EVALUATING THE EFFECTS OF ACCESS TO AFFORDABLE HOUSING ON LOW INCOME EARNERS IN KENYA

BY

LILIAN WAIRIMU WAMBUGU

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2018
EVALUATING THE EFFECTS OF ACCESS TO AFFORDABLE HOUSING ON LOW INCOME EARNERS IN KENYA

BY

LILIAN WAIRIMU WAMBUGU

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Master of Science in Management and Organizational Development (MOD).

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2018
STUDENTS DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University - Africa in Nairobi for academic credit.

Signed: ________________________ Date: ______________

Lillian Wambugu (Student ID 647785)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ________________________ Date: ______________

Prof. Peter M. Lewa

Signed: ________________________ Date: ______________

Dean, Chandaria School of Business
COPYRIGHT

All rights reserved. No part of this report may be photocopied, recorded or otherwise reproduced, stored in a retrieval system or transmitted in any form by electronic or mechanical means without prior permission.

© Copyright Lilian Wambugu 2018
ABSTRACT

The main objective of this study was to evaluate the effects of access to affordable housing on low income earners in Kenya, a case study of Kangemi. The specific objectives of the study were: to determine the role that government incentives play in access to affordable housing has among low income earners in Kenya’s informal urban settlements, to determine the government strategies laid out to ensure access to affordable housing among low income earners in Kenya’s informal urban settlements, to determine the challenges faced by low income earners in accessing affordable housing in Kenya’s informal urban settlement and to evaluate the benefits of affordable housing to a growing economy such as Kenya.

The literature review done from various sources gave more information about the effects of access of affordable housing on low income earners not just in Kenya but in Africa at large. The literature review details the different government incentives in the Kenyan economy as well as the government policies. The study adopted an explanatory mixed method research design with more orientation towards quantitative data because it was investigative in nature. Therefore, the study made use of both qualitative and quantitative research techniques. The target population was composed of approximately 100 study subjects in various low income earning sectors in Kangemi, Nairobi County. A sample of 60 (60%) of respondents was used for the study. Data collection was conducted using structured questionnaire given using a 5-point Likert scale. Data analysis was conducted using SPSS software version 24. The results of the study were conducted using descriptive and inferential statistics including correlations and multiple regressions.

The results of the study showed that there is a relationship between the access to affordable housing and low-income earners in Nairobi County. The results therefore lead to the conclusion that the government has a role to play in ensuring that the Kenyans have access to affordable housing. The study therefore recommends that the government should ensure that the incentives are accessible to the private sector as this will ensure that more private citizens invest in this sector. This will end the current crises of affordable homes to the low-income earners. More players in the market will ensure there is affordability. Future studies could focus on determining the impact of cost on access to land and affordable housing in developing urban settlements. The information can help in the formulation of plans that can guide the development of urban settlements that are affordable to the common Mwananchi.
ACKNOWLEDGEMENT

I give thanks to the Lord for the strength He’s given me though the entire process and seeing it to completion. My gratitude to my family for the support offered. I also express my sincere appreciation to my supervisor Prof. Peter M. Lewa for the guidance and dedication.
DEDICATION

This study is dedicated to my family for their love and moral support during the time of undertaking the research project proposal.
TABLE OF CONTENTS

STUDENTS DECLARATION ........................................................................................................ iii
COPYRIGHT ............................................................................................................................... iv
ABSTRACT ................................................................................................................................. v
ACKNOWLEDGEMENT ............................................................................................................. vi
DEDICATION .............................................................................................................................. vii
CHAPTER ONE ......................................................................................................................... 1
1.0 INTRODUCTION .................................................................................................................... 1
  1.1 Background of the problem .................................................................................................. 1
  1.2 Statement of the Problem ................................................................................................... 6
  1.3 General Objective ............................................................................................................. 7
  1.5 Significance of this study .................................................................................................... 7
  1.6 Scope of the study .............................................................................................................. 8
  1.7 Definition of terms ............................................................................................................ 8
  1.8 Chapter Summary ............................................................................................................. 9
CHAPTER TWO .......................................................................................................................... 10
2.0 LITERATURE REVIEW ......................................................................................................... 10
  2.1 Introduction ..................................................................................................................... 10
  2.2 Government Legislation and Incentives for affordable housing in Kenya ..................... 10
  2.3 Strategies for providing affordable housing ...................................................................... 13
  2.4 Challenges facing affordable housing .............................................................................. 16
  2.5 Benefits of affordable housing to a growing economy such as Kenya ......................... 18
CHAPTER THREE ..................................................................................................................... 21
3.0 RESEARCH METHODOLOGY ............................................................................................. 21
  3.1 Introduction ..................................................................................................................... 21
  3.2 Research Design ................................................................................................................ 21
  3.3 Population and Sampling Design ..................................................................................... 21
  3.4 Data Collection Methods ................................................................................................. 22
  3.5 Research Procedures ........................................................................................................ 22
  3.6 Data Analysis Methods ..................................................................................................... 23
  3.7 Chapter Summary ............................................................................................................. 23
CHAPTER FOUR ......................................................................................................................... 24
4.0 RESEARCH FINDINGS AND ANALYSIS .......................................................................... 24
  4.1 Introduction ..................................................................................................................... 24
  4.2 Demographic Information ................................................................................................. 24
  4.3 Descriptive Statistics ....................................................................................................... 29
CHAPTER FIVE ........................................................................................................................... 33
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the problem

Affordable housing is an ambiguous phrase, so it’s clearly defined for the purposes of this research study. Noppen (2013) defines our target market at Base of the Pyramid, or individuals making four dollars per day or less. Affordable housing by that section of society whose income is below the median household income. Affordable housing becomes a key issue especially in developing nations where a majority of the population isn’t able to buy houses at the market price. We are living in a world where the majority of people live in cities and 1 billion live in slums, a figure that will double by 2030 Hassanali (2009). Urban populations are growing at a rate much faster than can be absorbed and managed, causing demands on services and infrastructure that massively outstrip supply. In many emerging market cities, this leaves the majority of residents with few options but to live in slums. Increasing access to high quality affordable housing has a profound impact, both for the individual and society at large. Yet, housing is a challenging and capital-intensive sector characterized by delays and regulatory difficulties, and as a result, it rarely gains the limelight for impact investors and social entrepreneurs.

Kenya is no exception. Twenty-two percent of Kenyans live in cities, and the urban population is growing at a rate of 4.2 percent every year Ojijo (2013). With this level of growth, Nairobi requires at least 120,000 new housing units annually to meet demand, yet only 35,000 homes are built, leaving the housing deficit growing by 85,000 units per year. As a result of this mismatched supply and demand, housing prices have increased 100 percent since 2004 Munda (2014). This pushes lower income residents out of the formal housing market and into the slums. There are many avenues through which to address these dynamics, whether it is housing supply, end-user finance, or new technologies. If we are trying to improve the lives of the poor, we cannot ignore housing, especially as the cities where we work expand so rapidly. The focus of our study is therefore two-pronged—investing in the supply side (developments that directly increase the supply of affordable homes) and the demand side (increasing access to affordable end-user finance). We are also closely watching what is happening with affordable building materials and slum upgradation, as these are important parts of the low-cost housing ecosystem as well.

Kenya’s housing challenge is extreme. The average price for an apartment in the capital city of Nairobi is currently KES 11.58M (USD 136,000), up from KES 5.2M (USD 61,000) in December 2000 Noppen (2013). There is no home on the formal market below KES 2M
(USD 23,000), a level that is still completely unaffordable to low-income populations. As displayed in the graph below, property prices in Kenya continue to rise at a rapid rate. According to real estate and property experts Hass Consult, this trend is likely to continue, “With few mortgage owners, and ongoing economic growth, we see no prospect for a collapse in housing prices. Kenya isn’t yet oversupplied with housing.” As a result, 60 percent of urban residents live in slums. And this is just the supply side Kang’ethe (2014).

The demand side (i.e. end-user finance) is just as underdeveloped. Only 8 percent of urban Kenyans have access to housing finance and there are currently only 22,000 active mortgages in the whole country (Munda, 2014). This is not because Kenyans lack the desire to own a home—homeownership is a central part of the culture. Instead, it is because of a nascent mortgage market that equals only 2.5 percent of GDP (compared to 70 percent in the United States) and a financial market that suffers from a lack of long-term capital to on-lend as mortgages. As a result of the constraints on both the supply and demand sides, Kenya’s low-income urban population is forced to live in informal settlements, with no security of tenure, limited access to water, sewage and power systems, and a myriad of security issues Olotuah (2010).

Given this dynamic, any developer offering homes at less than KES 2M (USD 23,000) is likely to have rapid uptake from the market as long as the homes are in an easily accessible location. However, few are lowering their prices to this level due to the skyrocketing cost of land and materials, the high cost of construction finance, and the higher margins that can be earned on middle and high-income homes. Access to affordable, quality shelter brings many additional, often overlooked, benefits. In addition to the improved structure itself, there is the obvious benefit of financial security—in many cases the new homeowner now has an asset that is far more secure and valuable than any asset they have ever owned. However, no less significant are the proven health benefits of this new home Obaga (2015).

Disease thrives in the unsanitary, crowded conditions of slums and tenement housing, and unsafe and unhealthy physical structures are the norm. By providing a home to a low-income family, you not only provide an improved living space, but financial security, better health, safety, and the dignity of owning one’s own home Mustapha (2002). Providing more affordable homes and housing finance in Kenya is not impossible and there are a growing number of groups who are making strides in this direction. They are taking risks and testing new models, and many of them need patient capital from impact investors in order to move forward. There is a palpable feeling in Kenya that the housing market is on the verge of change, with widespread recognition amongst developers of the massive unmet demand for
more affordable homes. The sector is at a point where a new, commercially viable model for affordable housing has the potential to have a significant demonstration effect and spur others to replicate it. However, getting this model right will not be easy, and there are many barriers that still stand in the way Kang’ethe (2014). Despite the challenges, Kenya has one of the more developed and stable economies in East Africa, and its housing sector is more advanced than neighboring countries. The country is currently experiencing a housing boom, with a highly speculative property market and high unmet demand driving Kenya’s residential property price inflation. Yet, this housing boom has an obviously negative impact on the ability to provide commercially viable homes at an affordable price.

