

Affordable Housing in Kenya: *Status, Opportunities and Challenges*

* Raphael M. Kieti, Robert W. Rukwaro and Washington A. Olima

Received on 14th February, 2020; received in revised form 26th April, 2020; accepted on 8th May, 2020.

Abstract

The provision of affordable housing remains a problem both in developing and developed countries in the world. The government of Kenya unveiled Affordable Housing Programme (AHP) as one of the big four agenda with a proposal to provide housing to all Kenyans by targeting construction of 500,000 affordable houses by 2022. This study uses the case of Park Road affordable housing project in Ngara Estate in Nairobi to evaluate the current status, opportunities and challenges of the affordable housing programme (AHP) in Kenya. Data are obtained from primary and secondary sources in texts, interviews, content review of print and electronic media, and government of Kenya published manuals on the affordable housing programme. The data are analyzed and presented in form of tables and photographs. Findings reveal that the AHP has presented immense opportunities for artisans in the informal (Jua Kali) sector. There is, however, slow uptake of the completed units since most applicants are unable to raise the 12.5 percent of home value required to participate in the lottery for house allocation. The study recommends that the government should embrace standardized mass production of affordable housing in order to achieve faster roll out of the programme to other parts of Kenya.

Keywords: Affordable housing programme (AHP), Kenya, Nairobi, Ngara estate, Opportunities and challenges, Park road housing project, Status.

INTRODUCTION

Affordable housing remains a problem, not only for developing countries like Kenya, but also many developed countries in the World. This problem is exacerbated by the rapid increase in urban population, high cost of construction and finance costs, and the escalating prices of urban land. The government of Kenya unveiled affordable housing programme as one of the big four agendas with a proposal to provide housing to all Kenyans by targeting construction of 500,000 affordable houses by 2022.

Housing plays a central role in the social life of people and is a fundamental physiological need required for human survival (McLeod, 2018). Housing provides an enabling environment for nurturing families, promotes health by providing a place for relaxation and protection from adverse environmental conditions, provides security for individuals and their property and offers comfort, freedom, peace of mind and recognition to individuals. Communities and nations whose populace are properly housed generally enjoy

better living standards and prosperity. Shelter, like food and clothing is one of man's basic rights and making sure that all citizens are decently housed is a commendable goal (Nzau, 2018). The right to housing is embedded in various international instruments including the United Nations Human Rights Declaration of 1948, the International Covenant on Economic, Social and Cultural Rights of 1966, the Istanbul Declaration and Habitat Agenda of 1996 and the Declaration on Cities and other Human Settlements of 2001 (Republic of Kenya, 2004). The right to housing is further embedded in the Constitution of Kenya. Article 43 (1b) of the Constitution provides that every person has the right to accessible and adequate housing, and to reasonable standards of sanitation. Nabutola (2004) has equated shelter to food, which is a human need, so much so that those who cannot afford it still need it; and as Sheppard (1997) argues, housing and residential construction are of central importance for determination of both the level of welfare in society and the level of aggregate economic activity. In many economies, a home represents the most valuable single asset

*Corresponding author:

Raphael M. Kieti, Department of Real Estate, University of Nairobi, Kenya.

Email: raphkieti@gmail.com

owned by most individuals, and a very large share of total household wealth.

Since housing is a basic right and human need, efforts to alleviate the housing problem have preoccupied governments since time immemorial albeit with little success particularly in the developing countries. In Kenya, despite past policy interventions to deliver the housing right, the housing crisis has continued to deepen with demand for housing far exceeding the supply. According to a World Bank report, only 50,000 housing units are delivered in Kenya's urban centres against an annual housing need of 250,000 units and a cumulative housing deficit of 2 million units (World Bank, 2017). Over 60 percent of urban households in Kenya live in deplorable human settlement conditions in slums and informal housing devoid of basic infrastructure, water and sanitation. Households in formal housing, on the other hand, have constrained budgets with monthly expenditures in housing exceeding the 30 percent recommended threshold leaving them with little incomes to cater for other basic needs of health, food, education and transport.

