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AFFORDABLE HOUSING - THE CASE OF KARIBU HOMES LTD



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FROM THE PRESIDENT'S DESK

Greetings to all Quantity Surveyors and cost Engineers in Africa. I believe we have settled well into our businesses since our last outing in the land of 'Mosi-oo-tunya' (Victoria Falls)

As a follow up to the matters discussed then, sustainability agenda was highlighted and members felt we need to take a bold step forward and actualize our strategic plan. This will require funding, members proposed the introduction of a development levy and the President of NIQS offered seed capital of USD 10,000 for two successive years. AAQS is truly grateful for this gesture and I believe other associations will follow suit.

The Chairman of the strategic committee, Larry Feinberg promised to share a proposal on the development levy before our next meeting.

On a different note I have noted vibrancy in the education committee after the issue of 'appointment letters' and should any other committee require appointment letters to be able to meet their objectives, the President is ready and willing!

Coordination of regions by Vice President is still not up to par especially in the southern region. As we promised during inauguration let us harness the technological advances in ICT to our benefit. I do not see why every institution should not be updating the secretariat on monthly basis.

For example, I got an email from Mauritius informing me that they are celebrating twenty-five years in June 2019. Had this come in good time, I believe many AAQS members would have liked to join them by visiting their beautiful country.

In the month of June, we shall embark on a 'door to door' call up of all institutions to establish the true status of our organization. This will be reported in the upcoming council meeting at Mombasa, Kenya.



The host institution in August, has promised to communicate the conference details by mid-June to enable early preparation.

We look forward to seeing you in Mombasa, Kenya in August 2019.

Qs David M. Gaito
AAQS President

OF MATURITY AND BROOK OF THE QUANTITY SURVEYING IN AFRICA

For sure the African Quantity Surveying practice is coming of age as we hear the state of affairs from these institutes that are celebrating a momentous season for the Quantity Surveying profession

NIGERIA Institute of Quantity Surveyors (NIQS)

The Nigerian Institute of Quantity Surveyors was founded in 1969 by a group of Nigerians who trained, qualified and practiced in the United Kingdom but who upon returning to Nigeria sensed the urgent need to develop the profession of Quantity Surveying in Nigeria by establishing a parallel body to the Royal Institution of Chartered Surveyors of United Kingdom.

Notably.... The Profession of Quantity Surveying is practiced in Nigeria along the same pattern as in the United Kingdom and other Commonwealth countries. In America, they are known as Cost Engineers. Quantity Surveying functions are carried out in other countries under a variety of names. Thus, the role is universal.

NIQS is a Regulator! The regulated and other Professions (Miscellaneous Provisions) Act 1978 recognised Quantity Surveying profession as one of the scheduled Professions while the decree No.31 of 1986 gave legal backing and recognition to the Quantity Surveying profession and also set up the



Congratulations to NIQS as they Celebrate 50 Years Anniversary

Quantity Surveyors Registration Board of Nigeria (QSRBN) to regulate the Profession.



Institute of Quantity Surveyors of Kenya (IQSK)

IQSK has commendably made tremendous contribution to Industry in the few years they have existed

- Publication of costs and indices to manage construction costs
- Guidance to the legal frame work of construction industry via contract documents publication
- Building capacity of our members and contractors through training and industrial visits
- Collaborating Nationally and Internationally with professional associations for synergy



What IQSK is looking Forward to in the next 25 years

Given that the IQSK Vision is to be a “World class institute that promotes the advancement of the Quantity Surveying Practice” we look forward to the following

- Increase in the uptake of Quantity Survey in Universities leading to the growth of our membership and ensuring that the built industry in Kenya is Self Sufficient.
- Over the next two decades IQSK would like to see a greater importance being placed on the role of the quantity surveyor. This will be driven by factors such as compliance, the management of information and security of funding which will drive the big four Agenda in Kenya.
- Along with compliance, we look forward to seeing an increase in demand for Qs to undertake forensic reviews of historic projects, identifying overspend and areas in which a contract hasn't been fulfilled properly in a bid to eradicate corruption in Kenya.

