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## **Business 7 article – by Rowland Brown**

### **Namibia's housing problem is not hard to address, but we need to focus on causes, not symptoms.**

Namibia has fewer houses than families, with roughly 25% of our population still living in improvised housing. This basic fact forms the cause of enormous consternation, frustration and suffering in the country. The root cause of this problem is simple: we have been woefully inadequate in our provision of serviced land, particularly in and around Windhoek. This undersupply has driven the shortage of housing, which has in turn resulted in the major price increases to which we have been witnesses over recent years. The consequences of these shortages are extensive, complicated and at times, dire - but their cause is simple.

The undersupply of serviced land stems from one key factor: we have entrenched monopolies in the supply of serviced land in urban areas. The various municipalities are exclusively responsible for deciding what land gets serviced and when. As is often the case with monopolies, a perverse incentive exists for these institutions to undersupply the market, as this drives prices up, and as a result we get exactly what one expects from a monopoly – bad service at a high price.

Addressing this issue is simple, however. By removing the monopoly over servicing land, a competitive market would both increase its availability, and reduce its price. This simple approach would take the weight of addressing the issue off Government's shoulders, and would also likely reduce the time it takes to address the shortfall. Moreover, for less than 3% of the national budget expenditure over a 10-year period, every Namibian could be given a piece of serviced land on which to build. In my mind, this would be the most effective development activity Namibia could undertake, helping the people to build a capital asset for themselves, reducing poverty now as well as intergenerational poverty, reducing inequality and addressing many social, educational and sanitation issues all at once.