



## Access to Land, Building Materials & Finance for Rental Housing Production in Dodoma Capital City, Tanzania

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### **Abstract**

This paper presents study findings concerning rental housing delivery systems in accommodating low-income urban residents in Tanzania. Generally, the study intended to establish the operational and workable policy options for promoting affordable rental houses for the sake of narrowing the urban housing shortage gap that has been increasing over time. The study involved 100 property developers, eighteen (18) key informants, six (6) brokers and fifteen (15) tenants who were purposely selected in the study. Qualitative and quantitative data were collected through interviews with property developers, focus group discussions with key informant and local leaders. Statistical Package for Social Science (SPSS) version 20 was employed in inferential and descriptive analysis. In line with this, a Chi square technique was employed for describing the association between the variables whilst descriptive analysis was employed to describe the distribution of scores among the variables. The study has shown that 68% of property developers obtain land through informal land market while the rest 32% obtain it from a formal market. Moreover, property developers have reported that savings is the dominant source of rental housing finance mechanism in the study area which counts for 65% of the housing finance mechanisms. Other sources are remittances (16%), pensions (8%), loans (7%) and borrowing from relatives (4%). The study has revealed that the Pearson chi-square value and significance value, confirm that, there is a significant association between affordability and category of land market ( $\chi^2$ -Value= 65.696,  $P < 0.001$ ). Furthermore, the study has evidenced that individual property developers are dominating rental housing market in the absence of policies, regulations, standards and plans which could take into consideration the access to rental housing for the low-income urban residents. The study recommends to the central and local government that there should be an urgent strategy to establish an enabling housing policy in order to promote affordable rental housing as an option for low-income urban residents in Tanzania.

**Keywords:** *Rental Housing; Access to Land; Building Materials; Finance; Rental Housing*

## 1. Introduction

Rental housing is one of the housing sub-markets that appears to be an important choice for low-income city dwellers around the world (Gilbert, 2008; Cheah et al., 2016). Furthermore, housing is a basic need and an important portion of human expenditure that has a significant impact on man's quality of life and production (Zakaria, 2014). According to the Vancouver Declaration on Human Settlements of 1976, housing is a core human right and in international laws, “adequate shelter and services are the basic human rights which place an obligation upon governments to ensure their attainment to all people, beginning with direct assistance to the least advantaged through guided programmes of self-help and community action”(UNCHS, 1976 p.7). Indeed, the importance of integrating housing to one’s quality of life and health is often overlooked (Nguluma & Magina, 2019).

Globally, it is estimated that 1.2 billion low income urban residents are tenants (Gilbert, 2008). This argument emanates from the fact that housing is a fundamental basic human need and is one of the key drivers of economic growth and development (ibid). Housing as an investment accounts for 4-8 percent of the GDP and 20-30 percent of total investment in the economy of most nations (URT, 2018). However, affordable rental housing is still questionable to different scholars taking into account various factors affecting rental housing affordability (Cooney, 2009).

According to David (2011), about 100 million people worldwide were homeless in 2005 due to lack of affordable rental housing. Furthermore, in the United Kingdom, the homeless were estimated to about 10,459 people who had no access to any form of shelter and 98,750 households who reside in temporary accommodation by the year 2010.

In addition, in 2017, Africa had a deficit of 50,562,000 housing units (Bah et al., 2018). In Ghana for instance, a parliamentary debate in July 2013 estimated the housing deficit to be 1.6 million houses (CAHF, 2014). The annual housing demand of about 100, 000 units has not been met, with only about 40,000 housing units being delivered per annum. The Ghanaian Housing Ministry estimates that about US\$ 117.5 million is needed to complete the existing affordable housing projects across a significant component of national economic planning (CAHF, 2014).

In Tanzania, however, housing shortage is estimated to be about 3 million units, with an annual demand of 200,000 units, the deficit becomes even higher when adequate housing is considered (URT, 2015). Furthermore, the rental housing sub-market in Tanzania accounts for less than 10% of the total rental stock (Nguluma & Magina, 2019). In fact, the gap between the housing demand and supply will not prevail unless the existing legal and institutional frameworks recognize the need for affordable rental housing in the country.

The National Human Settlements Development Policy of 2000 does not give priority to rental housing despite its contribution in accommodating urban low household income. For example, the Human Settlement Development Policy gives directives on the access to home ownership rather than rental-housing (URT, 2000:13). In addition, both draft Housing and Human Settlements Development Policies of 2018 have acknowledged the idea of rental housing, however, its implementation is a mystery. This shows that rental housing seems to have been forgotten in housing policies despite being an essential option for low-income urban residents as revealed from other countries.

