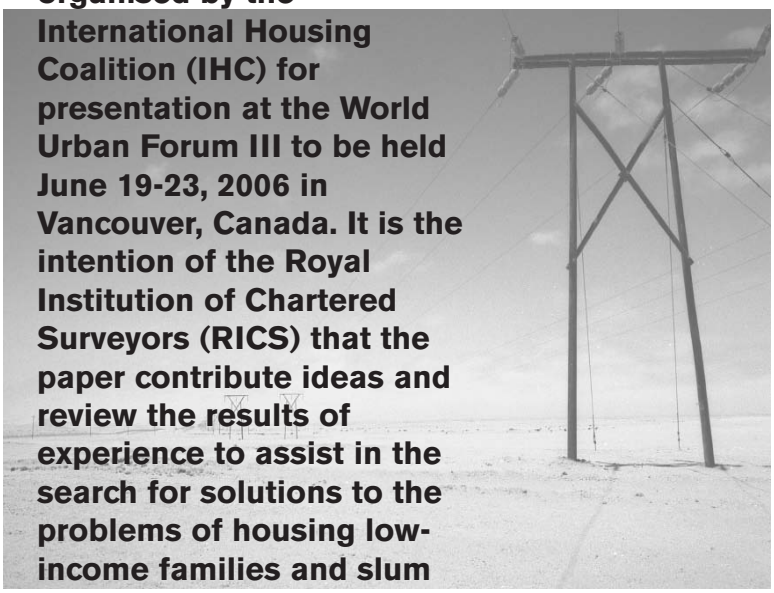
Land and Property Markets in Ghana

A discussion paper prepared by the Royal Institution of Chartered Surveyors for presentation at the 2006 World Urban Forum by Callistus Mahama (Kwame Nkrumah University of Science and Technology, Ghana) and Adarkwah Antwi (University of Wolverhampton, England)

RICS Research

This study was prepared as part of a series of studies organised by the International Housing Coalition (IHC) for presentation at the World Urban Forum III to be held June 19-23, 2006 in Vancouver, Canada. It is the intention of the Royal Institution of Chartered Surveyors (RICS) that the paper contribute ideas and review the results of experience to assist in the search for solutions to the problems of housing low-income families and slum dwellers around the world. RICS subscribes to the goal of "Housing for All" as an essential element to ending poverty throughout the world.



RICS
12 Great George Street
London SW1P 3AD
UNITED KINGDOM

www.rics.org

Our grateful thanks to Homeless International for providing the photographs for the front cover. Details of the work of Homeless International can be found at www.homeless-international.org

Land and Property Markets in Ghana

Introduction

The operations of the land and property markets are largely informal. That is, most transactions take place outside a formal registration process and the operations of the land and property markets are not regulated or transparent. As a result there is considerable confusion and differences in transactions and the value and methods of payment used to buy and sell land and property. Less than 10 percent of land allocations made by customary owners are registered. Government participation in the land market is minimal, compared to the position it played in the postcolonial period. The Tema Development Corporation (TDC), State Housing Corporation (SIC) and the Social Security and National Insurance Trust (SSNIT) are the only public sector agencies involved in the land market. Recently, the Ghana Real Estate Developer Association (GREDA) and some private developers have played an active role in land development, mainly servicing the upper income and expatriate demands for land and housing. The uncertainty that surrounds the use, development and title to land, with a reported 80,000 legal cases involving disputes on the title to land in urban Ghana (Mahama, 2004), has resulted in great uncertainty in the urban land markets. Consequently, there is a high risk factor being built into prices for land, with buyers prepared to pay a premium for land where security of tenure is likely not to be challenged (Migot-Adholla et al, 1994, & Mahama, 2004).

Housing, like food and water, is a basic need and a necessity for the existence of man; the need for individual families to acquire their own private accommodation which they can call home, cannot be over-emphasised. A nation's labour force is enhanced and further developed if it has a safe, decent and affordable means of accommodation. In the belief that 'adequate housing' is a basic human need, the United Nations General Assembly unanimously adopted a resolution proclaiming 1987 the International Year of Shelter for the Homeless (Tshipinare, 1987). The challenge confronting city dwellers in terms of accommodation is enormous. Most residents of cities and large towns in Ghana encounter serious accommodation problems as they desperately look for decent and reasonably priced houses to rent.

The purpose of this study is therefore to assess the prevailing land and property markets in the country using secondary information from both published and unpublished materials.

Income and Access to the Land Market.

