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**An Assessment of Urban Development Housing Policy and Residential
Real Estate Development in Addis Ababa: Opportunities and Challenges**

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**A Thesis Submitted to
The Institute of Regional and Local Development Studies**

**Presented in Partial Fulfillment of the Requirements for the Degree of Master
of Arts in Urban Development and Management**



**Addis Ababa University
Addis Ababa, Ethiopia
November, 2012**

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Addis Ababa University
School of Graduate Studies

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ACKNOWLEDGEMENTS

First and foremost, I am greatly indebted to my Advisor, Dr. Fisseha Wegayehu, for his critical reading, corrections, and constructive comments of this study. I thank him for his unreserved advice and follow-up, scholarly and academic assistance, patience and commitment that were very crucial for the completion of this study. His fatherly approach also played a key role for the successful accomplishment of the paper. He has been a source of inspiration, encouragement, and a key to the accomplishment of the work, all the way. Without his help, this paper could have not taken its present form.

I would like to thank to Mizan-Tepi University that sponsored me to complete my education. I also thank School of Graduate Studies of Addis Ababa University for its financial support. My heartfelt thank goes to all staff members of Department of Urban Development and Management of Addis Ababa University for their genuine cooperation during my study.

My sincere thanks further goes to Addis Ababa City Administration Officials; Managers and Residents of Ayat and Sunshine real estates which devoted their time and provided invaluable information and material supports during the data collection.

I am very grateful to my Uncle Mr. Tadesse Baraki who was always by my side encouraging and supporting me morally and financially. I thank my friends Seyoum Haile, Negash Getachew, Ashebir Mengistu, Yaye Temesgen, Abel Birku, Hagos Tadesse, Hailesselasia Mehari and Woldemariam Gebremichael for their moral support and editing the paper time and again.

My special thank extends to W/t Meaza Fikadu for her unrestricted secretarial service.

Above all, I need to gratify the almighty God for offering me health, peace, and courage that inspired me to complete my studies successfully.



Table of Contents

Contents	Page
Acknowledgements	i
Table of Contents	ii
List of Tables	v
List of Figures	vi
List of Appendices	vii
List of Acronyms	viii
Abstract	x
Chapter One: Introduction	1
1.1 Background of the Study	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	6
1.4 Significance of the Study	6
1.5 Scope of the Study	6
1.6 Limitation of the Study	6
Chapter Two: Literature Review	8
2.1 Concepts and Definitions of Housing Policy	8
2.2 Housing Policy in Developed Countries	9
2.3 Housing Policy in Developing Countries	11
2.3.1 The African Housing Policy	11
2.4 Housing Policy in Ethiopia	12
2.4.1 The pre 1975 Housing Policy	12
2.4.2 Housing Policy during the Derg	14
2.4.3 Housing Policy in Post 1991.....	17
2.5 Concepts and Definitions of Real Estate	19
2.5.1 The Global Perspective	21
2.5.2 Real Estate Development in Developed Countries	22
2.5.3 Real Estate Development in Developing Countries	23
2.5.4 Real Estate forms of Housing Developments in Ethiopia	23

Chapter Three: Research Methods	28
3.1 Research Design	28
3.2 Data Sources	28
3.3 Data Gathering Tools and Procedures	28
3.4 Rationales for Selection of the case Studies	29
3.5 Sampling Techniques	30
3.6 Method of Data Analysis and Presentation	31
3.7 Organization of the Thesis	32
3.8 Ethical Considerations	32
3.9 Study Area	32
Chapter Four; Data Presentation and Analysis	34
4.1 Examining the Basic Issues of Residential Real Estate Development and Legal Provision	34
4.1.1 Residential Real Estate Development in Addis Ababa	34
4.1.2 Location and Distribution of Residential Real Estates in Addis Ababa	35
4.1.3 Land Delivery System for Residential Real Estate Developers	37
4.1.4 Land Lease Price for Residential Real Estate Developers in Addis Ababa	39
4.1.5 Duration and Renewal of Lease Holding by Residential Real Estate Developers in Addis Ababa	44
4.1.6 Modalities of Land Lease Payment	45
4.1.7 Pre-requisite for Acquiring Land for Residential Real Estate Developers	46
4.1.8 Rate of Investment License for Residential Real Estate in Addis Ababa	47
4.1.9 Building Permit for Residential Real Estate Developers	49
4.1.10 Building – Height Regulations for Residential Real Estate Developers in Addis Ababa	50
4.1.11 Incentives for Residential Real Estate Developments	51
4.1.12 Problems Related to Residential Real Estate in Addis Ababa	52
4.1.13 Challenges of Residential Real Estate Development in Addis Ababa	53
4.1.14 Actions Taken by the City Government	59
4.1.15 Advantage of Residential Real Estate Development in Addis Ababa	60



4.1.16	Socio-Economic Groups Served by Residential Real Estate Development in Addis Ababa	61
4.2	Urban Development Housing Policy of Addis Ababa City	62
4.2.1	Housing Demand and Supply in Addis Ababa	63
4.2.2	Strategies for Provision of Houses in Addis Ababa	64
4.2.3	Success of the Housing Development Policy in Addis Ababa	65
4.2.4	Challenges of Urban Development Housing Policy in Addis Ababa.....	67
4.2.5	Affordability of Housing in Addis Ababa and System of Payment	68
4.2.6	Actions Taken to Solve Housing Problem in Addis Ababa	70
4.3	Case Studies	71
4.3.1	Ayat Real Estate Development	71
4.3.2	Sunshine Real Estate Development	86
Chapter Five: Conclusion and Recommendations		99
5.1	Conclusion	99
5.2	Recommendations	101
References		
Appendices		