The Ministry of Housing stated that, there is historically little government involvement, high cost of finance, an underdeveloped mortgage market, and widespread land scandals and delays. However, in recent years the government and developers have begun to pay more attention to the need for affordable homes on the market. For example, the government of Kenya recognized housing as a human right in the new constitution established in 2010 (Obaga 2015). We shall therefore include rental housing in this study because it is an important yet frequently overlooked aspect of affordable housing. Solely discussing home-ownership models assumes that the poor have only one preference, to own. Yet this could not be further from the truth (Mustapha, 2002). A number of strategies have been laid out in Kenya to address the issue of creating affordable housing to the common Mwananchi (Kenyan citizen). The Government of Kenya has over the years, come up with various policy options to achieve the main objective and goal of housing policy. The policies developed and implemented include, delivery of completed housing units in conventional building materials, setting minimum acceptable dwelling units, demolition of slum and squatter settlements, provision of incremental sites and services (SS), settlement upgrading (SU) programmes. Urban Planners and Architects have also been entrusted with the task of ensuring standards of private dwellings, neighborhoods, and municipalities.

However, they face the challenge of coming up with projects to create and improve conditions for mass housing and avoid the emergence of informal settlements in Nairobi, as in many other world cities. Regrettably, the design professions are notorious for their lack of a sense of social responsibility. Historically the architectural profession probably only became interested in housing when it proved to bring in more commissions, Prak (1984). Most designers in Nairobi have distanced themselves from housing landscapes that they regard as ugly and messy. Back streets and the notorious “ghetto” townships are ‘no-go’ zones. The role of architects and planners towards sustainable urban development
cannot be looked at in isolation. The role and interaction of other actors - multilateral agencies, central and local governments, private bodies, civil society and their goals and accomplishments must be reviewed as well. The government in collaboration with the private sector still largely controls housing development in Kenya. Unfortunately, community involvement, empowerment and capacity building are still not a reality, resulting into operative barriers to the delivery of sustainable housing. Sustainable urban development is a powerful framework for developing solutions that improve the quality of life in cities.

The Government of Kenya could alternatively rely on the private sector to provide financing for affordable housing, with government actively supporting the sector by creating the right environment for lenders and developers. Such support can come in the form of working with the private sector to attract financing through financing instruments, improving access to land, providing basic infrastructure, and improving the efficiency of accelerating mortgage registration and title transfers Hassanali (2009). The Kenyan government can learn a lot from the China induced housing programs already underway in China; Cheap Rental Housing (CRH); program; the Economical and Comfortable Housing (ECH) Program and the Housing Provident Fund (HPF) Program. Under the Economical and Comfortable Housing (ECH) Program, the local municipal government allocates land where developers build houses accessible for ownership by lower-middle-and middle-income families at reduced prices (controlled by the government). In China, employers and employees are made to contribute a certain percentage (initially 5%) of the employee earnings into a housing saving program (Housing Provident Fund (HPF)). Employees, through this program, then get low cost mortgages to purchase homes. Under the Cheap rental housing program, “low-income households with housing difficulty” can rent houses at controlled rent rates and access rent subsidies if they rent private houses and a further rent reduction if they live in public rental houses Nahinga (2007). Affordable housing program by the US government such as the Low Low-Income Housing Tax Credit Program (LIHTC) that offers tax credit to developers targeting low-income groups; and The Housing Choice Voucher Program (HCV) program where Public Housing Agencies (PHAs) assist very low-income earners to rent houses by paying part of the rent. Housing demand in Kenya has exceeded her rapid population growth culminating in shortage as discussed above, contributory to informal settlements, and now increasingly attributed to dweller-initiated transformation in formal housing. Although additive transformations, manifest as extensions, are responsible for needed additional housing stock, the paper appends the supporting view that qualitative value-addition fulfilling socio-economic needs are also
central to the dwellers’ objectives Mbogo (2011). In reality, many rent, sometimes by necessity and sometimes by choice. Unfortunately, there are few quality and affordable rental options, and the vast majority of low-income renters are forced to rent in slums or tenements (semi-formal rentals that are essentially vertical slums). Renters in these areas have even fewer rights than other slum residents and are one of the most vulnerable populations in urban Kenya Nahinga (2007). Therefore, there is a profound impact inherent in providing high quality rental options to the poor. Yet there are few private sector developers addressing this need, despite the fact that it can be quite attractive from a business perspective due to the predictable and constant revenue it creates.

The National Housing Corporation, a state corporation under the ministry of land is charged with implementation of the Housing policy. It is expected to provide low cost housing and social housing. In 2014, when the new government came to power, Its board had targeted to construct 30,000 housing units by 2017 Noppen (2013). The Kenyan government is committed to ensuring every citizen has access to affordable and comfortable housing, thereby investing in major transformation programs and projects and legislature review which has set the trend in the sector. Innovative financing instruments must be accompanied by policy reform to be effective. Such reforms include the standardization of mortgage contracts, the establishment of appropriate mortgage foreclosure regulations, a clear legal and regulatory framework for mortgage-backed securities and covered bonds, and the creation of an environment conducive to mobilizing long-term domestic capital.

Kenya’s GDP at about USD 11 Billion is reasonably large but is not growing at the rate that would be classified as booming. More critical however is the distribution of the national income. It could easily be said that 10% of the population controls about 90% of the resources available. That is a constrained economy, overcrowded at the bottom and very sparse at the top. Nairobi occupies about 8% of Kenya’s total land surface but generates about 40% of the nation’s GDP. Nairobi has a population of about 4 Million people by day and 3 Million by night. Of these, 60% live in what can be referred to as informal settlements or slums. About 67% of Kenya’s total population lives in the country. With improved primary health care, infant mortality rate has dropped significantly, leading to an unprecedented population boom countrywide. The population growth at 2.9% is higher than the GDP growth at 1.1%. The income per capita per day is USD 0.95! At that rate affordability of anything let alone housing is a big challenge Olotuah (2010). I am interested in this study because I know that more than one third of Kenyans (12 million – 9 million in rural and 3 million in urban areas) do not have decent and affordable housing.
This study sought to uncover the root causes and effects of abject poverty and suggest ways and means of mitigating these circumstances. Land Tenure, Financing, Legal Framework, Building Materials and Appropriate Technology seem to be the greatest challenges to affordable housing in both rural and urban areas. Invariably they generate informal settlements in towns and rural areas alike Mbogo (2011).

1.2 Statement of the Problem

Given that housing is most households’ largest expenditure and are a major financial burden for many low-income households. As a result, increasing housing affordability is an important planning objective. Past research has mostly dealt with middle class earners and high class earners and the very low income earners have ‘almost’ been unattended. This study pursues housing options that the common mwananchi ‘Wanjiku’ seems affordable. The research study also offers a range of companies, organizations or companies that are currently offering affordable homes, loans or access to resources that will make owning a home a reality. The challenges facing affordable housing in Kenya will also be addressed and solutions offered.

A study done by Acumen Fund Noppen (2013), as a study by Ojijo (2013) on the Factors affecting Real Estate in Kenya, investigate and extensively describe the challenges that investors and consumers face in finding affordable and decent housing but does not offer extensive solutions to these challenges. Obaga (2015), also describes how the Kenyan banks fund property developers but fails to mention that only the developers who have collateral acquire this funding. This study does go ahead and provide solutions to the small investors who lack enough collateral. Wahito (2013), goes on to explain how high mortgages deter home ownership in Kenya, but also fails to describe and provide alternative affordable ways of owning a home or renting one. This research study seeks to evaluate different affordable housing strategies in Kenya. The research study will also give information on the few banks and MFIs that are providing housing loans to the poor by developing new and innovative products as well as strategies for assessing borrowers. Banks have trouble providing mortgages in Kenya regardless of the income of their borrowers because they are typically liquidity constrained and lack the long-term capital to on-lend. Yet, this may start to change because the government recently put in place measures to encourage lending by banks and the Central Bank of Kenya reduced cash reserve ratios for banks in 2009, intending to free up more money for lending. This research paper will provide solutions to the challenges mentioned above an also seek to address alternative ways of providing affordable housing to our target group. This research study
will also provide information on the private architects who offer affordable quality services to the small investors in Kenya.

1.3 General Objective

The purpose of this study is to evaluate the role that government incentives & strategies play in the accessibility of affordable housing for the low-income earners. This study will also inform of the challenges faced by the low-income earners and the benefits of affordable housing to a growing economy.

1.4 Specific Objectives

1.4.1 Determine the role that government incentives play in access to affordable housing has among low income earners in Kenya’s informal urban settlements.
14.2 Determine the government strategies laid out to ensure access to affordable housing among low income earners in Kenya’s informal urban settlements.
1.4.3 Determine the challenges faced by low income earners in accessing affordable housing in Kenya’s informal urban settlement.
1.4.4 Evaluate the benefits of affordable housing to a growing economy such as Kenya.

1.5 Significance of this study

The significance of this study is to conclusively evaluate the accessibility of affordable housing in Kenya for the low-income earners. The project pursued areas in which the government through the Ministry of housing has provided options and incentives to private developers. However, the government is still a relatively passive player in the sector. Yet there are government agencies, pieces of legislation, and incentives with the explicit purpose of increasing affordable housing supply. The government may be an important enabler, but many believe that the private sector is likely to be in the driver’s seat of supplying more affordable homes. The government programs are not enough, and Kenya needs developers who are committed to the social impact and willing to take the risks involved with catering to the low end of the market.

