Housing Market Needs and Solutions in Kigali City

Overview of Urbanization in Rwanda[1]

79% of Kigali city residents live in informal settlements

62.6% Countrywide, all households live in informal settlements

Kigali’s population growth projections[2]

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1,059,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,957,321</td>
</tr>
<tr>
<td>2030</td>
<td>3,059,457</td>
</tr>
<tr>
<td>2040</td>
<td>5,347,178</td>
</tr>
</tbody>
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Kigali’s housing demand by 2022[3]

458,265 Dwelling units (residential houses) will be needed in Kigali

31,000 Dwelling units will be needed per year up to 2022 from 2012

Assessment of Existing Housing Stock in Kigali City as of 2011[4]

42,710 dwelling units in good condition

71,487 dwelling units fit to be upgraded

108,803 dwelling units in poor condition and should be replaced

Kigali’s Housing supply per year as of 2011[5]

1,000 dwelling units are supplied every year

Kigali’s demand for new dwelling news could be addressed in three general ways[6]

1. Through the market, using banking and mortgage finance;
2. Through special programs and incentives or other innovative means for reaching households that currently pay rent but do not qualify for mortgage finance (for example, rent-to-own);
3. Through policies for subsidizing housing provided by the government.

To meet Kigali’s housing demand, four different housing categories based on household income and financing capacities have been proposed[7]

- **0.47%** Premium housing
- **12.62%** Social Housing
- **32.80%** Mid-range housing
- **54.11%** Affordable housing

Kigali’s New Housing Demand Composition based on income segment[8]

- **78%** Demand for new housing concentrates in the lowest income quintile where households earn RWF 300,000/month and less
- **13%** Demand for new housing fall in the category where households earn between RWF 300,001 and 600,000
- **5%** Demand for new housing fall in the category of households with income of RWF 600,001 to RWF 900,000
- **2%** Demand for new housing fall in the category of the households which has a household income of RWF 900,001 to RWF 1,500,000
- **1%** Demand for new housing fall in the category of households with income above RWF 1,500,001

Solutions proposed to address affordable housing challenges

- a. Engaging both academic and research institutions to devise for innovative ways, through empirical and applied research, to integrate affordable housing into microfinance schemes;
- b. Producing locally sourced low-cost construction materials;
- c. Adapting current construction technologies suitable for Rwanda’s context in terms of its geophysical nature, culture, economic situation, etc.
- d. Reducing labour costs on affordable housing construction projects by involving the beneficiaries;

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2,3,4,5, 6 & 7: A Housing Market Demand, Housing Finance and Housing Preferences study for the City of Kigali conducted by Planet Consortium, 2012.