

# Why Accra's property boom hasn't produced affordable housing

By [Tom Gillespie](#)

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African cities are among the [fastest growing](#) in the world, leading to rising demand for urban housing. [Housing policies](#) promoted by international organisations such as the World Bank since the 1980s have stimulated housing markets in order to address this demand. As a result, many of Africa's major cities are being transformed by investment in urban real estate. But many also face a shortage of affordable housing for low-income residents.



Ghana's real estate boom has focused on luxury housing. [Remy Mboku/Wikimedia Commons, CC BY-SA](#)

In Ghana's capital Accra, for example, there is an [estimated deficit](#) of 300,000 housing units. This is despite a construction boom in the city centre. Over 300 acres (about 120 hectares) of state-owned land has been privatised and redeveloped since the 1990s.

The explanation lies in the mismatch between costs in the formal housing market and incomes in the informal economy. In [Accra](#), an estimated 74% of the workforce works in the informal economy. Informal workers typically have very low and unstable incomes and can't access housing finance. Most of the city's residents are locked out from formal housing markets: 58% live in informally-built housing, with 65% of households occupying a single room.

My [research](#) on urban redevelopment in Accra shows that policies intended to encourage a real estate boom by selling off state-owned land have failed to provide affordable housing. Instead, profit-seeking by developers and the use of land as a patronage resource have resulted in a glut of under-occupied luxury real estate.



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## Urban redevelopment in Accra

Prior to the 1980s, state-owned enterprises and informal self-builders dominated housing production in Accra. After Ghana adopted neoliberal [structural adjustment policies](#) in the 1980s, the government pursued a [market-based approach](#) to housing. It privatised public housing and redefined the role of the state as “enabling” private sector investment. It did this through incentives such as tax breaks for developers.

This policy shift increased the role of commercial real estate developers in housing production. Suburban [gated estates](#) proliferated in Accra. But the expansion of the real estate sector was limited by conflicts over ownership of land. Customary land tenure, where land is communal property that is controlled by traditional leaders and family heads, is widespread in Ghana. Disputes are common, and this has deterred real estate investment.

The answer seemed to lie in providing state-owned land for private development. Since the 1990s, hundreds of acres of state-owned land in the central neighbourhoods of Airport Residential, Cantonments and Ridge have been allocated to developers. This land was previously occupied by colonial-era bungalows on large plots and planners saw it as underutilised. The proposed solution was for the private sector to redevelop these plots to achieve greater density and increase the supply of housing.

According to official policy, plots would be openly advertised and allocated on the basis of competitive bids to ensure value for money for the public. In reality, however, there was a ‘land grab’. The public bidding process was disregarded and valuable plots were [allocated](#) to powerful government supporters at below-market prices. Due to fierce [electoral competition](#) between political parties in Ghana, governments often use resources to secure short-term political support rather than for long-term development. Land grabbing demonstrates that state-owned land is an important patronage resource in this context.

## Construction boom in central Accra

The privatisation of state-owned land had the desired effect of unleashing a construction boom in central Accra. Bungalows were demolished and replaced with gated estates of townhouses and blocks of luxury apartments. But it also worsened housing inequalities in the city. The new properties are typically marketed from upwards of \$80,000 and are far beyond the means of the majority of Ghanaians. Wealthy individuals often buy these properties as rental investments and lease them to the employees of global corporations.

Developers argue that the high cost of construction leads them to focus on the upper end of the market where the greatest profits can be made. As a result, these developers are all competing for the same small market segment. The outcome is an overproduction of luxury real estate, with many properties unoccupied.

Despite this, capital continues to be attracted to real estate. It offers the opportunity to speculate on rising land values. And there are few alternative investment opportunities in productive sectors such as manufacturing. In addition, as government and industry are increasingly [recognising](#), high-end real estate plays a central role in laundering illicit money.



### The affordable housing challenge

What are the possible solutions to the problem of empty properties in a city needing 300,000 housing units? Government, civil society and international organisations have experimented with [participatory initiatives](#) where community groups take a leading role in improving the housing conditions in Accra's informal settlements. But it is difficult to achieve this on a large scale (although current efforts in [Nairobi](#) are encouraging).

In the formal real estate industry, there is an emerging [narrative](#) that affordable housing deficits in African cities represent a vast untapped market. Governments have encouraged this shift in focus, initiating public-private partnerships to build large-scale 'affordable' housing projects on relatively cheap land in peri-urban areas such as [Ningo-Prampram](#) in Greater Accra.

Many of these projects focus on subsidised home ownership, rather than social rents. This means they are unlikely to be affordable to low-income groups. For the urban poor, therefore, informality is likely to remain the norm for the foreseeable future.

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