The Ministry of Housing incentives that will be addressed in this research are meant to encourage more developers to move down-market, but the fact that they have barely been utilized indicates that these alone are not enough to encourage developers. At least initially, it will take a developer who is truly dedicated to bringing down the cost and is willing to take risks to do so. Yet this dedication is a necessary but not sufficient ingredient. Success
will require addressing the challenges listed in the next section with creative solutions that can help increase the speed and lower the overall cost of the project. The Ministry of Housing developed 30 incentives in 2007 to encourage greater private sector participation. Eight of these incentives are technically operational, but it is unclear whether they have been executed. This is partly due to a lack of awareness amongst developers. Other economies that have been instrumental in the Kenyan real estate include the Chinese government. Their contribution will be mentioned.

1.6 Scope of the study

This study is limited to the urban areas and particularly Nairobi. The subjects of this study are the low-income earners. This is the highest population in Nairobi that has no regular earning. The highest percentage of this population are slum-dwellers. Twenty-two percent of Kenyans live in cities, and the urban population is growing at a rate of 4.2 percent every year. 60 percent of urban residents live in slums. The study focuses on Kangemi, located in the vast Nairobi County.

1.7 Definition of terms

1.7.1 Slum up gradation - is an urban renewal strategy which consists of physical, social, economic, organizational and environmental improvements to slums undertaken cooperatively and locally among citizens, community groups, businesses and local authorities Ojijo (2013).

1.7.2 GDP - The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period; you can think of it as the size of the economy Dipasquale (1994).

1.7.3 Economic growth plan - The economic growth plan sets out the framework for driving the economy forward. It is a directional plan outlining how government will mobilize to ensure there is a coordinated, complementary effort to improve economy and realize maximum benefits Munda (2014).

1.7.4 Nairobi Metro2030 Strategy - are innovative and sustainable strategies, focusing on supporting Kenya's export led growth strategy to 2030 Noppen (2013).

1.7.5 Mwananchi – Swahili name for countyman or Kenyan citizen Hassanali (2013).
1.7.6 **Social entrepreneurs** - person who establish an enterprise with the aim of solving social problems or effecting social change Noppen (2013).

1.7.7 **MFIs** - Monetary Financial Institutions (MFIs), as in a definition provided by the European Central Bank, are defined as central banks, resident credit institutions as defined in Community Law, and other resident financial institutions whose business is to receive deposits or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credits and/or make investments in securities Giddings (2007).

**1.8 Chapter Summary**

This chapter discusses the background to the study, the statement of the problem, defines the main and specific objectives, provides justification and scope of the study and a definition of terms used. The next chapter, chapter two, literature review, provides a literature review on the three research objectives identified in chapter one. Chapter three, research design, will detail different aspects of the design including population of the study, sampling design and technique, sample size, data collection methods, research procedures and data analysis methods. Chapter four, results and findings, will detail the findings of this study. Chapter five will show the summary of the findings, discussions related to the study, conclusions drawn from the study and the researcher’s recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In this chapter, so as to give a correct evaluation of affordable housing accessibility in Kenya. The aim is to conglomerate current knowledge including substantive findings, as well as theoretical and methodological contributions to bring clarity to study objectives.

2.2 Government Legislation and Incentives for affordable housing in Kenya

Some positive reform has happened in recent years.

2.2.1 The new constitution and the right to adequate housing:

Kenya had no statutory framework that expressly recognized the right to housing prior to August 2010. However, it remained a live to the need to facilitate access to affordable housing for its citizens, As a result it formulated a series of policies and enacted a number of laws that indirectly impacted on the right. In 1966, Kenya issued its first national housing policy vide Sessional Paper No. 5 of 1966 which underscored the need for the government to facilitate the realization of affordable housing. The policy recommended the establishment of national housing authority to oversee the realization of this objective. This resulted in the establishment of the National Housing Corporation under the Housing Act as a facilitative mechanism for effectuating the housing policy. Section 43(1b) of the Constitution of Kenya provides that every person has the right to “accessible and adequate housing and a reasonable standard of sanitation”. However, the jurisprudence on the right to housing, as indeed on other economic and social rights, remains thin.

With the coming into effect of the Constitution 2010 there has been a dramatic surge in economic and housing jurisprudence. Organizations working on housing rights, including Kituo Cha Sheria and Haki jamii have been playing an important role in this. Indeed some of the very first cases on economic and social rights under the Constitution revolved around the right to accessible and adequate housing. Very progressive jurisprudence has emerged which is quite encouraging in so far as the promotion of the right to adequate housing is concerned. A lot more remains to be done however, particularly considering the fact that translating these positive rulings into concrete benefits has remained elusive. In one of the earlier cases, Susan Waithera and others Vs. The Town Clerk, Nairobi City Council and two others, the judge bemoaned the absence of a comprehensive guideline on evictions and proceeded to state: “Kenya should develop appropriate legal guidelines...
on forced evictions and displacement of people from informal settlements so that if people have to be evicted from such settlements the act is done without violating people’s constitutional rights and without causing extreme suffering and indignity to them. “Most of the court decisions have mainly focused on the negative obligation of the state with regard to the right to adequate housing. So far there is very little that has been done to clarify the specific and concrete steps that the government should take to improve the livelihoods and living standards of the millions of people who continue to live in inhumane conditions in most of the urban informal settlements and rural areas. This is the new battle zone for the right to adequate housing and indeed for all economic and social rights. We hope that this report, which is the second in our series of annual reports on the state of housing rights in Kenya, will contribute in some small way to making this possible.

2.2.2 National Land Policy

The National Land Policy was adopted in 2009, a positive step in resolving the question of the reliability and accuracy of the administration system. There is a still a significant amount to do in this arena and land fraud is one of the greatest barriers to a healthy real estate market in Kenya. Kenya is in the midst of land reform that has far-reaching implications for securing the land rights of rural people (upward of 32 million in 2011), and promoting political stability and economic development. The reform is based on a National Land Policy (NLP), adopted in 2009 after years of consultation. The National Land Policy (NLP) has a vision to guide the country towards a sustainable and equitable use of land. The land policy calls for immediate actions to addressing environmental problems that affect land such as degradation, soil erosion and pollution. For instance, the policy stipulates the principle of conservation and management of land based natural resources, the principle of protection and management of fragile and critical ecosystems including wetlands and arid lands. The policy further calls for extensive overhauls to current policies and institutions in an attempt to address chronic land tenure insecurity and inequity. The National Land Policy designates all land in Kenya as public, private (freehold or leasehold tenure), or community/trust land, which is held, managed and used by a specific community. This land policy has thus been formulated to address the critical issues of land administration, access to land, land use planning, restitution of historical injustices, environmental degradation, conflicts, unplanned proliferation of informal urban settlements, outdated legal framework, institutional framework and information management. In 2013, the government formed a National Land Commission to act as the lead agency in land matters, working with the Ministry of Lands, Housing and Urban
Development (MLHUD) and county-level institutions. The Commission has developed a five-year National Strategic Plan to guide implementation of the NLP. Its five strategic focus areas are: Devolution of land management (to run land administrative and management functions at the county level), Land Registration, Natural Resource Management, National Land Information Management System, Resolution of Land-related disputes. A Community Land Law, which will devolve ownership and governance of certain lands down to local communities, is required by the Constitution and is expected to be passed in the near future. In March 2014, a delegation of leading Kenyan government officials and civil society representatives presented the policy at the World Bank’s Land and Poverty Conference in Washington DC.

2.2.3 Stamp Duty

Steps in 2009 were also taken to increase affordability for developers, the stamp duty on property purchases was cut from 25 percent to five percent of the principle amount, and the tax on mortgages was reduced to 0.1 percent from 0.2 percent. Stamp duty is tax levied on various transactions such as transfer of properties, shares and stocks. It is collected by the Ministry of Lands, which has seconded the function to Kenya Revenue Authority (KRA). KRA in turn contracts commercial banks to collect the money at a commission. The reduction of the stamp duty and tax on mortgages meant increase in accessibility of property to the mwananchi.

2.2.4 Housing Act

2009 was also meant to see the adoption of a new Housing Act that was never approved. Therefore, the latest housing act is Housing Act 117 from 2004. The Ministry is back to the drawing board and currently attempting to develop a new housing act. However, devolution to county control due to the new constitution may mean that many incentives and regulations move to the county level. This is all to be determined in the next few years. The Housing Act is an Act of Parliament to provide for loans and grants of public moneys for the construction of dwellings; to establish a housing fund and a housing board for these purposes; and for connected purposes.

2.2.5 Building maintenance and building codes

Current building codes are outdated and are being revised to include new technologies. New legislation on building maintenance and building codes is expected to be approved in June 2012. However, this legislation will not serve the purpose of a comprehensive Housing Act. Buildings
are very important to mankind in that they represent a high level of investment in terms of capital, materials, labour, land and time. An organization without a clear Maintenance Policy has no or few goals to achieve in carrying out its maintenance works. The works are normally unplanned, carried out in ad hoc basis with few or no records being kept. In most cases, there is a high or low budgetary allocation due to lack of planning. Although there is no clear maintenance policy in Kenya, there are legal requirements scattered in several legislations and Acts of Parliament that ensure there is at least minimum level of maintenance. Owners and users are required to maintain their properties in good and substantial state of repair. Formulation of this Policy is anchored to provisions made in the Constitution of Kenya 2010 on the need for a clean environment and adequate housing as a right to citizens and maintenance, conservation and setting of standards as means through which to achieve progressive realization of these rights.