Current land prices in Accra prohibit about 65 percent of the population from entering the housing market. Land values, for instance, in East Legon, a suburb in the capital, are between $40,000 to $60,000 per residential plot with serviced lands in Tema selling for about $15,000 to $18,000 per plot. In Kumasi, the second largest city, urban land prices range from $20,000 to $40,000 for unserviced lands close to major road networks (Mahama, 2004). The high cost of housing is caused by the price of land and high cost of utilities such as roads, water and electricity on such lands. The majority of Ghanaians spend more that 40% of their income on housing. The current minimum wage per day is 13,000 cedis and most Ghanaians in the public sector receive less than $100 per month. More than half of Ghanaians live on less than $1 per day[1]. A study conducted in 2004 in three urban cities, namely Accra, Kumasi and Tamale, showed that less than 5% of people living in these areas could comfortably service loans of about 50 million cedis in a ten year repayment period (Mahama, 2004). This was in 2003. More recent evidence suggests that the situation has gone from bad to worse. A university professor's annual salary of about 70 million cedis may be barely adequate for an average size plot, even only in the peri-urban zone. The figure of $9000 (about 81 million cedis) is now being quoted as the minimum price of an affordable house under the low cost housing project by the government. Given the current minimum wage of 13,000 cedis per day, it will take someone on the current minimum wage 17 years to service the loan, excluding interest, and committing his or her entire salary to it.

The State of Housing

The report on the State of the Ghanaian Economy 2003 (ISSER, 2004) notes the lack of adequate financing, high lending rates, acquisition of land for large scale housing projects and high prices of land and building materials, as significant problems. The report draws specific attention to the issues of land in Accra. "Land litigation in Accra in particular impedes individuals' effort in putting up their own residential units". Ghana's housing deficit stands at about 300,000 and it is estimated that about 1.2 million new housing units are needed by the year 2005. To achieve such a target, about 133,000 new housing units will have to be delivered annually. However, only 25,000 units are produced leaving an unsatisfied annual demand of 108,000 units,[2]

As a result, shift dwelling units such as kiosks, tents, cargo containers, or attachments to shops or offices serve as homes for 1.9 percent of the population, besides the 3 percent who are homeless

[1] See the Ghana Poverty Reduction Strategy (GPRS).
[2] See Housing Finance in Ghana-ghanareport.htm .

(Ghana living standards survey, 2000) and living on the streets. This appears to be a phenomenon in large city centres like Accra, Kumasi and Tema. The Housing and Population census conducted in 2000 [3] indicates that the average household size in Ghana is 5.1 persons with about 4.5 households per house, and a total of 2,181,975 housing units nationwide. This is woefully inadequate because if every household of 5.1 persons were to have a separate unit of housing then all other things being equal, with a population of about 20 million then we will need a total of 3,708,250 housing units, a deficit of 1,526,275 units. More than 52 per cent of houses are estimated to have between two and four households living in them. Approximately 35 percent of houses have between 5 and 9 households. The average number of rooms in a house is 8. Most houses are constructed as compound houses, with multiple households using different rooms of the house. About 57 percent of houses in Accra are compound houses.

Out of the 3,701,241 households recorded by the census, 2440 were identified as homeless. As much as 44.5 percent of dwelling units in the country are rooms in compound houses followed by separate or semi-detached houses of 40.6 percent. In the capital, 57 percent of houses are compound houses with an average of 17 persons per house (ibid). With such large numbers of compound houses, most households must share facilities such as toilet, bathroom and kitchen, which denies households the privacy they prefer.

Ideally, the housing situation should be a minimum of a two-bedroom house per household[4], certainly at present a luxury beyond the reach of many households. Families of about 5 persons and above are sharing one-room apartments. The census revealed that 38% of households have one-room apartments with 23.8% having two rooms. It is evident that most households have inadequate sleeping rooms, particularly when personal property and household chattels occupy a sizeable portion of the sleeping room.

The housing stock in the country has not improved much over the years as it has been increasing by a slight margin whereas the housing deficit increases by substantial margins as seen in table below.

[3] Herein called the census
[4] Housing Needs Assessment, Ministry of works and Housing, 1990

Table 1: Housing Stock and Deficit.