Furthermore, the government of Tanzania has been implementing its development vision 2025<sup>1</sup> at the expense of rental housing. For instance, during the first decades of political independence (1960’s, 1980’s) few housing projects were developed by the Government with a view to improve settlement for urban dwellers in such areas as Magomeni, Ubungo, Ilala, Kinondoni, Temeke and Mwenge in the capital

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<sup>1</sup> Tanzania Development Vision 2025

city of Dar es Salaam and in other towns like Morogoro, Songea, Tabora, Mwanza, Mbeya and Arusha. In this regard, rental housing as an option to accommodate urban low-income residents has not been promoted by the government.

Production of rental housing has been left to the hands of individuals and other profit-oriented property developers. Renting in cities of developing countries was neglected under the assumption that all people are able to produce housing for home ownership rather than rental housing (Gilbert, 2003). URT<sup>2</sup> and URT<sup>3</sup> which guide housing development in the country have failed to promote affordable rental housing since they stipulate that there should be access to land for all and provision of shelter respectively.

In addition to this, the government through the implementation of National Five-Year Development Plan (2016/17 – 2020/21) recognized the need to promote low-cost housing for low-income earners in urban areas. However, its implementation has remained in the literature for the sake of itself since there are no such housing allocated for these groups thereof<sup>4</sup>. Most developing countries experience rapid population growth caused by tremendous rural-urban migration of low-income earners. With this view, it has led to high demand for rental housing development (Gilbert, 2003).

In Tanzania, the first and second Five-Year Development Plans (1964-1969 and 1970-1974, respectively) emphasized the importance of public rental housing. Tanzania has recognized the necessity to build low-cost housing at the expense of rental housing in its second National Five-Year Development Plan 2016/17–2020/21. In the years after that, particularly with the termination of communist economic policies in the post-1992 era, the focus shifted from public rental housing to home-ownership programs. Rental housing, on the other hand, has had a number of setbacks throughout history, as contrasted to home ownership. Failure to be institutionalized, as well as inaccessibility to formal housing finance channels, are only a few examples. Until the mid-2000s, however, private rental housing was never featured in national plans. Despite strong demand from rapid urbanization and limited affordability for homeownership by the majority of urban people, rental housing has had low priority in Tanzania for the past half-century (from the mid-1970s).

## **2. A Theoretical Base**

The study was informed by theories of welfare which acknowledge that housing is one of the four pillars of welfare. Other pillars include but not limited to social security, health and education (Kemeny, 2001). The theories further explain that in order to address the housing shortage in a particular country with contextual factors, the government should decentralize it by making a joint oriented collaboration including the state, private companies and civil societies. This is because the degree at which rental housing development becomes affordable to low-income urban residents depends to the considerable extent on how housing provision is organized in state system (Stamsø, 2010). In this regard, access to land, housing finance and appropriate building materials used in housing production are influenced by the frameworks set by a particular state. For instance, in Tanzania context, the housing for ownership is emphasized in expense of rental housing through the Human Settlement Development Policy, 2000. However, the way rental housing needs to be produced is not addressed in the policy hence affecting the whole process employed in rental housing production.

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<sup>2</sup> National Land Policy, Second Edition 1997

<sup>3</sup> National Human Settlements Development Policy, 2000 P.13

<sup>4</sup> National Five-Year Development Plan 2016/17 – 2020/21 P.189

### **3. Methodology**

A case study strategy was used to acquire in-depth information on rental housing delivery systems in Dodoma City. It was selected as case study area because it was information rich case in the sense that it had a considerable number of property developers and tenants as well as many institutions/associations and organizations that could assist in obtaining the needed information for this study. The study involved 100 property developers, eighteen (18) key informants, six (6) brokers and fifteen (15) tenants.

Data collected were mainly qualitative which included access to land, building materials, sources of housing finance as well as challenges faced by tenants and property developers in rental housing production process. Data collection methods used included interviews with property developers and focus group discussions with key informant and local leaders. With regard to interviews, the data collected under this method included access to land by property developers, building materials and housing finance mechanisms employed in the housing production. In line with focus group discussion, two groups were formed during data collection in order to ensure reliability of information gathered. These groups included ten (10) sub-ward leaders and six (6) brokers who were required to provide an account of the rental housing delivery systems which included access to land, building materials, housing finance and challenges faced by both tenants and property developers in the context of rental housing production.