Kenya Vision 2030 provides for improvement of the visual appeal and functionality of the built environment. Maintenance and management of the built environment will be enhanced through comprehensive strategic asset management plans. This will be supported through development and promotion of a National Building Maintenance culture and Computerized Building Management Information Systems. The Policy acknowledges the poor state of houses due to lack of regular maintenance. The effect of lack of proper management and maintenance has resulted into reduction in the quality of housing stock and adversely affected the built environment including infrastructural facilities and other services. The Ministry of Land, Housing and Urban Development Strategic Plan identifies formulation and implementation of housing Policies as a key result area. Realization of this Policy was a result of concerted effort by the Ministry of Land, Housing and Urban Development and all stakeholders in the built environment as well the citizens. It’s my pleasure to thank all the individuals and organizations who in one way or the other contributed in the rigorous process of formulating this National Building Maintenance Policy. Effective implementation of this Policy will immensely contribute to socio economic development of the built environment in Kenya.

**2.3 Strategies for providing affordable housing**

The few banks and MFIs that are providing housing loans to the poor are doing so by developing new and innovative products as well as strategies for assessing borrowers. Some of these strategies are:
2.3.1 Creative products that match the cash flows of the poor

Some of these creative products are, home improvement loans which are construction loans given to residents of either formal or informal settlements. The scale of construction can vary from small refurbishments such as fixing leaks, to upgrades such as installing a toilet, to building a whole new floor. These improvements can dramatically alter the quality of the home, yet typically require smaller loans than a mortgage and are more accessible to lower-income families. Incremental financing are used for funding a new home in series of stages to match the cash flow of the borrower. Clients may chip in their labor resources to build their desired houses. This often starts with a loan for the purchase of the land, followed by a separate loan to build the foundation, a loan for materials acquisition, a loan for the first floor, etc. Joint-purchase land loans are financing of land purchase by groups of individual clients. Joint land purchases by groups of low-income households makes land affordable and reduces the risk to the lenders (if one group member defaults, they are replaced by someone else).

2.3.2 Reducing rates

Find concessionary funding to on-lend (from foundations, Development Finance Institutions, etc.). If relying purely on local debt funding, the interest rates are often prohibitively expensive.

2.3.3 Creative (and often informal) mechanisms for collateralizing

Use strategies such as requiring guarantors from the community or other forms of tapping into social networks and social pressure.

2.3.4 Make land affordable

Land is so expensive in urban Kenya that it alone can make affordable housing unviable. Additionally, banks in Kenya are reluctant to finance the purchase of land. Therefore, creative methods often need to be used to secure land in a way that makes sense for the project. The following are a few possibilities: Land as equity which is finding a land partner who can come in with the land as equity. This means eventually paying for the land in the form of dividends, which may align nicely with cash flows since revenue comes in first and the whole payment does not need to be made at once Concessionary land which is find an organization or government agency with an interest in low cost housing and receive the land at a concessionary rate. This is currently happening in Kenya on land that belongs to UN HABITAT. A low-income housing development is being planned on their land, enabling the project to have much more flexibility
with pricing than is typical because the land is free. This same scenario could be replicated on
government land or land belonging to individual owners with an interest in affordable housing.
Land banking/Flipping land which is buying more land than is needed for the project and reselling
it at an increased price can dramatically reduce the net cost of the land. Assuming significant
appreciation of land value continues to be the trend, this can even make the land essentially free.
However, it does not solve the challenge of financing the land since the initial purchase still needs
to happen upfront. Developing smaller cities and towns where land is cheaper which in many cases,
the need for affordable homes is just as extreme. For example, just like Nairobi, 60 percent of
residents in Kisumu live in slums.

2.3.5 Alternative Technologies

Using alternative technologies can be challenging in the Kenyan market, but if done correctly it
has the potential to be an essential piece of bringing down the cost. The most important aspect to
be aware of is ensuring that the look and feel of the home is similar, if not the same, as traditional
techniques. When someone purchases a home, whether they are rich or poor, they want to put their
savings into old-fashioned brick and mortar rather than a shiny new technology that is untested
and unfamiliar. There are a few specific techniques we believe have notable promise, and these
are discussed in more detail in the Housing Ecosystem.

2.3.6 Creative Financing

Given the unfriendly nature of the lending climate in Kenya, it can be hugely beneficial to think
creatively about how to raise funds. Looking to international lenders for finance is one way to
address this problem. Development Finance Institutions (DFIs) and other International
Organizations can be sources of project finance with single digit interest rates. This reduced cost
of capital (especially in such capital intensive and highly leveraged projects) can make a big
difference in the final unit price.

2.3.7 Government Subsidy

Cashing in on the subsidies offered by the government seems straightforward, but many developers
seem unaware of what is offered, or simply disillusioned that it will be delivered. Therefore, it is
important to be familiar with the incentives and the path to benefit from them. There is still some
mystery about whether the government will follow through in its promised incentives, so
assumptions should be verified early. The advertised incentives are listed in the previous section,
The Kenyan Context. You can increase your chances of benefiting from these subsidies by developing strong relationships with government officials to get commitments early. Yet, even with clear commitments, expect delays.

2.4 Challenges facing affordable housing

There are four main challenges that affect the real estate across the globe and the Kenyan market is no exception. The four factors are demographics, interest rates, and economy and government policies.

2.4.1 Demographics

Most projects undertaken by developers focus on upper middle class and high net worth individuals hence most of the average income earners are left settling for indecent forms of settlement or renting out houses as they cannot meet the minimum financing requirements. Moreover financial institutions prefer the formal sector that is salaried individuals as opposed to individuals working in the informal sector. Financing has also been made harder as institutions prefer to finance projects that they have been involved throughout the project ignoring upcoming developers who are embracing low cost methods of construction (GOK, 2004, Ojijo 2013) this can be defined as the data that describes the composition of a population that is gender, age, income and population growth. Mostly these factors influence the type of property to be build and the price to be quoted. For example if it’s near a learning institution there will be more of hostels than residential homes unlike near work places where there will be more of residential homes. A clear example of this will be Kahawa Wendani where there more properties developed for the purpose of hosting students learning at Kenyatta University compared to Athi River where most of the properties build are bungalows for families. Property developers are keen on choosing the target market for the property that they are developing. Most will opt to build flats near learning institutions which vary from bedsitters, studio apartments and one-bedroom houses as they will be in demand from the population in such areas which consists of very young individuals. According to Quantity Surveyor’s report (2013) Suraya properties has tried to develop different properties which target different people in the market and tried incorporating the need to avail affordable housing. They have built different properties in different locations across Nairobi and its environs targeting different class of people such as gated communities like Rosslyn heights built along red hill road targeting the high end clients while the Lynx projects along Mbagathi road and Mombasa road targeting the middle income earners.
2.4.2 Interest rates

Phang (2010) interest rate impact the ability of a buyer to be able to purchase property as the rates change periodically and frequently. This depends on the current prevailing market rate that a buyer will assess when the best time for him or her to take up a mortgage Rates also have an inverse relationship with demand of property as when they are high demand of properties is low while when they decrease property demand rises hence prices tend to also increase, it’s more of a direct relationship between the interest rates and price of property. Owiro (2011) state that the availability of financing is available to some of the employed people as one has to be able to meet the monthly repayment of mortgages. Most individuals who are able meet requirements set by mortgage institutions should earn a minimum basic salary in a region of over one hundred thousand Kenya shillings. This means that most of the individuals in the informal sector do not qualify for the rigid mortgage requirements. Dipasquale (1999) states that real estate developers have entered into agreements with financial institutions making it easy to access property financing but still it does not make it cheaper for loan seekers.

2.4.3 Economy

The general economic condition of the country also impacts the demand for property. This is due to factors that impact the individual such as income earned by personnel, price of goods, manufacturing activities and any other relevant activity affecting the economy. If the economy of the state experiences a sluggish growth it will also affect the demand for property and its prices state that the Nairobi metropolitan region has seen the development of many residential apartments but still the production unit has not met the demand hence leaving a huge gap and hence a continuing investment opportunity. As the rate of urbanization accelerates the economy in return also grows at a significant rate and so does the cost of land. In the past ten years land rates in the Nairobi region have increased by more than a 100 percent. The cost of land in return subjects the increase in the price of hence low-income earners being the most adversely affected. Munda (2014) lack of affordable income housing has also been subjected due to the lack of infrastructure in some regions and the ability to maintain affordability and keep the costs low. Lack of serviced land, low participation by the private sector and unfavorable legal and institutional framework are the major contributors to lack of housing. Currently there are scattered institutional regulators hence not making it easy to support the performance of the real estate market. Some of the institutional frameworks are: Ministry of Lands, Housing and Urban Development: it incorporated functions in
the previous ministries of lands and settlement, housing and local authority to regulate rural directly and indirectly, provide policy framework for house provision and provide social and economic housing to stabilize the real estate market and ensure orderly development of urban areas in conjunction with county governments. County Governments: The county governments are responsible for planning and zoning regulations, approving development proposals and provision of services such as water and sewerage and roads. Housing Finance Company of Kenya: this was established to provide an avenue for savings and mortgages to enhance home ownership in the country. It is currently one of the biggest mortgage and construction loan lenders in the country.