LIST OF TABLES

Table 3.1: Number of Residents in the Selected Residential Real Estates and the Size of Sample Drawn	31
Table 4.1: Distribution of Residential Real Estate Developments in Addis Ababa	36
Table 4.2: Minimum Land Lease Price in Addis Ababa	40
Table 4.3: Land Lease Prices for Real Estate Developers in Expansion and Reserved Areas	43
Table 4.4: Land Areas Exempted from Lease Price for Road and Green Areas	44
Table 4.5: Duration of Land Lease Holdings of Different Investment Activities of Addis Ababa.....	45
Table 4.6: Periods of Payment of Land Lease Prices in Addis Ababa	46
Table 4.7: Construction Material Average Price for the Year 2001/02-2009/10 in Addis Ababa	55
Table 4.8: Market Distribution of Real Estate Buyers by Residence	61
Table 4.9: Apartment Type of Houses Built by Ayat Real Estate	76
Table 4.10: Some of the Villa types of Houses Built by Ayat Real Estate	78
Table 4.11: Quality of the Houses Built by Ayat Real Estate	79
Table 4.12: Prices of Apartments Built by Ayat Real Estate	80
Table 4.13: Prices of Some Villa type of Houses Built by Ayat Real Estate	80
Table 4.14: Agent to facilitate housing transfer from the developer for Customers	83
Table 4.15: Delivery Time of House Built by Ayat Real Estate for Customers	84
Table 4.16: Sunshine Real Estate Project Activities.....	87
Table 4.17: Type of Apartments Built by Sunshine Real Estate	88
Table 4.18: Some Types of Villas Built by Sunshine Real Estate.....	90
Table 4.19: Quality of Houses built by Sunshine Real Estate	92
Table 4.20: Prices of Apartments Built by Sunshine Real Estate.....	93
Table 4.21: Prices of Villas Built by Sunshine Real Estate.....	93
Table 4.22: Price of Houses Built by Sunshine Real Estate	94
Table 4.23: Delivery Time of Houses for Customers Built by Sunshine Real Estate	96

LIST OF FIGURES

Figure 2.1: The Eight Stages in Real Estate Development.....	21
Figure 4.1: Benchmark Price Map of Land in Addis Ababa	41
Figure 4.2: Number of Residential Real Estate Investment Licenses in Addis Ababa from 1992 to 2010	48
Figure 4.3: Number of Residential Real Estate Developers Who Took Investment License, Land and Building Permit from 1992 to 2010.....	49
Figure 4.4: Building Height Regulation of Addis Ababa	51
Figure 4.5: Ayat Real Estate Topography Map	76
Figure 4.6: Arial Photograph of Ayat Real Estate Development	73
Figure 4.7: Apartments of Ayat Real Estate which are Under Construction at Ayat Site	75
Figure 4.8: Ayat Real Estate G+1 Villa Type of Houses at Ayat Site.....	76
Figure 4.9: Ayat Real Estate G+0 Villa Type of Houses at Ayat Site.....	77
Figure 4.10: Sunshine Real Estate Apartments at Gerji site.....	89
Figure 4.11: Sunshine Real Estate Apartments at CMC No.2 site	89
Figure 4.12: Sunshine Real Estate Villa type Houses at Meri Luke Site	90
Figure 4.13: Sunshine Real Estate Villa type Houses at Gerji site.....	91

LIST OF APPENDICES

Appendix 1: Questionnaire to be filled out by Real Estate Developers	
Appendix 2: Questionnaire to be filled out by Real Estate Residents	
Appendix 3: Interview Guide for Addis Ababa City Land Development and Administration Authority	
Appendix 4: Interview Guide for the Real Estate Developers	
Appendix 5: Interview Guide for the Ministry of Urban Development and Construction	
Appendix 6: Interview Guide for the Housing Development Agency of Addis Ababa City Administration	
Appendix 7: Interview Guide for the Construction Permit and Capacity Building Authority of Addis Ababa City Administration	
Appendix 8: List of Residential Real Estates in Addis Ababa	
Appendix 9: The Addis Ababa City Government Regulations issued to Provide Land for Real Estates	
Appendix 10: Contractual Agreement for the Construction and Delivery of Residential House of Ayat Real Estate	
Appendix 11: Contractual Agreement for the Construction and Delivery of Residential House of Sunshine Real Estate.....	
Appendix 12: Sunshine Real Estate Project Site Plans	
Appendix 13: Map of Addis Ababa.....	

LIST OF ACRONYMS

AACA	Addis Abba City Administration
AAIA	Addis Abba Investment Agency
AARH	Agency for the Administration of Rental Housing
ADLI	Agricultural Development Led Industrialization
CBB	Construction and Business Bank
CBD	Central Business District
CSA	Central Statistical Agency
EBCA	Ethiopian Building Construction Authority
EDRI	Ethiopian Development Research Institute
EIA	Ethiopian Investment Agency
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
HCC	Housing Construction Corporation
HSB	Housing and Saving Bank
IDR	Institute of Development Research
IHDP	Integrated Housing Development Project
ISHOPA	Imperial Savings and Housing Ownership Public Association
MCE	Mortgage Company of Ethiopia
MDGs	Millennium Development Goals
MSEs	Micro and Small-scale Enterprises
MUDH	Ministry of Urban Development and Housing
MUDC	Ministry of Urban Development and Construction
MWUD	Ministry of Works and Urban Development
NAIC	North American Industrial Classification
NGOs	Non Governmental Organizations
NUPI	National Urban Planning Institute
ORAAMP	Office for the Revision of Addis Ababa Master Plan
PADCO	Planning and Development Collaborative International
PLC	Private Limited Company
SMEs	Small and Micro Enterprises
SNNPR	Southern Nations, Nationalities and Peoples Region
SSA	Sub-Saharan Africa