The housing problem is further compounded by the supply/demand mismatch in the various social economic strata of the Kenya society. Kenya is a very unequal society with Gini coefficient of 0.48 according to World Development Indicators 2017. The inequality based on wealth and income levels creates distinct social classes comprising of high/upper income groups, middle class, lower class and the poor households with varying characteristics reflected by indicators such as housing conditions, level of education and differences in access and ownership of factors of production. The middle- and high-income groups have higher disposable incomes and both the public and private housing developers in Kenya have concentrated in the production of housing for these categories of people, with little attention being given to delivery of affordable housing to the lower income and the poor segments of the population who form the bulk of the Kenyan society.

The supply of housing for low income households in Kenya continues to remain behind demand and majority of these urban residents live in informal settlement because they cannot afford housing in

the formal market. In Nairobi, housing production favour the rich and those with higher incomes. World Bank (2017) indicates that more than 80 percent of housing supply in Nairobi is for upper middle income (48 percent) and high income (35 percent), and only 2 percent for the lower income segments of the population. In the contrast, the demand for high- and middle-income housing is 2 percent and 15 percent, respectively, while lower income housing demand stands at 48 percent putting immense pressure for housing on this category of the urban population. The housing policies and strategies put in place over the last 30 years failed to provide adequate and affordable housing to all segments of the urban population and this compelled the Kenya Government to re-think its policy on housing affordability and in 2017 launched the Affordable Housing Programme (AHP) which takes cognizance of the different social economic strata of the population. This study examines the current status of the affordable housing strategy proposed by the Kenya Government with the aim of identifying the opportunities it presents and challenges hindering its implementation.

THEORY

The housing problem is a global phenomenon. As the urban population in the world's cities continues to grow, housing problems have persisted. Globally, more people live in urban areas than in rural areas, with 54 percent of the world's population residing in urban areas in 2015 up from 43 percent in 1990 (UN-Habitat, 2016). The rapid urbanization has resulted in severe housing shortages and shelter deprivations in the world's cities. According to UN-Habitat (2017), an estimated 1.6 billion people around the world are inadequately housed, and of these more than 100 million are absolutely homeless.

In most cities of the developing world, up to one-half of the urban population lives in informal slums or squatter settlements which are neither legally recognized nor serviced. According to the UN-Habitat's world cities report (2016), the population of people living in slums in developing countries stood at 881 million in 2014. In the developing countries of Africa, almost every country is experiencing a housing shortage, which in most cases is growing. A UN-Habitat estimate

for the period 2001- 2011 indicated that over 60 million new dwellings needed to be constructed to accommodate the rapidly growing number of new urban households in Africa. In sub-Saharan Africa, more than half (56 percent) of urban dwellers live in slum conditions. In 2010, Sub-Saharan Africa had a high urban growth rate of 4.58 percent and slum growth rate of 4.53 percent, and also the highest proportion of slum dwellers at 61.7 percent (UN-Habitat, 2011).

The housing problems in Africa are exacerbated by the low income levels of households in these countries. About 36.5 percent of Africa's population earn below US dollar 2 per day (AfDB, 2011). In Sub-Saharan Africa, up to 75 percent live below the poverty line, and only about 3 percent of the population has income viable for a mortgage (CAHF, 2013). The house finance sector in these countries is seriously constrained by lack of adequate financial system. The Finance Institutions in developing countries are few; they charge very high interest rates and have high eligibility requirements making them inaccessible by majority of the urban population in these countries (Kieti, 2015). On average, less than 20 percent of households in developing countries in Africa have access to formal financial services (MFW4A, 2014). This makes it difficult for households to acquire decent housing and explains the huge housing backlogs and affordability problems being experienced in developing countries.

Kenya like many other developing countries in Africa has over the years experienced severe housing challenges that manifests in shortages and poor housing conditions. Since independence, the government of Kenya through designed public housing schemes made efforts to develop houses to boost supply and contain the deficit. As a result, the housing deficit was contained at 60,000 units per year until the 1980's (Chirchir, 2006). Over the years, the shortfall has cumulatively increased. Currently, an estimated 750,000 and 1,500,000 households in urban and rural areas respectively are in need of housing (Republic of Kenya, 2004). According to the Sessional Paper no. 3 of 2004 on National Housing Policy for Kenya, the estimated current urban housing needs are 150,000 units per year while the production rate of new houses is estimated at only 20,000 - 30,000 units annually, giving a housing shortage of over 120,000 units per

year. World Bank (2017) puts the current housing need in Kenya at 250,000 units and annual deficit of 200,000 with annual production rate of 50,000 units.