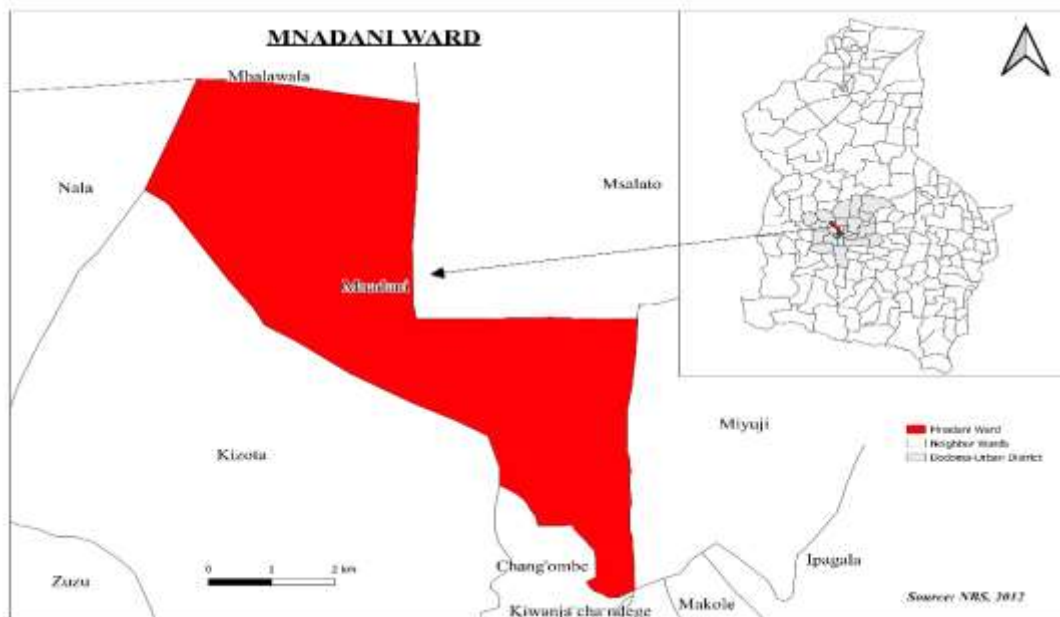
### **4. Results and Discussions**

#### **4.1 Description of the Study Area**

The study was conducted in Dodoma Capital City since it was information rich area as justified in the section 3 above. Dodoma has an area of 2,769 km<sup>2</sup> and a population density of 148 population per square kilometer. Specifically, the study covered Mnadani ward, with four sub-wards namely; Karume, Mnadani, Ndachi and Mbwanga with 150, 130, 156 and 300 rental houses respectively. According to the 2012 census, the ward has a total population of 14,373, with 7,087 and 7,286 male and female, respectively. The population distribution of Mnadani is semi-compact since households are close to each other.

##### **4.1.1 Location**

The study was conducted in Dodoma Capital City located in the middle of the country. The study was conducted in the above-named geographical area since it was rich in information. It is bordered by Morogoro region to the east, Singida region to the west, Manyara to the north east and Iringa region to the south. It lies between latitudes 6.000 and 6.300 south, and longitude 35.300 and 36.020 east. As per the reasons for cost implications and time limit, the study covered Mnadani ward. This is located at the north of Dodoma Urban District. It is bordered by Arusha Road to the east with 6 km from the Central Business District as indicated in the Map 1 below.



Map 1: Location of Mnadani ward, Dodoma Capital City

#### 4.1.2 Socio-economic Aspects of Urban Dwellers

As reported earlier, Dodoma has an area of 2,769 km<sup>2</sup> and a population density of 148 population per square kilometer. According to the 2012 census, the ward has a total population of 14,373, with 7,087 and 7,286 male and female, respectively. The economy of the study area depends much on small scale businesses operated by individuals. Such individuals include food vendors, mobile fruits vendors, microfinance institutions. In addition, the study area with specific reference to Mnadani mtaa, there are urban farmers conducting their urban farming activities around a dam called Mnadani dam nearby Mnadani Primary School. Investigation of socio-demographic characteristics of respondents focused on age, and sex in relation to rental housing production. The findings of the study showed that majority (70%) of the respondents in Mnadani ward aged 42 – 49 years. The age groups consist largely of the active force of the ward which capitalize considerably on land thus the evidence came from the right people. The findings support studies arguing that the age of the active groups is between 15 to 64 years (Barago, 2013). Concerning sex of respondents, the findings of the study revealed that 85 % and 15. % were male and female respectively investing in rental housing production. This implies that male headed households are much investing in rental housing compared to female headed household.

#### 4.2 Access to Land

##### 4.2.1 Informal Land Access

According to the findings of this survey, 68 percent of property developers had accessed land informally. When interviewed, sub-ward, ward leaders and brokers said that the process of accessing land informally involves three stages: information gathering, site visit, agreements and handover. Regarding information gathering, the findings of the study revealed that a land seeker meets a broker in order to be informed on matters related to location, cost, and other services attached to that land before embarking into agreement with the landowner. However, the broker(s) demands about TZS 50,000(nearly USD 21.74)<sup>5</sup> as the fee in seeking such details concerning the land. As a result, this limits land seeker(s) from accessing land via brokes in turn affects rental housing sub-market.