TGE	Transitional Government of Ethiopia
UDPO	Urban Development Project Office
UN	United Nations
UNFPA	United Nation's Fund for Population Activities
UN-HABITAT	United Nations Centre for Habitat
US	United States
VAT	Value Added Tax

ABSTRACT

An Assessment of Urban Development Housing Policy and Residential Real Estate Development in Addis Ababa: Opportunities and Challenges

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Addis Ababa University, 2012

The main purpose of the study was to assess the opportunities and challenges of urban development housing policy and residential real estate development in Addis Ababa. Mixed research method, that is both quantitative and qualitative research methods, was employed in the study. Moreover, a case study was used intentionally to deeply investigate the overall condition of residential real estate development in the city of Addis Ababa. To achieve the purpose, two residential real estates i.e., Ayat and Sunshine real estates were selected for the case study. These residential real estates were selected by using purposive sampling in order to include the most experienced developers which started construction earlier and transferred houses for clients. The residents were selected using proportionate stratified and systematic sampling techniques. The stratified sampling was taken by considering the housing typologies i.e. Villa and Apartment types. The study employed questionnaire, interview, observation, and document review as tools of data collection.

The result of the study shows that the Addis Ababa housing policy could be considered as targeted policy in its strategy, aiming at provision of houses for all sections of the society. The housing development agency has been striving to meet its goals despite the emerging challenges. The policy allows individuals, cooperatives, real estates, NGOs, and governmental organizations to construct houses with different market prices in order to alleviate the existing shelter problem in the city. Accordingly, 125 residential real estate developers involved themselves in the production of houses. However, the finding shows that only few residential real estates were active developers, focusing predominantly on high income groups in the city. Even though they have been producing houses and

creating job opportunities, particularly for the poor people of the society, majority of the real estate developers misused the plots. For instance, they have used the land as collateral for loans from banks. It was also discovered that they have never started construction on the land they took on time and that they have even transferred the plot to a third party without the consent of the city administration. Apart from this, they have been reported to construct houses illegally. On the other hand, it was found that the residential real estate developers have faced challenges like limited supply and high price of land, low availability and high cost of construction materials, low availability of finance as well as infrastructure, and service problems.

Based on the findings, it was recommended that the City Government of Addis Ababa should control the overall activities of the developers in line with the objectives of Urban Development Housing Policy of the city in order to keep the contribution of residential real estates in producing decent houses. Besides, it is essential for the city administration to formulate a comprehensive viable policy and strategies regarding real estate development as well as housing. The policy then would become involved in the process of creating well planned, defined and splendid built up environment of Addis Ababa.



Chapter One: Introduction

1.1. Background of the Study

The world is becoming predominantly urban. In 1800, only 3 percent of the world's population lived in urban areas; in 1950 it was 29 percent, increased to 47 percent in 2000 and is expected to reach 65 percent in 2015. United Nations projections also indicate that 80 percent of the growth in population will be urban in 2030. The share of the world's urban population living in the developing countries is increasing dramatically. In 1970, the share was only 49 percent, whereas it was 58 percent and 67 percent in 1985 and 2000 respectively. This is expected to increase more than 80 percent in 2030. This phenomenon shows that the future population growth will be concentrated in developing countries (Richardson, 1993; Cheema, 1993; UN-Habitat, 2007).

Ethiopia's total population was estimated 81.2 million in 2007 and is projected to reach 170.2 million in 2050 making Ethiopia the 10th largest nation in the world. Currently, only 16.0 % of the country's total population or about 13 million people live in urban areas. Similarly, the current urban population of 13 million is projected to reach 36 million by 2025 (CSA, 2007; UNFPA, 2007).

The unprecedented increase in the number of urban dwellers poses a major challenge for having housing policies. In cities around the world, almost one billion people live in substandard housing and this problem is very severe in developing countries (PADCO, 2006). Housing problem is one of the most challenging aspects of the urbanization process in the developing world. The reasons for bad housing conditions are complex, and vary among countries. These problems may be characterized by lack of proper housing policy, appropriate financial system, poor political commitment, legal and technical framework and so forth. Moreover, in most developing countries, a wide gap exists between housing needs and housing supply. The problem is not only reflected in quantity but also a serious problem of quality of houses.

Ethiopia, like any developing country, has housing problem. The housing deficit in the urban area of the country is 900,000 out of which 450,000 is the share of the capital city Addis Ababa (AACA, 2006). Irrespective of its long history of urban development, Ethiopia has no comprehensive national urban housing policy. Nonetheless, the country has been experiencing various policy measures that have profoundly influenced the course of development of the national urban housing sector (Tolon, 2008). Though the housing policy is not yet formulated at national and city levels, Addis Ababa housing principle follows the free market economic policy adopted since 1991. This creates a conducive atmosphere for private sector, particularly for real estate developers to participate in housing development (Azeb, 2007).