According to Chirchir (2006), the key factors among many that contributed to the housing shortage in Kenya include the government's reduced budgetary allocation on public housing and infrastructure development, high rural-urban migration rate that has stretched housing demand in urban areas, high cost of land and building materials and the limited and high cost of housing finance. The effect of these factors as well as the rapid increase in the urban population of towns and cities in Kenya have further widened the supply/demand gap inevitably leading to the high prices and rents being charged on housing. This gave rise to affordability challenges among urban households in Kenya. Problems of affordability have been exacerbated by the low income levels of households. Poverty statistics in Kenya show high number of people living below the designated poverty line (Economic Survey, 2014). In Nairobi, 22 percent of the population lives in poverty (CAHF, 2012). According to the Africa Housing Finance Year Book 2012, by the Centre for Affordable Housing Finance in Africa (CAHF), only about 11 percent of Kenyans earn enough to support a mortgage. This means that most households cannot afford an average mortgage necessary to buy an entry-level house. Affordability is currently the main urban housing challenge affecting the urban population in Kenya. While efforts have been undertaken to tackle this challenge, the affordability problem has persisted and is more acute among low- and middle-income groups in society. The affordability problems manifest in the high levels of homelessness, poor human settlement conditions, and high price of housing relative to the incomes of households, mortgage delinquencies, defaults and foreclosures (Kieti, 2015).

Faced with the reality of the housing challenge, Kenya embarked on measures to increase affordable housing for its citizens. In 1930's to early 1960's, the government invested in public housing. Due to fiscal challenges, however, this mode of housing provision proved untenable. As Mwaniki et al. (2015) cited in Nzau (2018) indicates, as from 1964, investment in public housing diminished

owing to the dwindling state resources coupled with a fast-growing urban population that was favored by the lift of the colonial ban of rural-urban migration. The private sector which came to fill this void was more motivated by profits and higher returns leaving low-income households without affordable housing, resulting in development of slums and informal settlements. Other strategies and policies implemented by the government included site-and-service schemes in 1980s with assistance from international financiers, self-help and cooperative housing, the enabling approaches, slum upgrading programmes and the civil servants housing scheme fund.

In the early and mid-2000s the government proposed a raft of housing incentives to stimulate the housing market and address both the supply and demand side of housing. Such incentives included incentives under the Income Tax Act such as tax deductibility for housing loans and expenditures for social infrastructure; incentives under the VAT Act that proposed exemption of VAT for construction of low-income housing; incentives under the Stamp Duty Act where stamp duty fees on mortgages was reduced from 0.2 percent to 0.1 percent; lower taxation of housing bonds and assignment of retirement benefits. More recently, the government proposed exemptions of first-time home buyers from paying stamp duty tax and 15 percent tax relief for first-time buyers, among other sets of incentives to boost affordability and steer the housing sector. Even with all these incentives and strategies and with a constitution supporting adequate housing for all, the housing problem has refused to go and housing affordability remains a thorn in the flesh of the government.

In 2017, the government of Kenya proposed the Affordable Housing Programme (AHP) as one of its big four pillars to promote long term economic development. The other pillars under the big four strategies are food and nutrition security, manufacturing and universal healthcare. Under the AHP, government pledged to deliver 500,000 housing units for the lower- and middle-income population segments by 2022 with a price range of Kshs. 600,000 to Kshs. 3 million. The housing delivery model envisaged by the government under the AHP is through collaborative efforts by both the public and private sector and

incentives to facilitate private sector investment in affordable housing (Nzau, 2018). The key features/components of the government of Kenya affordable housing programme (AHP) is provision of affordable and social housing, formation of the Kenya Mortgage Re-finance Company (KMRC) to enhance mortgage affordability by increasing the liquidity of commercial banks and Sacco's enabling them to offer mortgage loans at low/attractive interests rates of 7 percent to end borrowers, establishment of the National Housing Development Fund (NHDF) to avail the match needed funds for affordable housing development, as well as serve as a savings plan towards home ownership by Kenyans, and introduction of tax incentives for housing development and home acquisition.

