

**WRITTEN STATEMENT OF  
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**OFFICE OF POLICY DEVELOPMENT AND RESEARCH  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**



**BEFORE THE  
SUBCOMMITTEE ON AFRICAN AFFAIRS  
COMMITTEE ON FOREIGN RELATIONS**

**UNITED STATES SENATE**

**May 4 2006**

Chairman Martinez, Ranking Member Feingold, and distinguished members of the Subcommittee:

I am Darlene Williams, Assistant Secretary for Policy Development and Research at the US Department of Housing and Urban Development.

I want to thank you for the opportunity to speak to you this afternoon on HUD's activities regarding the implications of urbanization in Africa. Mr. Chairman, I know you have a long-standing interest in ways HUD can provide help to developing countries around the globe. Thank you sincerely for the opportunity to focus on these concerns.

I am also pleased to participate in this hearing with the U.S. Agency for International Development (US AID) and UN HABITAT. HUD worked closely with Mrs. Anna Tibaijuka, Executive Director of UN HABITAT on a wide-range of global housing issues. We recognize Mrs. Tibaijuka's great work as the Secretary-General's Special Envoy on Human Settlements in Zimbabwe. Mrs. Tibaijuka reported on the tragic wholesale destruction of urban slums in that nation which displaced 700,000 people and affected millions more. Habitat for Humanity International, represented by Mr. Jonathan T.M. Reckford, is a faith-based organization doing incredible work providing housing for needy people around the world and proving that faith is a powerful source of compassion. HUD partners, like Habitat for Humanity, help us address diverse aspects of housing and community development issues here in the US and in many countries around the world.

Expanding and deepening America's ties with the nations of Africa are among President Bush's highest priorities. This Administration has demonstrated the greatest level of personal engagement with Africa in our history and has provided the greatest levels of assistance ever. To show his commitment, the President has directed his Cabinet Secretaries to engage with their African counterparts. In that spirit of cooperation, Secretary Jackson will travel to South Africa and Madagascar at the end of May. He will follow up on HUD's "Cities and Change" conference in South Africa and will also discuss the upcoming housing finance conference sponsored by OPIC in South Africa by meeting with government and business leaders to discuss these issues. He will also support the Millennium Challenge Corporation's program in Madagascar.

The Department of Housing and Urban Development has an important role to play in encouraging conditions for attaining the Millennium Development Goals and in improving relations with African countries.

Our enabling legislation under the Housing Act of 1957 does not authorize foreign assistance, but it does encourage HUD to meet with foreign officials in related housing and development fields, exchange housing data with other nations, and participate in international conferences. Within these parameters, HUD carries out an active international agenda, and we engage in co-operative international exchanges that inform other governments about America's experience and knowledge in housing

markets, how HUD works with the private sector in urban regions, and the nature and value of HUD programs.

In that spirit, in May of 2004, I was part of a delegation to South Africa and Botswana to share information on the nation's secondary mortgage market and discussed the challenges of establishing a comprehensive national housing policy, and explained the Federal government's role in the financial framework to foster affordable housing and homeownership.

Today you will hear from US-AID and UN HABITAT on the critical need for housing in Africa. The eight Millennium Development Goals (MDGs) all have major implications for urban areas.

Housing is a basic necessity for a stable and decent society. When a family has a home that they feel proud of, they thrive through education, health, and wealth-creation. A safe and decent home is important in improving the health of families and communities. Children from healthy families and communities can grow in knowledge and access better educational opportunities. And a family with improved job prospects and a home of their own has a valuable means for wealth-creation. Although HUD's mandate is limited to providing activities involving information exchange, by sharing what we have learned, we can participate in UN HABITAT's mission to "improve the state of human settlements worldwide." People everywhere share the same hope, the same dream of having a home they call their own because people everywhere know that owning your own home is central to having a stake in the community's destiny. HUD works with its partners at the table to share the knowledge and experience acquired to make that hope a reality everywhere.

Let me tell you in detail about one example: the High-Level East Africa Peer Exchange program held in Kampala, Uganda. In November of 2005, HUD partnered with UN HABITAT to explore how government can foster private sector lending that will encourage affordable housing. Because of growing interest in sub-Saharan Africa for innovative approaches to financing affordable housing, HUD and UN HABITAT shared lessons learned about public sector support for private sector financing. We identified countries in the East Africa region as the first pilot locations for the peer exchange. Many of them share a common history. Some already have relatively mature domestic capital markets and fully liberalized domestic financial services sectors. Others are models for strong economic growth, decentralization, and local self-governance.

Moreover, in recent years, commercial banks in East Africa have entered into retail mortgage lending, responding to lower interest rates and greater competition in a newly liberalized financial service sector. Community organizations, co-operatives, and micro-financial institutions are emerging here as credible financial intermediaries often lending where banks cannot.

