

**THE CHALLENGES OF HOUSING DEVELOPMENT FOR THE LOW INCOME
POPULATION IN KENYA; A CASE OF ELDORET TOWN**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUILT
ENVIRONMENT IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS FOR
THE AWARD OF POST GRADUATE DIPLOMA IN HOUSING
ADMINISTRATION**

UNIVERSITY OF NAIROBI

OCTOBER, 2013.

DECLARATION

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ACKNOWLEDGEMENT

I am grateful to Almighty God for His endless care, abundant blessings and provision of good health throughout the period of undertaking my studies. I appreciate the technical and logistical support from the School of Built Environment, University of Nairobi.

Finally, to my wife, I thank you for being there with me, every step of the way. You always made everything so easy, so reachable, and so possible that, at times, I never felt like I struggled. Thank you for your love, support, understanding, and for reminding me not to tilt at windmills.

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ABSTRACT

The main purpose of this study was to investigate the challenges of housing development for the low income population in Kenya. The objectives of the study were; to identify the motivation behind the players in the housing industry, to analyze the methods of housing provision by existing housing developers for the low income market, to examine the challenges faced by housing developers in the low income market and hindrances to their efforts, to evaluate the challenges faced by low income people in accessing housing and to consider how best to manage the challenges identified so as to increase rate of housing provision. Random stratified sampling was employed to obtain a reasonable sample size for administering questionnaires. Sample size of 100 was used due to financial and time constraints. This means that the researcher sampled 20 residents from the five estates, 20 from housing developers, 20 from housing financiers, 20 from ministry of housing employees and 20 from other related departments. The tools that were used included notebooks, questionnaires, camera and pens. The questionnaires were used to gather information directly from sampled respondents. The questionnaires had both open-ended and closed ended questions. The data collected from the field using questionnaires, interviews and observation were computed and organized into categories. The data was presented in an organized format to allow for in depth analysis. The data was presented in form of explanatory texts, tables, pictures and pie charts. The data collected was analyzed using descriptive tools. The study findings indicated that the motivation behind players involvement in housing industry in Eldoret town include maximum profit motive, social need motive, Government incentives and availability of low cost building materials and technologies. In addition, the most practical methods of housing provision by existing housing developers for low income market include Provision of housing through mortgages, Public-private partnership, Provision of site and service and Funding by international bodies. However, the challenges encountered by housing developers in venturing into low income markets in Eldoret include Low return on investment, Rising cost of land, complex land acquisition process, High interest on capital finance, Scarcity of land with Infrastructure and outdated planning regulations. It was further found out that among the strategies identified to manage challenges on accessing low cost housing in Eldoret town included provision of low cost building materials, use of appropriate building technologies, low interest rates on building finance, sourcing funds from international communities, elimination of cultural barriers on property ownership and management and change of the current building code.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Mankind first of all must eat, drink, and have shelter and clothing, before he can pursue politics, art and religion etc. (Frederick Engels, 1883). Shelter is necessary to everyone and the provision of housing, as a means of solving one of the urban problems, is one of the concerns of Town Planning. Housing as defined by the United Nations (UN) encompasses the housing unit and the entire ancillary services as well as community facilities that are necessary for human well-being.

It is difficult to satisfactorily define the low-income group, however for the purpose of the National housing policy, the low-income group has been defined as wage earners and self employed people whose annual income is =N= 5,000.00 or below as of 1988, or whose annual income is 20% or below the maximum annual income of the highest salary grade level within the civil service structure at any given time, whichever is higher.

According to UN-Habitat, Johannesburg, South Africa's economic hub, currently has a population of about 3.670 million and by 2015 the city's population is expected to be about 3.867 million (UN-Habitat, 2010). With visible "scars" from the apartheid era, Johannesburg, as Bollens (1998) noted, is a city of "enormous economic and social contrasts" where sky scrapers co-exist with "townships and shanty towns of intentionally degraded living environments".

In recent years, the number of people living in what are termed "informal settlements and backyard shacks" across South Africa has been increasing (Landman and Napier, 2010) and

it is estimated that "between 150,000 to 220,000 households in Johannesburg live in informal dwellings" (Planact, 2007). According to the Center on Housing Rights and Evictions (2005) some of these "informal dwellings" in which the urban poor in Johannesburg live often include urban shack settlements (with close to 200 of them across the city). There are also 235 so-called "bad buildings" in the inner city and "shelters" in "backyards, on pavements, or under highway bridges".

According to Gandy (2006) there are as many as 200 different slums in Lagos, "ranging in size from clusters of shacks underneath highways to entire districts such as Ajegunle and Mushin". As Morka (2007) points out, over two-thirds of the population of Lagos lives in the "informal settlements or slums scattered around the city". Most of these slums are densely populated with some estimates indicating that "more than 75 per cent of urban slum dwellers live in one room households with a density of 4.6 persons per room" (Adelekan, 2009).

Housing has a central importance to quality of life with considerable economic, social, cultural and personal significance. The focus of this research is housing for low income households or what is commonly known as affordable housing. Affordable housing is a term used to describe dwelling units whose total housing costs are deemed "affordable" to those that have a median income. A median income refers to the average pay scale level of the majority people in a population which is often low. Although the term "affordable housing" is often applied to rental housing that is within the financial means of those in the lower income ranges of a geographical area, the concept is applicable to both renters and purchasers in all income ranges (<http://www.answers.com>). Low-income housing is aimed at individuals without enough income to provide adequate housing for themselves and/or their families. These families are usually unable to purchase a home because they fail to qualify

for a mortgage. Most families choose to rent based on their income and family situation; unfortunately, there may not be enough rental housing or enough good-quality rental housing for low-income families (<http://www.ehow.com>).

Kenya's housing development situation has been skewed in favour of high income earners as most developers and housing financiers always target high income population because of the perception that they can rent houses or take up mortgages and repay comfortably. The result is the isolation of low income population who form the majority. This scenario has been depicted across Kenyan economy and Eldoret Town whose low income population stands at 150,000 as per 2009 National population census, experiences the same challenge.

The purpose of this research is therefore to unearth the circumstances that have created a situation where housing developments are not targeted at the low income population. The focus was on informal housing in Kenya and in particular Eldoret Town and the role played by housing developers and market players or stakeholders so as to understand this critical situation in a bid give a recommendation.

1.2 Statement of the Problem

Provision of adequate, affordable and decent housing for low income households is clearly in short supply. The players in this industry are too few and there seems to be a minimal interest of other private sector housing developers to provide low income housing units. These private sector developers as by their success in the middle and high income housing markets, implies that they may have the capacity and skill set to supply the low-income housing required to alleviate, at least partly, the housing shortfall in the country (Hassanali, 2009).

But they have shied away from the low income market mainly because the profitability margins are lower as compared to housing developments for the other markets.

There are also many other factors affecting the supply of housing from private sector housing developers prominent of which is the cost of production and the opportunity cost to the developer's finite funds in either providing middle income housing or high income segment housing or low income housing. The developers have to consider the rate of return to their investment and how fast they'll realize this. Provision of low cost housing to the increasing number of lower and middle income classes in the country has also been hugely affected by the cost of land and inadequate infrastructure (Bonyo, 2010).

The problem that this research seeks to address is that of the shortage in housing supply for low income households in Eldoret town and the challenges faced by both existing and potential developers in this market. Issues to be addressed in this research study include the factors affecting low income housing supply, the motivating factor to existing developers in venturing into this market and the housing models they have adopted in their projects.

1.3 Research Objectives

The purpose of this study is to identify the challenges affecting housing development for the low income market. It seeks to achieve the following objectives:

1. To identify the motivation behind the players in the housing industry.
2. To analyze the methods of housing provision by existing housing developers for the low income market.

3. To examine the challenges faced by housing developers in the low income market and hindrances to their efforts.
4. To evaluate the challenges faced by low income people in accessing housing.
5. To consider how best to manage the challenges identified so as to increase rate of housing provision.