<sup>5</sup> One (1) US\$ is equivalent to TZS 2299.39 according to Bank of Tanzania (BOT) as of 14.8.2021



Concerning site visit, the study findings revealed that this is firstly done by brokers to verify the status of the land including location and boundaries which exactly show the adjacent land uses and owners as well. The identification of the physical boundaries is done in collaboration with the natives/owners of the adjacent land uses. In this regard, brokers demand a fee from a land seeker as to get motivated as per the work done by them. The fee demanded by brokers is not consistent as it keeps on changing depending on the variables presented by brokers as presented earlier. In line with the context of agreement, the study findings demonstrated that a land seeker/buyer meets with landowner ready for reaching a consensus and then after the agreement followed by payment. The cost for buying land varies considerably depending on the location of the land, services available and environmental amenities attached to that land. For instance, the cost for buying one acre at Mbwanga mtaa is about TZS 24,000,000 (equivalent to USD 10437.55) compared to Ndachi mtaa which is TZS 12,000,000 (nearly USD 5218.77). The reason for the discrepancy in terms of the cost of land is that, Mbwanga mtaa is close to Arusha Road with services compared to Ndachi where such services are limited. In addition, the findings from the mtaa, ten cell leaders and brokers revealed that property developers access land informally for several reasons including easy to access land in terms of cost and shortage of affordable residential plots in the formal land market.

#### 4.2.2 Formal/Statutory Land Access

The study findings from house developers have shown that 32% of property developers accessed land through statutory while 68% accessed land informally. In this regard, formal land market has cost implication which affects the rental housing production. For instance, when accessing land through formal land market advocated by planning authority in this case being Dodoma City Council, the procedures become so long in the context of planning, survey and preparation of title deeds as compared to informal land market and subsequently affects the production of rental housing. However, this helps developers to have security of tenure which in turn assists such property developers to access credit(s) in the financial institutions.

In addition, the respondents said that from the past experience this approach has decelerated the production of housing following its long procedures as stipulated above. The implication of this has been enabling developers to access loans using title deeds as collaterals despite the high interest rate of 16%. For instance, the duration for preparing title deeds went up to 360 days instead of 180 days as stipulated in the Land Act. No.4 of 1999. The implication of this has caused property developers fail to develop their land parcels and, in turn, this encourages informal land access. This complaint was clearly heard from an interview with one of the property developers as the following quote provides:

*...” I remember in the year 2016 when the Capital Development Authority (CDA) was in power, I made an application for planning, survey and preparation of title deed so that I could use it to access loans from CRDB with an interest rate of 12%. My objective as far as the plan is concerned was to construct three rental houses each with three rooms. On submission of my application, I was told that the process of planning, surveying and preparation of title deeds could take 210 days. However, the process took two years”<sup>6</sup>...*

#### 4.3 Affordability to Formal vs Informal Land Market

A chi-square technique was employed to determine the association between the category of land market (access to formal and informal land market) and affordability in relation to rental housing production. As shown in the Table 3, the Pearson chi-square value and significance value, confirm that, there is a significant association between affordability and category of land market ( $\chi^2 - \text{Value} = 65.696$ ;  $P < 0.001$ ), from which most of the property developers were able to afford land in the informal land

<sup>6</sup> Interview with property developer April, 2021

market 95.7% vs 4.3%) compared to formal land market in which 16.1% of land accessed formally was affordable against 83.9 % which was unaffordable. This has encouraged property developers to construct more rental houses (68%) in the context of informal land market compared to formal land market (32%).

With the same aspect, the findings through focus group discussion with property developers revealed that the reason to why they afford informal land market against formal land market emanates from the fact that the process of accessing land in informal land market is much easier compared to formal land market. As a result, it has accelerated informal housing development in the four sub-wards: Karume, Mnadani, Mbwanga and Ndachi.