The new economic policy of Ethiopia established in 1991 provides a provision for private sector participation in the areas of urban development. The provision indicates that anyone who wants to construct houses for residential or other purposes should obtain land in accordance with government directives and security of ownership and have the right of selling, renting and transferring of houses. The policy allows the participation of private capital, individual or collective in the construction of houses, and encourages them to produce low cost housing. Moreover, the current economic policy advocates, among other things, the involvement of the private sector in the provision of housing. Government, in particular local authorities, would create favorable situations to promote integrated urban development and encourage the construction of houses (Tadesse, 2000; Tegegne, 2002).

The development policy of Addis Ababa envisages individuals and members of the housing co-operatives, investors and the public sectors to be the main agents in providing houses in the city. The development policy provides different incentives to these stakeholders. The private sector is envisaged to be encouraged through the preparation of land, the extension of services and infrastructures to sites and reduction of lease price to those who develop housing at high density (Tegegne, 2002). In addition, the housing development program of the city also encourages real estate developers through the facilitation of developed land, strengthening the system for ensuring property rights, and

supporting the developers to utilize local materials. The program also facilitates and creates forums of discussions to look for sustainable solutions for housing problems and encourages the investors (Tamiru, 2009).

1.2. Statement of the Problem

Much of the difficulty in the formulation of housing policy is that housing differs from other areas of social policy such as health or education, in the extent to which it operates within a market context (Cullingworth, 1979). The debate on housing policy in developing countries since the late 1980s has been dominated by the World Bank led strategy of developing the housing sector as a whole by enabling primarily formal private markets to work more efficiently. The emphasis on private markets has led to the exclusion of complementary and alternative public, co-operative /community based and informal models of housing provision from serious policy consideration (Keivani and Werna, 2000).

In treating housing as a social good, governments find difficulty in stating the ultimate objective of housing policy that everyone should have a decent home with a reasonable choice of owning it or renting (Harvey and Jawsey, 1981). Despite the linkages between housing and socio-economic goals, many policy makers and practitioners are not taking the advantages. In many countries, opportunities to achieve economic, social and civil development goals through housing related initiatives are being missed. Recognizing the situation, the World Bank convened a multi sectored, cross network associations of partners to develop a diagnostic tool for country specific action plans, which define a comprehensive sequence of steps for reform of real estate, including housing (PADCO, 2006).

The production of housing is a very expensive process. In fact, one of the key problems in providing adequate housing is associated with the difficulty of making adequate investment on it. In particular, governments often give low priority to the housing sector due to the shortage of resources. In a country like Ethiopia which strives to get quick return from investment, the housing sector would be given a marginal position, although a significant investment in the housing sector would also result in an increase in capital

output ratio in the economy, particularly in the short run. Notwithstanding operational problems involved in using international standards, for specific cases, in Ethiopia investment in the housing has been very low (Tilahun, 1997).

Despite the fact that a shift of policy are made regarding the housing sector in Ethiopia, housing does not seem to be improved and there is still a high demand for it. The reason, according to Tegegne (2002), is that the housing policy is not capable of delivering what it promises to provide. All the incentives are not realized to initiate and encourage the forces in the housing sector. In addition, the construction and transaction of houses are constrained by high costs of construction materials and high interest rate for house loans. The costs of construction materials particularly, those imported have increased due to the devaluation of currency. This will discourage the private sector to fully engage in housing. Moreover, the high rate of lease price and long lasting bureaucratic procedures has caused difficulties for private developers who engage in the housing investment.

As regards the real estate sector, many factors can be cited for its poor performance. These factors can be categorized as: poor land supply and high price, low infrastructure and services, less availability of building materials, poor finance, rigid government policies and regulatory framework, and poor investment climate. In addition, private investors like real estates and individuals, who can contribute much in the production of housing, are neglected by the policy and the city administration due to high tax and high land price (Abraham, 2008; Esayas, 2004).

Real estate form of housing delivery in Ethiopia indicated the presence of various issues that need attention. There is no regulatory framework to control operations and the level of subsidy for the real estate developers. Property rights of real estate investors and end-users are unclear. Moreover, real estate development cater for the high income group; its prospects for the middle and low income group which make up the majority of inhabitants of urban areas, are under researched. The consequence of such situations on the prospect of real estate development as a form of housing supply is unclear (Wubshet, 2004).

In Ethiopia, unfortunately, there are no adequate researches in the issue of housing policy and real estate development. Few researchers have attempted to explore housing situation, housing problem, housing demand and housing supply analysis. Many of the previous studies focused only in one side, i.e., either on housing situation analysis like Tadesse (2000); housing demand and supply analysis; and other types of housing development strategies like studies done by Ayalew (2003) on prospects and constraints of urban renewal for private investment in Addis Ababa: as well as by Bethel (2003) policy challenge of *kebele* residential houses in Addis Ababa.

Moreover, the existing studies on real estates, i.e., the research done by Amrote (2008) on real estate investment in Addis Ababa, the research done by Henock (2008) on internet marketing for residential real estate in Addis Ababa and by Libanos (2005) on the role of residential real estates in solving the housing problem, focused mainly on contribution of the public housing and real estate sector in shelter delivery in Addis Ababa.

So, there is a little or no research related to challenges and opportunities of housing policy and real estate development in Ethiopia in general and Addis Ababa in particular. This study is basically concerned with opportunities and challenges of urban development housing policy and residential real estate development in Addis Ababa. Therefore, the researcher's intention is to fill this gap as well as to recommend for housing policy intervention in which the real estate development will be improved and challenges and problems of residential real estate development will be mitigated. Consequently, the following major leading questions were raised:

1. Are there rules and regulations that guide residential real estate development?
2. What are the main opportunities and challenges of residential real estate developments in the city?
3. What does the nature of urban development policy for housing look like?