Apart from Park road project in Ngara (1370 houses) the Government has proposed other affordable housing projects which include Makongeni (20,000 houses), Shauri Moyo (5,000 houses), Starehe and Mavoko in Machakos County where 3,000 houses will be delivered in the initial phase of the scheme. Another project by the United Nations Office of Projects Services (UNOPS) is set to deliver at least 100,000 affordable housing units in Lukenya, Athi River in Machakos County with the first phase targeting 8,800 units. Social housing units are set to be delivered in Kibera (4,400 units), Marigu-ini in south B (2,600 units), and Kiambiu in Eastleigh (4000 house units). The social units will consist of single room units, two-room units and three-room units with shared common areas such as water points and bathrooms and prices will range from Kshs. 600,000 to Kshs.1, 350,000.

The AHP seeks to harness the opportunities available in the country for affordable housing provision and address the challenges towards attainment of decent and adequate housing for all. Kenya has immense opportunities which if properly harnessed might deliver the elusive housing dream for its citizens. Kenya has, for instance, a vibrant construction sector, which continues to be a key driver of economic growth contributing 8.6 percent of gross domestic product (GDP) in 2018. The high demand that outstrips housing supply means that the construction industry in Kenya presents one of the key areas of attraction to private investors in housing development. There are extensive opportunities

for investment in construction of middle and low-income housing, and the manufacture and supply of building materials and components. Other opportunities for affordable housing provision in Kenya are as follows:

- Standardization of building designs and components for industrial/mass production of affordable housing units. Standardization of designs and building components allow off-site preparation of units of building components which can easily be transported and assembled on desired locations and sites. Contractors and other players in the housing industry have an opportunity to be at the fore front in embracing mass housing production to cut cost and reduce time of construction.

- Use of locally available resources and labour has potential to lower housing costs. Use of imported resources, labor, equipment and other components causes delay of housing projects, increase in construction costs and loss of business for local industries including the Jua Kali sector. Kenya is endowed with local resources; has a huge pool of well-trained workforce artisans with various specialized skills in house construction such as masons, plumbers, tilers, painters etc. These presents a good opportunity for house developers as the local workforce is also affordable.

- Use of innovative and alternative building materials and technologies (ABMTs) offers a critical opportunity for achieving affordable houses and creating job opportunities locally. Prefabricated walling components; such as reinforced concrete panels, precast concrete wall panels, interlocking and stabilized soil blocks, and expanded polystyrene panels (EPS) have proven to be cost effective and time saving as well as meet building's thermal, fire and sound insulations. A number of public and private companies producing alternative building materials have already been set up in Kenya and are currently in operation, for example, the National Housing Corporation (NHC) EPS factory in Mavoko, Machakos County. Kenya should harness the opportunity presented by ABMTs for better construction out put and affordable housing delivery.

Despite the existence of the above opportunities, a number of challenges stand in the way towards the realization of the housing goal and affordable housing delivery in Kenya. There is, for instance, funding challenges. Housing and real estate

development is a highly capital-intensive venture and funds for mass affordable housing production are in short supply. In Kenya, the challenge of funding is caused by among other factors, low budgetary allocation for housing projects by the government and the high cost of borrowing from banks and other financial institutions.

The availability of development land which is serviced with infrastructure and in good locations is critical component of housing development. However, such land in Kenya is in short supply, and that which is available, is very expensive and pushes the overall price of housing beyond the reach of majority of middle and poor urban households. Land which is in high supply is unserviced, lacks security of tenure and is often located in poor neighbourhoods in the peri-urban areas.

The cost of construction (design/materials/labour) is high accounting for nearly 50–70 percent of housing development cost and this is a major hindrance to affordable housing delivery in Kenya. Infrastructure (physical & social) is lacking in many urban centres in Kenya and developers putting up housing projects often transfer the costs of infrastructure to end buyers.

While alternative building materials and technologies (ABMTs) presents a good opportunity for affordable housing delivery, Kenyans are still not keen on the use of ABMTs and continue to use conventional materials, imported materials, labour, equipment and other components, which causes delay of housing projects, and increase in house construction costs.

There exist many agencies involved in the approval and licensing of housing development proposals and this makes the process lengthy, costly and complicated; and while there are many legislations and standards in connection with construction of buildings, none directly addresses development of mass affordable housing. There is no comprehensive policy framework in Kenya that defines the standards affordable housing units should meet in terms of design, construction and long-term maintenance. There is little adherence to ethical standards in construction and this has often caused erection of substandard buildings,

which has in some cases caused collapse of buildings.