Table 1: Affordability to Formal Vs Informal Land Market

Variable	Access to land		$\chi^2 - Value$	P - Value
	Informal land access	Formal land access		
<b>Affordability</b>				
Affordable	66 (93%)	5 (7%)		
Not affordable	3 (10.3%)	26 (89.1%)	65.696	0.000

Source: Field survey,2021

#### 4.4 Rental Housing Finance Options

##### 4.4.1 Savings

The field results from property developers revealed that 60%, 48%, 72% and 80% of property developers from Karume, Mnadani, Ndachi and Mbwanga mtaa respectively, finance their housing projects using personal savings. During the focus group discussion, individual property developers said that savings used in the housing production depends on the income status of a particular property developer. For instance, the experience from property developers shows that there are those developers whose monthly savings accounts for TZS. 800,000 to TZS.1000,000(around USD 347.92 to USD 434.89) and TZS.100,000 to TZS.450,000 (about USD 43.49 to USD 195.7) whom they call themselves medium and small income earners respectively. This implies that for a housing project to be accomplished it takes to about one and 12 years using estimated savings; TZS. 1000,000 (around USD 434.89) and TZS. 450,000 (nearly USD 195.7) saved monthly for developers to accomplish the project whose budget accounts for TZS 12,000,000 (equivalent to USD5,218.78).

In addition, financing housing using savings always makes property developers develop incrementally. Houses constructed incrementally has demonstrated the massive failure to absorb the overgrowing housing demand. It is from the above perspective the housing demand increases with the increase in population. The findings of this study concur with Castillo (2005), who observed that rental housing in developing countries is not financed by central government, instead the property developers use their own savings to construct such rental houses. In this regard, the houses constructed incrementally and rented by urban poor tend to be swahili house type in the sense that they lack services attached to housing which could be provided by the state.

Again, the findings of the study revealed that the overriding building type rented by urban poor at Mnadani Ward is the “Swahili” house with an average of eight rooms. However, the maximum number of rooms rented in the study area counts for fourteen rooms (Figure 1). The field results further revealed that the Swahili house characteristically had a shared (central) passage foremost from a veranda facing a street to a backyard with outbuildings. These houses are characterized by pit latrines, lack of safe, readily available water supplies, poor provision for sanitation, drainage and solid waste collection.

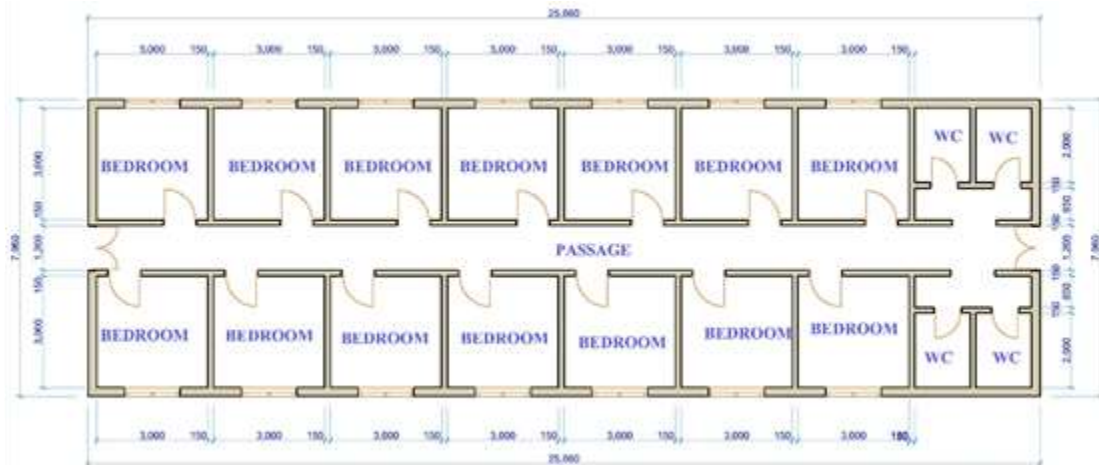


Figure 1: Typical Swahili house

#### 4.4.2 Monetary Remittances

The findings from the interview with property developers revealed that 16%, 20%, 16% and 12% of property developers from Karume, Mnadani, Ndachi and Mbwanga respectively obtain housing finance via remittances from their children or siblings whose majority do not work or live in Dodoma. The study findings from group discussion with property developers revealed that these siblings are working in informal sector in Dar es Salaam, Arusha, Mwanza and Morogoro. The remittances sent by such kids/siblings are in form of monetary terms aiming at producing rental housing purposely for parents' subsistence. According to the focus group discussions with property developers, it was found that on average the contribution made by such kids in relation to rental housing production is estimated to about TZS.1,500,000 (nearly USD 652.35) annually compared to the cost for constructing a house which is estimated to about TZS 15,000,000(equivalent to USD 6,523.47). This implies that if the construction of rental house entirely depends on remittances, the duration counts for 10 years to accomplish the project. This contribution seems to be low since the amount contributed by siblings are relatively small compared to the cost breakdown needed to accomplish the project in question. In addition, the children responsible for this source of finance are few in the respective ward. The property developers insisted on the issues as follows:

...” In my family here at Mbwanga mtaa, I have one kid living in Dar es Salaam city and working with Tanzania Electric Supply Company Limited (TANESCO) as an accountant. Before he was employed, we used to save money for housing construction where I constructed three (03) rooms rented for TZS. 50,000(about USD 21.74) each. However, after he was employed, he has been sending money for housing construction. I remember after the declaration of Dodoma as a capital city in 2017 which was followed by the shift of sector ministries from Dar es salaam to Dodoma, the demand for housing increased tremendously making rooms rented for TZS 50,000 (nearly USD 21.74) to be TZS 100,000 (about USD 43.49). It is from this view; my kid was convinced to self-finance housing for extension so as to earn more profit. Through such remittances, I have extended buildings from three rooms to about twelve and built two new buildings each with six rooms”<sup>7</sup>.

<sup>7</sup> Discussion with property developer April,2021



#### 4.4.3 Pensions

The findings from the property developers revealed that there are few developers using pensions as sources of housing finance. This is due to the reason that these funds are applied to the individuals who were employed in formal employment. For instance, the field results revealed that 8%, 12%, 8% and 4% of property developers from Karume, Mnadani, Ndachi and Mbwanga Mtaa respectively obtain loans from pensions. This implies that pensions are not the appropriate sources of housing finance since there are few employees retired from the employment in the study area. Furthermore, the experience from the property developers showed that the pensions used in rental housing finance are not reliable in the sense that it is a onetime payment made by the employer to employee. Sometimes the payment of pensions takes a long period of time to be paid making delays in the accomplishment of housing projects financed by pensions.

#### 4.4.4 Loans from Banks

The field results from the property developers revealed that 8%, 16%, 4% and 0% of property developers from Karume, Mnadani, Ndachi and Mbwanga respectively obtain loans from banks implying that loans from banks are not affordable to property developers in the study area. The field results revealed that banks such as National Microfinance Bank (NMB) and Cooperative Rural Development Bank (CRDB) operate small scale loans for low income generating activities ranging from TZS. 50,000 to TZS 5,000,000(around USD 21.74 to USD 217.45).

The findings from the group discussions with property developers at Mnadani revealed that access to loans is impeded by inflexible bank conditions. For instance, the banks require the low-income to present certificate of ownership of properties like surveyed plot or a house permanently fixed and the evidence from the residences. In addition, the experience from banks has shown that challenges faced by banks is that borrowers do not comply to the terms and conditions as stipulated in the contract. As the result, the banks tend to be forced to sell customers' collateral such as houses as to secure the money paid. In line to the conditions and terms discussed, property developers are unable to access loans due to the fact that their land is not surveyed and their houses lack security of tenure.

In this regard, no financial institutions help the property developers to access loans for rental housing production aiming at addressing issues related to affordability levels in the context of low-income urban residents in the country. Furthermore, the experience from the property developers showed that the interest rate imposed to the loans accessed from banks such as CRDB, NMB is relatively higher given the context of affordable rental housing and low-income urban residents in Tanzania. For instance, the property developers reported that in the year, 2015 the interest rate imposed by CRDB was 12% as compared to the interest rate of 16% as of 2019 depending on the time value of money and the inflation rate. In this regard, urban poor are unable to afford the rental housing produced through loans as they are rented at relatively high price.

#### 4.4.5 Borrowing Loans from Relatives

With regard to borrowing loans from relatives, the field results from the property developers revealed that 8%, 4% and 4% of property developers from Karume, Mnadani and Mbwanga obtain loans through borrowing from their relatives respectively. However, property developers at Ndachi have no access to loans from relatives. In this regard, housing finance at Ndachi mtaa depends much on the personal savings which account for 72% as shown in the Table 2.

In addition, the field findings revealed that borrowing from relatives is not an appropriate source of housing finance as it involves various terms and conditions. Such terms and conditions include the following; providing collateral literally known as "*Kuweka rehani*" such as physical assets like television,

radio, title deed and sometimes the trust is employed that means with no terms and conditions. According to the experience shared during the group discussion with property developers, the collateral put by a borrower, is returned to him/her after making a payment of the loan. In addition, the amount borrowed from relatives differ depending on the needs of the borrower.

For instance, the experience at Mnadani Ward has shown that the loans obtained from relatives range from TZS.200,000 to TZS.500,000 (around USD 86.98 to USD 217.45) depending on the type of collateral possessed by a borrower. In line with the loan given from the relatives, an interest rate of 30% is imposed payable monthly making many property developers unable to access such loans. The field results revealed that in case of defaulting, the lender tends to sell the collateral (property) submitted by the borrower as to return the amount borrowed.

