its readiness to partner with the private sector and investors in promoting rapid housing technology. For example, the government partnered with the Hungarian Government to roll out an affordable housing project using Rapid Housing Technology that permitted the construction of a three-bedroom house within 11 days.³⁷ The Government identifies such innovative technologies as a game changer in helping to bridge the housing deficit.

The housing sector is made up of several industries that are involved in the design, finance, construction, furnishing and technical support to the production of buildings. The roles of these industries, who are mostly from the private sector, are crucial not only to the real estate sector but to the economy through their contribution to GDP and job creation. The formal and informal sector would benefit from a higher participation of the private sector in both direct and indirect processes to leverage local resources and make more affordable housing available.

In 2019, the Government announced two measures to ensure a credible mortgage system: the National Housing and Mortgage Fund was set up in partnership with three banks to deepen access to mortgage and residential housing finance; and an Affordable Housing Real Estate Investment Trust (REIT) was set up to provide rental homes for public sector workers under the Rent to Own Scheme. These interventions alone will not be enough, however. They will require the active participation of the private sector in extending housing finance down market. Nonetheless, Ghana's enabling environment and growing population makes it a fertile place for potential investors to contribute meaningfully to addressing a national issue by investing in the housing sector.

THE GOVERNMENT HAS INDICATED ITS READINESS TO PARTNER WITH THE PRIVATE SECTOR AND INVESTORS IN PROMOTING RAPID HOUSING TECHNOLOGY

³⁷ Ministry of Works and Housing (2019), New Technology for Building a House in 11 Days. <https://www.mwh.gov.gh/index.php/2019/02/new-technology-for-building-a-house-in-11-days/>(Accessed 30 August 2020)

GHANA

Affordable housing in Ghana: Market shaping indicators

Further reading:

Bank of Ghana - <https://www.bog.gov.gh/>

CAHF Mortgage and Housing Affordability Dashboard

<http://housingfinanceafrica.org/documents/calculating-mortgage-and-housing-affordability-in-africa/>

Cal Bank <https://calbank.net/>

Demographic Health Survey Programme <https://dhsprogram.com/>

Ghana News Agency <https://www.gna.org.gh/home>

Price Waterhouse Coopers (PwC) <https://www.pwc.com/gh/en.html>

Graphic Online <https://www.graphic.com.gh/>

Ghana Investment Promotion Council (GIPC) www.gipcghana.com

Ghana Statistical Service <https://statsghana.gov.gh/>

GNA <https://www.gna.org.gh/home>

Meqasa meqasa.com/blog

Ministry of Works and Housing (MWH) <https://www.mwh.gov.gh/>

MOFEP www.mofep.gov.gh

National Housing and Mortgage Fund (NHMF) nhmf.com.gh

Reall Data Dashboard – Market Shaping Indicators <https://www.reall.net/dashboard/msi>

Reall Data Dashboard – Reall in Ghana <https://www.reall.net/data-dashboard/ghana/>

Republic Bank <https://republicghana.com>

Transparency International <https://www.transparency.org/en/cpi/2020/index/nzl>

UN-Habitat <https://unhabitat.org/ghana>

World Bank Ease of Doing Business <https://www.doingbusiness.org/en/rankings>

WITH THANKS FOR SUPPORT FROM



Centre for Affordable
Housing Finance
in Africa



@CAHF_Africa

www.housingfinanceafrica.org

@reall_int

www.reall.net