1.4 Research Questions

The research was guided by the following key questions:

1. What is the motivation behind the players in the housing industry in Kenya?
2. What methods of housing provision do existing housing developers adopt for the low income market?
3. What are the challenges faced by housing developers in the low income markets in Kenya?
4. What challenges do low income people face in accessing housing?
5. In which ways can the challenges identified be managed so as to increase rate of housing provision?

1.5. Research hypothesis

The minimal development of low- income houses in Kenya is largely attributed to lack of incentives to house developers to invest in houses for the low income population.

1.6. Significance of the study

This research study will be of benefit to the following key stakeholders in the housing industry:

Affordable housing is one key area for social enterprises. A social enterprise is any business venture created for a social purpose. The research highlighted potential challenges to new social entrepreneurs venturing into this market allowing them early opportunities to overcome these obstacles in order to succeed in the low income housing market. This study findings will therefore assists housing social enterprises in overcoming challenges associated with provision of housing.

The outcome of this research highlighted key areas where private developers require reform, change or incentives in order to enter the low-income market. With this knowledge, developers associations such as Kenya Private Developers Association (KPDA) can lobby for change and policy reforms as well as harness the collective strength of their developers to tap into the lower income market.

An understanding of the challenges faced by developers in the low-income market would allow donor agencies such as UN Habitat and The International Monetary Fund (IMF) to direct funding into projects that would stimulate low income housing supply either directly, through funding of housing development or indirectly, through infrastructure investments. This research study also informed the sustainability, scalability, and replicability of existent projects.

The study of the low income housing market is a very vast one and this research gave rise to key areas of weakness where there is significant opportunity for further research in an effort to enhance investments in provision of low income housing.

1.7 Assumptions of the study

The study was based on the following assumptions that:

- 1) The challenges faced by housing developers in provision of houses for the low income population are universal
- 2) Low income population group desire adequate housing but limited by their income
- 3) The government's effort in provision of affordable housing has not been adequate.

1.8 Study organization/ outline

The study is organized into five chapters.

Chapter one contains introduction of the research project, its problem statement, the objectives of the study, research methodology, scope and area of study and organization of the study.

Chapter two examines the literature review. It contains information obtained from the general view of literature relating to the low income housing market, approaches to low income housing development, government's role in low income housing development, the role of private sector, the challenges faced by low income house developers and the good practices in overcoming these challenges.

Chapter three covers the study of the background area and a brief discussion on the specific area and methodology of the study.

Chapter four presents data collected during field study and its analysis.

Finally chapter five contains conclusions from the findings and recommendations.

1.9 Limitations of the study

1. The study involves the collection of primary data. There is likely to be a low response rate that is related to the collection of primary data. Some of the respondents did not bother to fill in the questionnaire within the specified period and claim to be too busy to take time and participate.

2. There was lack of a credible listing which is comprehensive and up to date of property developers whose focus is the low income housing market.
3. Since the measurement scale of the data collected was ordinal, it did not lend itself to more robust methods of data analysis.
4. Time was also a great factor and since it is limited, it did not allow for comprehensive research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section provides a review of various housing concepts and previous studies which have focused on the low income housing market. It aims at identifying the motivation behind the players in the housing industry and analyze further methods of housing provision adopted by existing housing developers for the low income market. The literature reviewed will also help in examining the challenges faced by housing developers in low income housing market and the good practices towards addressing these challenges. In the last two decades, low-income earners worldwide have been successful in bringing about legal changes in favor of their human rights and specific situation. However, in most countries low-income earners still constitute one of the most disadvantaged groups. Their disadvantage is experienced in all realms (economic, social, political, environmental and cultural) and is reflected clearly in their housing conditions. This dissertation provides a global overview of these conditions, in an attempt to determine the extent to which low-income housing rights are recognized and implemented.

2.2 Affordable housing

Housing is deemed affordable to those with a median household income as rated by country, province (state), region or municipality by a recognized Housing Affordability Index. In Australia, the National Affordable Housing Summit Group developed their definition of affordable housing as housing that is, "...reasonably adequate in standard and

location for lower or middle income households and does not cost so much that a household is unlikely to be able to meet other basic needs on a sustainable basis." In the United Kingdom affordable housing includes "social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market." Most of the literature on affordable housing refers to a number of forms that exist along a continuum - from emergency shelters, to transitional housing, to non-market rental (also known as social or subsidized housing), to formal and informal rental, indigenous housing and ending with affordable home ownership.

2.3 Low Income Housing Market

Though free markets unleash productivity and innovation, they are still bound by economic laws. The most important law is that market price reflects market demand. Because half of every population is below median income, market-quality housing commands market prices. As a result, markets alone will never satisfactorily house a nation's poorest citizens (Smith, 2006). Thus, whether people buy or rent, housing is typically affordable to only half of the population.

Those citizens who flood the world's growing metropolitan areas, however, are overwhelmingly poor: they arrive in cities that were built for smaller populations, and whose formal-sector housing producers can only build housing that these urban immigrants cannot afford. The result is a spontaneous community of self-built or informally built homes—the shanty towns, settlements, and ever-expanding slums that sprout like mushrooms on the outskirts of cities in the developing world. People who move to the city act by impeccable economic logic: they follow the money. Seeking to maximize income, these citizens

willingly consume the least expensive space they can, which is often just a room in a larger informal structure. Left alone in the marketplace, the impoverished create and inhabit slums because that is their only available and economically sensible option (Smith, 2006).

The housing market is made up of sub-systems. These subsystems include the small, well-financed upper class market which is an exclusive domain of the private sector and draws its funds from institutional finance systems. Similarly another type is the subsidized market catering primarily for middle class workers and civil servants who benefit from public housing. At the same time there is the large and private incremental housing sub-market with no access to formal financing services and which produces housing which does not generally conform to official building codes and regulations (Renaud, 1987).

According to Hassanali (2009) low income housing projects are sited in areas of low land cost and high density building permissibility. This allows reduction of the land cost constituent of each residential component, facilitating sale at lower prices. In looking for areas with lower land costs, developers have had to undertake low income housing schemes in locations that are peripheral to urban centers where benefit is gained from the nearness to cities but land costs are significantly lower (Hassanali, 2009). Given the likely scale and location of any low income housing development, embedded infrastructure such as water, sewerage, roads, electricity, social services and security are a vital component of housing provision and are fundamental to the success of any housing scheme. These in turn, will greatly improve the people's economic abilities, health and quality of life in general (Nabutola, 2004).

2.3.1 Low-income population

The low income earners are largely made up of people earning their living on the informal sector of the economy, living on less than 1\$(US) a day. Their level of education, sanitation, water and electricity supply is lower than that of medium and high-income earners, the mortgage ratio of their income averages 45%.According to united nations centre for human settlement, (UNHCS, 1995), low income groups are categorized into three cadres namely: The poor which is a group living on absolute poverty. This group is also known as food poor. Secondly there is the low income group which in is a group in the basic needs poverty in a narrow sense. The category still falls within absolute poverty level. Lastly there is the subsistence poor which is also known as relative poor or the working poor group of individuals. The study will pick on the subsistence poor group when it proceeds to analyze the income brackets as provided by relevant sources. This income group will also assist in laying assumptions, as relates to the data from the consumer price index surveys, to pick the low income groups expenditure on housing according to the latest comprehensive survey.

Characteristics of low income group

Earning sector	New Classification (Kshs)	Old Classification (Kshs)
Lower income group	0-23,671	0-10,000
Middle income group	23,672-111,999	10,001-40,000
Upper income group	More than 120,000	More than 40,000

Source: Treasury Department, Ministry of Finance (2010).

The low income group therefore belongs to the lowest earning category as shown in the table.

The group under focus falls in the income bracket of Kshs. 0- 23,000.