Table 2: Sources of rental housing finance in the study area

Sources of rental housing finance	Sub-Wards within Mnadani Ward				Total
	Karume	Mnadani	Ndachi	Mbwanga	
Savings	15(60%)	12(48%)	18(72%)	20(80%)	65 (65%)
Remittances	4(16%)	5(20%)	4(16%)	3(12%)	16(16%)
Pensions	2(8%)	3(12%)	2(8%)	1(4%)	8(8%)
Loans from banks	2(8%)	4(16%)	1(4%)	0(0%)	7(7%)
Borrowing from relatives	2(8%)	1(4%)	0(0%)	1(4%)	4(4%)
<b>Total</b>	<b>25(100%)</b>	<b>25(100%)</b>	<b>25(100%)</b>	<b>25(100%)</b>	<b>100(100%)</b>

Source: Field Survey,2021

## 4.5 Challenges Faced in Rental Housing Production

### 4.5.1 Challenges Faced by Property Developers in Rental Housing Production

Challenges faced by property developers were identified using focus group discussion with property developers and tenants at Mnadani ward specifically in four sub-wards: Karume, Mnadani, Mbwanga and Ndachi. The study findings revealed that the challenges faced by property developers are:

#### 4.5.1.1 Inaccessibility to Affordable Loans

The findings of the study revealed that microfinance institutions provide loans at the interest rate of 16%. Furthermore, the interest rate at which loans are provided informally account for 30% making the issue of affordability too alarming in the rental housing perspective. As the result of unaffordable interest rate, the property developers in the study area use their own savings to finance their housing projects. The implication of this has been the construction of houses incrementally making the housing supply in the housing market in Dodoma inadequate. On the shortage of savings used by the developers, the property developers said that sometimes they ask tenants to pay before the house is completed as narrated below:

... *“I remember in the year 2019 I had a housing project at Mbwanga Mtaa nearby Mbwanga Primary school. The house had one room complete and two rooms which were not complete. Using brokers as bridge between property developers and tenants, I met a tenant from a ministry looking for a one room to rent. Since I had no enough fund to accomplish the room, I asked her to pay for six months before the room was complete so that I could accomplish it and hand over to her”*<sup>8</sup> ...

<sup>8</sup> An interview with Property developer April, 2021

#### **4.5.1.2 Long Procedures in the Formal Land Market**

The field results revealed that formal land market has a long administrative procedure meaning that planning, surveying, plot allocation and issuance of the title deed take long time to be accomplished since there are legal procedures to be followed as stipulated in the Urban Planning Act No. 8 2007 and Land Act .No. 4 1999. The Acts require the customers to fill some forms for the preparation of title deeds which in turn affects the housing production as compared to informal land market. The study concurs with Pambila (2017) who found that formal land purchase is claimed to have a long and bureaucratic procedures which seems to be unfavorable in housing production.

Whereas under the informal land transaction, land is sold under the supervision of the local leaders namely; Mtaa leaders and 10-cell leaders and Ward Executive Officers (WEO) who authorize the transaction by signing documents which approves the transactions between buyer and seller.

#### **4.5.1.3 High Cost of Building Materials**

The field results showed that the cost for building materials have been relatively high. For instance, the cost for building blocks in Dodoma in the year 2016 was TZS.800 (around USD 0.35). However, after the declaration of Dodoma as a capital city, the cost for building materials increased from TZS.800 to TZS 1000 (around USD 0.35 to USD 0.43) and eventually TZS 1200 (about USD0.52). In addition, the findings of the study revealed that the trend of the cost of building materials for five years from 2016 to 2020 has been increasing over time (Table 3). Such building materials include: wood (2/3), wood (2/4), cement, roofing (iron sheets with 30 and 32 gauge), nails with various dimensions including 4nch, 3nch and 6nch to name a few. The study findings revealed that the cost of such building materials has augmented over time, causing property developers to struggle to keep up with the demand for rental houses in the housing market. For example, the cost of Dangote cement in 2016, 2017, 2018, 2019, and 2020 was TZS 12,000 (about USD 5.2), TZS 13,000 (around USD 5.65), TZS 15,000 (nearly USD 6.5) and TZS 16,500 (about USD 7.2) respectively, when compared to Simba cement. This implies that there is no consistency in terms of cost of building materials despite the initiatives shown by the government to promote low-cost housing through its National Five-Year Development Plan 2016/17 – 2020/21.

