

An Investigation into Challenges of Lack of Policy Guidelines for Creation and Operation of Housing Partnerships

Mwenda MAKATHIMO and Margaret GACHURU, Kenya

Keywords: Affordable housing Partnerships, Housing, Housing incentives, Policy

SUMMARY

Increasingly, partnerships are being recognized at the global level as agents of change to achieve efficiency in the delivery of goods and services, and in achieving scale economies by pooling resources, and integrating various players in a gainful relationship. The changing role of public sector from that of provider to that of regulator and facilitator in many sectors of the economy further necessitates the establishment of sustainable partnerships.

In Kenya, partnerships have been operational in the area of street lighting, garbage disposal, water supply and distribution, among other areas. In shelter provision, Co-operative societies, Savings & Credit Co-operatives (SACCOS) and Community Based Organisations (CBOs) play a major role partnering especially with lower-income groups to provide housing. Ordinarily, development and provision of housing involves many players including government, local authorities, third sector, financial institutions, private sector and individuals.

The idea of partnerships in the housing sector is therefore implicit in the combination of actors involved in actualizing the final product. But whereas partnerships in other sectors have made some impact in improving efficiency in the delivery of services, shelter related partnerships have had little impact on the scale and quality of housing in Kenya. This is despite the adoption of the ‘enabling’ concept as recommended by the Global Strategy for Shelter to the Year 2000 (GSS), that emphasis the potential role of partnerships in seeking a solution to the endemic problem of housing especially for low-income groups. Contrary to the objectives of the “enabling markets policy”, releasing market forces to work in the housing sector merely pushed housing out of reach of both low and even middle income groups in many developing countries. The need for complimentary strategies to support market forces in the delivery of housing especially for low-income groups is most essential.

The government of Kenya recognizes the need for mobilizing and unlocking private sector investments and involvement in housing development. In the current economic development policy, partnerships are considered key in achieving a long-term solution to the housing problem. But private sector which may fill the supply gap for low-income housing is not economically motivated to invest in this level of housing, due to problems relating to perceived low profit margins, complexity in management of the properties, high risk of revenue loss, and lack of information and for purposes of credit analysis.

In recognition of the need for increased production of housing to meet current demand, government has in the past few years proposed and initiated certain incentives aimed at increasing private sector interest in housing development. But while some of the incentives initiated by government have been adopted by various players, there are no guidelines on the exact nature of housing partnerships needed to realize this objective. The framework and implementation guidelines for partnerships have not been established. Consequently, most partnerships face many challenges ranging from termination of contracts, procurement, and in areas of operations, especially regarding relationships with government related agencies. Housing is complex and involves many interest groups each with a stake in the final product or in the environment. Low-income housing is even more challenging, being that majority of low-income groups are lacking the resources necessary to engage in equitable partnerships with private sector or government. The provision of low-income housing requires a more innovative approach in integrating key players, and in combining resources to take advantage of housing incentives in a way that will make a difference to the scale and quality of housing for low-income groups.

This paper reviews different forms of partnerships that exist and operate in Kenya, and examines the successes and challenges that they face. Existing housing incentives will be reviewed and analysed, with a view to recommending the forms of partnerships necessary to translate incentives to an increase in housing supply. The paper will also review institutional arrangements within which housing decisions are made, and explore appropriate linkages required for development of sustainable partnerships. The guidelines and framework for operation of different types of partnerships will be recommended.

CONTACTS

Chairman
Mwenda Makathimo
Institution of Surveyors of Kenya
P.O.Box 40707
00100 Nairobi
KENYA
Tel.: +254 02 313490
Fax: +254 02 2214770
Email: info@isk.or.ke

Dr. Margaret Gachuru
KENYA
Email: gachurum@yahoo.com