Year	Estimated Total Households	Estimated Housing Stock	Estimated Housing Deficit
1960	-	-	36,439
1970	351,953	152,573	199,363
1986	898,000	498,000	400,000
2000	1,910,325	895,049	1,015,276
2002	2,176,325	943,490	1,232,835

Source: 1960, 1970 & 2000 Population Census, HFC (2002) and MWH (1986*)*

The Housing Market

Most Ghanaians buy land for the purpose of constructing a building, a house, or developing a farm or some other enterprise. However, cultural tradition tends to look down upon the selling of property. The selling of property can imply to other Ghanaians that the owner is in debt or has had some other misfortune. The tendency is for Ghanaians to buy and hold property, then build a second dwelling and rent the first. The intent of many Ghanaians is to accumulate property, rather than to maximise economic returns (Antwi, 1996). The real estate market (the market for completely developed properties) in Ghana is very much in its infancy, with very few property sales. The real estate market however is growing as the younger generation of Ghanaians realise the capital gains made from property is a quick path to wealth in periods of rapid inflation. In the past, government supported the development of the Ghana Real Estate Developers Association, which has, according to their promotional material, constructed over 10,954 new homes since their formation in 1988. However, GREDA is a land and housing developer organization and is not in the business of offering real estate services for existing housing stock. There are many people operating as estate agents, many of whom have no formal training, and their professional conduct can leave a lot to be desired. The lack of adequate professional expertise has led to a high degree of informality in the land market. The informality has been the cause of the dearth of adequate and reliable records on activities in the market. The need to link up demand with supply has often created difficulties. Some general practice surveyors have established offices where they undertake estate agency functions in addition to other valuation and estate management functions. These are, however, in the minority. It is also evident that the general public is often unaware of the functions of the general practice surveyors. The inability of the professional practitioners to

perform estate agency functions has created a gap in the market, which has been filled by a number of people who have no training in estate agency. They are often individuals with no location identification who specialise in linking demand to supply in the property market. Owing to the fact that they are unorganised, they have often been the source of fraudulent activities in the market. Many do not keep records of their activities and this does not augur well for the development of the land market (CDD, 2000).

To improve the activities of estate agents in the market, the Ghana Institution of Surveyors has proposed the enactment of a law to regulate their activities. Under the proposed law, only people with professional qualifications in estate management and its related disciplines, such as land economy, law and planning, will be licensed by a Board of Estate Agency to practice the profession of Estate Agent. One of the conditions, which must be satisfied to obtain a licence, is the requirement for a performance bond to be obtained by the estate agent from a financial institution, which should be registered with the Estate Agency Board. The bond is a guarantee that, should anybody suffer financial or other loss as a result of the estate agent's activities, the financial institution providing the guarantee would indemnify the agent. The proposed enactment also provides that all other persons who wish to operate as estate agents could do so under the agents licensed under the law. The proposed law has been outstanding for years.

Land Markets

The land market is hampered by lack of information. Information on property sales, sale values, etc. is jealously guarded. This is sometimes because culturally, people feel insecure in making it known that they have sold their properties. Thus, transactions on the market are shrouded in secrecy. Added to this is the inability of state institutions to build a good database for property sales and land values. The result is that, in many cases, every transaction on the market is isolated.

Poor coordination between land development and the provision of infrastructure has also hampered activities in the land market. While the absence of infrastructure such as roads and the utilities may make particular areas unattractive to participants in the land market, in some cases land development takes place in areas where infrastructure have not been provided. The result is the preponderance of uncompleted buildings on the outskirts of towns. These represent locked-up capital, which cannot be utilised to enhance activities in the land market as their owners wait for the infrastructure.

The rental market is the most active property market in Ghana. More than 75 percent of the urban population rely on rental accommodation or that provided at minimal cost by friends and relatives[5]. There is an acute shortage of residential accommodation in all urban areas resulting in overcrowding and a highly exorbitant rental market. It is not uncommon for landlords to request for two years rent in advance in low-income inner-city housing areas of Accra and Kumasi. In high-income areas, two years rent in advance is common.

As indicated earlier, among low-income earners in the cities, more than 40% of monthly income can be spent on rental accommodation. The high rents paid for basic accommodation are a product of the failure to supply sufficient land for housing, and the weakness in the housing system to finance and construct sufficient accommodation to meet the demands of the rental market.