2.4.4 Government Policies

According to Owiro (2011) the government policies have a substantial effect on the demand and prices of property in the market. Policies such as taxation and subsidies have a major effect on the demand for property. Most of property developers have blamed their overvalued property on the inability to be able to acquire serviced land and also the existing land rates which are very high. Valuation by such property developers have resulted to them incorporating the land rates and the cost in servicing the land in the initial price of the property. The government tried to remedy such problems by setting up the National housing policy for Kenya in 2003. The housing policy purpose was to facilitate the access to land and security of tenure for all socioeconomic groups, facilitate the availability of finance in the domestic market and ways on mobilizing capital from investment groups It also encouraged the participation of private sector and other development partners in the planning, development and management of housing programs. The government has also issued incentives so as to be able to welcome low income housing projects but the incentives are too small compared to the problem at hand. According to Owiro (2011) the government and the state-owned corporations are key to real estate as most of the residential commercial and public utility are owned by them. State corporations such as NSSF, NHIF, Postal Corporation and Telkom Kenya own some of the largest commercial and residential real estate in urban and rural areas. The largest users of real estate is the government with the private owned companies gathering a small portion a clear indication as to why most private companies are reluctant to take up real estate.

2.5 Benefits of affordable housing to a growing economy such as Kenya

Research shows direct benefits to the Treasury and the economy as a whole mean the economic case for investment in housing has reached a critical juncture. “There’s a housing crisis and an overwhelming need for affordable housing and it’s critical that people are able to live in a home
that they can afford Raghib (2017). More housing can also bring direct benefits to the Treasury. The higher the government’s capital subsidy to support social housing, the lower the annual housing benefit bill. The focus section of this edition of the Kenya Economic Update is dedicated to analyzing Kenya’s housing market and the policies that can be put in place to make housing more affordable for many Kenyans, as stipulated in the Constitution of Kenya 2010 and the National Development Plan, Vision 2030 Strategy.

Public housing has a long history of failure in Africa. Be it in Luanda, Addis Ababa or in cities of South Africa and Cameroon, large-scale state housing programmes have been marred by the high cost of land, poor quality infrastructure and mediocre civic facilities. The common factor in all the cases has been the absence of political will to ensure sustainable development. Kenya can avoid these and other related pitfalls and achieve an affordable housing programme if backed by policy and regulatory systems. The term rational behaviour in economics is defined as part of decision-making wherein an individual or a corporate exercises rational decrees that endow continuous benefit, be it monetary or non-monetary. Housing has become the defining issue of our time since it is at the heart of the current world economic crisis. Farhat (2017) states that the provision of affordable housing characterizes economic and political ingenuity. It is of greater political consequence than most other areas of government policies.

The focus section of 2017’s edition of the Kenya Economic Update was dedicated to analyzing Kenya’s housing market and the policies that can be put in place to make housing more affordable for many Kenyans, as stipulated in the Constitution of Kenya 2010 and the National Development Plan, Vision 2030 Strategy. These blueprints have targeted the provision of 200,000 housing units annually for all income levels. However, the production of housing units is currently at less than 50,000 units annually, well below the target number, culminating in a housing deficit of over 2 million units, with nearly 61% of urban households living in slums. This deficit continues to rise due to fundamental constraints on both the demand and supply side and is exacerbated by an urbanization rate of 4.4%, equivalent to 0.5 million new city dwellers every year Farhat (2017). According to Mehnaz Safavian, Lead Financial Sector Specialist and co-author of the report, “Kenya can make housing more affordable to many more Kenyans, and in turn create new channels to boost overall economic growth both at the national and county levels. “Numerous benefits can be attributed to improving access to housing finance, including economic growth, job creation, and deepening of the financial sector. There are various global examples supporting the “housing
multiplier effect” as every dollar spent directly on a housing unit results in various indirect benefits to the country. Kenya has the right fundamentals in place to achieve results on a significant scale. Collaborative efforts between government and the private sector are required, and a supportive policy and regulatory environment strengthened so that tools like the ones below can be leveraged:

Narrow the affordability gap in the housing market and improved financing for both developers and users. The inaccessibility of affordable housing finance is highlighted by the fact that there are fewer than 25,000 mortgages outstanding. Mortgage debt in 2015 represented 3.15% of GDP, substantially lower than in developed countries. Banks have limited access to long-term funding and few institutions have accessed capital markets to fund mortgages. Kenya ought to explore the role of SACCOs to help bridge the gap in the housing finance market.

Explore financing solutions can play a catalytic role in stimulating the supply and demand of affordable housing and create momentum for other underlying reforms. Such solutions have been used in other emerging markets, including the creation of Mortgage Refinance Companies (MRCs), the provision of Housing Finance Guarantees, and developing Public-Private Partnerships (PPPs) for Affordable Housing.

Innovative financing instruments must be accompanied by policy reform to be effective. Such reforms include the standardization of mortgage contracts, the establishment of appropriate mortgage foreclosure regulations, a clear legal and regulatory framework for mortgage-backed securities and covered bonds, and the creation of an environment conducive to mobilizing long-term domestic capital. Underpinning these is the inclusion of cooperatives and SACCOs.

The Government of Kenya could rely on the private sector to provide financing for affordable housing, with government actively supporting the sector by creating the right environment for lenders and developers. Such support can come in the form of working with the private sector to attract financing through financing instruments, improving access to land, providing basic infrastructure, and improving the efficiency of accelerating mortgage registration and title transfers. Outside of housing, Kenya’s economic performance is expected to strengthen once the rains return to normal, the global economy picks up, the tourism sector rebounds, and some of the underlying causes of slow credit growth are resolved, as well as the completion of major infrastructure projects Raghib (2017).
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the research methodology and the research design that was employed in the entire study. Thus, the section explicitly and implicitly stipulates the approaches that were used to gather, categorize, analyze, interpret, and communicate data, information, and the findings respectively. As such, it spells out the underlying research design, target population, target representative sample, types of data, data collection methods and the data analysis approaches.

3.2 Research Design

According to Trochim (2005), research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project work together to try to address the central research questions." The research espoused an exploratory mixed method research design with more orientation towards quantitative data. Therefore, the study made use of both qualitative and quantitative research techniques. The research design was preferred because it allowed unlimited collection of data and enhanced a comprehensive and in-depth scrutiny of the phenomena under research. Additionally, the design also coalesced the benefits and advantages of both the qualitative and quantitative designs. Survey methodology was adopted to facilitate the evaluation of affordable housing strategies in Kenya using Nairobi County as the case study.

3.3 Population and Sampling Design

3.3.1 Population

The population refers to the entire group of people, events, or things of interest that the research wishes to investigate. Population forms a basis from which the sample or subjects for the study is drawn. My target population was the urban population of Nairobi.

3.3.2 Sampling Design and Sample Size

The sample design provides information on the target and final sample sizes, strata definitions and the sample selection methodology. The research also utilized purposive sampling due to the inherent target population characteristics and knowledge. Additionally, the approach and the
sample size were recommended because of the study’s purpose and the time available for the completion of the study. The sample size was composed of approximately 60 study subjects in various low income earning sectors in Nairobi.

3.3.3 Sampling Frame

It defines the list of items or individuals that make up a study population. The sampling frame was the 60 homes that are located in key low-income areas in Nairobi.

3.4 Data Collection Methods

Data collection is the process of gathering and measuring information on targeted variables. While methods vary by discipline, the emphasis on ensuring accurate and honest collection remains the same. Primary data was collected using questionnaires administered to the target respondents. Primary data collection involved both open and close-ended questions in the questionnaire. The questionnaires will be administered electronically via email and physically through actual administration. This approach was chosen because it is affordable, time saving and allows for in-depth data collection as it fosters high rates of personal responses (Kumar, 2011) On the other hand, secondary data will be collected from extant publications and researches. Thus, such data was be gathered from white papers, government releases, editorial in newspapers, editorials in journals, newsletters, non-published dissertations, published dissertations, conference papers, institution of higher learning publications, peer reviewed, non-peer reviewed journals, professional bodies’ journals, international journals, regional journals, amongst others.

3.5 Research Procedures

This is a detailed description of the steps taken in the conduct of research which are provided for the purposes of replicability. The research should provide a complete account of the research process including the design and development of the instruments, pilot testing, and administration of interviews, distribution and collection of the instruments. The questionnaires were submitted for pilot testing prior to the actual exercise so the respondents can first familiarize with the process and to minimize the spoils and errors. The pilot study consisted of 10 respondents who were given 48 hours to fill the questionnaire. The researcher engaged the respondents to help refine the structured questionnaires. Permission was obtained from the relevant authorities prior to the start of the study.
3.6 Data Analysis Methods

Data analysis in this study is a continuous process throughout the different phases of the study. Data analysis entailed the use of mixed analysis methods due to the orientation of the study. Thus, the study utilized text analysis, tabulation and frequency tables for qualitative data. However, coding of the data was done first as this data is non-numerical. Thereafter, the data was arranged in homogenous categories for ease in interpreting it. Nevertheless, the data gathered was checked for errors and authenticity first before its analysis (Creswell, 2012). Data that lacks the required credibility and reliability was discarded because it was not be useful to this study. Text analysis was favored because it helps in obtaining high quality information from the qualitative data gathered. On the other hand, tabulation and frequency graphs was preferred because it facilitates easy presentation of data. Conversely, quantitative data was analyzed using computerized aided techniques such as Microsoft Excel and SPSS (Leedy and Ormrod, 2012; Czischke, 2009). The model used to conduct a regression analysis is borrowed from Stone (2006), Ngugi and Njori (2013) and Karoki (2013). It helped in determining the nature and extent of relationship between the interdependent and the dependent variables. This has been successfully applied to other housing affordability factors as done by (Ngugi & Njori, 2013) and (Karoki, 2013). However, most studies have adopted a qualitative analysis approach. Confidence level will be at 95%.

3.7 Chapter Summary

This chapter gives the research methodology that describes the methods and procedures used to carry out the study. It gives the research design that will be used in this study at depth ans well as our population of interest. The sampling design is also included in detail. The data collection methods both primary and secondary are also well detailed. The research procedures are well laid out for user as well as the data analysis methods.
CHAPTER FOUR

4.0 RESEARCH FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the findings of the results from the study of the relationships between the effects of access to affordable housing on low income earners in Kenya with attention given to Nairobi County. Using Kangemi as a case study, the study aimed at investigating and documenting the role that government incentives and strategies played in ensuring that there was affordable housing for the low-income earners. The study also investigated at length the challenges faced by the low-income earners. The benefits of affordable housing to an economy like Kenya was also documented.

