Rent-to-Own Housing Scheme

Submitted By: Smart Fundi



Organization Profile

Organization Name: Smart Fundi

Organization Type: Private sector

Website:

Practice Details

Country(ies): Uganda

City(ies): Mbarara, Kampala, Hoima, Fortportal

Start Year: 2014 **Ongoing:** Yes **End Year:** N/A

Main Adequate Housing Components:



Housing Thematic Areas:

- Housing Affordability & Financing
- Rental Housing
- Communal & Self-Build Housing
- Technology & Digital Solutions in Housing

Relevant SDGs:



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Problem & Context

Uganda faces a severe shortage of affordable, climate-resilient housing, with an estimated deficit of over 2.4 million units. Low-income families are trapped in rental poverty, spending more than 50% of their income on rent, which limits their ability to save or invest in homeownership. This housing crisis is compounded by the high cost of construction materials and outdated building technologies that are neither sustainable nor affordable.

Existing policy gaps contribute to this challenge, including limited support for innovative green building technologies like Interlocking Stabilised Soil Blocks (ISSB) & repurposed doors and windows from scrap metals, inadequate financing options tailored for low-income earners, and weak frameworks to support community-driven housing solutions. These gaps have hindered private developers and social enterprises from scaling affordable housing initiatives, leaving millions without access to safe and sustainable homes.

Solution Developed

SmartFundi addresses Uganda's housing shortage by building affordable, climate-smart homes using Interlocking Stabilised Soil Blocks (ISSB) made from waste soil sourced from pit latrines, tanks, and land leveling. Doors and windows are made from scrap metals, reducing construction costs by up to 40%. Our homes target low to moderate-income families trapped in rental poverty through a rent-to-own scheme, where monthly rent payments become investments toward homeownership.

Our objectives are to provide affordable, sustainable housing; empower youth and women through skills training; offer flexible financing options to make homeownership accessible; and utilize local waste materials to lower costs and environmental impact. The homes are built by the community, with trained youth and women involved in block production and construction. Designed as modular units, the homes can be expanded over time to meet growing family needs.

Implementation

SmartFundi's housing solution follows a phased approach. The process starts with mobilisation of materials such as waste soil and scrap metal (1 week), followed by block production using Interlocking Stabilised Soil Blocks (ISSB), which takes 2 weeks. Trained youth and women from the SmartFundi Academy lead this stage. Next is site layout and project execution, which takes 1–3 months depending on the home size. Finally, the project concludes with site handover under a rent-to-own arrangement, allowing beneficiaries to move in and begin paying affordable monthly installments.

Key actors include SmartFundi as the lead implementer, overseeing design, training, and construction. Community groups, especially youth and women, are trained and employed on-site

for block making and construction. Financial institutions such as Housing Finance Bank, KCB Bank, Oiko Credit International, Eco Green Microfinance, EBO Financial Services, and Hofokam Ltd provide accessible housing loans. Local governments i.e. local councils support with community mobilization and regulatory approvals.

Resources include locally sourced waste soil and scrap metals, community labor, and financing from partners. Strategic partnerships bring in capital, technical skills, and training support, ensuring that each project is sustainable, cost-effective, and community-driven.

Enablers & Obstacles

SmartFundi's success is driven by strong community engagement, especially among youth and women who are trained and employed in construction. Affordable green technologies like ISSB blocks and recycled materials lower costs and speed up construction. Support from financial partners and NGOs provides funding and technical guidance, while local governments assist with mobilization and approvals.

Challenges include limited capital to pre-finance projects, as partner banks disburse funds after home completion. This is addressed through phased construction and ongoing fundraising. During rainy seasons, clean waste soil becomes scarce, so SmartFundi collects and stores it during dry periods. Community skepticism toward the rent-to-own model is reduced through awareness campaigns and homeowner testimonials. Strategic planning and partnerships help navigate these challenges and ensure continued delivery of affordable homes.

Results & Impact

Since November 2023, we have completed 17 Rent-to-Own homes, directly transforming the lives of 100+ individuals and families across Western Uganda. Since 2018, we've delivered 72+ construction projects—including smart homes, school classroom and admin blocks, Eco-San toilets, rainwater harvesting tanks, perimeter walls, and commercial buildings. Through our Rent-to-Own Scheme, we've enrolled 105 low-income families some earning as little as UGX 300,000/month into a pathway to homeownership without collateral or large upfront payments.

Our SmartFundi Academy has trained 103 youth and women in green construction and interlocking block production. Already, 45% are employed or running income generating activities transforming lives, especially for unemployed youth and single mothers.

We've produced 587,200+ Interlocking Stabilized Soil Blocks (ISSBs) by recycling 220+ tons of waste soil, cutting costs by up to 30% and saving around 186 mature trees. We've also reused scrap metal to make 51+ doors and windows, reducing environmental waste.

With support from 8+ financial institutions and local scrap collectors, we're advancing green urban development, financial inclusion, and building resilient, low-carbon communities.

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Replication & Scale Up

We are replicating the SmartFundi housing model in the Central Region, specifically Kampala and Hoima. Key enablers include affordable Rent-to-Own and Self-Build schemes, strong community engagement through our Academy training youth and women, partnerships with financial institutions offering flexible loans, and use of eco-friendly local materials like ISSB and recycled scrap metal. Support from local governments and community leaders also facilitates smooth implementation, making the model scalable and sustainable.

To scale up, we will expand partnerships with financial institutions for affordable housing loans and flexible financing. We'll procure more ISSB machines to increase construction capacity. Access to capital is critical to prefinance projects, as payments come post-completion. Strengthening SmartFundi Academy will train more youth and women, boosting local skills. Leveraging technology, including a SmartFundi app for on-demand services and materials, will enhance efficiency. We'll deepen community engagement and collaborate with local governments to streamline approvals and land access.

Policy Uptake

This housing practice is a new or innovative practice that is not yet adequately or fully integrated into formal policy frameworks.

Our housing practice is innovative and not yet fully integrated into Uganda's formal policy frameworks. To embed it, we recommend recognizing ISSB technology and rent-to-own models in national housing policies. Supportive regulations and incentives for sustainable construction should be developed. Youth training should be included in skills development strategies. We urge stronger government-private sector-financial institution partnerships to expand affordable housing financing. Finally, establishing monitoring systems will ensure quality and scalability.

Lessons & Takeaways

We'd enhance early community engagement to reduce skepticism, improve raw material storage to avoid delays, secure better prefinancing for smoother cash flow, and invest in digital tools to boost project management and customer experience.