(i) Contractual Agreements

Most high-income rental properties will have a formal contractual agreement setting out the area and property to be leased and accompanying terms and conditions for payment and maintenance of the asset. For long-term leases these can be registered for the protection of the lessee under the Conveyancing Decree, 1973, and the Land Registry Act, 1962. Medium- and low-income renters will normally receive a note from their landlords since they are exempted by the Conveyancing Decree although enquiries with estate agents tend to suggest there is increasing use of more formal documentation. In many cases terms and conditions are not described and tenants are left with very little protection from eviction or rent increases. Sometimes it is almost impossible to register a lease for medium-income rental accommodation as required by Section 24 of the Land Registry Act, 1962 (Act122), as ownership and the legal description of rental property often remains unclear. The Rent Act, 1963, has not helped much. It has seen so many amendments that it stands completely disfigured to the extent that it is difficult knowing the true state of the law. In any event not many people know of the existence of the law. However, a more formalised system for private rental agreements is needed to protect tenants from being evicted as the result of market forces driving up rents. Most rental agreements are informal, and many landlords prefer it that way for tax avoidance and ease of eviction reasons. The introduction of taxes would be passed on to tenants. Until the housing supply problem can be addressed, any attempt to regulate the rental market, except for the upper income group, is likely to cause a further increase in rents in urban areas. This will affect groups in society that can least afford to pay.

[5] Annual Budget Statement, 2002.

ii) Supply and Demand for Land.

Land is not homogeneous; each parcel is unique, having a particular set of location, physical and neighbourhood characteristics. Actors in the land market are diverse and have diverse objectives, expectations and strategies. Land is also a finite resource; hence the available supply of land and demand for land will have a very significant impact on the price or rent paid for it. If there are impediments to the supply side of land markets, in situations where population and other needs are rising, the price of land will rise. This becomes most apparent in cities like Accra and Kumasi that are growing rapidly.

The demand for land in urban Ghana is high, driven by high population growth and an inherent desire (and a customary right) in many areas for everyone to have access to a piece of land to build a home. This has resulted in the fragmentation of land through successive subdivision, leading to increased competition for land and subsequent increase in prices and rents. When supply is severely constrained, and pent up demand is very high, land prices become inflationary. This situation is compounded if there are external factors acting in the market, such as the demand for land by expatriate Ghanaians who are prepared to pay European and US prices. The failure to supply sufficient land to satisfy demand has led to a hyperinflationary and speculative situation in these land markets (Ghana Statistical Service, 2000). The consequences of this are having severe social impacts on access to housing by lower income groups.

In urban property markets, uncertainty over the ownership of land, long delays in approvals and the issue of titles, unscrupulous land sales, lack of compliance with planning requirements, delayed provision of infrastructure and other services, ill-disciplined land agents and corruption in all aspects of the industry has led to distortions and inefficiencies in urban land markets (CDD, 2000). The implication of this situation is that the cost of land to purchasers is much higher than it should be. It also prevents many low-income groups from ever participating in the land and housing markets. The Ghana Living Standard Survey (Ghana Statistical Service, 2000) suggests that less than 25 percent of urban households have an income that is sufficient to participate in the land and housing market. In Accra this could be as low as 12 percent. As migration to the capital city increases, the land supply situation is expected to become even more acute, perhaps necessitating government intervention to bring more certainty to the land market here (AMA, undated)

An intriguing feature of the land market is the poor understanding most of the population have about the operation of land and property markets. Hyperinflation has created a situation where prices seldom, if ever, drop regardless of supply situation. Subsequently, when a situation arises that supply increases, such as the expatriate rental housing market, owners will hold property vacant for many years rather than rent it at a lower price in the belief that the previous rent is the true market price or rental income of the asset (Tipple et al, 1998). Elasticity of demand does not operate effectively in property markets in Ghana (World Bank, 1998). As most land or property sold or leased is often fully paid out, owners therefore are prepared to sit on vacant land or houses until the price rises. The forfeited loss of revenue or profit is often not a consideration, as many land and property assets are not debt financed. Hence there is no urgency in needing to keep property rented or to sell to meet mortgage or loan obligations. The failure of land supply to meet demand means that ultimately land values rise, whereupon the owners re-enter the market and in the intervening time the value of the assets has risen significantly. This situation creates a much distorted land and property market.

The above situation has resulted in very high under utilisation of land and property assets in the main urban centres of Ghana and fuelled land speculation. The very large number of unfinished dwellings in peri-urban areas makes the situation worse. The failure of government to address this situation by releasing state land to dampen demand, is only adding to the distortion of the land and property markets. Greater state intervention (in the form of enforcement of regulations and the release of compulsorily acquired lands that have not been used) is needed to address the relatively uncontrolled situation that exists in urban land markets.

State Intervention

i) Housing Policy Initiatives

Ghana has had a long series of government overthrows, which has resulted in different housing policies being implemented with every new government. Several housing policies have been implemented with different emphasis on housing subsidy from colonial era to date. The political factor in the nation's history cannot therefore be ruled out of the housing policies that have evolved over the years as a series of coup d'états led to the abolishing of the housing policy of a predecessor government.