Mauritius Institute of Quantity Surveyors (MAQS)



Congratulations to MAQS as they Celebrate 20 Years Anniversary

History of QS in Mauritius

Started in 1955 with the implementation of QS department in the Ministry of Works during the British Colonial Period ‘

The MAQS was founded in 1998 to meet a long felt need for a distinctive grouping representing one key profession in the Construction Industry

Not been an easy journey, with the following pain points to the profession

- Infringement of other professionals in our field of services
- Government policy encouraging foreign players to compete within a significantly small local market
- Almost all major public projects based on G to G bypassing proper bidding procedures and distorting the market
- Change in Government policy allowing non-professional to set up practices by just employing professionals

AFFORDABLE HOUSING - THE CASE OF KARIBU HOMES LTD



Seeta Shah and Ravi RupaRel (EAPI Article)

KARIBU was founded in 2009, with the vision of “transforming the provision of housing in Kenya by setting the standard for the development of affordable, thriving communities for hard working families. The Riverview Development (RIVERVIEW) in Athi River is the company’s first project.

The case study provides a good picture of the challenges of undertaking an affordable housing development project in Kenya as experienced first-hand by KARIBU Homes of Kenya which include and are not limited to the lengthy time required to deliver the project to the high cost of construction that is contributed by lack of existing infrastructure, high cost of professionals services as well as the costly finance.

But overall, the case also gives insights and experiences for anyone looking to venture this way.

Challenges in Delivering Affordable Housing in Kenya

i. The time needed to deliver a project is lengthy

KARIBU took three years, part time, to research the market, define the concept and business

plan, and five years’ full time to raise debt and equity, acquire the land, carry out detailed design, obtain approvals, manage construction and pursue sales.

ii. Sourcing well located land, serviced land is critical

KARIBU’S decision to pay more for well-located and serviced land paid off in terms of time savings and market acceptance. Other developers who have opted to buy cheaper, unserviced land, and pay for servicing, did not fare well due to the time, hidden costs and bureaucracy in accessing services.

iii. Construction costs and professional fees are very high

Costs of construction in Kenya are very high, due to high energy and transport costs, and high taxes including 16% VAT on the contract sum for residential delivery.

KARIBU’s average cost of construction alone was KES 37 500 psm (USD 375) and this does not include professional fees, development management costs, sales and marketing costs and financing costs. The target sales price under

the determine if developers can deliver at the offtake price.

iv. Obtaining construction financing is difficult

Accessing Construction Financing continues to be the most challenging aspect of a development. KARIBU had significant challenges in trying to obtain financing from local banks before they managed to get the funding from Shelter Afrique. Delays in construction debt finance drawdowns also hurt projects. This is clearly seen by the differential in pricing offered on Cash Outright and Cash Instalment units, which provide significant buyer financing during construction, versus Mortgage units in which the buyer financing comes after completion

Insights for Delivering Affordable Housing in Kenya

i. Transport is a major consideration

KARIBU ensured that RIVERVIEW was close to a major road and had good access. Despite this many of the residents are spending a lot of time and money commuting to work.

ii. Planning and densities are important decisions

KARIBU paid a lot of attention to facilitating the creation of a community in a secure environment. And based on the interview findings they were successful. However even with their density of 60 units an acre the county water supply was not adequate and had to be supplemented with a borehole.

iii. There is a Big gap for owner occupied middle income housing

The eventual buyers of KARIBU units had higher monthly incomes than the initial targets. Even families who would be considered middle income with two working adults are first time buyers.

iv. The Rental Market Should not Be overlooked

While the exact numbers of how many KARIBU units are occupied by renters is not available, it is believed that a significant number were purchased by individual investors. And furthermore most of the owner occupiers had moved from rental accommodation.



v. The mortgage market needs greater efficiency

The RIVERVIEW development and the results of the survey highlight the challenges of end user financing. Due to the inefficient titling process and mortgage market potential buyers have a “constrained choice” and are drawn towards the Cash Outright or Cash Instalment financing options. While our sample of survey respondents was small, the interviews still produced some important observations: The mortgage market is inefficient and the process takes a long time.

- Many mortgage borrowers benefit from arrangements that their employers have with banks (either in terms of easier access and/or subsidized rates).
- A number of respondents are intending to pay off the mortgages early.



vi. There is a need to tap into other financing Sources.

In the case study sample a few respondents had obtained financing from SACCOs and Pension funds. Both these sources could be involved more in the AHP and in the broader housing market.

SACCOs: Many respondents in the sample had SACCO accounts both for saving and for borrowing. Some had borrowed from SACCO as an alternative to mortgages. The SACCO borrowers argued that they should get the same tax benefits on deducting interest paid from taxable income, as is applicable to mortgage borrowers. However, all the SACCOs in the sample set were relatively small employer based SACCOs which are not regulated - hence a lot more regulatory infrastructure may need to be in place for such deductions to be considered.