Table 1: Expenditure on rent and housing

Item groups	Nairobi lower	Nairobi Middle	Nairobi	Rest of Kenya	All Kenya
Food	0.56	0.32	0.51	0.50	0.51
Alcohol and tobacco	0.02	0.01	0.02	0.04	0.03
clothing	0.09	0.07	0.09	0.09	0.09
Rent and housing	0.12	0.32	0.16	0.09	0.12
Fuel, power	0.04	0.02	0.03	0.05	0.04
Goods and services	0.05	0.05	0.05	0.06	0.06
Medical services	0.01	0.01	0.01	0.02	0.02
Transport, communication	0.05	0.10	0.06	0.06	0.06
entertainment	0.05	0.07	0.05	0.07	0.06
Personal goods and services	0.02	0.02	0.02	0.03	0.02

Source: Ministry of Finance and Planning, 2002

The survey published in 2002-the comprehensive consumer index-is the one reflecting the consumer expenditure on income towards various household goods and services. The research seeks to use the data as secondary data in determining the current cost of low income housing unit from the income cap of the low income level.

2.4 Factors that derail production of low cost houses

According to Gichunge, (2001) there are several factors that contribute to the provision of low cost housing. These are

a) Lack of adequate and favorable finance

Finance to any housing development is closely tied to expected returns to be realized by the lending institution. Most estate financiers concentrate on middle income and high income developments due to the high returns achieved in the housing segments, as opposed to low income housing. This is in spite of high demand in the low income housing segment, but affordability of the units is beyond the low income earners purchasing ability. The high expense in developing the low cost houses due to lack of dedicated materials and technology standards to the segment, has kept off potential large scale developers who would anticipate returns based on high margins.

b) Land use controls

Developments in urban areas are regulated by controls which are set by the town planning departments demarcating land according to various functions. The legislative authority in Kenya is delegated to local authorities who determine what developments come up where. The recommendations by the inter-ministerial task force, leading to 'code 95' by the Ministries of Public Works, Local Government, specified that 20% of residential land in urban areas ought to be allocated to low cost housing. It also recommended that the land requires to be close to the areas of work of the inhabitants

c). High prices of land

Land is a key factor of production. Access to land is a critical element in providing low income housing (UN, 1984). The supply of land is very limited coupled by the need to for it as a public utility for low cost housing, makes it very scarce. Consequently there is a growing

class of landless whose access to land and shelter is becoming more difficult every day. This is a notable fact as in the past, land for low income housing was provided or allocated easily which in most cases is no longer the case (habitat, 1987).

d). Building codes

It is defined as systematic collection of statutes which define the quality of the environment in regard to the quality of construction, the type of materials to be used and the quality of services that can be offered. Building codes may be used to encourage and facilitate economic activities related to the construction of infrastructure, and shelter particularly if they are compatible with the basic human needs and resources of the target population. (Ichangai, 1988). The statement by Ichangai will lead to research to review this last factor, beginning from streamlining the code to make it compatible with the needs and resources of the target population, the achievements so far and what is making it a niggling factor in the satisfaction of a target group, this is the low income group.

2.5.0. Efforts made towards achievement of affordable low income housing

The section looks at the efforts that have been made by various actors towards making possible the achievement of housing for the low income segment, at a cost within the reach of this target group. The processes are outlined as formation and review of by-laws, formulation of national housing policy to incorporate low income housing and setting up of national Building Research Centre.

2.5.1. Formation and review of by-laws

After independence in 1963, a new building legislation was formed. Building orders 1968 was to produce permissive legislation which would enable experimentation and new ideas to

be developed. In particular, the grade 11 by-laws were designed to enable inhabitants of peri-urban areas of municipalities to satisfy the building control requirements, but in a non-urban context (Kenya building standards and planning regulations, Ministry of Housing, 1993).

In 1979, the government commissioned a major low cost housing by-laws review; with the purpose of analyzing and evaluating the performance of the existing building control system and to develop measures to enhance its efficiency which recommended measures to enhance low cost housing. However these by laws did have contentious issues, due to the characteristics of the code and this is on interpretation

2.5.2. National Housing Policy Sessional Paper 3 of 2004

The National Housing policy too has reckoned with the fact that the escalating price of building materials has raised the cost of construction making it quite unrealistic for development of low income housing. From this the research states a factor which is significant in the dependence on conventional and expensive materials-the building code, which so far has impeded innovation of new, cheap and locally available technology.

The housing policy also in one of its objectives categorically states its aims; to encourage research and popularize the use of appropriate building materials and technologies. Among core functions and objectives of this department in regard to low income housing are; documentation and dissemination of information on building technologies, promoting the use of available building technology to the stakeholders and the general public in the building and construction industry and to promote proven innovative building materials for wider usage to lower pressure on traditional construction materials

The ministry though has not been very successful in achievement of said objectives, the objectives themselves relay a clear intention of lowering the cost of construction and therefore increasing supply of houses to the low income group.

2.6. Housing development approaches that have been developed as a good practice to address the housing challenges

A number of thoughts regarding urban housing have been developed during recent decades (1990 – 2000), set within the market economy and socialist contexts (Mittulah, 2003):

a. The Demolitionist Approach

Developed in the 1950's, this approach of housing viewed spontaneous settlement as parasitic, destroying the beauty and healthiness of cities. The response of planners to this was demolitionist in diminishing of existing housing stock of the urban poor.

b. The Supportive Approach.

This approach viewed the solution to housing as a consensus between the state and the needs of the urban poor. The approach recommended an integration of state empowerment and the self-help obligation of the urban poor, with a view that housing was not just a shelter to live in but also a means to move upward on the social ladder. However, the housing success depended predominantly on the collective efforts of the community with the state playing merely a supportive role, providing public utilities and initial funding. This approach relied heavily on political will from the state as well as institutional and structural support and thus, faced implementation difficulties in developing countries.

c. The World Bank Approach

The World Bank implemented the cost –recovery principle based on the view that investment in low-cost housing would accelerate economic development. Under this arrangement, developing countries obtained loans from the World Bank, invested in low- income housing schemes, delivered these units to housing dwellers and converted occupiers to debtors of commercial banks, thus liquidating funds for reinvestment by the government. This was meant to strengthen the market mechanism and minimize the bottle necks of housing delivery. The World Bank approach, however, was criticized for an over focus on market mechanisms, paying little attention to issues of land tenure and infrastructure.

d. The Rod Burgess Radical Approach.

This approach took a structural perspective to housing, arguing that previous approaches emphasized capitalist logic and overlooked the conflict among modes of production. It advocates that political structural transformation would be required with urban communities having the right to organize and self-build their communities.

e. The Collaborative Approach.

This approach emphasized collaboration between the state, the market, non-governmental organizations and the community. It is a set-up that would enhance the capability of the community. Good governance and state support would focus on the well-being of low income communities, using housing as a means of social mobility. The difference from earlier approaches was that it sought to merge the community with government interaction and support to obtain practical solutions in the community's initiative.

2.7. The Role of Government in provision of cheap and low cost housing

Each of the housing theories earlier described emphasize on the role of the government in the provision of housing, either as a direct supplier or as a facilitator. The role of government in low income housing is pivotal and national leaders have a legal and social contract to provide services in return for political support. Despite this, many governments are unable to meet these needs because of administrative, financial, and institutional weakness coupled with poor planning and rapid population growth. There is the assertion that lack of sufficient funds and minimal allocation of funds towards housing provision and development is one of the main reasons for the poor housing conditions in urban cities and available national funds are competed for by various sectors of the economy. Often, only the vital and productive sectors like education are financed and for a long time, the definition of productive sectors has excluded housing provision, particularly for the low income households (Macoloo, 1994).

2.7.1 Government Strategies and Incentives

Some of the dominant strategies for housing and service provision for Kenya's urban poor include slum upgrading under slum upgrading programs and site and service schemes spearheaded by Ministry Of Housing. However, the efficacy of these strategies has been limited by ambivalent government attitude to irregular settlements. These strategies have failed because of a reliance on inappropriate building by-laws and infrastructural standards, and modern designs, construction technology, and conventional building materials that all make housing unaffordable to the poor, even after subsidies. Although there have been calls to government to adopt more suitable alternatives, few changes have taken place, because policy makers view proposed modifications as being too old-fashioned and incongruent with

their quest to modernize the country (Otiso, 2002). Thus, government initiatives in providing public housing have proven to be pathetically slow with many of the houses provided being economically and socially irrelevant, this further prompting the rise of informal settlements (Macoloo, 1994).

