



# THE KIGALI HOUSING MARKET

## A RISING STAR IN AFRICA

### Income Segments for Rent-to-Own Mechanism

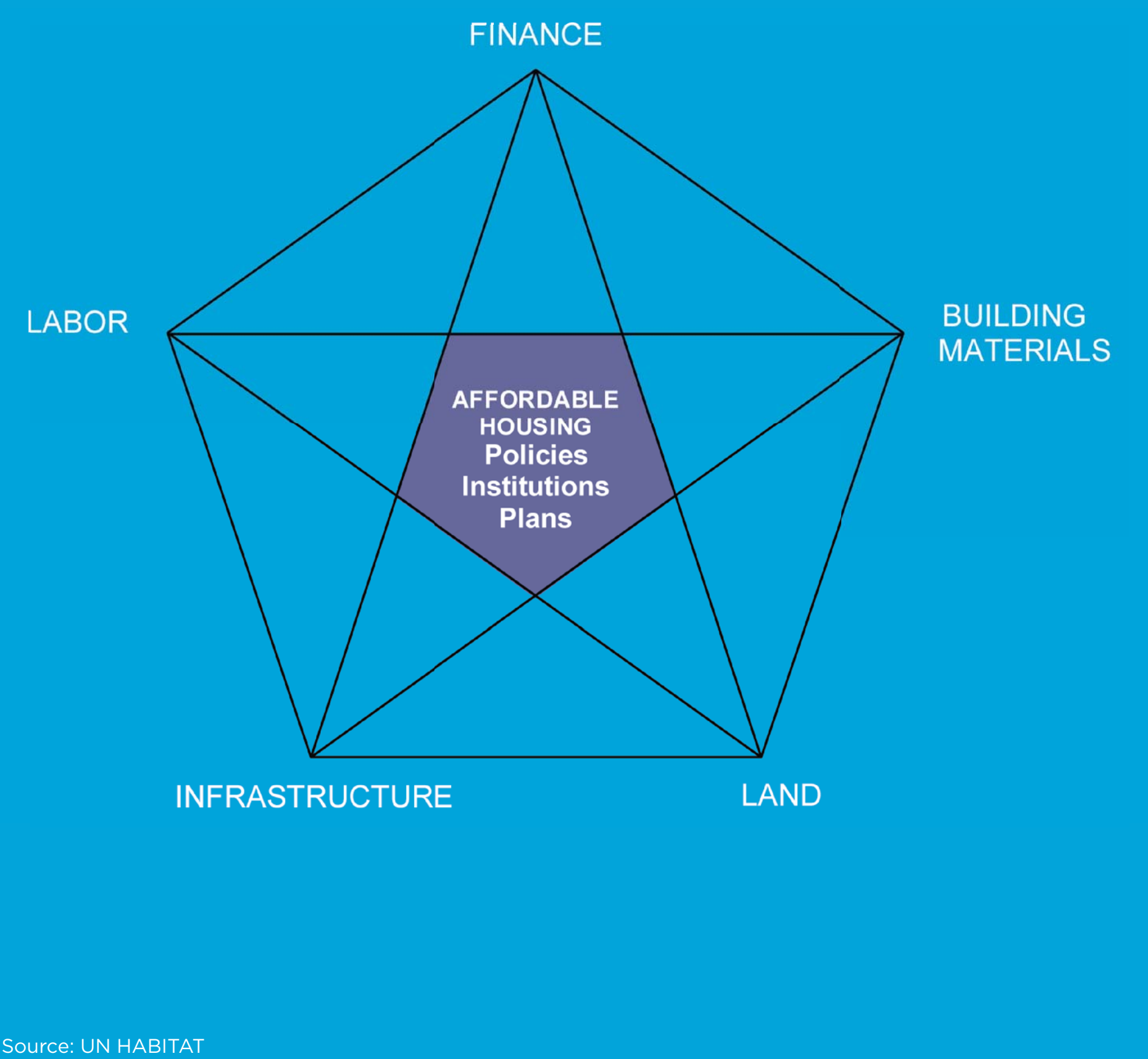
Quintile	Monthly HH Income Rwf		Median Income	Monthly Payment		Credit Capacity			Down Payment		Total Payment Capacity	DU Type	Investment per DU	Differential
	From	To		% of Income	Monthly Payment Value	Annual Interest Rate	Term (Years)	Loan Amount		Down Payment Amount				
Q1-1-1	<	8,500	4,250	n/a	0			0				A1	2,711,089	-2,711,089
Q1-1-2	8,501	16,500	12,501	n/a	0			0				A1	2,711,089	-2,711,089
Q1-1-3	16,501	33,500	25,001	n/a	0			0				A1	2,711,089	-2,711,089