The housing policy of the colonial era did not hinge on the provision of mass housing but rather focussed on the provision of subsidised rental bungalow housing for the colonial bureaucracy (Hornsby-Odoi & Akpey, 1988). In addition to this, the colonial state acquired and serviced land mainly for granting leases to more affluent strata of the African population. Access to those plots was determined by ones ability to build an expensive European style house. The provision of low-income housing and land acquisition for such activity was left to the free market except for a few interventions by the state to re-house the victims of the 1924 plague in Kumasi and the 1939 earthquake in Accra (Songsore, 2003).

After independence, the total direction of the economy in terms of housing was direct state delivery of housing units. The housing policy at that time was centralised with subsidy packages made available to increase ownership of houses in the country in the form of roof loans scheme, self-help housing scheme, public housing, and the provision of serviced sites to developers for housing construction. Loans were provided to over 3000 Ghanaians with building materials and serviced sites provided for those who wanted to build for themselves. Mass production of housing units for public sector workers was also embarked upon by the government as a means of ensuring that people had access to shelter at an affordable rate. Government invested £GB 9, 100,000 in state housing institutions which enabled the State Housing Corporation (SHC) and the Tema Development Corporation (TDC) to respectively deliver 1,052 and 10,700 low-cost housing units for workers. The year 1966 however saw the overthrow of the government and an end to this policy.

From 1969 to 1972 with a new government in place, the role of the state changed from a direct housing provider to a facilitator. Private sector participation in housing provision was encouraged with the government establishing the Bank for Housing and Construction (BHC) to provide construction loans at moderate terms to citizens. All rental subsidies were withdrawn over this period and rents on state housing units increased to be used for further development of housing.

The Acheapong administration (1972-1979) suspended the housing policy of the previous administration. Subsidies were however re-introduced as housing was considered as a basic human right, which the state must help to provide and guarantee its availability. Housing investment increased in the public sector with TDC delivering 7,380 subsidised housing units. Policies such as site and services provision, slum upgrading programmes, rural and urban co-operative housing and self-help housing schemes were introduced. A decree (SMCD 23, 1985) was passed which enabled the Bank of Ghana to operate a national mortgage and finance

guarantee scheme. The scheme promoted the construction of owner occupier houses, provided indemnity for financial institutions incurring default loss and established a secondary mortgage market. Tax concessions, mortgage guarantees and other incentives were provided to the building industry to encourage and stimulate the development and use of local building materials. Rural housing was given attention through manpower training and the rehabilitation of existing houses leading to improved housing quality in the rural areas.

In 1979 and 1981, a coup d'état brought in a new government. Funding and infrastructure grants to the state housing institutions were withdrawn with rent controls on both public and private sector housing instituted. A National Housing Policy was implemented leading to the liberalisation of the housing sector. GREDA and the HFC were then established in 1988 and 1993 respectively. Government only undertook slum upgrading programmes as a means of improving the environmental situations in the urban centre leaving the private sector to deliver housing. Public housing delivery stood at 41,728 in 2000.

Providing shelter for the average Ghanaian is and should be a national priority and must not be put on the back burner by government or stakeholders in the housing industry. Looking at the preceding periods, housing policies basically had the same focus as in the direct provision of low cost housing and building materials by the state, rental subsidies, mortgage guarantees, rural housing and roof loans schemes. In periods where the government provided loans, building materials and serviced sites, more low income households were able to acquire property. Direct provision of houses by the state within these periods also helped in the total delivery of housing units for the low- and middle- income households. However, in periods where the state abolished rental subsidies and divested itself from direct provision of housing and withdrew funding to the state institutions, it led to low delivery of housing units and a further degeneration of the housing situation in the country. As a result of the withdrawal of rental subsidies, most landlords withdrew their rental units from the market making it difficult for most households who depended on rental accommodation to be adequately housed.

Impact of Housing Policies.

In spite of the variety of well meaning and comprehensive housing policies that have been adopted, implementation of housings policies and programmes have over the years been generally unsuccessful. The failure of these programmes has been the result of a number of factors among which are:

(i) Political instability and the resultant frequent overhaul or termination of policies.

(ii) Inflation.

(iii) Over-dependence of foreign inputs for housing and problems associated with this phenomenon.

(iv) Poor Management.

(v) Lack of effective machinery for mobilising financial resources for investment in housing.

(vi) Lack of co-ordination.