4.2 Demographic Information

4.2.1 Gender of Respondents

Figure 4.1 below, by the descriptive statistics analysed show that 63% of respondents are female and 37% are male.

Figure 4.1: Gender of Respondents
4.2.2 Respondent Age

Figure 4.2 below show that most of the respondents were between the ages of 25 – 34 years, this depicts persons who have just started on their first jobs and trying to make ends meet. There was an almost an equal number of respondents between the age of 15 – 24 and 35 – 44. The results imply that most of the residents in the low-income housing settlement are middle aged, some the older residents move back to the villages after they have retired and have educated their children as life is more affordable back in their homes of origin. With these results, the government by providing affordable housing would greatly improve the quality of life for the young families that are raised by the middle aged group that is that is depicted by the majority of the residents and the figure 4.2 below clearly shows.

![Age of Respondents](image)

**Figure 4.2:** Age of respondents

4.2.3 Salary of respondents

Figure 4.3 below also show that the greatest number of residents earn between Ksh.5000 – Ksh. 15,000. Which would explain why they can only afford this type of housing settlement. A small number approximately 20% earn above Ksh. 15,000. The affordable housing scheme that the government is working at launching will therefore be life changing to many Kenyans who currently reside in poorly built, and insecure housing structures. This will be a big win for those whose earnings are represented by figure 4.3 below.
The implication of these earnings is that these residents will most likely not afford an alternative resident as most of their meagre earnings go to food. The only alternative is the semi-permanent housing settlement. Unless there are more opportunities from our struggling economy this is most likely going to be the situation or even worse as the population rises.

![SELF-REPORTED SALARY OF RESPONDENTS](image)

**Figure 4.3** Salary of respondents

### 4.2.4 Ownership of the home

Figure 4.4 below show that all the residents interviewed do not own the houses, they live in rented houses.

![OWNERSHIP OR RENT HOME IN NAIROBI](image)

**Figure 4.4:** Ownership of the home
Given the results of the study as analyzed above on the income of the respondents, this explains why the residents cannot afford to own home, their only result being renting as that’s what they can afford. Home ownership offers a sense of security and freedom. The government as discussed at length in this study should work at making this a reality for the majority of Kenyans who can only dream that this can ever be possible.

4.2.5 Rent Paid by Respondents

Figure 4.5 below show that almost all the residents interviewed (90%) paid rent of between Ksh.3000 – Ksh.5,000. A small number paid below Ksh.3,000. The results then imply that the population understudy live from hand to mouth and therefore for most housing does not rank up in their need hierarchy. This is why this study has gone into detail of the government role in provision of better housing for it’s residents.

![Rent Paid Per Respondent](image)

**Figure 4.5:** Rent paid by respondents

4.2.5 Marital status and family members per respondent

Figure 4.6 and figure 4.7 below show that 85% of the respondents interviewed are married, and that most of these families have up to 3 – 4 members living in the same house setting, consecutively. This also means that most have children living with them. The size of these houses was 11 feet by 12 feet which goes to tell how small the co-shared space is to accommodate a family of 3 or 4 or even more residents. The demographic information is then clear of how dire the
situation is and the big role the government would play by providing affordable housing to its citizens.

**MARITAL STATUS**

![Marital Status Chart]

**Figure 4.6 Marital Status**

By handling the housing situation then this would have a direct impact on the economy as whole and attract investors as insecurity would reduce ultimately. The poor housing situation ultimately has a direct effect on the young generation raised in these conditions as their performance in school becomes wanting as the co-shared space in most cases is hardly adequate for study.
4.3 Descriptive Statistics

Table 4.1: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>3.16</td>
<td>.925</td>
<td>68</td>
</tr>
<tr>
<td>Contribution</td>
<td>2.3212</td>
<td>.74154</td>
<td>68</td>
</tr>
<tr>
<td>Strategies</td>
<td>3.5469</td>
<td>.49910</td>
<td>68</td>
</tr>
<tr>
<td>Challenges</td>
<td>3.2215</td>
<td>.62773</td>
<td>68</td>
</tr>
<tr>
<td>Benefits</td>
<td>4.2827</td>
<td>.54702</td>
<td>68</td>
</tr>
</tbody>
</table>

Table 4.1 above shows that 68 respondents completed the survey scale government contribution to affordable housing with an average of 2.32 of 7.00 on a seven-point Likert scale with a standard deviation of 0.74. Strategies laid out by the government shows a mean of 3.55 on a seven-point Likert scale with a standard deviation of 0.5 for the 68 respondents who completed the questions in the scale. Challenges in accessing affordable housing shows a mean of 3.22 on a seven-point Likert scale with a standard deviation of 0.63 for the 68 respondents who completed the questions in the scale. Benefits of affordable housing to a growing economy shows a mean of 4.28 on a seven-point Likert scale with a standard deviation of 0.55 for the 68 respondents who completed the questions in the scale. Access to affordable housing has a mean of 3.16 on a standard deviation of 0.93 and a number of respondents at 68.

Table 4.2: Reliability Tests

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th># Items in Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>GoK Contribution</td>
<td>0.706</td>
<td>6</td>
</tr>
<tr>
<td>GoK Strategies</td>
<td>0.468</td>
<td>5</td>
</tr>
<tr>
<td>Challenges</td>
<td>0.224</td>
<td>3</td>
</tr>
<tr>
<td>Benefits</td>
<td>0.679</td>
<td>4</td>
</tr>
<tr>
<td>Access</td>
<td>0.457</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 4.3: Correlations Matrix

<table>
<thead>
<tr>
<th></th>
<th>Contribution</th>
<th>Strategies</th>
<th>Challenges</th>
<th>Benefits</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contribution</strong></td>
<td>Pearson</td>
<td>.418**</td>
<td>.105</td>
<td>.326**</td>
<td>.394**</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.047</td>
<td>.041</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
<td>70</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td><strong>Strategies</strong></td>
<td>Pearson</td>
<td>.418**</td>
<td>.238*</td>
<td>.247*</td>
<td>.381**</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.047</td>
<td>.041</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
<td>70</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td><strong>Challenges</strong></td>
<td>Pearson</td>
<td>.105</td>
<td>.238*</td>
<td>.247*</td>
<td>.381**</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.047</td>
<td>.041</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>70</td>
<td>70</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Pearson</td>
<td>.326**</td>
<td>.511**</td>
<td>.498**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.041</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
</tr>
<tr>
<td><strong>Access</strong></td>
<td>Pearson</td>
<td>.394**</td>
<td>.549**</td>
<td>.498**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>70</td>
<td>70</td>
<td>69</td>
<td>70</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The graph above shows the correlation between the various variables with each other.

Table 4.4 : Multiple Regression: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.678*</td>
<td>.460</td>
<td>.426</td>
<td>.701</td>
</tr>
</tbody>
</table>
a. Predictors: (Constant), Benefits, Challenges, Contribution, Strategies

Table 4.4 above shows the model summary of the regression. It indicates the strength of the relationship between the independent variables of access to affordable housing, government contribution to affordable housing, strategies laid out by the government, challenges in accessing affordable housing and benefits of affordable housing to a growing economy. The R-Square of 0.460 indicates a strong relationship between the four variables and the dependent variable. Essentially, 46% of the variation in access to affordable housing can be explained by independent variables’.

Table 4.5: Multiple Regression: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>26.364</td>
<td>4</td>
<td>6.591</td>
<td>13.409</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>30.967</td>
<td>63</td>
<td>.492</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>57.330</td>
<td>67</td>
<td>.492</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Access

b. Predictors: (Constant), Benefits, Challenges, Contribution, Strategies

Table 4.5 above details the F-test (f = 13.409, p = 0.000) is statistically significant and therefore the model fits reasonable.

From the table below, table 4.6: “Access to affordable housing = 2.274, Government contribution to affordable housing = 0.173, Strategies laid out by the government = 0.538, Challenges in accessing affordable housing = 0.441 and Benefits of affordable housing to a growing economy = 0.397. The above formula represents the regression equation for this study. Every one unit increase in value of government contribution to affordable housing, then it is expected that the access to affordable housing will increase by 0.173. This is represented by β = 0.173, p = 0.182. The relationship between government contribution and access to affordable housing is therefore not statistically significant. Every one unit increase in value of strategies laid out by the government, then it is expected that the access to affordable housing will increase by 0.5.
Table 4.6: Multiple Regression: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-2.274</td>
<td>.784</td>
<td>-2.901</td>
<td>.005</td>
</tr>
<tr>
<td>Contribution</td>
<td>.173</td>
<td>.128</td>
<td>1.349</td>
<td>.182</td>
</tr>
<tr>
<td>Strategies</td>
<td>.538</td>
<td>.211</td>
<td>2.544</td>
<td>.013</td>
</tr>
<tr>
<td>Challenges</td>
<td>.441</td>
<td>.142</td>
<td>3.105</td>
<td>.003</td>
</tr>
<tr>
<td>Benefits</td>
<td>.397</td>
<td>.186</td>
<td>2.138</td>
<td>.036</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Access

This is represented by $\beta = 0.538$, $p = 0.013$. The relationship between strategies laid out and access to affordable housing is therefore statistically significant. Every one unit increase in challenges in accessing affordable housing, then it is expected that the access to affordable housing will decrease by 0.441. This is represented by $\beta = 0.441$, $p = 0.003$. The relationship between challenges in accessing affordable housing and access to affordable housing is therefore statistically significant.