Government and financial institutions from Kenya, Tanzania, and Uganda attended the peer exchange. For a country that wishes to encourage affordable housing,

the great gap between the enormous demand for housing and the limited supply of housing units can be closed only with substantial involvement by private lending institutions. Conditions for private lending are improving, but the reforms and regulations for private lending markets are not yet in place.

In many East African nations, the banking sector is nascent but vibrant, dynamic, and innovative. Countries such as Kenya have strong financial intermediaries that provide a bridge between banks and the previously un-bankable – a key to financing affordable housing. Tanzania is establishing regulatory conditions that are enabling communities and markets that will increase private lending activity.

I am happy to report that the East Africa Peer Exchange Program has resulted in solid accomplishments. All three nations are implementing action plans prepared at the Peer Exchange.

- Kenya is establishing a special purpose development company for large-scale housing development in slum areas of Nairobi as it prepares for a high-level investment conference this month. The government is also presenting Parliament with a framework for asset-backed securitization and a housing bill that will accelerate private lending for affordable housing.
- Tanzania is developing a long-term credit facility for mortgage lending to private banks, with preferential consideration to those that partner with financial intermediaries. The country is also promoting a commercially operated national housing finance institution as part of its second generation financial sector reforms.
- Uganda is preparing a national framework for promoting housing finance.

These outcomes demonstrate the value of HUD's partnerships with other countries to help promote universal housing goals. They suggest that professionals can gain valuable and useful information by interacting with their counterparts from neighboring countries. Identifying how different countries treat commonly shared problems and the constraints each faces in government and the private sector reflect how much imaginative thinking can occur if countries work together. Beyond that, President Kufour of Ghana met with Secretary Jackson last year and agreed to a similar peer exchange for West African countries in November 2006, to be hosted by Ghana, with the partnership of HUD, UN HABITAT, and with USAID experts.

In August 2004 as part of South Africa's ten years of freedom celebrations, HUD co-sponsored a "Cities In Change" conference in Johannesburg and Cape Town, with the International Downtown Association, on rebuilding and rejuvenating depressed downtown areas. That conference focused on urban development needs and looked forward to the next ten years. Experts from the US, the UK, and South Africa discussed issues such as cities globally and locally; economic problems; private-sector interventions; and, residential, community, and social concerns.

HUD, together with the State Department and USAID, will co-sponsor a seminar in Amman, Jordan for mayors, city managers, and infrastructure engineers in North African and Middle Eastern countries on how Geographic Information Systems (GIS) can be an important planning tool for sustainable city and housing development. GIS combines data and maps to provide a rich source of information that can spatially show trends, problems, and opportunities, allowing local governments to plan development and more effectively provide city services. The participants will have the opportunity through this workshop to assess their cities' needs and build strategies to meet their goals. We believe that this technology, if successfully applied, can demonstrate how geospatial technology can enhance local democracy and effective city governance.

A critical element in making progress on the MDG of "improving the lives of slum dwellers" in Africa and around the world is the collection and analysis of international housing data. I am proud that the Office of Policy Development and Research (PD&R) was invited to share our expertise with the Statistical Research Office of UN HABITAT on the methodology of obtaining reliable housing data from around the world. HUD is the US representative on the Steering Committee of UN HABITAT's Global Partnership for Monitoring the Millennium Development Goal. PD&R has extensive experience in collecting and analyzing urban and housing data, and our experience in conducting the American Housing Survey provides wide-ranging expertise for this mandate.

HUD works with UN HABITAT in international meetings such as the World Urban Forums, which attract approximately 8,000 participants interested in housing and urban issues.

In cooperation with US-AID, we are sponsoring and participating in at least fifteen networking events on such topics as property rights, use of GIS, housing finance, and donor coordination. In this effort, we are working with the International Housing Coalition, which includes Habitat for Humanity International and the National Association of Realtors (NAR).

Each year, government officials from Africa and other regions of the world come to HUD for briefings on a wide variety of HUD policies and programs. There is great international interest in American experience and research on housing finance and urban investment. Many of these officials represent programs sponsored by the State Department and US AID. Currently we are working with Mexico to modernize building codes and have worked with Spain to help develop their public-private partnerships. Similar activities could be applied to an African context.

The nations of Africa can benefit from learning about the housing sector in the United States, where almost 69 percent of Americans own their own home. Candidly, this is a remarkable record. And there is no reason why it cannot be matched or exceeded in Africa or elsewhere, *provided* they hear the core message we want to share. Economic growth and prosperity, affordable and decent housing and community development do

not spring up from institutional structures but from the principles that give them life. When private property rights are protected, when contracts are enforceable by impartial judges, when taxes are kept low and applied fairly and equally, when regulatory barriers to enterprise and housing are lowered, and when people participate in governance, then the vital principles are in place for the private sector to thrive and produce the affordable housing so desperately needed in so many countries. The application of these essential principles takes much dialogue and hard work.

Opportunity and prosperity are the birthright of all human beings. On July 13, 2004 as President Bush signed the African Growth and Opportunity Act, he said: “No region has more to gain from free markets than Africa.”

I would be happy to respond to any questions you may have.

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