Poverty Line									Years rent			Subtotal Below Poverty Line		
Q1-1-4	33,501	50,000	41,751	30%	12,525		0	0	18.5	2,780,583	2,780,583	A1	2,711,089	69,494
Q1-1-5	50,001	66,500	58,251	30%	17,475		0	0	13	2,726,123	2,726,123	A1	2,711,089	15,034
Q1-1-6	66,501	83,500	75,001	30%	22,500	15%	2	464,048	8.5	2,295,015	2,759,064	A1	2,711,089	47,975
Q1-1-7	83,501	100,000	91,751	30%	27,525	15%	2	567,685	6.5	2,146,962	2,714,647	A1	2,711,089	3,558
Q1-2	100,001	200,000	150,001	30%	45,000	15%	2.5	1,120,005	3	1,620,005	2,740,010	A1	2,711,089	28,921

Q1-3	200,001	300,000	250,001	30%	75,000	15%	10	4,648,723	0%	0	4,648,723	B1	4,292,407	356,316
Q2	300,001	400,000	350,001	30%	105,000	15%	10	6,508,208	0%	0	6,508,208	B1	4,292,407	2,215,801
	400,001	500,000	450,001	30%	135,000	15%	10	8,367,694	0%	0	8,367,694	B2	7,886,502	481,192
	500,001	600,000	550,001	30%	165,000	15%	10	10,227,179	0%	0	10,227,179	B2	7,886,502	2,340,677
Q3	600,001	700,000	650,001	30%	195,000	15%	15	13,932,691	10%	1,393,269	15,325,960	B3	11,829,753	3,496,207
	700,001	800,000	750,001	30%	225,000	15%	15	16,076,180	10%	1,607,618	17,683,798	B4	15,773,004	1,910,794
	800,001	900,000	850,001	30%	255,000	15%	15	18,219,670	10%	1,821,967	20,041,637	B4	15,773,004	4,268,633
Q4	900,001	1,000,000	950,001	30%	285,000	15%	15	20,363,159	15%	3,054,474	23,417,633	B4	15,773,004	7,644,629
	1,000,001	1,100,000	1,050,001	30%	315,000	15%	15	22,506,648	15%	3,375,997	25,882,646	B4	15,773,004	10,109,642
	1,100,001	1,500,000	1,300,001	30%	390,000	15%	15	27,865,371	15%	4,179,806	32,045,177	B4	15,773,004	16,272,173
Q5	1,500,001	2,000,000	1,750,001	30%	525,000	15%	20	39,869,707	20%	7,973,941	47,843,649	C1	34,913,889	12,929,760
	2,000,001	2,500,000	2,250,001	30%	675,000	15%	20	51,261,049	20%	10,252,210	61,513,259	C2	69,827,778	-8,314,519
Q5 Segment 15	2,500,001	<	3,000,000	30%	900,000	15%	20	68,348,050	20%	13,669,610	82,017,660	C3	69,827,778	12,189,882



THE STANFORD HOUSING: a study into affordable housing for a village in the Overberg, Western Cape South Africa - Frederik Groos



## HOUSING FINANCE

One of the key components of housing success. In 2012, 96.2 % of HH with income less than Rwf 900,000 had no access to housing finance; but there has been a clear increase in the provision of mortgage finance in Rwanda since 2004. Recommended Housing Finance Modalities per Income Segment include:

A. High/middle income strata: Mortgage Finance. Mortgage finance is already available for the higher income group (people earning above RWF 900,001 per month). Assuming availability of housing units in the RWF 5 to 30 million ranges, all providers of mortgage finance have declared their willingness to go down market and to provide housing finance for lower income group (monthly income between RWF 200,000 and 900,000).