Nevertheless, consideration should be given to including SACCOs in the AHP.

Pensions: With approximately KES 1 trillion (USD 9.9 billion) in assets under management, pension funds could be a key source of financing for housing. The Retirement Benefits Act allows for pension backed mortgages of up to 60% of accumulated benefits, but take up has been low. The key challenge to its success has been that in practice mortgage lenders are continuing to underwrite the mortgage based on the borrower's income and cash flow and the value of the underlying property - where a pension balance is available, it is taken as 'additional collateral' without any benefit to the borrower (i.e. no reduction in interest rate or increase in mortgage amount). This can be overcome by more education and sharing best practices among mortgage lenders.

Another reason takes up of pension backed mortgages is low, is the law allows pension contributors to access up to 75% of their pension balance in cash when they move jobs. As seen in this case this is the preferred route of accessing pension contributions for housing (but unfortunately at the expense of depleting the members pension balance). Pension funds are also venturing in to development of housing (and commercial real estate) for sale. More engagement with the pension industry is required to devise suitable products to enable pension contributors to access finance for housing, including more attractive terms for pension backed mortgages and the delivery of rental housing and tenant purchase housing

GLOBAL IDENTITY ISSUES FOR THE COST MANAGEMENT PROFESSION



Dr. Peter Smith (Secretary General, International Cost Engineering Council (ICEC), Paper presented during the PAQS ICEC 2018, Sydney)

Fact is, there is a lot that calls to be done to manage the profession of Cost management because there are several challenges that need to be tackled earnestly.

1. Lack of a Single Global Professional Title

There are many titles that have been adopted across the World of Project Cost Management. These include: Quantity Surveying, Cost Engineering, Construction Economics, Project Controls, etc

Yet, Project Cost Management as a distinct professional discipline has traditionally been recognised in many countries and regions but not traditionally recognized in many regions such as Europe, China, India, South America, Middle East.

2. Lack of International Recognition

Central Product Classification (CPC) Scheme of WTO & UN Economic & Social Council (ECOSOC) applies to tradable and non-tradable goods and services. This is very influential and critical for the global identity of a profession.

Architects & Engineers are recognized in the CPC scheme but not Quantity Surveying/Cost Engineering. Other professions have International Standards as follows:

- International Financial Reporting Standards
- Project Management on the other hand, has Guidance on project management (Global ISO Standard, ISO 21500:2012). Also have global guides/standards such as: Project Management Body of Knowledge (PMBOK®) Guide Prince 2 (Projects IN Controlled Environments) standards
- Engineering is adorned by the the Washington Accord International Agreement for Mutual Recognition of Accredited Engineering Programs with 20 Signatory Countries + 5 Provisional
- International Property Measurement

3. Limitations of Global Representation of the Project Cost Management

There exists several Profession Global Associations but no one unified association

- ICEC - The International Cost Engineering Council (42 member associations in 40 countries that represents 300,000 plus cost management professionals)
- RICS – Royal Institution of Chartered Surveyors (130,000 + members in 146 countries)



- AACE International - Association for the Advancement of Cost Engineering International which has 7,500 members (80 sections with members in over 100 countries)
- IPMA – International Project M'ment Association with 60 member associations around the world with majority of members in Europe
- FIG – International Federation of Surveyors (105 member associations in 91 countries)
- AAQS - Africa Association Of Quantity Surveyors (16 member associations including Angola, Botswana, Ghana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe)
- PAQS – Pacific Association of Quantity Surveyors (12 member associations including Australia, Brunei, China, Canada, Fiji, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Sri Lanka and the Philippines)
- CEEC - European Council Of Construction Economists 9 member associations that include Belgium, Czechoslovakia, Denmark, Finland, France, Ireland, Spain, Switzerland and the UK)

4. No Global Construction Measurement Standards

There are numerous methods/standards of measurement for construction works have been developed around the world dating back over 100 years. However, there has been no global standard for classifying costs. Moreover, inconsistent standards and data can lead to significant variations in the reporting of construction costs between world regions (an important factor for international investors & developers)

Looking to the Future

Without a doubt, these challenges must be taken as a priority and tackled by the current leaders and future leaders to make possible the transportability of services. Global development of the profession will therefore require:

- Global leadership and Collaboration amongst professional associations
- Global Recognition and Engagement with key global organizations
- Global professional standards & certification



BECOMING A PRACTICE MEMBER OF THE AAQS



WHY A PRACTICE MEMBER?

