

Affordable Housing Policy In Kenya: The Big Four Transformation Agenda**2017 – 2022***Ketty Arucy**Jomo Kenyatta University Of Agriculture And Technology*Arucyketty@Gmail.Com**Abstract :**

Provision of affordable housing remains a key pillar in the achievements of the national strategy vision 2030. Its implementation is however faced by remarkable challenges that include: resistance by the targeted beneficiaries, failure of expected “buy in” by anticipated stakeholders, absence of basic legislation to guide and drive the implementation process, ignorance by majority of the public due to limited stakeholder engagement, lack of required political will and support and corruption among many other emerging issues. Despite the launch of the “affordable housing” program against the registered opposition, the government’s initiative to impose the housing fund levypolicy upon the working class has proved futile. The federation of kenya employers (fke) and the central organization of trade unions (cotu) managed to obtain a court injunction against the government directive. A lot is required to be done to achieve this ambitious project given its social and economic impact.

Keywords: Housing, Policy, Big Four Agenda, Social, Economic.**Introduction:**

The Government of Kenya has defined the ‘Big Four’ Transformation Agenda for the nation, which identifies four priority initiatives for implementation over five years during the period 2017- 2022. Core among them is the delivery of 500,000 affordable housing units. The Government's commitment to the achievement of ‘Decent and Affordable Housing’ for all Kenyans can be traced back to the Session Paper No.3 which established the goals that are reflected in the Vision 2030 and Chapter 4, Article 43 (1) (b) of the Constitution of Kenya, 2010. The priority initiatives as highlighted in the ‘Big Four’ Agenda master plan included unlocking land for development, reducing construction cost, scaling up developer capacity, growing mortgage finance market, ensuring a supportive ecosystem and launching projects to create momentum, some of which have already been launched. While affordable housing may be defined as “economic potential of an individual buying a house (Musa, Sood, Che- Ani & Basri,2011), it has also been understood as the ability to afford permanent accommodation for individuals and families who cannot otherwise access or afford free-market housing (Eurocities, 2009). Affordable housing represents one of the main challenges in all countries in the world. The Economist Journal (2017), with reference to the International Finance Corporation (IFC) survey report, reiterates the fact that large portions of the population in Africa live in sub-standard housing and have limited access to credit to build, expand or renovate their homes. Based on the IFC report, Ethiopia's flagship social housing program is the most ambitious in Africa. Nevertheless, for most locals, the houses are still barely affordable. The poor cannot afford the down payment for even the most subsidized units. On the other hand, those who can afford often struggle to meet the repayment opting instead to rent out the houses and moving elsewhere.

Problem Statement :

Goal Eleven of the Sustainable Development Goals is about making cities inclusive, safe, resilient, and sustainable. According to UN-Habitat, the key target of Goal Eleven was to ensure that all people have access to adequate, safe and affordable housing. Creating a housing market that accommodates people with low-income should be a priority for Kenya's policymakers; however, success on this front has remained elusive. The players in this segment are too few and there seems to be a minimal interest of other private sector housing developers to provide affordable housing units mainly because of the challenges and risks

involved. While the Budget Policy Statement for 2018/19 directed all government ministries, departments and agencies to realign their spending and investments towards the achievement of the ‘Big Four’ Agenda plan, the resources required to deliver on the agenda have not been computed and spread over the five years up to 2022, raising doubts over how much is needed, and whether such a plan is actually feasible. Drawing from the lessons learned in past housing programs, this article endeavors to challenge the National and County Governments to take on the realities of affordable housing challenges that require timely mitigation plans to ensure high-level success of the Agenda. Recommendations have also been made of how best the drivers of Kenya’s affordable housing strategy can build and sustain affordable housing for all levels of citizens.

Situational Analysis:

The shelter situation in Kenya just like in most developing countries is such that housing demand far outstrips supply, particularly in urban areas. 22% of Kenyans live in cities, and the urban population is growing at a rate of 4.2% (500,000 dwellers) every year. It is estimated that the current housing deficit stands at two million houses with nearly 61% of urban households living in slums. With this level of growth, Kenya requires approximately 200, 000 new housing units annually to meet the demand, yet only 50,000 homes are built, leaving the housing deficit growing by 150,000 units per year.