1.3. Objectives of the Study

The main objective of the study is to assess the opportunities and challenges of the urban development housing policy and residential real estate development in Addis Ababa. Specifically, the study was aimed at achieving the following objectives:

1. To examine the existing situation of residential real estate developments and their proper implementation in light of the rules and regulations.
2. To identify the main opportunities and challenges of residential real estate development in the city
3. To look into the nature of urban development housing policy and residential real estate development in the city.

1.4. Significance of the Study

The study is basically concerned with opportunities and challenges of urban development housing policy and residential real estate development in Addis Ababa. Therefore, the study is useful in providing relevant information for policy makers and practitioners related to housing and residential real estate development. Moreover, the recommendations could be helpful as an input for those who may be interested in undertaking further studies and researches on the issue.

1.5. Scope of the Study

The thematic scope of the study focused mainly on the opportunities and challenges of urban development housing policy, and residential real estate development in Addis Ababa. The spatial scope of the study included the case study of two real estate developers, i.e., Ayat and Sunshine real estate developers of Addis Ababa in which the real estate developments are undertaken. The study has also assessed the residential real estate development activities of the city of Addis Ababa at large by assessing the secondary data. The physical scope of the study is limited to city of Addis Ababa and its borders.

1.6. Limitation of the Study

Irrespective of the nature of the study, every research is subject to different pitfalls. Due to this reason, this study had the following problems. Firstly, real estate developers felt insecurity and did not give full information due to recent investigation of the city government on real estate developments. Secondly, shortage of reference materials for review of related literature, and lack of clear information of the city government officials on real estate situation were part of the problem in conducting this study.

Chapter Two: Literature Review

2.1 Concepts and Definitions of Housing Policy

Housing policy refers to the range of activities that government and private institutions jointly undertaken to provide housing services for a population (Chester, 1981). Besides, Solomon (1993) adds that housing policy implies the range of activities, such as legislation, standard, land tenure, pricing, financing, policy incentive, subsidy, construction and distribution undertaken to provide housing for those who need it. Such activities might involve not only governments but also private agencies.

According to Harvey and Jawsey (1981), the objectives of housing policy are:

- To obtain the optimal use of existing housing resources
- To ensure adequate housing for all households
- To be responsible for the housing needs of special groups.
- To guide the future requirements and location of new housing and
- To influence the policies of local authorities in allocating housing.

In addition, Solomon (1993) also stated additional objectives of housing policy, such as providing decent, standard dwellings as well as the following other benefits like:

- For better living condition
- For the development of housing construction industry which employs a relatively large number of unskilled labors compared to other sectors of industry.
- For Encouragement of saving
- For Political contribution

Therefore, a sound housing policy has a paramount importance for balanced economic, social and political growth. Long term housing policy must aim at improving housing condition. Considerations must be given to individual preferences regarding tenure, type and location of dwellings over households. This is in order to allow substandard houses to be replaced, and to cover ownership of houses (Harvey and Jawsey, 1981). The goal of housing policy is to promote a well functioning housing sector one that serves the

interests of all its participants, and helps to achieve broad social and economic goals. According to Mayo (1994), a well functioning housing sector should be:

- Productive and efficient, using resources to get the best possible housing for the funds expended.
- Responsive to the needs and resources of all segments of the population including the poor and enabling them to be adequately housed at reasonable prices and
- Environmentally sound, accommodating growth without damaging consequences for the natural and urban environments.

2.2 Housing Policy in Developed Countries

Different housing policies with their various forms and options have become a global phenomenon since Industrial Revolution in developed nations (Marsh and Mullins, 1998). According to Boelhouwer (1991) in Western Europe since the Second World War; there have been four stages in the development of housing policy. These stages are the following:¹

- The first stage was characterized by a high degree of government involvement—mainly through the use of object subsidies, in order to minimize large scale housing shortage during the post-war period.
- The second stage, commencing in the late 1950s, witnessed a concentration on housing quality by adopting large-scale program of slum clearance, redevelopment and a subsequent shift of emphasis to housing rehabilitation.
- The third stage, beginning from the late 1970s, consists of major changes in public expenditure, new houses building in the social sector being superseded by renovation, the introduction of privatization schemes, the abolition or relaxation of rent control, and increasingly the replacement of object subsidies, benefiting reasonably to the well housed at the expense of those inadequately accommodated or homeless.
- The fourth stage, emerging in the 1990s, necessitates the introduction of programs to reduce shortages of affordable housing for the poor and the socially excluded.

¹ Ibid

Even though the different stages of policy development did not coincide clearly in all countries, some countries experienced more than one stage concurrently.²

In the case of United States, the federal government is the main actor in designing the housing policy, but local governments are deeply involved in administering federal programs and creating their own programs such as rent controls. The federal housing policy began in 1934. This federal housing policy has two basic types: policies designed to enable middle class households to have their own houses, and policies aimed at upgrading the housing of lower-income households. Moreover, the goal of housing policy in the United States is to provide a decent, safe, and sanitary living environment for every citizen. The pursuit of this goal has spawned an array of federal programs (McDonald and Mc Millen, 2007).