The low production of the housing sector resulting from the ineffective implementation of the various housing policies has been attributed to three basic constraints (Songsore, 2003). These are: Institutional, Resources and Technological Constraints.

In the public housing sector, frequent overhaul of housing policies creates uncertainty and disorientation, which militates against long term housing and sustained programming by the national housing agencies. The resultant adhoc programming frequently leads to inaction and gross inefficiencies in housing delivery. Since most of the so-called new policies are in reality extensions or elaborations of previous policies, a more institutionalised way of introducing new policies would contribute substantially to ensuring a stable and continuous output by public housing agencies. Other areas of institutional constraints are administrative and legal. Specifically, administrative constraints consist of procedures used in planning and programming housing projects, obtaining development permits, in tendering and monitoring of construction and in the allocation of housing.

Another critical constraint in the housing system is lack of building materials, finance and appropriate technologies for housing and land. The undefined nature of land ownership in some circumstances, coupled with the lack of an efficient system of registering titles to land are all factors which bear on the extent of participation in the real estate market.

The combination of these factors led to policies and programmes which promoted the production of housing units the cost of which were so high as to be affordable to the low-income group.

ii) Housing Finance

Although a number of financial institutions have been set up, their combined impact on housing delivery has been limited and they have remained as tools in the service of the middle and higher-income groups. The most prominent of these include the Bank for Housing and Construction, the First Ghana Building Society (both defunct) in addition to others such as the Social Security and National Insurance Trust, State Insurance Corporation, the commercial banks and the Home Finance Company. Even in the best of times these institutions could only finance a small fraction of the housing needs of only the elite because of the high cost of land and building materials.

The Case of the Home Finance Company (HFC)

The HFC was licensed under the Financial Institution (non-bank) Law, PNDCL 328, 1993, as a mortgage finance company in the country. Originally, the company was conceived to operate as a secondary mortgage institution providing sustained housing finance in a two-tier housing system where government was to give it strong central support, given the acute housing shortage in the country. The company was to be a catalyst to jump start primary mortgage lending by the banks with these institutions bearing only 10 percent default risk with government bearing the remaining 90 percent. HFC was to bear no default risk[6].

Few banks however offer mortgages in the country and this is mostly to high net worth customers, making the HFC the dominant housing finance institution in the country providing a wide range of mortgage facilities on a sustained basis. Three major reasons accounts for the lack of interest in the mortgage financing market by the banks. The commission of 1.5 percent per annum is not attractive enough, in spite of the fact that they would bear only 10 percent default risk. Secondly, high interest rate on treasury instruments averaging about 28.2 percent per annum is a very high rate for them to borrow. Finally, the issues of risk and affordability made the introduction of indexed mortgages unacceptable by both existing and potential mortgagees (ibid).

The HFC took on the additional role as a mortgage originator and servicer, introducing conventional mortgages. The company operates several mortgage schemes for Home Purchasing, Uncompleted Housing, Home Improvement, Residential Property Finance and the Non-resident Ghanaians scheme. It also operates the Corporate Loans and the High Net-worth Individual Scheme for corporate bodies (ibid).

[6] See Housing Finance in Ghana- ghanareport.htm

The Home Purchase Scheme is the main mortgage finance facility provided to assist interested individuals and companies to purchase residential properties for their own use, rental or for other purposes. Maximum repayment periods and interest rates on these loans are 15-20 years and 30.5 percent for resident Ghanaians and 10 years and 12.5 percent for non-resident Ghanaians respectively.

As a result of high inflation rates, it is impossible for the majority of individuals to access these loans due to the high income-to-payment ratios and the 20 percent down payments of these loans. At the end of 2001 mortgages outstanding stood at 3,639 mortgagees at a value of $44.2 million. Out of the 65% formal sector housing delivery, only 0.8% is through mortgage.

Table 2: HFC Mortgages Outstanding by Year

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Mortgagors	163	272	824	417	411	401	351	270	230	300	3639
Mortgages ($'000,000)	1.9	3.8	4.2	2.5	4.3	3.0	7.0	6.9	5.7	4.9	44.2

Source: HFC 2002

The company also provides construction finance to real estate developers who generally produce semi-detached expandable and non-expandable residential houses. These houses are priced in US dollars and the price ranges from $17,500- $36,000 as shown in Table below. With an exchange rate of about ¢9000 to the US dollar, a one bedroom house costs about ¢161,000,000.