In April 2007, President Mwai Kibaki launched a US\$12 billion Kenya Slum Upgrading Strategy aimed at improving the lives of 5.4 million Kenyans over the next 13 years. In December 2007, Housing Minister Soita Shitanda announced the Government's plan to set aside 250 acres for development of affordable houses for low income earners in Mlolongo area in the outskirts of Nairobi (GOK, 2007). Although these are welcome developments, it is likely that plans may not materialize as the number of public housing building plans approved has declined over the years.

Government on the other hand has promoted the use of low cost building technologies and materials. Through the Ministries of Housing and industrialization, there the advocacy for use of interlocking or stabilized soil blocks. This is in a bid to utilize available resources to construct low cost houses and therefore making it available for low income population to afford decent housing. There is more research towards developing other related technologies to develop low cost building technologies.

More recently, as the Government has taken cognizance of the acute deficit of housing in the lower end of the market, it has planned to improve the situation by encouraging supply; in a move towards becoming facilitator by enabling policy formulation conducive to mobilize the private sector participation in low-income housing (GOK, 1999). Some recent initiatives include the zero-rating of VAT on building materials used in the construction of 20 or more

low-income housing units and the discussion of possible tax advantages and tax holidays for developers in the low-cost housing sector (GOK, 2007). Even as Kenya's earlier policy of direct supplier of housing has given way to a more pragmatic strategy of getting other actors involved, the housing situation remains serious. It is evident that there is a widening gap between policy formulation and the implementation process, and the status of low-income housing delivery is far beyond satisfactory. Poor past policy frameworks, uncontrollable urban population growth and current inaction by the public sector have been the key reasons for this (Okonkwo, 1998).

2.8. Challenges faced by government in provision of housing

Key areas of challenge in Kenya relate to developing country initiatives which include rapid urban population growth, the misuse of dwelling funds, the adverse effects of increasing rents for low income groups, the deficiency of the housing loan system and the increase in luxury houses rather than social houses (Yetgin & Lepkova, 2007).

However, the real challenge for the Government is to create an enabling environment for investment and to remove the impediments that hamper private sector development. These range from functioning labour, capital, and input markets through to an efficient and effective administration process, with an emphasis on showing real progress, building on key successes in market where the private sector already has incentives to invest (Kenya Consultative Group Meeting, 2003). Similar approaches have been successful in other countries where in recognizing their acute housing deficits, Governments have made cognizant efforts towards becoming facilitators rather than hindrances to private sector real

estate developers, this done through joint consultative meetings and implementation of a range of incentives for investors (Hassanali, 2009).

2.9. The Role of the Private Sector in housing provision

Private sector housing is defined as any production which is not connected at all with the actions of the state, neither directly constructed by the state nor financially sponsored by the state, where production is not expected to have a social element (Golland, 1996).

Kenya's housing production is majorly spearheaded by private sector. In Eldoret town alone, of the 1200 housing development approvals per year, 76% are undertaken by the private sector (Eldoret County Council Journal, 2009).

Ambrose and Barlow (1987) have argued that three factors are important in influencing the level of new house building. These are direct capital investment by the state for public housing, state support for production and consumption and changes in the profitability of house builders in the private sector. The private sector can play an important role in housing provision, provided that the state offers sufficient and appropriate incentives to the sector (Mitullah, 2003). In Kenya, the private sector, both formal and informal, remains the largest producer of housing units in the country. Initiatives by the private sector can be both large-scale and deep in impact, contrary to the government initiatives which may be large-scale but usually limited in impact (Otiso, 2003).

2.10. Motivations behind existing players of low income market

The clear motivation that underlies the private sector is profit (or potential profitability) with profit-maximizing options being, in the context of housing, producing and selling more of the

product; reducing the cost of production through lower raw material and wage costs (cost per unit or quantity) and finally, increasing the price of the product or service (Hancock, 1998). The private sector is capable of providing living needs to large segments of the urban community if they operate within a well-conceived competitive environment where there is a possibility of charging consumers and making a profit, absence of daunting obstacles such as technology and scale of investment and the presence of competent governments with the capacity to enforce standards, contract fulfillment and service provision (Otiso, 2003). Ball (1996) suggests that the trigger of development activity is an analysis of market opportunities by developers who see demand for new housing, anticipate adequate return on investment, gear their resources towards purchase of land and housing production and then sell these housing units with a view to maximizing profits. Profitability in housing is advocated to be based on three variables: House prices, land prices and building costs, where:

$$\text{Profit} = \text{House Prices} - \{\text{Land Prices} + \text{Building Costs}\} \text{ (Golland, 1996).}$$

Macoloo (1994) defines the key components of housing to be land, finance, building materials and construction technologies, these relating to the costs in the profit model above. In a survey of developers, Thalmann (2006) however purports that few market developers actively monitor the market for business and profit opportunities but instead respond to market triggers, such as availability of land. As such, the supply of housing may not respond only to market signals and incentives.

2.11 How to address challenges facing house supply to low income group

Macoloo (1994), most suggested solutions for low income housing provision center on policy reform to improve the attractiveness of the sector as well as to engage government in direct

supply of housing. More focus should be paid to the needs of private sector developers who have the capacity and knowledge to supply housing to the low income market, yet are constrained by market fundamentals and the operating environment, thus reducing their profit taking opportunity (Hassanali, 2009). To understand the role of developers in housing development attention must be paid to the key housing components; land, building materials, finance and construction technologies (Macoloo, 1994).

Studies on low income housing in Kenya have revolved primarily around macroeconomic policy and housing microfinance for purchasers. Explaining housing development and production merely by reference to macroeconomic variables may not be conclusive as there are broader operational factors that need to be transposed into the housing context, for example; Government housing, land and planning policies pursued in any country will determine the most appropriate models of housing productions involving price and cost variables. Government decision-making, even if this is negative or non-decision making, is likely to impact the relationship between private sector housing provision and the macro-economy. Therefore, what motivates private housing production is a mixture of demographic, economic and political factors (Golland, 1996). Under housing microfinance, it mainly focuses on end user financing available for the homebuyers.

Little research has been done on the aspects of construction of low-income housing from the perspective of property developers, government and other stakeholders, what motivates them and the challenges they face. This research aims to fill in this gap in study and to provide information to interested housing stakeholders on key areas of opportunity and concern to investors and the business realm that is interested in the low income housing market.

While low income is an economic factor which determines either demand or supply of houses, government must address rising low levels of income which is precipitated by high levels of unemployment. What therefore needs to be done is to raise minimum level of income so as to raise housing affordability.

The challenge of rising cost of construction materials needs to be addressed. Consultative approach must be undertaken to ensure that their cost of production is minimized. Government should also exempt taxes on materials that go directly to construction. Land on which houses are constructed should also be made affordable. Credit towards purchase of houses among other financial incentives should be put in place to ensure affordability such incentives include lowering interest rates, increasing repayment period and minimizing conditionalities in qualifying for the same.

CHAPTER THREE

STUDY AREA AND RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines what the research depends on, how the data is going to be collected to support the hypothesis and where data is going to be derived from. This chapter constitutes a discussion of the research design (the blue print for the entire study); study population along with the sample size and sampling procedures; instrumentation (a description of the type of tools used along with the requisite validity and reliability considerations); data collection procedures including setting the boundaries for the study; instruments used to collect data as well as the data analysis rationalization in view of the design of the study.

3.2 Background information the study area

The information regarding study area is of great importance. It gives an overview and direction of the scope of the project and where it is based. This chapter outlines general information about area of study covering the following aspects; a brief historical background of housing provision for low income, current state of low income housing provision and the location of the case study area.

3.2.1. Location

Eldoret covering approximately 1,903 square kilometers is an agricultural and colonial town in Rift valley of Kenya. (Named as station 64 by colonialists after settling there) The town

harbors four districts namely; Eldoret North, Eldoret South, Eldoret East and Eldoret West. It is located between 34 and 35 degrees east and latitude of between 1 and 3 South.