Moreover, Unger and Karvel (1979) stated that the national housing policy of United States encourages the following issues:

- The production of housing with sound standard of design, construction, livability and size for adequate family life.
- The reduction of costs of housing by considering such sound standards.
- The use of new designs, materials, techniques, and methods of assembling of home building materials and equipments; and the growth of efficiency in residential construction and maintenance.
- The development of well planned, integrated residential neighborhoods and redevelopment of communities.
- Stabilization of housing industry with high volume of construction.

Whereas in United Kingdom, housing policy since the 1950s has ensured a substantial growth in owner-occupation by improving the condition of most of the housing stock in one hand, and by declining the private rented accommodation on the other hand (Balchin and Rhoden , 2002). Generally, there are the so-called social housing organizations which

² Ibid

do not seek to make a profit, but provides homes for households which have a problem of getting house with appropriate size and quality in private housing markets. This may be taken as an indication that there is often market failure even in those nations which have well established free markets (Harriot and Matthews, 1998).

2.3. Housing Policy in Developing Countries

Housing problem in developing countries started at the outset of urbanization in the late 19th century when urban areas created to serve the needs of colonial countries. Urban growth in the colonies had little link with local conditions, the economy as well as the spatial structures of urban areas which was modeled in line with the colonial power. Apart from real scarcity of housing, the local people faced problems in relation to spatial segregation and ownership rights. In post second world war period, the new independence nations inherited the legacy of colonial spatial and economic structure. But only few countries did manage to overcome the structural problem and achieve decent housing standards (NUPI, 2003a).

There is evidence to the change of housing policies of third world governments from 1950 to the mid 1970s. The changes stems from recognition that the population of most cities is likely to continue growing rapidly and those considerable social and political problems may arise if the housing problem is not addressed. Dates differed greatly from city to city, but existing documentation suggests that it became a common policy response during the 1950s and 1960s. The particular time at which it was initiated in any single city probably related more to the onset of rapid population growth and the perception of a growing housing problem than to any agreed upon concept of how to address housing problem (Hardoy and Satterthwaite, 1993).

2.3.1 The African Housing Policy

Sub-Saharan African countries (SSA), have invested substantial amounts of resources aimed at combating the housing problem that is, the problem of qualitative and quantitative deficits in the housing stock during the last three decades. However, there efforts have failed to register significant positive results. In most cases, the efforts have

actually served to compound the problem. In their attempts to deal with the problem, planners in sub Saharan Africa (SSA) countries have typically relied on planning tools inherited from the policies of colonial countries (Njoh, 1999).

Apart from the stated purpose of improving living conditions in Sub – Saharan African countries, conventional housing policies are designed to sustain housing and environmental standards deemed aesthetically pleasing in the eyes of the political, bureaucratic and entrepreneurial elite, Western trained planners, and foreign tourists. The prescribed standards for conventional housing are often out of the reach of most members of the societies in question.³

Moreover, Taylor (1993) stated that African countries such as Nigeria posited solutions for the construction of more houses by making housing policy as part of urban and regional planning policy by reducing the cost of housing, encouraging development of smaller and medium sized cities and creating new housing units as part of environmental improvement and suitable climatic condition.

2.4 Housing Policy in Ethiopia

The analysis of housing policy can be divided into three periods: i.e. the period before military regime (before 1975); the military regime (1974 – 1991) and the post 1991 Transitional era. These periods of housing policy in Ethiopia will be discussed in brief as follows.

2.4.1 The pre 1975 Housing Policy

The housing market during this period can be characterized as one of the operating aspect on free market principles. Land lords were leasing urban land and constructing residential houses to tenants, and there was no restriction as regards the selling and buying of houses (Tilahun, 1997). Thus, the government had little involvement in the housing sector and was expected to provide low cost housing without prejudicing the role of the private sector to cater the medium and high income groups (Tilahun, 1997).

³ Ibid

In the imperial period, housing as a concern of the government did not get proper attention until the late 1960's. The urban land was privately owned by few land lords and Feudal aristocracy. Even the response was limited in scope, savings and loan scheme such as ISHOPA, and the Mortgage Company of Ethiopia (MCE), which were established to cater housing loan and access to land related issues remained un answered until 1975 (Mathewos, 1996; Tilahun, 1997).

According to Gulte (1989), the laissez fair condition was one of the factors blamed for the unplanned development of most urban centers because of the high cost of rent tenants. In the late 1960s, it was estimated that, only 5 percent of Addis Ababa's population owned about 95 percent of the city's urban land, while 55 percent of the houses in the city were rental houses. This resulted in high urban land prices, for there was no national government or municipal jurisdiction that controlled the rise of land prices or stopped rampant speculation. As a result, the majority of the urban population was forced to live in highly crowded and congested dwelling mostly built and owned by small scale land lords.

Housing provision in pre 1975 was predominantly handled by the private sector, and it can be said that, the government did not attempt to exert any effort in the provision of housing for low income people. The housing market during this period can be characterized as operating somehow on free market principles as land lords were leasing urban land and construct residential houses to tenants and there was no restriction on the selling and buying of houses. No formal housing policy was adopted during that period and most of the poor people in the city lived in extremely over crowded areas. Nevertheless, there was a need in some form of intervention particularly in the low income housing as it has seen evident for several years that, the then workings of private enterprise in housing have not tackled the problems which existed in Addis Ababa and in Ethiopia at large (Esayas, 2004).