Table 3: House Prices of Private Estate Developers

Type of House	Approximate Floor area (m²).	Average Price in US Dollars	In Ghanaian Cedi Equivalent
1 Bedroom (semi-detached, expandable)	76	17,500	161,000,000
2 Bedroom (semi-detached, non-expandable)	82	22,000	202,400,000
2 Bedroom (semi-detached, expandable)	96	25,500	234,600,000
3 Bedroom (semi-detached, expandable)	120	32,000	294,400,000
3 Bedroom (semi-detached, expandable)	140	36,000	331,200,000

Source: HFC, 2003

These units provided on the open market are often too expensive for the average Ghanaian and about 70% of the population cannot afford these units. The price of these houses are also set in dollars, thus with a very volatile economy that sees the Cedi depreciating against the country's major foreign currencies, the price of these houses keep increasing every day in absolute terms. Only those living abroad and foreigners who come in with foreign currencies are able to purchase these houses. This is very unfortunate considering the fact that the housing situation in the country falls short of the needed supply. The private developer is only interested in recouping his investment and making additional profit. Affordable housing is not one of their priorities.

OUTCOME AND CHALLENGES IN ADDRESSING HOUSING ISSUES

The problem of finding affordable houses for the greater majority of the populace is an uphill task for governments of Ghana. Various governments have made bold attempts to bolster growth in the housing stock but a lot more needs to be done. Rapid urbanisation, ever increasing population and migration, dwindling economic fortunes of the country, and inflation, are all making the efforts at housing the population less effective.

In Accra, the nation's capital, with an estimated population of 2,905,726, residents in their anxiety to find a solution to the acute accommodation problems confronting them, have erected structures which spread throughout the city. Apart from the fact that the structures have been haphazardly put up, they have also blocked waterways and the drainage system. The city is therefore confronted with unplanned, uncontrolled and non-conforming development. Emerging slum areas in Accra include Agbogbloshie, 'Sodom and Gomorrah' and around Kwame Nkrumah Circle along the Odawna River. These slums do not have access to toilet facilities, pipe-borne water or electricity.

The private sector has been in the forefront of addressing the housing needs of the nation, as the state and parastatal organisation like the Tema Development Company (TDC), Social Security and National Insurance Trust (SSNIT), State Housing Company (SHC) have slowed down in their direct construction of the housing units for the populace. The SHC has been divested and does construction on limited scale. Apart from pockets of housing estates at Dansoman (SSNIT) and Adenta (SSNIT) both in Accra, and Asuoyeboah (SSNIT) and Buokrom Estate (SHC) in Kumasi, the entire built up area in Accra and Kumasi was built by the private sector and individuals.

The following measures could be considered for implementation to bring relief to the homeless and the low-income households who cannot afford high-priced residential units.

First, current support in the housing market in terms of subsidized land, sites and services and generous loans directed towards those who can best afford market prices, should be shifted to those who cannot realise their self-housing aspiration in the free market. There should be the adoption of aided self-help schemes or popular housing, slum up-grading with the involvement of local communities including urgent attempts to develop or promote the use of local building materials. For example the State or its agencies in the housing delivery should go into the construction of compound house for the poor and leave the home finance companies to cater for the needs of the high income groups.

Secondly, importance should be attached to the research work of our scientists in the field of building and building materials. The Housing and Planning Research Department of the Kwame Nkrumah University of Science and Technology has over the years come out with locally produced building materials, which can stand the test of time. Yet consumption has been disappointing. There have been many researches and pilot projects in other areas to find a solution to the housing problem. More often than not, the findings of these researches end up on bookshelves. There is the need to identify more areas of research and to find ways and means to disseminate the information to agencies concerned for practical uses.

The present mortgage system of the financial institutions should be reviewed. A sustainable and viable mortgage financing scheme tailored to meet the needs and economic circumstances of a greater number of our people should be put in place. The following sources could be explored to finance housing: private savings, savings of private companies, trade union funds, pension and social security funds of SSNIT and the establishment of more building societies to tap money markets for resources to finance mass housing.

A housing fund could also be established along the lines of the Road Fund, which is funded with monies from special tax on petroleum products. In the same vein, similar special tax can be instituted for the housing sector. The Turkish Government instituted a General Housing Fund in 1984 and out of this fund, loans are granted to individual housing co-operatives and estate developers for housing development (Habitat, 1988).