Every one unit increase in benefits of affordable housing to a growing economy, then it is expected that the access to affordable housing will decrease by 0.397. This is represented by $\beta = 0.397$, $p = 0.036$. The relationship between benefits of affordable housing to a growing economy and access to affordable housing is therefore statistically significant.

**CHAPTER SUMMARY**

This chapter has described the findings of the research study. It has presented the findings of the analysis with regard to the data analyzed from a random sample of respondents in Kangemi, Nairobi County. Chapter 5 looks at the findings that were presented in chapter 4, presents conclusions and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter five endeavors to delineate usefulness and applicability of the research through a summary, discussion and recommendations. This chapter will bring home on how the objectives of the study were achieved through the analysis and findings during the study and make recommendations for this study. This study focused on evaluating the effects of access to affordable housing on low income earners in Kenya with attention paid to Nairobi County – Kangemi.

5.2 Summary

The focus of the study is to determine the role of government in creating affordable housing for low income earners. It seeks to identify the challenges that low-income earners face in pursuit of housing. The key objectives include determining the role that government incentives and strategies play in improving access to affordable housing for low income earners. The challenges that low-income face when striving to access affordable housing is covered in the study. The benefits of affordable housing to a growing economy is the last objective of the study. The study adopted an exploratory mixed method research design because of the need to utilize both qualitative and quantitative research techniques.

An exploratory research design facilitated a comprehensive scrutiny of the study objectives. The study population consisted of 60 study objects spread in various low-income areas within Nairobi County in Kenya. Structured questionnaires were utilized to collect quality data. Inferential statistics was utilized to make sense of the collected data. From the findings, it is evidenced that there is need for government intervention. The opening of new land for housing development or the upgrading of existing informal settlements require installation and maintenance of infrastructure such as such as water, sewerage, roads, electricity, social services and security. Infrastructural facilities therefore form a major and vital component of shelter provision. Accessibility to adequate urban basic services will greatly improve people's economic capacities, health and the quality of life in general.
There is also need to, establishing a Slum Upgrading and Low-cost Housing and Infrastructure Fund under the Ministry in-charge of Housing financed from the exchequer and development partners for funding shelter rented infrastructure.

5.3 Discussion

5.3.1 Role that Government Incentives play in Access to Affordable Housing among Low Income Earners in Kenya’s Informal Urban Settlements

The rapid urbanization and affordability issues are among the key factors that have influenced the rise of poor housing facilitates in informal urban settlements (Rust, 2013). There is a need to develop incentives and methods that can enable low income earners to access quality housing facilities. The study findings indicate that the government incentives can play a key role in improving access to affordable housing for low income earners Kenya’s informal urban settlements. Looking at the latest Housing Policy, which was published in May 2004, one forms the impression that there is a seriousness of purpose and commitment to a fair and just cause to facilitate shelter provision for all Kenyans, regardless of their station in life. It is certainly an improvement from the first one published in 1966/67. It is instructive however, that the matter of informal settlements especially in the rural areas where the majority lives has barely been even mentioned.

The first Housing Policy of 1966/67 only had one mention of informal settlements and moreover it was in not in the most flattering light. Little wonder that although they had projected to build 7,600 houses annually in towns and 38,000 in the rural areas, this was TS1 – Land Administration and Housing Issues in Informal Environments never realized and made the housing needs worse, pushing more people on the periphery into the informal settlements as far too many citizens chased far too few houses. In the same breath, the very short supply pushed the prices of housing very high and beyond reach of most Kenyans. The latest Housing Policy raises issues and then makes policy statements. That is all well and good but that is only the first step. As it is it can best be referred to as a shopping list, or a wish list. In terms of the model the Wits University researchers prescribe it does not quite address the second stage.

The Policy recognizes the role Civil Society such as Non-Governmental Organizations (NGO) and Community Based Organizations (CBO) can play in the scheme of things. It does not however suggest the medium of convergence. The correlation analysis confirms the strong relationship
between government incentives and access to affordable housing for low income earners. The government is at liberty to employ a number of strategies and policies to ensure majority of the population have access to quality housing facilities. The lack of well managed systems that influence housing aids in the creation of a situation where the low-income earners have no chance to access affordable housing. The provision of incentives like tax breaks are among the few measures that have helped in encouraging many low-income earners to take the step towards owning a home. The Kenyan constitution recognize the right to affordable housing, which explains the concerted efforts of government machineries to improve access to quality housing. The national policy is an initiative that is founded on the right to affordable housing, which is defined by the constitution. It is a policy formulated to deal with land fraud issues, which will go a long way in improving access to land. The cost of real estate remains the biggest barrier to affordable housing for many low-income earners. Organized urban development can aid in ensuring that affordable and quality housing facilities are available at affordable costs.

5.3.2 Government Strategies to Ensure Affordable Housing for Low Income Earners in Kenya’s Informal Urban Settlements

The study findings confirm a significant relationship between access to affordable housing and government strategies. This means that the utilization of the right strategies can increase the number of low income earners who can access affordable housing in informal urban settlements in Kenya. The confirmation of the significant connection reinforces the notion that the government should be at the center of solving the housing problem that bedevils informal urban settlements in Kenya. The use of strategies like home improvement loans, incremental financing, and joint purchase land loans can relieve the burden of cost and allow loan income earners to access the resources needed to build the right house. The initiative to develop organized estates owned by the government and rented at affordable costs is one of the strategies that ensure more people have access to quality housing facilities. Large scale settlement programs that are sponsored by the government is one of the best solutions because it allows the transfer of ownership after a long time and the loans are provided at affordable rates. The affordability of land is a major issue in Kenya as evidenced by the value attached to real estate properties. The regulation of the real estate market to ensure land is not sold at exorbitant prices can improve the chances of low income earners who would to access affordable housing. The other strategy is the use of advanced technology that have been designed to reduce the cost of construction. Government recognizes
that it has a severe budgetary constraint and has graciously referred to collaboration with
development partners to realize this noble objective. However right now government has a big
credibility challenge over graft allegations with the donors. The famous “vomiting on our shoes”
statement is not lost on them.

There is allusion to amendment and or enactment of laws relating to housing to facilitate the
development of shelter, but it does not give any time frame or who will be responsible for this
process. It leaves the issue wide open and likely not to see the light of day. All the Key Result
Areas relating to Informal Settlements have been addressed, but not in detail nor with commitment
to execute. These are Land Tenure, Building Materials Research and Construction Technology,
Legal and Financial Frameworks, Infrastructure in the form of Water, Roads, and other associated
Services and Entrepreneurship. There is no commitment to the mode of delivery of these key
factors. Ever since the first Policy in 1966/67 the number of people in informal settlements has
more than trebled indicating that not all is well with just writing policy and not actualizing the
initiative through acceptable milestones and timelines of execution. Rural Urban migration is on
the increase.

5.3.3 Challenges Faced by Low Income Earners in Accessing Affordable Housing in Kenya’s
Informal Urban Settlement

The study findings show that there is a significant relationship between challenges faced by low
income earners and access to affordable housing. One of the notable challenges is the high cost
of real estate in Kenya’s urban settlements. The high cost of land influences the rate of rents and
the overall cost of building and maintaining a house. The issue of cost is difficult to solve using
loans because of they attract high interest rates. Furthermore, most low-income earners lack the
security need to access adequate financing for construction. It has to be recalled that majority of
the informal settlement dwellers have no reliable source of income and have to rely on offering
casual manual labour. This in itself is an impediment to access to credit. The rapid expansion of
urban centers is putting a strain on the available resources making it difficult to maintain quality
housing conditions. The huge gap between the rich and the poor makes it easy for the few rich to
dominate a large chunk of urban areas while a relatively small portion is left for the low-income
 earners. The lack of access to the capital needed to rent or own a home is a major deterrent.
Despite the development of laws that grants the right access affordable housing to everyone, the
government is yet to come up with the projects that have a direct impact on the lives of low income
earnings experiencing housing problem. Given that the current financing options focus on upper middle-income earners means that the low-income earners are forced to settle for low quality housing.

The literature review and findings from the data collection review that affordable housing is such an important aspect of the Kenyan economy and cannot be wished away. The overall goal of this Housing Policy is to facilitate the provision of adequate shelter and a healthy living environment at “affordable cost” to all socio-economic groups in Kenya to foster sustainable human settlements. This will minimize the number of citizens living in shelters that are below the habitable living conditions. The Government recognizes that security of land tenure as well as availability of adequate quantities of land in suitable locations at affordable prices is a central requirement for clearing the backlog of housing demand for the urban poor. Housing programmes for the poor will be pursued at a scale, which is commensurate with need and availability of resources.

5.3.4 Benefits of Affordable Housing to a Growing Economy like Kenya

Access to housing for low income earners is bound to have a significant impact on the economy. First, it is pertinent to note that the economic productivity of an individual is influenced by personal health, government policies, character and personal preferences. The negative impact on health that is caused by poor housing conditions increase the cost of healthcare, which means the improvement of housing conditions for healthcare can mean additional money goes to savings and investments. An increase in investments and savings help in improve the flow of money. The ultimate impact is a positive effect on the overall economy. Raghib (2017) emphasizes the importance of allowing people to reside in houses they can afford. It helps with planning and overall management of resources to invest in new projects. The development of large scale housing plans for low income earners has the potential to improve government revenue. The sale of houses owned by the government at affordable costs make it a reasonable source of income. The development plan employs many people who in turn spend on other things. In general, all these factors have a positive impact on the flow of money within the economy. They have the potential to influence a significant improvement in economic growth after a given period.

5.4 Conclusions

5.4.1 Role that Government Incentives play in Access to Affordable Housing among Low Income Earners in Kenya’s Informal Urban Settlements
Government incentives have a significant impact on access to affordable housing for low income earners. The government should take the initiative to development large settlements that can be sold to the public at reasonable rates. The government has a significant role to play in ensuring that low income earners can access quality housing conditions.