2.4.2 Housing Policy during the Derg

The Derg government recognized the need for a prompt action on property ownership if it were to embark upon a social course of development. The Derg nationalized all urban land and extra houses (Proclamation No. 47/1975). By intent the policies during the Derg were pro-low income groups; however, as observed from reality, the nationalization of land favored those who could afford to build standard houses by excluding the needy members of the society. The prohibition of the development of affordable housing by individual developers compounded the plight of the low-income and the majorities were obliged to seek *kebele* houses in the face of stiff competition for a static housing supply. Housing allocation has had its own administrative factors that provided various degrees of priorities; political favoritism out-weighted that of income and household problem (NUPI, 2003a).

Proclamation No. 47/1975 nationalized all urban land and extra houses, high rise apartment and office buildings without direct compensation as the main rationale of the proclamation was to get rid of land lords. The most important immediate effects of the proclamation were a regressive reduction on the amount of rent by 50 percent for tenants who were paying a monthly rent less than 144 birr and the coming into direct government involvement in the sphere of housing provision. As a result, since the mid 1970s, the role of institutionalized forms of private housing provision was totally neglected and this was assumed to be handled by the government. In the years that followed the government was working towards a complete control of the housing market, albeit it encouraged self provision as the main form of housing supply. The proclamation prohibited the earning of rental income by individuals by putting conditions for the transaction of urban houses, and the government envisaged a complete control of the housing market (Tilahun, 1997; Esayas, 2004).

Moreover, to tackle the urban housing problems, the Derg nationalized urban land and extra houses (proclamation No. 47/1975) with the aim of:

- Preventing land speculation by shifting all urban areas under its direct control;

- Facilitating appropriation of property claimed by the planning authorities for public need;
- Offering better opportunities and easy access to urban land for the majority of the urban dwellers; and
- Reducing house rent and benefiting the majority of households.

For the implementation of the proclamation, the government set up the Ministry of Urban Development and Housing (MUDH), Housing and Savings Bank (HSB), Agency for the Administration of Rental Housing (AARH), Urban Development Project Office (UDPO), Housing Construction Corporation (HCC), Ethiopian Building Construction Authority (EBCA) and *Kebeles* and *Kefitegnas* (Basic political and organizational units of administration). Responsibility for management of the nationalized houses was given to the *kebeles* and the AARH. The MUDH became the leading housing and urban development body. In addition to its policy, MUDH coordinated the activities of all municipalities and housing cooperatives. It was also mandated to regulate the construction industry and produce housing directly (Mathewos, 1996).

Furthermore, there were no explicit policies on housing until 1986. However, there were certain implicit policy objectives (in the form of rules and regulations) inherent in proclamation No.47/1975. The implicit policies despite their concern for equity, created serious bottlenecks in the housing sector and the largest share of the housing need remained unattended. The housing policy document issued by the government (Proclamation No. 92/1986) and the associated regulations responded to sever problems faced the housing sector. Problems were encountered, particularly in Addis Ababa, in providing serviced land. It also became difficult to make adequate construction materials. The problems were serious that the government issued a directive to halt the allocation of urban land all over the country until a national housing policy was formulated along a socialist line. The directive also totally banned the selling and buying of houses (Tilahun, 1997).

The main objective of the policy has been space and material economy which was to be achieved by non public participation particularly by individuals who would organize themselves in cooperatives in the construction of standardized dwelling houses. It also envisages that the government would be the sole buyer of potential houses to be sold by their owners. Thus, another objective of the policy was to achieve further control on the housing market.⁴

In spite of the limitations imposed by policy and regulations on benefiting from rental income, households were sub-letting their own houses and those of *kebele* owned houses to mitigate the acute shortage of supply. In the later part of the Derg period, subletting was officially allowed for private house owners. Following this, there was a move to liberalize the economy. However, the policy change to a mixed economy without the necessary policy and institutional changes in various sectors brought about subsequent changes in housing transformation: the meager housing stock was being transformed from residential use to business and other use classes. This situation has had a lot of impacts on housing. Firstly, it reduced the housing stock available for habitation, and secondly, it brought non-compatible uses to residential areas. This trend continued in the 1990s and the situation was reportedly severe by the end of the millennium (NUPI, 2003b).

In general, during the Derg period, the housing question was given better attention compared to the previous era. This period could be remembered for its promotion of housing co-operatives and private ownership of housing. It has also enabled a substantial number of low income households to own their own dwellings. However, the tenants imposed on housing tenure types, the modes of housing supply and on land development and allocation aggravated the housing problem to a higher magnitude than its previous condition (NUPI, 2003a).

⁴ Ibid

2.4.3 Housing Policy in Post 1991

The 1991 change of government brought with it a complete change to socio-economic development direction of the country. The official development policy of the Transitional Government became a market-led economy in which the private sector will play a paramount role. However, due to the long years of centralized administration, it was not easy to transform the management of the economy in an effective market system. This situation still haunts the Federal Government to this day. In the housing sector, the introduction of the market economy did not result in appreciable change. Housing co-operatives were denied access to land in favor of individual applicants, housing loan was totally abolished and the lease holding policy was enacted. Although land for basic housing is exempted from lease, the initial deposit required as a security to develop according to plan has aggravated the problem of accessibility (NUPI, 2003b).

Following the change in government, in May 1991, the Transitional Government of Ethiopia (TGE) came with an official policy of revitalizing the housing market by privatization of urban houses (Tilahun, 1997). The economic policy of the transitional period stated that:

- The state retains ownership of urban land but ensures its equitable distribution for housing construction;
- The state issues and enforce regulations, create favorable conditions to promote integrated urban development and encourage the public to take advantage of the policy ;
- Depending on the availability of resources, government agencies encouraged to construct, rent and sell low-cost houses ;and
- The state issue regulations to protect the right of both land lords and tenants.