It is also hoped that with the introduction of the Land Administration Project (LAP), the processes of land acquisition will be streamlined, all bottle-necks in the system removed to pave way for easy accessibility to cheap and affordable land for housing development. The Land

Administration Program is an attempt to implement much of the framework for action contained in the National Land Policy. It is a long term commitment by the Government of Ghana to reduce poverty and enhance economic and social growth by improving security of tenure, accelerating access by the populace to land and fostering efficient management by the development of efficient systems of land titling, registration, valuation and administration, based on clear, coherent and consistent policies and laws supported by appropriate institutional structures. The government and all stakeholders under the project should be committed to the cause of the Land Administration Project to ensure its success.

CONCLUSION

Ghana's housing policies have seen different emphasis over the years with no particular focus or comprehensive state housing policy that has evolved over the years. What has happened has been policy implementations depending on the government in power. This has not helped the housing situation in the country and it is time that the state gets a comprehensive housing policy to be pursued by every government that comes to power. Housing the populace should be a concerted state effort and not governed by political party ideologies.

Most mortgage facilities are only within the reach of the few rich people as payment to income ratios are way beyond the majority of the citizens. What is needed is a secondary mortgage market that will introduce new facilities tailored to the needs of the low- and middle-income households.

References

Antwi, A. (1996), *Land Markets, Tenurial Structures and Economic Development: Some Ignored Aspects of Urban Land Policy Implementation in Developing Countries: A Ghanaian Example*. Edinburgh, Napier University, Department of Building and Surveying.

CDD, Ghana(2000)**,** *Corruption and Other Constraints on the Land Market and Land Administration in Ghana: A preliminary Investigation*.

De Soto. H (2000), The *Mystery of Capital: Why Capitalism triumphs in the West and fails everywhere else*. Bantam Press, London.

Ghana Statistical Service (2000) *Ghana Livings Standard Survey* (Accra, Ghana; Ghana Statistical Service)

ISSER, (*2004) Annual Report*.

Kasanga RK, Cochrane J, King R, and Roth M(1996*), Land Markets and legal contradictions in the peri-urban area of Accra Ghana: Informant Interview and secondary data investigations*

Land Administration Project (2003)**,** Ministry of Lands and Forestry, Accra.

Migot-Adholla, S.E., G. Benneh, F. Place, and S. Atsu, (1994), *Land, Security of Tenure, and Productivity in Ghana* in J.W. Bruce and S.E. Migot-Adholla (eds.), *Searching for Land Tenure Security in Africa*, Dubuque, Iowa: Kendall/Hunt Publishing Cy.

Mahama, CA,(2004), Institutional and Legal Arrangements for Land Development in Ghana, Unpublished PhD submitted to the Department of Land Economy, University of Cambridge, England.

National Shelter Strategy (1999), Ministry of Works and Housing, Accra.

Tipple, A. G., Korboe D, Wallis K & Garrod G, (1998), *Who is Building What in Urban Ghana*, Cities

Government of Ghana; The 2002 Budget Statement

Population and Housing Census Report, (1960, 1970, 2000), Republic of Ghana.

Housing Finance in Ghana-ghanareport.htm.

Government of Ghana; Ghana Living Standards Survey, 2000.

Tshipinare, M.R,(1987), Housing Africa's Poor(Shelter-Afrique Symposium on Housing in Africa, Kigali, Rwanda)

Songsore, J, The Urban Housing Crisis in Ghana: Capital, The State versus The People*: Ghana Journal of Social Science, vol. 2, No 1, May, 2003.pp 1-31*

Works and Housing Ministers Report on "Providing Shelter For Ghanaians", 2003, Republic of Ghana.

Habitat, Shelter Bulletin, Vol. 1, No 2, July, 1998.

Honsby-Odoi, E & Glover-Akpey, A.W,(1998) 'Providing for Housing Needs of the People in the Third World' in Amissah, SB.(ed.), *Planning for Development in the Third World: Problems and Solutions*,(Kumasi, UST) pp 173-181.

Government of Ghana ; Ministry of Works and Housing,(1986), National Housing Policy and Action Plan 1987-1990,(Accra).

List of Abbreviations

AMA	Accra Metropolitan Assembly
CDD	Centre for Democratic Development
GLSS	Ghana Living Standards Survey
GREDA	Ghana Real Estate Developers Association
HIPC	Highly Indebted Poor Country
ISSER	Institute of Statistical, Social and Economic Research
KMA	Kumasi Metropolitan Assembly
KNUST	Kwame Nkrumah University of Science and Technology
LAP	Land Administration Project
NLP	National Land Policy
PNDCL	Provisional National Defence Council Law
SSNIT	Social Security and National Insurance Trust
CBD	Central Business District