Singapore is one of the countries with the best housing policy solutions in the world. The government of Singapore had put in place policies and strategies to promote home-ownership for its residents. Currently, according to the World Bank, 80.0% of Singaporeans live in houses built by the government, through the Housing Development Board (HDB) (the equivalent of the National Housing Corporation in Kenya), with 90.0% being owner-occupied, yet when they attained self-government in 1959 only 9.0% lived in public housing. Another country which is a middle income whose housing policy has succeeded is South Africa. Since 1994, the government’s efforts have resulted in the building of 2.8 million units by 2015 (approx. 133,000 units annually). The housing deficit reduced from about 3.0 million units in 1994 to about 2.1 million units, out of a population of 57.3 million people as at 2018. Both Singapore and South Africa governments employed various strategies in addressing their housing deficits. Some of the strategies employed include subsidy for the low-income population (strong government support), access to finance for house purchase, minimum occupancy period, public-private partnership, compact unit sizes, strong policies on home occupancy, use of social security payments to pay for housing, efficient urban planning, and government land ownership. Even though some of the methods used may not work in Kenya, it is worth adopting what can be replicated in Kenya. Under the ‘Big Four’ Agenda, the government of Kenya intends to deliver 500,000 affordable housing units over the next five years out of which, 20.0% will be social housing while 80.0% will be affordable housing. It must not be lost on us, however, that this is not entirely a new initiative and that previous plans and proposals for the same have not been realized to date. For example, Kenya’s first medium-term plan (2009-2012) of the Vision 2030 strategy had a target of increasing housing production from 35,000 units annually to 200,000 units annually for all income levels. However, the Kenya Government delivered approximately 3,000 units only during that period, according to the World Bank Economic Update of 2017. To meet the specified targets, the government hopes to forge strong partnerships with financial institutions, private developers, producers of building materials and more importantly, the cooperative societies. However, as the government endeavors to deliver the target units, risk mitigation initiatives should be formulated to address emerging issues as discussed hereby.

The Challenge:

While Kenya’s formal housing policies and initiatives have maintained a strong focus on supply based on the understanding that there is insufficient housing of good quality at affordable rates (Institute of Economic Affairs, 2017), the bigger challenge remains affordability and accessibility. Housing demand and supply in Kenya and other countries as reflected in the UN-HABITAT report (2017) is driven by both the construction costs of the physical structure on one hand and the cost of the land upon which the house is erected. For that reason, it is apparent that the quality of housing in Kenya correlates highly with the income levels of the household owners. This, therefore, means that income growth is an equally important factor in meeting the affordable housing objectives contained in the consolidated policies for housing in Kenya.

Interventions And Recommendations:

Policies and Regulations:

Basic legislation to facilitate the establishment of a National Social Housing Development Fund to augment the existing financing mechanisms is yet to be done. Establishment of National Social Housing Development Fund will spur economic activities in the housing sector and create alternative financing strategies to promote investments in low-cost housing and related social infrastructure. Other humanitarian concerns such as provision of alternative relocation of the slum populations and adequate eviction notice to affected groups require additional legislation and policies to achieve the desired outcomes.

Economic Constraints :

As observed by the Institute of Economic Affairs (2017), the National Housing Policy for Kenya identifies low incomes and poverty as the main impediment to access to decent and affordable housing for citizens. Such citizens can hardly access and afford mortgage financing. Expanding the number of affordable housing units as reflected in the ‘Big Four’ Agenda is therefore not the only way to address the established housing needs of low and middle-income people. A complementary goal should be to make existing housing more affordable and readily available. For instance, a program that provides down payment assistance for first-time house buyers could help make existing housing stock more affordable.

Limited Stakeholder Engagement :

Due process has not been followed as guaranteed in the Constitution of Kenya, 2010 following the hurried implementation of the ‘Affordable Housing’ program, which is already ongoing. Amongst the barriers envisaged during implementation is the failure to prioritize capacity building and sensitization of the public as reflected in the UN-Habitat Country Programme Document for Kenya 2018-2021, which emphasizes effective communication, advocacy and outreach as critical in amplifying the impact of the established programs. The UN-Habitat report confirms participation of key sectors’ stakeholders in the formulation of the Kenya Habitat Country Programme Document 2018-2021 who included government departments, civil society, academia, private sector organizations, Non-Governmental Organizations and the Council of Governors, but fails to acknowledge that the consultative approach did not give due attention to public participation and education aimed at buy-in by all and ownership for all initiatives.

County Integrated Development Plans (Cidp) :

County governments need to be actively involved in the housing development agenda as all counties transform into urban areas. The housing demand should be projected per county and the county leadership tasked with integrating housing development into their CIDPs.

Cost of Production :

It is estimated that building materials account for approximately 40 percent of the construction costs. Between 2007 and 2009, costs of building materials had increased by as much as 40 percent resulting in increased cost of housing. Embracing modern industrial building technology e.g Precast concrete panels, which involves mass production of concrete panels in factories to lower the cost of construction materials.

Corruption :

Corruption is a huge threat to effective implementation of the Affordable Housing Agenda. In the 2018/2019 Budget statement, the National Treasury Cabinet Secretary reiterated that eradication of corruption is one of the biggest means of achieving the ‘Big Four’ Agenda. While strengthening of a multi-agency team tasked to fight against the graft is on-going, the government requires to go beyond enforcement programs and invest more on alternative programs that are preventive. This includes capacity building for mainstreaming of national values and integrity assurance through established socialization institutions such as schools, training institutions, religious and community-based organizations.

Recommendations:

- 1) Empowering vulnerable groups to participate in investment ventures, savings schemes, cooperative societies, “Chamas” or table banking. Such alternative investment models are highly recommended as a possible intervention for capacity building on affordability and access to affordable housing.

- 2) Enhancing public awareness and education programs to ensure that potential homeowners are informed about the opportunities and risks associated with home ownership to enable them make better and informed choices.
- 3) Develop clear policy and regulations on identification of the beneficiaries and the terms and conditions applicable for one to qualify.
- 4) Improve all economic sectors to enhance the purchasing power of citizens and reduce the poverty levels.

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