RESEARCH METHODS

The study employs the case study research design where the Park Road Affordable Housing Project is chosen to provide an overview of the current status of the government of Kenya affordable housing programme (AHP). The park road housing project (**Figure 1**) is selected because it is the first and flagship project under the AHP. The project is located along Park Road, Ngara area, Nairobi and was launched in January, 2019. The cost of the Park Road project is Kshs. 5 billion and is being undertaken by China State Construction Engineering under a design-build-finance model with financing from the government of China, through Export-Import (Exim) Bank. Phase one of the project is set to provide 228 houses out of 1,370 units proposed. The entire Park road project in Ngara is expected to be completed by February 2021 and will be handed over to buyers who will have subscribed and contributed at least 12.5 percent of the value of the unit by the time of completion of units.

The Ngara Park road project stands on a 9-acre piece of land and will comprise 4 blocks A, B, D and E. Block A will have 2- bedroom units of 60 sq. m each, while block D features 3-bedroom units of 80 sq.m. Blocks D and E will have 1-bedroom houses of 20 sq.m, 2-bedroom of 40 sq m and 3-bedrooms of 60 sq.m. The project will contain a nursery school, a parking lot, running track



FIGURE 1
 Ongoing construction work at Park Road Housing Project in Ngara estate, Nairobi
 Source: Authors 2020

and shopping centre, among other communal facilities. The pricing of the units will vary; a one-bedroom house will be sold at Kshs. 1 million, two bedrooms at Kshs. 2 million and three bedrooms at Kshs. 3 million.

According to the State Department of Housing and Urban Development, a lottery-based system will be used to ensure a fair and transparent house allocation process. Kenyans interested in the houses are supposed to register online in a government managed 'Boma Yangu Portal' giving personal details such as employment status, household particulars and preferred area of residence, which will help the government to identify the best locations to put up the affordable housing units. The government of Kenya is providing land and mortgage facilities to the middle-class buyers of the project.

The methodology used in the study is desk study reviews of texts, published and unpublished government documents, content review of reports on the AHP in both print and electronic (online) media in Kenya, site visits interviews, observations, and discussions with housing experts in State Department of Housing directly involved in the government AHP. The data is analysed using descriptive and content analysis techniques and presented in tables and photographs.

RESULTS

The analysis of the data and research findings are presented under the headings below:

Current Status of Government of Kenya Affordable Housing Programme

-The government of Kenya AHP is a 5-year strategy to deliver decent housing among different socio-economic groups in Kenya. Specifically, the programme will deliver 200,000 social housing units and 800,000 affordable units to poor households in slums, the lower- and middle-income groups. The first and flagship project under the AHP is implemented in Park road in Ngara estate, Nairobi and is targeting delivery of 1370 units by 2022. According to an article by Pauline Kairu in the Daily Nation Newspaper report dated August 1, 2019, some 228 housing units had been completed in August 2019 in the first phase of the Ngara Park road project and

were ready for balloting by prospective applicants registered for the programme under the *Boma Yangu* platform. The other housing units will be delivered in other parts of Nairobi and across the 47 counties in Kenya. **Table 1** shows the current implementation status of the AHP in Kenya.

According to the *Boma Yangu* portal website Bomayangu.go.ke, and business daily digital www.businessdailyafrica.com dated November 6, 2019, about 268,094 Kenyans had registered on the *Boma Yangu* online portal as of November 6, 2019. *Boma Yangu* is an online portal that allows Kenyans to register online and apply for homes that will be built under the state-backed affordable housing programme. *Boma Yangu* was unveiled in January 2016 and it is hoped to enable the government to make allocations of available houses to successful applicants in a fair and transparent system free of any human intervention and contacts.

The Kenya Mortgage Refinance Company (KMRC) which is a key component of the government AHP was unveiled in May 2019. According to Cytonn weekly report dated April 8, 2018, KMRC received seed capital of Kshs.15.1 billion from World Bank, the National treasury pledged Kshs.1.5 billion, and participating commercial banks like Kenya Commercial Bank and Sacco's pledged support to the re-financing company. KMRC is expected to

enhance the liquidity of primary banks by availing the match needed long term capital to banks for onward lending to end borrowers at affordable market interest rates.

