

Serving elite interests or tackling the housing crisis?

By Herbert Jauch, published in The Namibian, 15 May 2015

The recent debate regarding the establishment of a parliamentary village revealed a huge social gap between our members of parliament (MPs) and the people who voted them into office. MPs pointed out that some landlords charged astronomical amounts which they could not afford. Their proposed solution was thus the construction of a new parliament, including a parliamentary village which would house them during their tenure in office. However, housing is not just a challenge for MPs and as lawmakers have to change housing policies and regulations to make adequate housing a reality for all Namibians – not just for themselves.

A quick look at the incomes of MPs reveals that they are part of Namibia's tiny economic elite that enjoys incomes far above the majority of the population. An ordinary MP in the National Assembly earns around N\$ 51,000 per month, a deputy minister around N\$ 60,000 and a Minister around N\$ 78,000. Although some of them seem to think that they are poorly paid, a look at Namibia's general incomes shows just how privileged our MPs are: According to the latest Namibia Household Income and Expenditure Survey of 2009-2010, 75% of Namibian households have a combined household income of about N\$ 1,600 – N\$ 4,200 per month. At the upper end, only the top 1.1% of Namibians live in households with monthly incomes of around N\$ 48,000.

Thus our MPs belong to the richest 1% of the Namibian population and earn many times more than their voters. Recognising their privileged positions, MPs should rather focus on finding solutions to Namibia's housing crisis instead of being pre-occupied with their own housing needs. House prices in the country have spiralled out of control and this has very little to do with the economic law of demand and supply. Instead, the huge increases in house prices are the result of a speculative housing market as pointed out by the United Nations' Special Rapporteur on adequate housing. Referring to global trends she noted that "The deregulation, liberalization and internationalization of finance that started in the 1980s had major implications for housing and urban development. Funds for mortgage lending now derive from national and international capital markets and not solely from existing savings and retail finance. These developments have been characterized as the 'financialization' of housing... Housing has become a financial asset and housing markets are increasingly regulated so as to promote the financial aspects rather than the social aspects of housing... Yet, market-based housing finance has contributed to a widespread bubble in real estate prices and a decrease in affordability and has done little to promote access to affordable adequate housing for the poorest. Between 1997 and 2004 average housing prices grew by 149 per cent in Spain, 139 per cent in the United Kingdom, 187 per cent in Ireland, 112 per cent in Australia, 65 per cent in the United States and 227 per cent in South Africa".

This shows that Namibia's rapid increase in housing prices is not an isolated event but rather the result of a shift in the approach towards housing: instead of being seen as a basic need of the population, housing became a speculative investment that yields huge profits for a tiny elite of property developers and financial institutions. What then can be done?

The limited space available allows me to only hint at two of the interventions needed to make housing accessible to the vast majority of Namibians. Firstly, there must be a commitment to housing as a basic human right. This implies a departure from the market-driven housing and land policies that were implemented since independence. The emphasis on housing as a profitable and tradable asset has contributed to a large extent to the current crisis and thus needs to be reversed. Practically, this will mean limiting the number of houses that individual may own, possibly restricting foreign ownership, coupled with the preferential allocation of urban land and houses to first-time buyers.

Secondly, there is an urgent need to look at various housing models and to regulate affordable housing in line with income levels. Singapore's public housing programme, for example, has shown that this can be done and one immediate intervention in Namibia has to be the introduction of rent regulations. Rentals have increased to almost the same level as mortgage payments and in some cases have even gone even beyond that point. As a result house owners (often multiple owners of houses) purchase property as an investment and then let the tenants pay off the mortgage. This practice worsens the housing crisis and drives up prices. Strict and enforced rent regulations could thus contribute to ending speculative house purchases and make more houses available for those in need rather than for those who turn housing into a profitable investment.

These are the debates we should have in parliament and perhaps we need to remind our honorable MPs that they were elected to improve the lives of their voters instead of being preoccupied with their own interests. As stated by the UN's Special Rapporteur, housing "policies and legislation should be designed to bridge inequality gaps and to ensure access to affordable housing for the poor and marginalized and not benefit already advantaged social groups at the expense of others".