3.2.2. Administrative factors

Eldoret is the administrative headquarters of Uasin Gishu County. It is divided into five administrative divisions namely Kapseret, Soy, Wareng, Kesses and Kipkaren. It has one local authority (though this has been disbanded) namely Wareng.

3.2.3 Social characteristics

According to the 2009 population census, the town has a total population of 249,000 48% being female and 52 being male. 70% of this population falls under the low income group. The low income group live in notable estates namely Langas, Kidiwa, Kipkaren, kambi turkana and huruma. Majority of the low income group reside in Langas which is 6 kilometres away from the town's central business district.

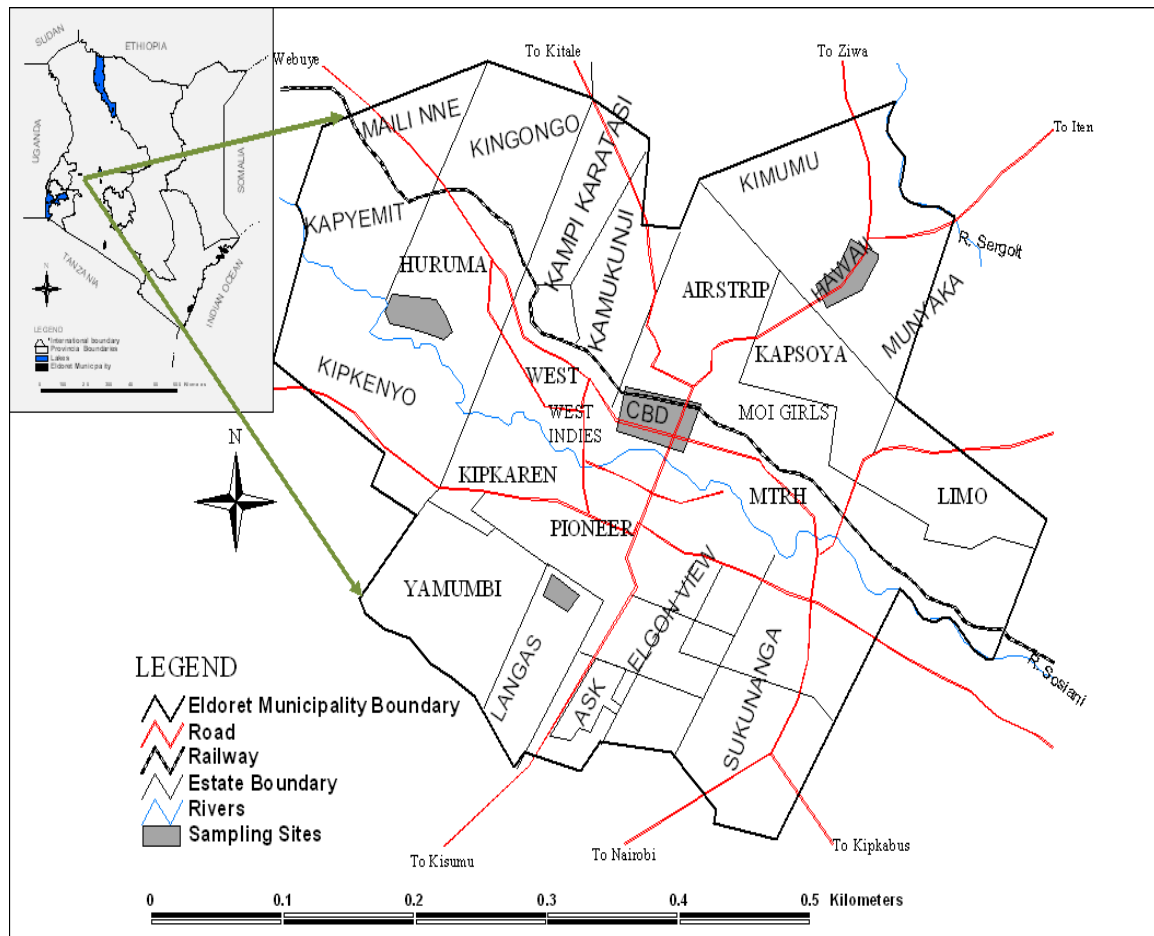
3.2.4. Climatic conditions

According to the Meteorological department of Kenya Eldoret is regarded as a climatically favorable town receiving adequate rainfall each year. Long rains begin in March and end in June. Short rains begin in august and end in September. However due to global warming weather patterns have been shifting slightly over the years. Temperatures range from mean maximum of 30 degrees Celsius and a mean minimum of 22. (Meteorological department)

3.2.5. Economic factors

The town is served by agriculturally potential environ, trade eco-tourism, industrial activities such as maize and wheat processing, textile industries such as rift valley textile and has witnessed growth of institutions of higher learning. The presence of Eldoret international airport can be exploited to transport finished goods and raw materials to the external markets.

Figure 1: Map of study Area



3.4. Research methodology

3.4.1. Introduction

Methodology is a functional framework through which certain facts are placed so that their meaning may be seen more clearly. It therefore deals with procedure of research process, data collection, analysis and presentation in order to achieve research objectives.

3.4.2. Research process

This process begins with definition of research problem and a detailed literature relating to the problem and the area of study

3.4.3 Research Design

It to the procedures and techniques employed to answer the research problem or question. It entails choosing the subjects who would participate in the study, the techniques and approaches for collecting data from the subjects and the procedures for collecting the information.

Research methodology describes the overall approach to research design (Creswell, 2009). Kothari, (2004), argues that a research design constitutes the blueprint for the collection, management, measurement and analysis of data. Orodho (2003) defines it as the scheme, outline or plan of action that is used to generate answers to research problems.

3.4.4. Sampling procedure

Random sampling was adopted in the study as the appropriate sampling procedure due to the nature of information needed and distribution of respondents in the area of study.

3.4.5. Study Population

Population is a set of individual's case or objects with some common observable characteristics that differentiate it from other populations. The target population is that which the researcher wants to use to generalize the results of the study.

The target population in this research study consisted of the residents in Langas, Kidiwa, Kipkaren, Kambi Turkana and Huruma Estates, current housing developers, housing financiers, ministry of housing employees and related departments in the county council. A sample of each of the group was considered representative of the whole population.

3.4.6. Sampling size

Random stratified sampling was employed to obtain a reasonable sample size for administering questionnaires. I opted to use to use a sample size of 100 due to financial and time constraints. That is 20 residents from the five estates, 20 from housing developers, 20 from housing financiers, 20 from ministry of housing employees and 20 from other related department I county council and public works.

3.4.7. Research tools

Research tools refer to materials which are used to collect information. The tools that were used include notebooks, questionnaires, camera and pens. The questionnaires were used to gather information directly from sampled respondents. The questionnaires had both open-ended and closed ended questions.

3.3.8. Data collection

Two types of data were collected during research. These are primary and secondary data.

3.3.9. Procedure for collection of data

The researcher personally administered questionnaire in the field. They were designed in such a way to facilitate self administration.

3.3.10. Data presentation and analysis

The data collected from the field using questionnaires, interviews and observation were computed and organized into categories. The data was presented in an organized format to allow for in depth analysis. The data was presented in form of explanatory texts, tables, pictures and pie charts. The data collected was analyzed using descriptive tools

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter gives an outline of the research finding and a discussion of the various responses gathered from the questionnaire. It is structured following the questionnaire format. The study set out to establish the challenges of housing development for the low income population. The findings formed the basis of the analysis and presentation to follow and serve as a basis on which conclusions and recommendations were made. Data was presented in form of tables, pie charts, pictures, percentages and description. The questionnaire was divided into five sections. Section A was used to collect information on motivation behind in the housing industry. Section B addressed the methods of housing provision by existing housing developers in low income market. Section C addresses the challenges faced by housing developers in low income market and hindrances to their efforts. Section D evaluated the challenges faced by low income people in accessing housing while section E dwelt on the management of challenges identified so as to increase rate of housing provision. Data was collected by use of questionnaires and analyzed through descriptive and inferential means. The chapter opens with the demographic description of participants involved in the study.