- ✓ Support the institution which strives to enhance quantity surveying in Africa
- ✓ Expose your practice to Africa and beyond
- ✓ Make contact with other QS practices in Africa
- ✓ Gain access to QS related data in Africa
- ✓ List your practice on the AAQS website with a link to your own website
- ✓ Join the brotherhood of quantity surveyors in Africa
- ✓ Display the AAQS logo on your stationery
- ✓ Be issued a with registration certificate

PRACTICE MEMBERSHIP FEES

The Practice Membership fee for the period 1 January to 30 June 2019 is ZAR 1,750.00 with branch offices in the same country at ZAR 1,050.00

REGISTRATION

Complete the application form and submit with proof of payment to admin@aaqs.org

WHY BECOME A MEMBER?

- Support the institution which strives to enhance quantity surveying in Africa
- Expose your practice to Africa and beyond
- Access to model documentation free of charge to Practice Members only
- Gain access to important QS related data as well as support from the other QS practices operating in Africa
- Join the brotherhood of quantity surveyors
- Your practice will be listed on the AAQS website with a link back to your own website
- Practices may choose one representative to attend AAQS council and general assembly meetings as observers and participate fully in all discussions

FOOTPRINT

- THE GAMBIA
- GHANA
- NIGERIA
- UGANDA
- KENYA
- RWANDA
- TANZANIA
- ANGOLA
- ZAMBIA
- MALAWI
- MOZAMBIQUE
- MAURITIUS
- NAMIBIA
- BOTSWANA
- ZIMBABWE
- SWAZILAND
- LESOTHO
- SOUTH AFRICA

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AFRICA ASSOCIATION OF QUANTITY SURVEYORS

AFRICA ASSOCIATION OF QUANTITY SURVEYORS


Uniting the Quantity Surveying profession throughout Africa

VISION


To unite national bodies of quantity surveyors on the African continent on a democratic basis and to foster co-operative, intellectual, cultural, educational and scientific ties among such bodies

FUNCTION

- To foster and maintain professional contacts, mutual support and assistance amongst members and to maintain contact with other international associations with similar objectives and functions
- To promote the development and use of model documentation in Africa
- To promote the recognition of the quantity surveyor's role in society in Africa and to maintain public confidence in the integrity and the competence of quantity surveyors by encouraging members of the AAQS to maintain the highest professional standards
- To promote and encourage development, education and research and technical advancement in the built environment in Africa
- To promote free movement of quantity surveyors amongst member countries of the AAQS
- To provide all possible support to the creation of associations of professional quantity surveyors throughout the African continent




CORE VALUES




COMMITMENT

Committed to unite national bodies of quantity surveyors and uphold the highest professional standards




INNOVATION

To initiate, define and assist in the implementation of joint programmes and co-operation in quantity surveying education, practice, research and development throughout Africa




PASSION

Dedicated to the quantity surveying profession with a passion to share information without barriers



REGULARITY

To promote the development and use of model documentation in Africa and to provide all possible support to the creation of bodies of quantity surveyors throughout the African continent



RELIENCE

Build a culture of trust, co-operation and support between associations on the African Continent

MEMBERSHIP DETAILS

INSTITUTION MEMBERSHIP

Institution Membership shall be open to any national institute, institution, association or society which in the opinion of the council of the AAQS represents a body of quantity surveyors in sovereign countries of Africa, provided that the constitution, objectives and functions of such institute, institution, association or society are consistent with those of the AAQS.

The AAQS may allow Institution Membership of the AAQS to an institute specifically to represent a single quantity surveying practice where in the opinion of the council of the AAQS there is no readily available alternative to representing quantity surveyors in a specific country.

PRACTICE MEMBERSHIP

Practice Membership shall be open to quantity surveying practices practising in Africa and who are registered members of, or are endorsed by, an Institution Member of the AAQS in the applicable country. Practice Membership shall not have any voting rights but such practices may through one representative attend AAQS council and general assembly meetings as observers and participate fully in all discussions.