The National Housing Development Fund (NHDF) which is another key component of the government AHP is currently operational and had received a total of Kshs. 150 million from a total of 14,800 voluntary contributors to the affordable housing scheme through *Boma Yangu* platform as at February, 2020.

Opportunities Presented by the Government Affordable Housing Programme

Construction works in the affordable housing projects are set to benefit the informal Jua Kali sector through business and employment opportunities. According to the state department of housing, the Jua Kali sector is expected to forge most of the metals and wooden fixtures such as doors and windows and is expected to make about Kshs. 120 million in the first phase of the programme (daily nation digital- mobile.nation.co.ke November 21, 2019). Already, the state department of housing has ring-fenced 67 construction items that must be procured locally, and 70 percent of all construction materials shall be sourced locally from small and medium enterprises (SME). The ministry responsible for

TABLE 1: Status of implementation of affordable housing project in Kenya

Location of AHP project	No. of targeted housing units	Housing units delivered as at December 2019/ or progress status of the project
Park road, Ngara estate Nairobi	1370	228
Jeevanjee estate, Ngara Nairobi	1600	Nil units delivered -Notices of relocation to allow for development work to start have already been issued to current tenants/ occupants of the estate by Nairobi City County
Makongeni estate, Nairobi	20,000	Nil units delivered
Shauri Moyo/Starehe, Nairobi	8000	Nil units delivered -Bidding processes for contractors to undertake development work is ongoing

Kibera, Marigu-ini and Kiambu, Nairobi	11,000	Nil units delivered -Vacate notices have been issued to current tenants/occupants in these sites to allow for commencement of works - Kshs. 2.3 billion relocation assistance has been set aside by the government -Developers are ready to move to site any time
Lukenya AthiRiver, Machakos County (a memorandum of understanding between the State Department of Housing and the United Nations Office of Projects Services (UNOPs) to deliver 100,000 affordable housing units)	100,000	Nil units delivered - His excellency the president of Kenya launched the first phase of 8800 units for the united Nations staff under the affordable housing programe in December 6, 2019
Machakos Civil Servants housing	200	200
Mavoko Sustainable Housing Programme	463	Nil units delivered
Kisumu, Shauri Moyo, Kisumu County (for civil servants only)	250	210 units delivered
Embu Civil Servants Housing	220	220 units delivered
Kiambu		193 units delivered

Source: Kairu 2019; Omulo 2019; Republic of Kenya 2019

housing has published a manual that contains the standards and specifications required for items procured from Jua Kali sector. This is to enable the informal sector to participate fully in the programme and benefit from opportunities available. According to reports in the electronic media mobile.nation.co.ke dated November 21, 2019, the State Department of Housing has asked players in the informal sector to work within their associations and corporatize so that they can access opportunities as project suppliers to produce doors and windows for the Nairobi's Starehe and Shauri Moyo estates. The government has set aside a Kshs. 3 billion procurement order for the informal sector to produce 100,000 doors and 120,000 windows as local content providers for the affordable housing programme (mobile.

nation.co.ke).

According to reports in the Daily Nation Newspaper dated August 1, 2019, the Park road project in Ngara has created 650 direct job opportunities for artisans, masons, plumbers, electricians, painters and many other trades as well as thousands of indirect jobs.

Challenges Hampering the Implementation of Affordable Housing Programme

The establishment and operation of the National Housing Development Fund (NHDF) has faced a myriad of challenges. The NHDF is a key component of the AHP that the government intends to use to create a revolving fund to

finance housing development projects under the affordable housing programme. The proposed model of raising money for the fund is through a housing levy of 1.5 percent of every salaried worker's monthly basic salary and the employer expected to match the same amount. Initially, the worker's contribution to the fund was expected to be mandatory, but the government was forced to introduce the option of voluntary contribution after some organizations, which included, the Central Organization of Trade Unions (COTU), Consumer Federation of Kenya (CoFek) and the Federation of Kenyan Employers (FKE) went to court to bar the statutory contributions to the fund. The move is likely to adversely affect the operations of the state-run housing fund since it may be unable to raise sufficient development funds through voluntary contributions.