4.2 Demographic Information of the Respondents

Type of company

The participants were requested to identify the type of company the results are presented in Figure 4.1.

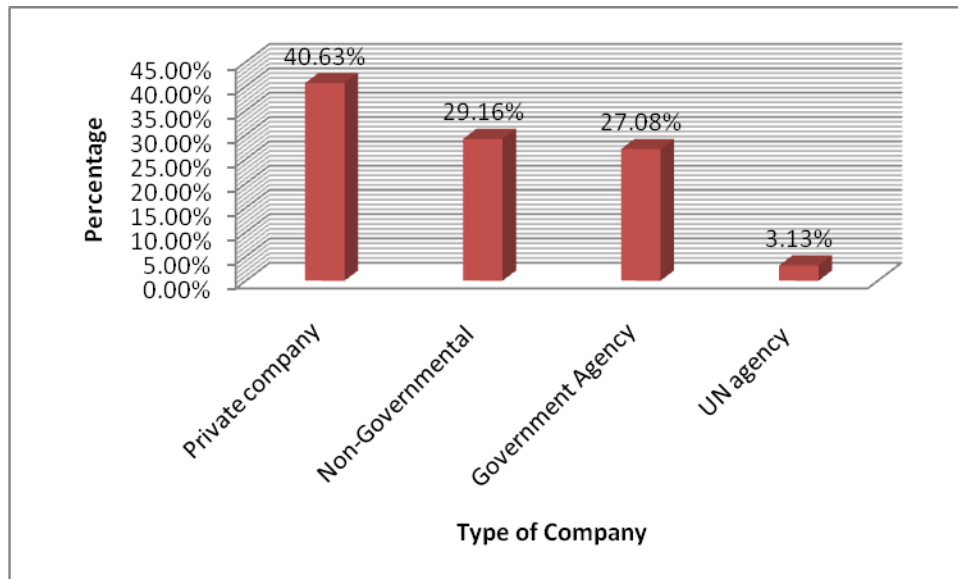


Figure 4.1: Type of Company Involved in Housing

The Figure 4.1 suggests that 39(40.63%) companies involved in housing were private companies, 28(29.16%) were non-governmental organizations, 26(27.06%) were government agencies while 3(3.13%) were UN agencies. The findings suggests that majority of the companies involved in provision of housing in Eldoret town are private companies and non-governmental organizations.

Years in operation

Further the participants were asked to indicate in the questionnaire the number of years they have been in operation. The results are presented in Figure 4.2.

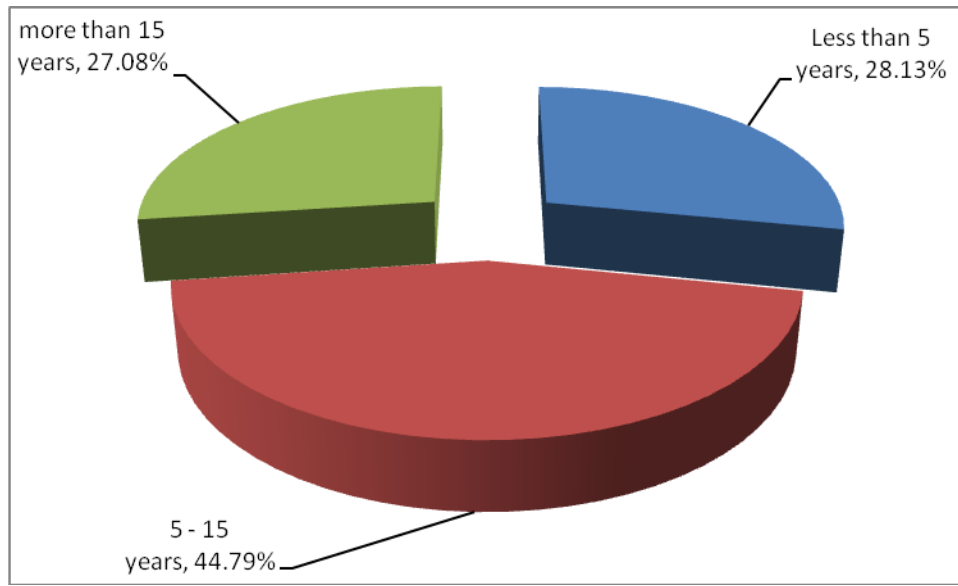


Figure 4.2: Years in Operation

The Figure 4.2 suggests that 43(44.79%) companies have been in operation for 5 – 15 years, 27(28.13%) companies have been in operation for less than 5 years while 26(27.08%) companies have been in operation for more than 15 years. The findings show that a large proportion of companies has been in the market for between 5 and 15 years and therefore have the some experience in housing industry.

Number of Employees

The number of employees in each organization is presented in Figure 4.3.

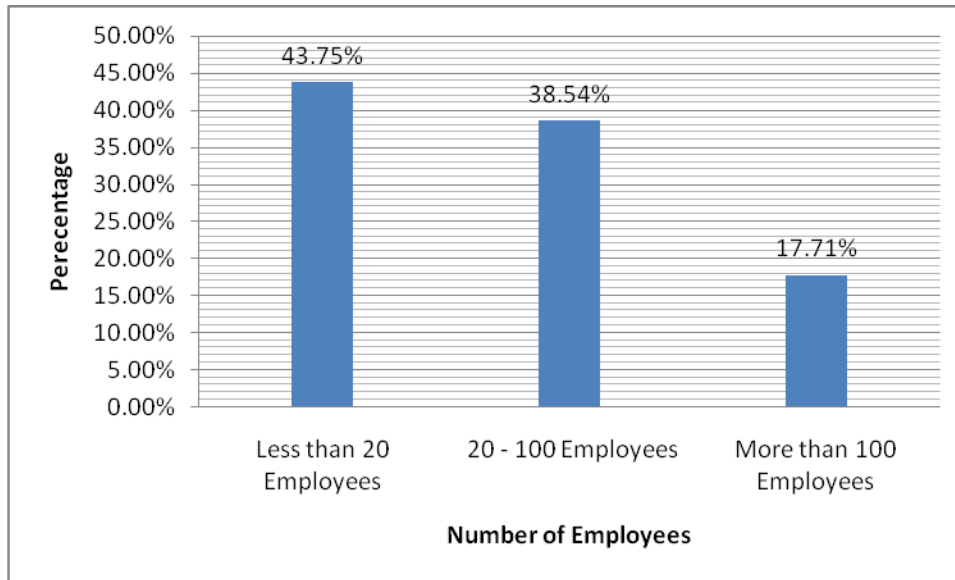


Figure 4.3: Number of Employees in Housing Companies

The figure 4.3 shows that 37(38.54%) companies had between 20 -100 employees, 42(43.75%) companies had less than 20 employees while 17(17.71%) companies had more than 100 employees. It emerged that majority of the companies involved in housing industry in Eldoret town had less than 100 employees. This saves the organizations on the costs of employing workers.

Housing units

Further the participants were requested to indicate the number of housing units they have constructed in the town the results are presented in Figure 4.4.