5.4.2 Government Strategies to Ensure Affordable Housing for Low Income Earners in Kenya’s Informal Urban Settlements

Housing policy has the potential to improve the number of low income earners with access to quality housing facilities by a significant margin. It should be reinforced by proper implementation procedures to avoid the misuse of resources.

5.4.3 Challenges Faced by Low Income Earners in Accessing Affordable Housing in Kenya’s Informal Urban Settlement

The key challenge that faces low income earners is the cost of real estate properties. Land is a very expensive commodity in Kenya. It makes difficult for low income earners to access the resources needed to get affordable housing facilities. The lack of strong systems to ensure fairness is a significant issue.

5.4.4 Benefits of Affordable Housing to a Growing Economy like Kenya

Improved access to affordable housing will help the overall condition of most low income earners, which means less money spent on healthcare costs. In addition, access to affordable housing provides a chance to use the extra money in savings and investment. The overall impact on the economy is positive. It will also curtail mushrooming of slums and informal settlements especially in the major towns. The poor people's pragmatic approach to housing will be harnessed and put to maximum utility by community-based organizations through effective and well-defined popular participatory approaches. Community involvement as a planning tool will be advocated in all housing programmes targeting the poor.

5.5 Recommendations

5.5.1 Recommendations for Practice

Whereas the government has played a distinctive role in solving the housing problem for the poor, there is more to be done. Examples of what the government has done include the Kibera Slum
Upgrading Project and former Nairobi Governor Evans Kidero announced a housing plan to build over 10,000 new housing units. These are well-intentioned projects, but evidence suggests they are likely to get mired in red-tape and do not benefit those they were intended for. So, what can the Kenyan policy makers do to solve the housing problem among the poor? One is policy intervention. The government can formulate forward-looking policies that create solutions favoring the poor. An example being zoning. Zoning refers to how the government controls the physical development of land and the kinds of uses to which each individual property may be put. This controls the demand and the price of land in that given area. Taking away demand makes land less given to speculation and house prices in that given area cannot go beyond a certain level. County governments should also decide that in each zoned area, only houses going for a given price can be constructed. Zoning has worked in Canada, Australia and the United Kingdom. Another policy intervention that is propose is subsidy. Subsidizing decreases the price of houses in the value chain. Research has shown that the cost of subsidizing housing is higher than the cost of not doing so. This is because housing is a basic need and contributes to human development and increases the Gross Domestic Product.

Additionally, the government can “incentivize” affordable housing through tax rebates. This encourages investors as well as developers to do more large-scale affordable housing projects. For example, The Low-Income Housing Tax Credit (LIHTC), a programme designed in the 80s, is the most important resource used in developing affordable housing in the United States today. The programme has created 43,092 projects and 2.78 million housing units between 1987 and 2014. This project accounts for over 90 per cent of all affordable housing in the US. Kenya and Africa at large should follow these steps and create an affordable housing market. We only need political will to take the first step. I laud the individuals and organisations already taking the initiative. A classic example is the recently launched 5,000 for 5,000 Homes Competition by Shelter Afrique that seeks to spur designs which will cost no more than $5,000 (Sh500,000). Shelter Afrique will develop 5,000 units using this design in different markets across Africa. This is just one organisation; let all policy makers and stakeholders stand up and implement housing programmes for low-income earners.

What the informal settlement dwellers need is facilitation more than handouts. Government has to work on creating the necessary infrastructure for the informal dwellers. There should be emphasis on training informal settlers in entrepreneurship and artisan skills to guide the spirit of survival.
that is so evident in slums, thus afford them a better chance of eking out a livelihood within and without their environment and abode. There must be compulsory free education for all the children in informal settlements. The Government should have a policy on avoiding relocation as much as possible and instead regularize the stay of the settlers and enable upgrading of the houses. Wholesome and potable water should be available and affordable. Right now the water in informal settlements is very expensive more than in the formal areas. The Land tenure matter cannot be wished away, and with it come the impetus for those living in slums to improve their habitats. They will not do so until and unless they are assured of a certain sort of permanency residency. Government must work its policy on land banks, reserving it for informal settlements Government must also come up with a housing act that addresses homelessness in rural and urban areas. A policy that recognizes the basic right of every citizen’s right to shelter.

5.52 Recommendations for Further Research

Future studies could focus on determining the impact of cost on access to land and affordable housing in developing urban settlements. The information can help in the formulation of plans that can guide the development of urban centers, with emphasis on slum development. With the provision of affordable housing being part of the ‘Big Four Agenda’, this could go a long way in taking care of the housing issue that has been left out in the past years.
REFERENCES


Income Housing Projects (Order, 2008), Nairobi: Government Printer.


Mustapha, B. (2002), Financing Shelter, Shelter, settlement and development

Noppen, A. (2013), The ABC’s of Affordable Housing in Kenya


Raghib Q. (2017). Equinox Communication
APPENDICES

Appendix I: Introductory Letter

Dear Sir/Madam,

**RE: REQUEST TO PARTICIPATE IN A RESEARCH STUDY**

This study is a requirement for the partial fulfilment for the degree of Master of Science in Organizational Development and Management. In order to accomplish my study, I am required to carry out a research project. In this regard, I have identified you as my target person to assist me to achieve my objectives by filling in this questionnaire. The information gathered will be accorded with great confidentiality and your response will be highly appreciated.

Please be honest.

I look forward to your prompt response.

Regards

Lillian Wambugu
Appendix II: Consent Form

I………………………………………………………………….agree to participate in research to evaluate the effects of access of affordable housing on low income earners on Kenya. I have been explained about the study and I understand it well. Moreover, I am ready to withdraw from the study at any time without recursion. I have been assured of confidentiality.

Signed…………………………………………………………

Witness………………………………………………………………
Appendix 111: Questionnaire

This is an academic research paper in partial fulfillment of the requirement of an MOD degree at USIU. The research seeks to evaluate effects of access of affordable housing on low income earners on Kenya. There shall be absolute confidentiality on all information collected, hence anonymity in completing the questionnaire is offered as an option. The questionnaire is divided into four sections.

Please place a tick (√) or insert your response in accordance with the instructions. For any clarifications feel free to contact the undersigned:

Lillian Wambugu

Cell-phone number: 0722785293

Instructions

1. Please respond to all items in this questionnaire
2. Put a (√) alongside the option that is most applicable to you or fill in the spaces provided.
3. You are strongly discouraged from writing your name in this questionnaire

SECTION A: RESPONDENT PROFILE

1. Gender

   Male
   Female

2. What is your age

   15-24
   25-34
   35-44
   45-54
   Above 55

3. How much is your monthly salary?

   Below Ksh.5,000
   5,001 – 15,000
   15,001 – 50,000
Above 50,000

4. Do you own a home or rent?

5. If you rent, how much is your monthly rent?
   - Below Ksh.3,000
   - 3,001 – 5,000
   - 5001 - 15000
   - Above 15,000

6. Do you have a family or do you live alone?

7. How many of you live in this house?

**SECTION B: Government contribution as pertains to affordable housing**

Please indicate whether you agree/disagree with the statements below concerning your institution by placing a (√) for the answer which best reflects your opinion: (Key: Not Applicable (N/A) - 1; Strongly Disagree (SD) – 2; Disagree (D) - 3; Agree (A) – 4; Strongly Agree (SA) - 5;)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Government Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The government is responsible for providing affordable housing to its citizens</td>
<td></td>
</tr>
<tr>
<td>The government has made it possible for private investors to invest in the housing industry</td>
<td></td>
</tr>
<tr>
<td>It is the government’s responsibility to provide proper amenities like water and clean sanitation to it’s citizens</td>
<td></td>
</tr>
<tr>
<td>The government has incentives in place for any investors in the housing industry</td>
<td></td>
</tr>
</tbody>
</table>
The government cares about the situation of the house I live in

The government provides enough security for my family and i

SECTION C: What Strategies have been laid out by the Government?

<table>
<thead>
<tr>
<th>Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are there any strategies that you are aware of that have been laid out by the Government to make housing more affordable?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Would you prefer if more private companies and individuals invested in the housing industry?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you then think that this would make housing affordable in general?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is subsidized housing a potential remedy to housing inequality?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are government sponsored low – income housing policies successful?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION D: Challenges in accessing affordable housing?

<table>
<thead>
<tr>
<th>Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please rate the following statements below concerning your institution by placing a (✓) for the answer which best reflects your opinion:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Challenges in accessing affordable housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>It was not challenging for me to find my current rental house</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Housing agents did not come with an extra cost?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If i had a choice I would live in my current neighborhood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel safe in my current neighborhood</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My house has enough space for my family and i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You are able to provide good and clean sanitation for your family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION E: Benefits of affordable Housing to a growing Economy

<table>
<thead>
<tr>
<th>Benefits to affordable housing</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing makes life worthwhile for me</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>If affordable housing is provided I can dwell on other areas of making my life better</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living in a decent neighborhood enables me to work at all hours without fear of insecurity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Decent housing ensures that my children have a chance to study while away from school
## Appendix IV: Research Time Frame

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic Introduction</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Literature Review</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Tool Development</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposal Presentation</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-testing Data</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Writing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix V: Research Budget

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typing</td>
<td>3000</td>
</tr>
<tr>
<td>Photocopying</td>
<td>850</td>
</tr>
<tr>
<td>Binding</td>
<td>1500</td>
</tr>
<tr>
<td>Transport</td>
<td>1250</td>
</tr>
<tr>
<td>Internet Usage</td>
<td>450</td>
</tr>
<tr>
<td>Communication: Letters, Calls and Messages</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7300</strong></td>
</tr>
</tbody>
</table>