Despite the high number of Kenyans who have so far shown interest to participate in the AHP by registering to contribute to the NHDF through the *Boma Yangu* online platform, very few have started making the monthly voluntary money contributions to the fund. According to an article by James Baraza in the Real Estate website (www.constructionkenya.com), out of the 268,094 Kenyans registered applicants of the houses, only 14,800 have been making contributions to the fund, and of those, only 60 individuals have paid the 12.5 percent of total value of the houses they hope to purchase as at November 6, 2019, which means a majority of prospective buyers have not been remitting any money contributions. According to the state department of housing, for one to qualify for house allocation under the AHP, they must have paid up at least 12.5 percent of the total value of the unit they applied for by the time of completion of the unit. This requirement means that majority of applicants will not qualify for the uptake of the 228 houses in the Ngara Park Road project which are currently ready for occupation.

The re-development of existing sites/estates where the AHP projects are being undertaken means that the existing tenants/occupants in those sites have to be temporarily moved and resettled elsewhere to allow the construction works of the new houses to be undertaken. The relocation and resettlement exercises have experienced challenges with some tenants/occupants resisting relocation and resettlement despite the resettlement assistance

the government is offering. Tenants/occupants interviewed at Jeevanjee estate claimed they were not adequately prepared and consulted by the government with regard to resettlement to allow for re-development of the sites they are occupying. Some have questioned the conditions attached to the vacation notices they have been served by the government.

DISCUSSION

The Government of Kenya affordable housing programme (AHP) is on the right track albeit with some challenges. The flagship project in Park road, Ngara estate in Nairobi has so far delivered 228 housing units. The other projects in Nairobi and other Counties in Kenya are at varying implementation stages with notices of relocation to allow for re-development having already been issued to tenants/occupants in several estates and sites earmarked for the AHP projects. Mortgage affordability is expected to increase with the launch of the Kenya Mortgage Re-Finance Company (KMRC) which has received significant support from stakeholders including the World Bank. The National Housing Development Fund (NHDF) is also operational and has received voluntary contributions from Kenyans who have registered in the Boma Yangu portal signaling their interest to purchase the houses delivered under the programme.

The AHP is set to benefit the informal Jua Kali sector in Kenya through business and employment opportunities. The government has ring-fenced 67 construction items that must be procured locally, and 70 percent of all construction materials shall be sourced locally from small and medium enterprises (SME). This will provide business and employment opportunities to artisans in the Jua Kali sector. The Park road project in Ngara has so far created 650 direct job opportunities for various classes of artisans in the informal Jua Kali sector.

Despite the successes of the AHP recorded so far, a few challenges stand in the way of the programme. The National Housing Development Fund (NHDF) may be unable to raise sufficient funds to finance housing projects under the programme since a critical revenue source for the fund has been curtailed by a court order that stopped workers' mandatory contributions to

the fund. Even though many Kenyans have so far registered in the *Boma Yangu* portal and shown interest in purchasing the houses to be delivered, very few have started remitting the monthly voluntary money contributions to the fund. This means that the NHDF may not raise sufficient capital to finance the housing projects under the programme.

There are resettlement and relocation challenges being experienced from current tenants/occupants in the estates and sites earmarked for development of affordable housing projects.

CONCLUSION AND RECOMMENDATIONS

The Government of Kenya affordable housing programme (AHP) is a noble idea and should be supported in order to achieve decent and affordable housing for all as envisaged in the Kenya constitution and many other international human rights conventions. Housing developers, contractors and other players in the housing industry should harness the opportunities available for mass housing development through standardization of building designs and components, availability of cheap locally available resources and labour and use of alternative building materials and technologies which will lead to reduced cost of construction and timely delivery of construction projects. To embrace use of local resources, materials and technologies, the government with support of stakeholders such as professional associations in the built environment should undertake sensitization and awareness campaigns to educate the public on the benefits of alternative materials and technologies. There is need to adopt innovative measures to increase the supply of serviced land and the government should heavily invest in physical and social infrastructure especially in the peri urban areas of Kenya to open up more land for the affordable housing projects. The National Housing Development Fund (NHDF) should diversify its revenue source and consider the capital market as possible source of finance for large scale housing development. There is need for a policy framework to guide the standards the affordable housing units should achieve in terms of design, size of units, location and long-term maintenance. More public participation and consultations should be conducted to avoid resettlement and relocation resistance from tenants/occupants in the estates

and sites earmarked for re-development to construct the affordable housing projects.