Interested practices can at any time join the association for a full years membership

PRACTICE MEMBERS 2019

1.	Mokof Consulting	Ghana
2.	Excellence at Work Consultants	South Africa
3.	Construction Cost Consultancy	Kenya
4.	Inani Real Estate Consultants - New Member	South Africa
5.	Amazon Consultants Limited	Kenya
6.	LDM Consulting (Pty) Ltd	South Africa
7.	Anka Consultants Limited	Kenya
8.	Macanna Construction Cost Management	South Africa
9.	Nilcant Awotar Associates	Mauritius
10.	Makhoba Volbrech Associates	South Africa
11.	Pentad Mozambique Lda	Mozambique
12.	MMQSMace Consultancy (Pty) Ltd (Mandla Mlangeni QS)	South Africa

13.	Jordaan Oosthuysen Nangolo QS	Namibia
14.	MLC Quantity Surveyors (Pty) Ltd	South Africa
15.	AIJ Project Cost Consultants	Namibia
16.	Muhle Unlimited Designs cc	South Africa
17.	Richard Frankle & Associates	Namibia
18.	Nonku Ntshona & Associates QS	South Africa
19.	Billing Cost Associates	Nigeria
20.	Norval Wentzel Steinberg (Pty) Ltd	South Africa
21.	Consol Associates	Nigeria
22.	Ramgoolam (Pty) Ltd	South Africa
23.	MTI Partnership	Nigeria
24.	RLB Pentad Quantity Surveyors	South Africa
25.	Africost Durban (Pty) Ltd	South Africa

PANAFRICAN EVENTS IN THE CONSTRUCTION INDUSTRY

PRACTICE MEMBERS 2019 CONTINUED

26.	Quantus Africa Quantity Surveyors	South Africa
27.	Bham Tayob Khan (Jhb) Inc	South Africa
28.	Rousseau Probert Elliot	South Africa
29.	Crane Construction Consultants	South Africa
30.	Senekal Allen & Partners	South Africa
31.	De Leeuw Southern Africa	South Africa
32.	Singatha Africa Management Services	South Africa
33.	Del Quantity Surveyors (Pty) Ltd	South Africa
34.	Thabo Senyolo & Partners	South Africa
35.	Durapi Consulting	South Africa
36.	CQS Services Limited	Tanzania
37.	MLN Associates	Zambia
38.	Buildcost Associates	Uganda
39.	JCNP (Pty) Ltd	South Africa
40.	Sigma Immobili Limited	Uganda
41.	City Worx Consult	Zambia


EDITORIAL TEAM



Qs Jennifer Musyimi
Chair of Newsletter & Website Committee



Clarissa Walters
AAQs Secretariat



ASAQS ANNUAL CONFERENCE & GALA DINNER 2019

1 AUGUST 2019

Dear Member,
You are invited to the ASAQS Annual Conference:
SHIFT...TOWARDS OPPORTUNITY

Shift implies change, to adapt, to adjust, to reconstruct or to remodel. It repels the notion of maintenance or stagnation. It compels us to move from one position or direction to another. Shift challenges us to do what is required to remain relevant in an ever-changing landscape. To "up the ante". To find new frontiers.

Our future depends on our ability to continually shift towards emerging opportunities, or to proactively create our own. Abraham Lincoln once said, "The best way to predict the future is to create it"

Join us - as we explore access to opportunities beyond "business as usual"

	1 DAY CONFERENCE – 1 AUGUST 2019	GALA DINNER – 1 AUGUST 2019
Programme:	Registration: 8:30 am Event Starts: 9:00 am Event Ends: 16:30 pm	Registration: 19:00 pm Event Starts: 19:30 pm Event Ends: 22:30 pm
CPD:	7 hours – Category 1	3 hours – Category 1



Event registration fees: (all prices exclude VAT)

EVENT	CATEGORY	EARLY BIRD	NORMAL RATE
		Closes 1 July 2019	Closes 15 July 2019
One-Day Conference ONLY	Members	2900.00	3335.00
	Non-Members	3480.00	3770.00
	Students	1450.00	1450.00
Gala Dinner ONLY	Members	900.00	1035.00
	Non-Members	1080.00	1170.00
	Students	540.00	540.00
One-Day Conference and Gala Dinner COMBINED	Members	3400.00	3910.00
	Non-Members	4080.00	4420.00
	Students	1790.00	1790.00
Gala Dinner ACCOMPANYING PARTNERS	Partners	540.00	540.00

Registration closes: **Early Bird 1 JULY 2019** | **Final registration 15 JULY 2019**

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