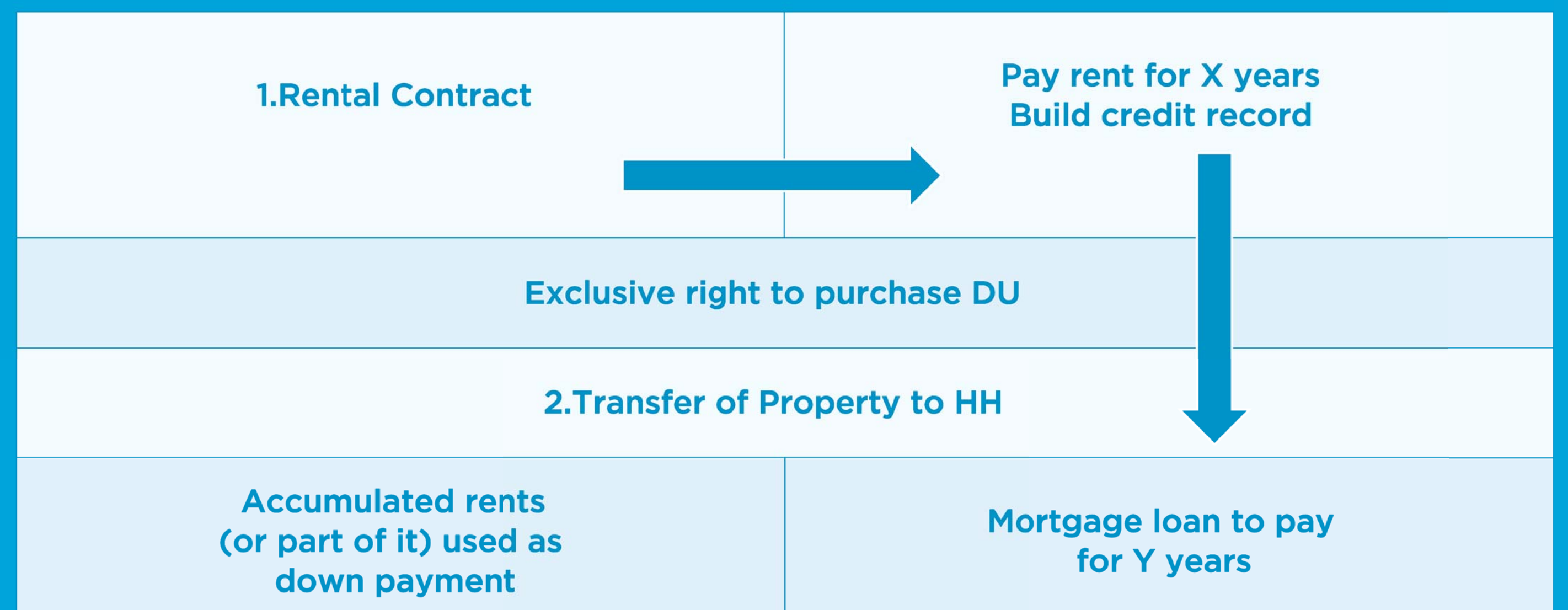
B. Lower income segments (Q1): Innovative Solutions. For monthly income from RWF 33,100 to 200,000, mortgage finance would not be accessible through the banks: However, most people in these brackets do pay rent and therefore should be able to contribute to the cost of the DU provided to them. A rent to own solution would fit with that rental pattern (see sidebar).

C. Below the poverty line (lowest part of Q1): Housing Fund/Subsidies and Integration with Economic Development/Poverty Alleviation  
All housing strategies would benefit from “Green Design” and master planning of sites that conserves land and efficiently allocates infrastructure resources.

### Possible Housing Finance Modalities per Housing Category

	Monthly income (RWF)	% of Population
Current Access to Mortgage Finance	900,00<	3.77
Future Access to Mortgage Finance	200,00-900,000	29.5
Affordable Housing (Rent-to-own and other financing)	33,500-200,000	54.11
Social Housing (Subsidy)	<33,500	12.62

### The Rent-to-Own Model for Lower Income Households (Q1)



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