

HOUSING FINANCE WORKSHOP for SUB-SAHARAN AFRICA International Experience and Lessons Learned

3-8 November, 2008

Johannesburg, South Africa

International Housing Finance Program * Zell/Lurie Real Estate Center *
The Wharton School * University of Pennsylvania
and
Witwatersrand University Business School

With support from
The World Bank and Finmark Trust

AGENDA

Monday November 3

8.30 am

WELCOME

INTRODUCTION: GLOBAL TRENDS AND INNOVATIONS IN HOUSING FINANCE SYSTEMS

Michael Lea: 9.00 – 9.45

MODULE I: HOUSING MARKETS, HOUSING POLICY, AND HOUSING FINANCE

This module explains the relationship between housing and the macro-economy, housing and housing finance markets, and the critical role of policy in mortgage market transformation.

Marja Hoek-Smit and Stephen Berrisford: 10.00am - 12.00pm

- Housing markets and the macro-economy
- Housing markets and government policy
- Land markets and land policies
- Expanding housing finance markets, framing the issues (the needed infrastructure including: property right systems, land registration systems, foreclosure systems, regulatory systems, alternative collateral systems for housing finance, consumer information and protection)

Regional Overview of Housing Finance Systems: 1.00 – 2.30pm

Kecia Rust and participants

MODULE II: THE BUSINESS OF HOUSING FINANCE: FUNCTIONS AND PRODUCTS

This module teaches the main functions of a housing finance system, issues in mortgage design, pricing, profitability and risk management concepts.

Michael Lea: 3.00 - 5.00pm and into next morning

- Key functions of a housing finance system
- Mortgage origination process
- The nature of mortgage loans and different loan products
- Pricing and profitability features of housing loans

Tuesday November 4

MODULE III: FUNDING THE MORTGAGE PORTFOLIO

This module explains alternative funding models, the risks and constraints each addresses, and conditions and requirements for their development.

Michael Lea, Friedemann Roy: 10.30am – 3.00pm

- Deposit based funding systems
- Key reasons and requirements for accessing capital markets for housing finance
- Alternative systems of accessing capital markets
 - Liquidity facilities
 - Mortgage bonds
 - Securitization

Country Case Studies: 3.00 - 5.00pm

Simon Stockley, Integer Home Loans; Meagan McDonald, Standard Bank South Africa; Simon Walley, World Bank.

Wits Business School Public Lecture: Michael Lea and others 6.00 – 7.30pm

Wednesday November 5

MODULE IV: THE BUSINESS OF HOUSING FINANCE: MANAGING RISK

This module discusses the different risks involved in mortgage lending and ways to manage such risks in different types of housing finance systems

Michael Lea, Marja Hoek-Smit: 9.00 -12.30pm

- Risks and risk management methods
 - Operating risk
 - Credit risk and methods to deal with it (appraisal process, credit bureaus, insurance, managing delinquencies)
 - Liquidity risk
 - Interest rate risk
- Tracking cyclical factors
- Regulatory challenges
- Mortgage Insurance
- The role of rating agencies
- Causes and lessons from the US sub-prime crisis

Panel on Innovative risk management systems: 1.30 – 3.15pm

HGLC, Charlene Lea; Home Finance Guarantors Africa, Ethel Matenge-Sebesho; Global Ratings

Simon Walley and regulators: 3.45 – 5.00pm

- Controlling risks by government supervision and regulation (Basle II)
- Presentation by South African Reserve Bank

Meeting on Long-term Sustainability: 7.00 – 9.00pm

Thursday November 6

MODULE V: MICROFINANCE FOR HOUSING

This module discusses ways to increase access to housing finance through alternative secured and non-secured lending and their strengths and weaknesses

Marja Hoek-Smit, Kecia Rust, Regional experts: 9.00am – 3.00pm

- Alternative housing-finance systems and their pros and cons
- Ways to strengthen such finance systems

Case study presentation by guest lecturers and participants: Pension-backed home-loans, Linda Sing; Kuyasa Fund, Olivia van Rooyen; TransUnion, John Fourie.

MODULE VI: CONSTRUCTION AND DEVELOPMENT FINANCE

This module analysis the specific constraints experienced in the financing of residential construction and innovative ways to lower risks in construction lending

Marja Hoek-Smit: 3.00 - 5.00pm

- Types of financing systems, risks and solutions
- Other developer constraints for low/middle income residential development (land assembly, registration, trust structures, subdivision standards, permitting procedures)

Regional cases of successful construction finance programs: Developer, Willie Vos; Nurchia

Friday November 7

MODULE VII: TRANSFORMING RENTAL MARKETS

Rental housing is critical for housing markets to function; yet formal sector rental housing is typically under-supplied. This module discusses the reasons and possible actions to overcome supply constraints.

Marja Hoek-Smit and regional experts: 9.00am – 12.00pm

- Taxation and regulation
- Financing rental housing
- Public-Private partnerships in Rental Markets

Case presentations on rental housing: The Trust for Urban Housing Finance, Paul Jackson

MODULE VIII: THE ROLE OF GOVERNMENT SUBSIDIES IN EXPANDING HOUSING FINANCE

This module analyzes different ways to subsidize housing and housing finance and provides a framework to assess the effectiveness of housing subsidies.

Marja Hoek-Smit and Kecia Rust: 1.30 – 4.00pm

- Reasons for government subsidies and guidelines for their design
- Housing finance and subsidies: a diagnostic framework
- Selected government incentives/subsidies for the housing finance system
- Selected household subsidies (international examples)

Country discussion groups: preparation of action plans

Evening outing

Saturday November 8

CONCLUSION

- Country discussion groups: wrap-up 9.00 – 10.00am
- Plenary Session: Action plan presentations 10.00am – 12.00pm

- Final Questions

DIPLOMA CEREMONY
Farewell

Afternoon Site Visit: Willy Vos