Furthermore, the cost of roofing materials has fluctuated over time, limiting property developers' access in Dodoma Capital City. Also, the experience from the study shows that the preferred roofing materials are 30- and 32-gauge iron sheets including Kiboko, Simba and Colored due to its affordability given their property developers' affordability levels whose price has also been changing overtime as indicated in Table 3. The rise in the cost of construction materials has resulted in a shortage of rental houses in the housing market. Additionally, the study findings suggest that the government has imposed a tax on building material manufacturers that is in direct opposition to the money generated by such businesses. Therefore, the increase of the cost of such building materials have increased the housing investment cost which in turn increased the rental charges, the tremendous increase in rental charges has excluded low-income urban residents from accessing rental housing. The findings of the study revealed that the rental charges increased tremendously from an average of TZS. 39,750 (around USD 17.29) per room per month to TZS 73,000 (about USD 31.75) per room per month from 2016 to 2020 respectively. On the other hand, the interview made with Tanzania Building Agency (TBA) and National Housing Corporation revealed that the government through its housing agencies, however, does not give support to rental housing in accommodating low-income urban residents. This is because its goal is to produce housing units for sales and accommodating government employees respectively.

Table 3: Trend of the cost of building materials for five years

Building materials	Price per Anum (TZS)				
	2016	2017	2018	2019	2020
Wood (2/3)	2,500	2,500	3,000	3,000	3,500
Wood (2/4)	2,500	2,500	3,000	3,000	3,000
Dangote cement	12,000	12,000	13,000	15,000	16,500
Simba cement	11,500	11,500	12,000	14,000	16,000
Simba roofing G1 30	19,500	200,000	21,000	22,000	24,500
Kiboko roofing G1 30	19,000	20,000	21,000	22,000	23,500
Kiboko roofing G1 32	18,000	18,000	18,500	19,000	19,500
Colored roofing G1 30	20,000	21,000	22,000	23,000	24,500
Nail 4nch k	2,500	2,500	2,800	3,000	3,500
Nails 3nch	2,000	2,000	2,500	3,000	3,500
Nail 3nch	2,000	2,000	2,500	3,000	3,500
Nails 6nch	2,000	2,000	2,000	3,000	3,500
Tins nails	4,000	45,000	45,000	5,000	6,000

Source: Field survey 2021

#### 4.5.2 Challenges Faced by Tenants in Rental Housing Production

The challenges faced by tenants include but not limited to the intermittently change in rental charges and affordability in the context of charges imposed by land lords

##### 4.5.2.1 Intermittent Change in Rental Charges

There has been an attendance to the land lords to change the rental charges regardless of the income level of tenants without any information to the tenants. This change in rental charges include but not limited to change in the number of monthly charges and duration under which rental charges ought to be paid. For instance, through a focus group discussion, two tenants at Mbwanga mtaa reported that in the year 2018, received an information from their landlord requesting them to quit in case they don't comply to the increment in the rental charges imposed by the landlord. This was after changing the duration of payment of rental charges and the amount to be paid monthly. In this regard, the tenants were asked to pay TZS 45,000 (equivalent to USD 19.57) per room per month for three months instead of TZS 25,000 (about USD 10.87) per room per month for one month. Since the tenants were not able to pay such amount, they decided to leave their rooms and went to other rooms rented for TZS 20,000(around USD 8.69) per room per month. This implies that there are no appropriate government interventions like incentives related to access to land, building materials and construction in relation to rental housing production in the country.

##### 4.5.2.2 Affordability in the Context of Charges Imposed by Landlords

As discussed earlier, the affordability to rental charges imposed by brokers to tenants before paying rental charges and the charges imposed by landlords has been the challenges to most of tenants taking into account their income level. In this regard, low-income urban residents have been an unable to afford rental housing in the study area. For instance, only 5% of the tenants at Mnadani ward afford rental charges ranging from TZS. 61,000 to TZS 70,000(nearly USD 26.53 to USD 30.44). In addition, only 13% of the tenants in the study area afford rental charges ranging from TZS 31,000 to TZS 40,000 (about USD 13.48 to USD17.4). This implies that the income level of tenants is low. As a result, this has made it difficult in achieving Goal No.1 of the Sustainable Development Goals in the context of ensuring adequate and accessible housing by 2030.

### Conclusions and Recommendations

The study concludes that the informal land access and housing finance have been dominating rental housing market in Dodoma Capital city. In addition, the study concludes that there has been a tendency by landlords to change the rental charges regardless of the income level of tenants without any prior information to the tenants making them vulnerable to housing issues in the country followed by unaffordable fee to low-income urban residents demanded by informal brokers.

The study recommends to central and local government to establish an enabling housing policy; adopt a public-private partnership policy in housing sector; control monthly rental charges; allocate residential plots for rental housing production; reduce tax on building materials, register informal brokers in the housing and land market; adopt low-cost building technology; and establish rental housing-oriented research unit in the housing sector.

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