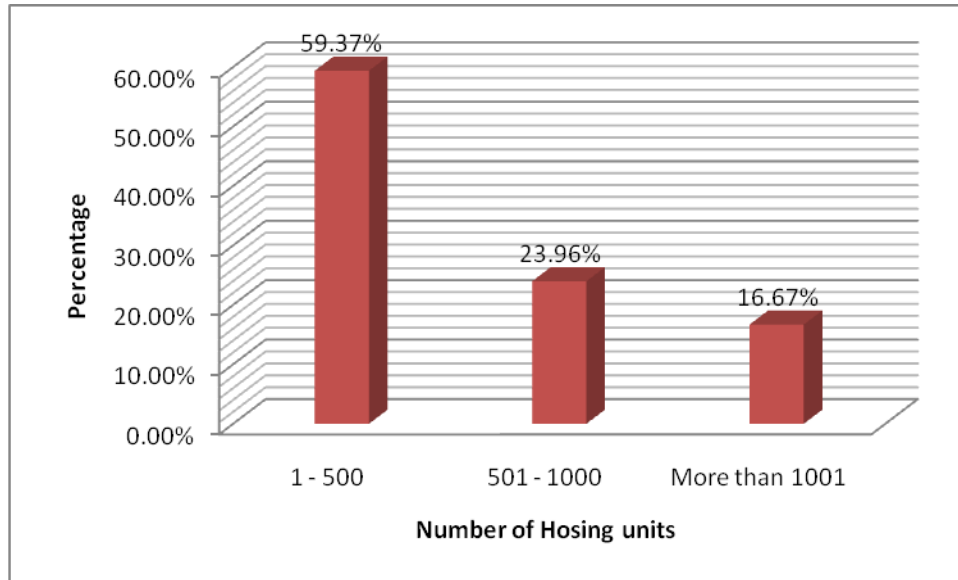


Figure 4.4: Housing units Constructed

The figure 4.4 suggests that 57(59.37%) companies have constructed 1 – 500 housing units, 23(23.96%) companies have constructed between 501 – 1000 housing units while 16(16.67%) companies have constructed more than 1001 housing units. The study findings indicate that majority of the housing companies have constructed 1 – 500 housing units since their operation an implication that less housing units are in demand in Eldoret town

4.2 Motivation behind players in Housing Industry

The respondents were asked to rate motivations behind players in housing industry by different organizations. The results are presented in Table 4.1.

Table 4.1: Motivation behind players in Housing Industry

N=96

Statement	SA		A		U		D		SD	
	F	%	F	%	F	%	F	%	F	%
Maximum profit motive	43	44.8	43	44.8	3	3.1	6	6.2	1	1.0
Social need motive	61	63.5	22	22.9	8	8.3	4	4.2	1	1.0
Government incentives	52	54.2	16	16.7	4	4.2	19	19.8	5	5.2
Availability of low cost building materials and technologies	46	47.9	42	43.8	0	0.0	4	4.2	4	4.2

The Table 4.1 suggests that 43(44.8%) respondents strongly agreed with the statement there is Maximum profit motive, 43(44.8%) respondents agreed with the statement, 6(6.2%) respondents disagreed with the statement while 3(3.1%) respondents were undecided on the statement. The study findings shows that majority of the respondents believed that Maximum profit motive in housing is a motivating factor for most housing development companies in Eldoret town. Further 61(63.5%) respondents strongly agreed with the statement that social needs influence their motivation to venture into housing industry, 22(22.9%) respondents agreed with the statement while 5(5.2%) respondents disagreed with the statement. It seems therefore that majority of the housing industry companies are motivated by social need motive into the housing industry.

Further 52(54.2%) respondents strongly agreed that government incentives motivated them to venture into housing industry, 16(16.7%) respondents agreed with the statement while 24(25.0%) respondents were in disagreement with the statement. This shows that 70.9%

respondents cited that they were motivated by government incentives on cheap housing. Similarly, 46(47.9%) respondents strongly agreed that availability of low cost building materials and technologies motivated them into housing industry, 42(43.8%) respondents agreed that they were motivated by availability of low cost building materials and technologies while 8(8.4%) respondents disagreed that they were motivated by availability of low cost building materials and technologies to venture into housing industry. It emerged that most housing industry players were motivated by maximum profit motive, Social need motive, Government incentives and availability of low cost building materials and technologies into housing industry.

4.3 Methods of Housing provision

Further the respondents were asked to indicate the methods of housing provision by existing housing developers for low income market. The results are presented in Table 4.2.

Table 4.2: Methods of Housing provision

Statement	SA		A		U		D		SD	
	F	%	F	%	F	%	F	%	F	%
Provision of housing through mortgages	46	47.9	44	45.8	0	0.0	6	6.2	0	0.0
Provision of site and service	22	22.9	61	63.5	8	8.3	4	4.2	1	1.0
Public-private partnership	56	58.4	16	16.7	0	0.0	24	25.0	0	0.0
Funding by international bodies	46	47.9	42	43.8	0	0.0	4	4.2	4	4.2

Table 4.2 suggests that 46(47.8%) respondents strongly agreed that provision of housing is through mortgages, 44(45.8%) respondents agreed with the statement while 6(6.2%) respondents disagreed. This shows that most housing companies provide housing to Eldoret dwellers through provision of mortgage services. Furthermore 61(63.5%) respondents agreed that cheap housing is provided through site and service, 22(22.9%) respondents strongly agreed with the statement while 8(8.3%) respondents were undecided on the statement. It seems therefore that cheap housing are provided by housing developers through site and service. More so, 56(58.9%) respondents agreed that cheap housing are provided through public-private partnership, 16(16.7%) respondents agreed with the statement while 24(25.0%) respondents disagreed that cheap housing are provided through public-private partnership. It can be argued that a larger percentage of respondents believe that cheap housing can be provided through public-private partnership. On the other hand 46(47.9%) respondents cited that cheap housing may be provide through funding from international bodies, 42(43.8%) respondents agreed with the statement while 8(8.4%) respondents were in disagreement with the statement. This shows that funding by international bodies may provide cheap and affordable housing to tenants.

4.4 Challenges encountered in venturing into the low income market

The respondents were given a set of challenges encountered while venturing into the low income market and asked to rate them on a 5-point Likert scale where 1 – 2.0 = Very serious; 2.1 – 3.0 = Fairly serious; 3.1 – 4.0 = Serious; 4.0 – 5.0 = Not serious. The results are presented in Table 4.3.

Table 4.3: Challenges Encountered by Housing Developers

Challenges	Mean	Standard Deviation
Low return on investment	4.26	.874
Rising cost of land	2.74	1.088
Scarcity of land with Infrastructure	3.54	1.099
High interest on capital finance	3.02	1.031
Complex land acquisition process	3.62	1.084
Outdated planning regulations'	2.26	.785

The Table 4.3 suggests that the most serious challenges encountered were outdated planning regulations (2.26 SD .785), and rising cost of land (2.74 SD .874) while scarcity of land (3.54 SD 1.099), high interest on capital finance (3.02 SD 1.031) and complex land acquisition process (3.62 SD 1.084) were serious challenges while on one hand low return on investment (4.26 SD .874) was not a serious challenge encountered. It seems therefore that the most serious challenges encountered by housing developers in Eldoret town are outdated planning regulations and rising cost of land.

4.5 Challenges faced by low income people in accessing housing

The respondents were given a set of challenges encountered while venturing into the low income market and asked to rate them on a 5-point Likert scale where 1 – 2.0 = Very serious; 2.1 – 3.0 = Fairly serious; 3.1 – 4.0 = Serious; 4.0 – 5.0 = Not serious. The results are presented in Table 4.4.

Table 4.4: Challenges encountered by low income people in accessing housing

Challenges	Mean	Standard Deviation
Low income resulting from unemployment/underemployment	1.16	.769
Rising cost of land	1.84	.071
Increased Rent	2.54	1.023
Complex land acquisition process	3.32	1.762

The Table 4.4 suggests that Low income resulting from unemployment/underemployment (1.16 SD .769) and rising cost of land (1.84 SD .071) were considered as very serious challenges encountered by low income people in accessing housing in Eldoret. On the other hand increased rent (2.54 SD 1.023) was considered as a fairly serious challenge while complex land acquisition process (3.32 SD 1.762) was considered as a serious challenge. It seems therefore that majority of the low income earners are faced with very serious challenges such as low income and rising cost of land hindering them from accessing cheap housing in Eldoret town.

4.6 Strategies to manage challenges on accessing low cost housing in Eldoret

The respondents were asked to identify strategies for managing challenges on accessing low cost housing in Eldoret town the results are presented in Table 4.5.