CITED REFERENCES

AfDB. (2011). *The Middle of the Pyramid: Dynamics of the Middle Class in Africa, Market Brief, 2011.* Retrieved December 17, 2019 from www.afdb.org.

Baraza, J. (2019). *Only 60 Kenyans qualify for state low cost homes.* Retrieved December 28, 2019 from www.constructionkenya.com.

Business Daily Digital. (2019). *How mass housing has mainstreamed city artisan associations.* Nairobi: Nation Media Group. Retrieved December 13, 2019 from www.businessdailyafrica.com.

CAHF. (2013). *Housing Finance Year Book: Centre for Affordable Housing Finance in Africa (CAHF).* S.A.: Fin Mark Trust.

CAHF. (2012). *Housing Finance Year Book: Centre for Affordable Housing Finance in Africa (CAHF).* S.A.: Fin Mark Trust.

Chirchir, J.S. (2006). Promoting home ownership using retirement benefits. *Research Paper Series 01/2006.* Nairobi: Retirement Benefits Authority.

Cytonn weekly. (2018, April). *Report on Kenya Mortgage Refinance Company (KMRC).* Nairobi: Cytonn Investments.

Cytonn weekly. (2019, May). *Report on National Housing Development Fund (NHDF).* Nairobi: Cytonn Investments.

Daily Nation Digital. (2019). *Jua Kali sector to get Kshs. 3 billion bite of the affordable housing project.* Nairobi: Nation Media Group. Retrieved November 25, 2019 from mobile.nation.co.ke.

Kairu, P. (2019, August 1). All you need to know about the affordable housing programme. *Daily Nation Newspaper.*

Kieti, R. (2015). *Urban housing affordability in*

Kenya: A case study of the mortgage housing sector in Nairobi (unpublished PhD. thesis). University of Nairobi, Nairobi.

McLeod, S.A. (2018). *Maslow's hierarchy of needs*. Retrieved from <https://www.simplypsychology.org/maslow.html>.

MFW4A. (2014). *Making finance work for Africa (MFW4A): Kenya Financial Sector Profile 2013*. Retrieved December 17, 2019 from documents and settings/Administrator/my documents/access-to- Finance.html.

Nabutola, W. (2004, May). *Affordable housing-Some experiences from Kenya*. Paper presented at FIG Conference, Athens, Greece.

Nzau, B.M. (2018). *Harnessing the real estate market for equitable affordable housing provision in Nairobi, Kenya. Insights from a comparative study undertaken in California, USA* (Unpublished interim assessment report for PhD in Built Environment (Real Estate)). University of Salford, United Kingdom.

Omulo, C. (2019). Tenants differ with City Hall over estate improvement plan. *The Star Digital*. Retrieved December 7, 2019 from <https://the-star.co.ke>.

Republic of Kenya. (2019). *How to Register and Apply for Affordable Housing*. Nairobi: State Department of Housing and Urban Development. Retrieved from www.Bomayangu.go.ke.

Republic of Kenya. (2018). *Kenya Economic Survey*. Nairobi: Government Printers.

Republic of Kenya. (2014). *Kenya Economic Survey*. Nairobi: Government Printers.

Republic of Kenya. (2010). *Constitution of Kenya*. Nairobi: Government Printers.

Republic of Kenya. (2004). *Sessional Paper No 3 on National Housing Policy for Kenya*. Nairobi: Government Printers.

Sheppard, S. (1997). Hedonic analysis of housing markets. In P. Chesire and E. Mills (Eds), *Handbook of Regional and Urban Economics*. 3, pp 1595 – 1635.

UN-Habitat. (2017). *The Global Report on Human Settlements 2017*. Retrieved December 28, 2019 from <https://unhabitat.org>.

UN-Habitat. (2016). *World Cities Report, Urbanization and Development: Emerging Futures*. Nairobi: UN-Habitat.

UN-Habitat. (2011). *Affordable Land and Housing in Africa*. UN-Habitat. 3.

World Bank. (2017). *World Bank Annual Report 2017*. Retrieved December 28, 2019 from documents.worldbank.org.

WorldBank. (2017). *WorldDevelopmentIndicators 2017*. Washington, D.C: World Bank. Retrieved December 28, 2019 from <https://openknowledge.worldbank.org/handle/10986/26447>.