Table 4.5: Strategies to manage challenges on accessing low cost housing in Eldoret

N=96

Strategy	SA		U		D	
	F	%	F	%	F	%
Availability of low cost building materials	90	93.7	0	0.0	6	6.2
Appropriate building technologies	83	86.4	8	8.3	5	5.2
Low interest rates on building finance	72	75.1	0	0.0	24	25.0
Change of the building code	88	91.7	0	0.0	8	8.4
Sourcing funds from international communities	93	96.9	1	1.0	2	2.1
Elimination of cultural barriers on property ownership and management	84	72.9	4	4.2	8	8.4

From the Table 4.5, 90 (93.7%) respondents agreed with the statement that there is need for the provision of low cost building materials while 6(6.2%) respondents disagreed with the statement. This shows that majority of the respondents believe that there is need for provision of low cost building materials. On the other hand 83(86.4%) respondents agreed with the statement that there is need for appropriate building technologies while 5(5.2%) respondents disagreed with the statement. This implies that there is need for use of appropriate technologies in order for low cost housing to be accessible to all. Similarly 72(75.1%) respondents agreed with the statement that there is need to lower interest rates on building finance while at the same time 88(91.7%) respondents agreed with the statement that there is need to change building codes. Further 93(96.9%) respondents agreed with the statement that there is need for sourcing funds from international community while 84(72.9%) agreed that there is need for elimination of cultural barriers on property ownership and management.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This research study hoped to achieve the objectives of identifying the challenges faced by housing developers in the low income market, the housing models that have been adopted in Kenya and the driving motivation behind existing players in the market.

5.2 Summary

The following summary are made based on the study findings

Motivation behind players in Housing Industry

The motivation behind players involvement in housing industry in Eldoret town include maximum profit motive, social need motive, Government incentives and availability of low cost building materials and technologies.

Methods of Housing provision

The most practical methods of housing provision by existing housing developers for low income market include Provision of housing through mortgages, Public-private partnership, Provision of site and service and Funding by international bodies.

Challenges encountered in venturing into the low income market

The challenges encountered by housing developers in venturing into low income markets in Eldoret include Low return on investment, Rising cost of land, complex land acquisition

process, High interest on capital finance, Scarcity of land with Infrastructure and outdated planning regulations.

Challenges encountered by low income people in accessing housing

Challenges encountered by low income people in accessing housing in Eldoret town as cited by respondents included Low income resulting from unemployment/underemployment, rising cost of land, Increased Rent and Complex land acquisition process.

Strategies to manage challenges on accessing low cost housing in Eldoret

Among the strategies identified to manage challenges on accessing low cost housing in Eldoret town included provision of low cost building materials, use of appropriate building technologies, low interest rates on building finance, sourcing funds from international communities, elimination of cultural barriers on property ownership and management and change of the current building code.

5.3 Conclusions of the Study

The following conclusions are made based on the study findings; Profit motives, government incentives and availability of low cost building materials and technologies has motivated housing developers to provide cheap housing to low income earners in urban and peri-urban areas of Eldoret Town. .

Mortgaging, Public-private partnership and Funding by international bodies have enabled housing developers to provide cheap housing in Eldoret Town.

The challenges encountered by housing developers in venturing into low income markets in Eldoret include Low return on investment, Rising cost of land, complex land acquisition

process, High interest on capital finance, Scarcity of land with Infrastructure and outdated planning regulations.

Challenges encountered by low income people in accessing housing in Eldoret include Low income resulting from unemployment and underemployment, rising cost of land, increased rent and complex land acquisition process.

Among the strategies identified to manage challenges on accessing low cost housing in Eldoret town include provision of low cost building materials, use of appropriate building technologies, low interest rates on building finance, sourcing funds from international communities and management and change of the current building code.

5.4 Recommendations

The following recommendations were made based on the study findings;

- i. There is need for provision of low cost building materials to low income earners by the government to enable the poor to have access to housing. This should be replicated in all county governments so that its adoption can be felt everywhere.
- ii. There is need for use of appropriate building technologies by the government and the private sector to improve on the number of housing units to the poor citizens. Research should be done on all appropriate building materials by key institutions such as Housing Departments, technical institutions, universities and youth polytechnics. This should include documentation on good practice on best and economical building materials.

- iii. There is need for provision of low interest rates from building finance sector to enable the low-income earners to gain access to housing mortgages which in turn translates to better access to housing. The government should also regulate lending rates on all building financing. SACCOs should also be assisted through proper legislation to provide Housing financing.
- iv. There is need for sourcing of funds from international communities by the Government and the private sector for the upgrading of slum areas in urban and peri-urban areas allowing low income earners to access better housing. This should also include provision of adequate infrastructure, security and appropriate legal, economic and political environment for foreign direct investment on housing.
- v. There is need for elimination of cultural barriers on property ownership and management and change of the current building code. The constitution should be fully implemented to allow all genders equally own property so that housing investment becomes everybody's' engagement.
- vi. land in which houses are built should be properly legislated and its ownership and acquisition streamlined so that barriers are eliminated and therefore cost lowered.

5.5 Suggestions for Further Research

The following suggestions are made for further research based on the findings of the study.

1. There is need for a study on appropriate housing technologies that are cheaper and long lasting to enable the low-income earners to access appropriate shelter.
2. There is also need for a study on the financing aspect, sustainability of projects in the future and their replicability in new developments.

3. Since there are deficit of 150,000 units in Kenya every year as per the 2009 population census, there should be a comprehensive study by scholars, institutions and Government as to what the main challenges are in the Kenyan scenario and institute proper administrative and management mechanisms to correct the situation.

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APPENDIX I: QUESTIONNAIRE FOR RESPONDENTS

The questionnaire is strictly for academic purpose and is an important course requirement.

The study topic: “The challenges of housing development for the low income population in Kenya; a case of Eldoret town.”

Instructions:

- Please respond to all the items in the questionnaire
- Put a tick (√) in the brackets for the option most applicable for you.
- DO NOT write your name in the questionnaire.

Instructions: Please respond by ticking (√) your perception on the following items indicating

KEY;

(SA) Strongly disagree, (D) Disagree, (U) Undecided, (A) Agree, (SA) Strongly agree

Demographic information

1. What is your gender?

- a) Male b) Female

2. **Type of company**

- a) Private company
b) Non-governmental
c) Government agency
d) UN agency

3. **Years in operation**

- a) Less than 5 years
b) 5-15 years
c) More than 15 years

4. **Number of Employees in Housing Companies Less than 20 employees**

- a) 20-100 employees
b) More than 100 employees

5. Number of Housing units

- a) 1-500
- b) 501-1000
- c) More than 1000

6. Motivation behind players in housing industry

Statement	SA	A	U	D	SD
Maximum profit motive					
Social need motive					
Government incentives					
Availability of low cost building materials and technologies					

7. Methods of Housing provision

Statement	SA	A	U	D	SD
Provision of housing through mortgages					
Provision of site and service					
Public-private partnership					
Funding by international bodies					

8. Challenges Encountered by Housing Developers

Challenges	SA	A	U	D	SD
Low return on investment					
Rising cost of land					
Scarcity of land with Infrastructure					
High interest on capital finance					
Complex land acquisition process					
Outdated planning regulations'					

9. Challenges encountered by low income people in accessing housing

Challenges	SA	A	U	D	SD
Low income resulting from unemployment/underemployment					
Rising cost of land					
Increased Rent					
Complex land acquisition process					

10. Strategies to manage challenges on accessing low cost housing in Eldoret

Strategy	SA	A	U	D	SD
Availability of low cost building materials					
Appropriate building technologies					
Low interest rates on building finance					
Change of the building code					
Sourcing funds from international communities					
Elimination of cultural barriers on property ownership and management					

APPENDIX II: RESEARCH BUDGET

Activity	Cost
Piloting	15,000
Literature Review and traveling	10,000
Designing and Developing instruments	7,000
Research introduction and training	5,000
Photocopying	9,000
Data processing and analysis	8,000
Report writing	5,000
Research assistants allowance	15,000
Total	74,000

APPENDIX III: TIME FRAME

No.	Activity	Duration	Period
1.	Proposal writing	3 Months	January, 2013
2.	Data collection	1 Month	April , 2013
3.	Data analysis and writing chapter 4	1 Month	May, 2013
4.	Research Report Writing	1 Month	June, 2013
5.	Submission of draft report for examination	½ Month	June 2013
6	Final draft submission and presentation	1 Month	July , 2013