In tandem with the new economic policy requirement and proclamation No. 80/1993 of the central government, the effective prevalence of the full operation of the market forces, the council of Addis Ababa Administration issued regulations of land holdings (No. 2/1994; No. 3/1994; No. 4/1994). As corollary of the new policy, a number of housing subsidies i.e., in building materials, infrastructure and loan interests were also

removed. It is the government's intention to move away from housing delivery and to invite the private sector to fill the gap. The private sector has, however, been reluctant to respond because of the current legal and regulatory frameworks. The rental income tax levied by the Regulation (No. 3/1994) is higher than the income tax in other business. Despite the new private-sector oriented approach, the Addis Ababa Administration is currently building medium-income housing units (Mathewos, 1996).

Moreover, following the change of government in the country, the transitional government of Ethiopia came up with a land lease policy No. 80/1993 which enables people to possess land so as to build houses for residential as well as for rental purposes. Urban land possession differs according to the types of services, and the maximum would be 99 years of lease for residential plots. It was only after 1993 that, the government gave signals about its possible tolerance of private sector participation in the provision of housing. According to the newly adopted policy the government starts to liberalize the housing sector by taking measures which include the selling of houses administered by the public sector, abolition of the assistance of the subsidized building material delivery, and ceasing the subsidy of interest rate loans from the financial sector (Esayas, 2004).

Among the main issues of housing development policy direction is focusing on enhancing the saving culture, overcoming the problems of decayed urban areas through urban renewal and upgrading, increasing the density of developed area, and developing the construction industry through the implementation of IHDP. The government intervention became in line with facilitating housing finance, land, capacity building, bulk purchase of industrial product of construction material, organizing medium and small scale enterprise, introducing new construction technology, that minimize cost and time as well as, standardizing the housing. The Federal Government of Ethiopia (FDRE) has taken the experience as a good opportunity to replicate the program as a means of alleviating shelter problems in many regional towns of the country. Currently, though housing policy is not yet formulated at national and city level, the city's housing principle follows free market economic policy adopted in 1991. Consequently, in the year 2006, the urban development package that addresses the housing sector has been enacted. The

package deals with the housing development with the main objective of constructing low cost and land saving condominium houses for the middle and low income people. It was a strategy to alleviate the shortage of housing in a meaningful way and create wide employment opportunity to improve the lives of urban poor (Tamiru, 2009; Lealem, 2007).

Generally, the urban development policy report of the federal government of Ethiopia ensures housing supply which constitutes enhancing the role of the government and local authorities so as to promote residential development by raising or improving their income through accelerated and equitable development. It also promotes the private sector to participate and play a key role in the housing delivery process and concurrently creating the capacity of private and the public actors in the housing delivery process (NUPI, 2003b). Eventually the urban development policy had encouraged the private sector to be engaged in the real estate development of housing. To this effect, the following pages shall discuss the concepts and practices of real estate activities in developed and developing countries as well as in Ethiopia.

2.5 Concepts and Definitions of Real Estate

Unger and Karvel (1979:1) defined real estate as follows:

Real estate is an integration of many specializations, an aggregation of disciplines resulting in a unique field of study. It is the interrelationship of marketing, economics, finance, sociology, management and law with the use of land and buildings. More than breadth, it is the study of the specialized application of these disciplines to people and their use of real estate resources.

Real estate is land and the improvements made to land, and the rights to use them. For legal purposes, it is defined as land and the entire natural and manmade improvement of anything that is permanently attached to property, such as trees, buildings or roads. When we buy or sell real-estate, we usually buy both the land and the improvements. Real estate usually also encompasses the rights to all of the oil, minerals, and water that are under the property (Harwood and Jacobus, 1993; Evans, 1983; Thomsett and Thomsett, 1994).

Moreover, real estate has traditionally been divided into five markets: residential, commercial, agricultural, recreational and industrial. All of the individuals involved in the business of real estate will relate to one or more of these markets (Pilder, 1981). The term real estate is so vast, but the functional meaning of the term is based on the objective of the study which is concerned with the construction industry and its related issues.

Real estate has long been one of the most common investments. Historically, people have been investing in real estate for hundreds of years, and more fortunes have been quickly made and lost in real estate than in virtually any other form of investment. The owners of real estate have survived periods of boom and bust, overbuilding, inflation and recession, loose credit and tight money policies, war and peace, bank expansion and bank failures. Notwithstanding the good times and bad times, real estate has maintained its value as an investment. One of the attractions of real estate is its limited supply despite the constantly increasing need (Saft, 1992).

A vibrant real estate sector is crucial to economic development. Similarly, transparent and cost-effective land use policies offer a more hospital environment to foreign direct investment as well as local projects. Real estate may be acquired, owned and conveyed or transferred by any legal entity as determined and defined by law. This entity may take the form of individuals, businesses and nonprofit corporations. It generally contribute to a country's economic development as a result of a corresponding growth in the demand for materials, labor inputs backward and forward linkages affect the economy (Abraham, 2008).

Nowadays, Real estate development requires more knowledge than prospective markets and marketing, partners of urban growth, legal requirements and legal regulations, public policy, conveyance and contracts, elements of building design, site development, construction techniques, environmental issues, infrastructures, financing, risk control and time management. Every increased capacities and complexities along each of these dimensions have resulted in increased specialization. Thus, to engage in real estate development, there is at least an eight-stage model (Miles et al, 2000; Burton, 2001).

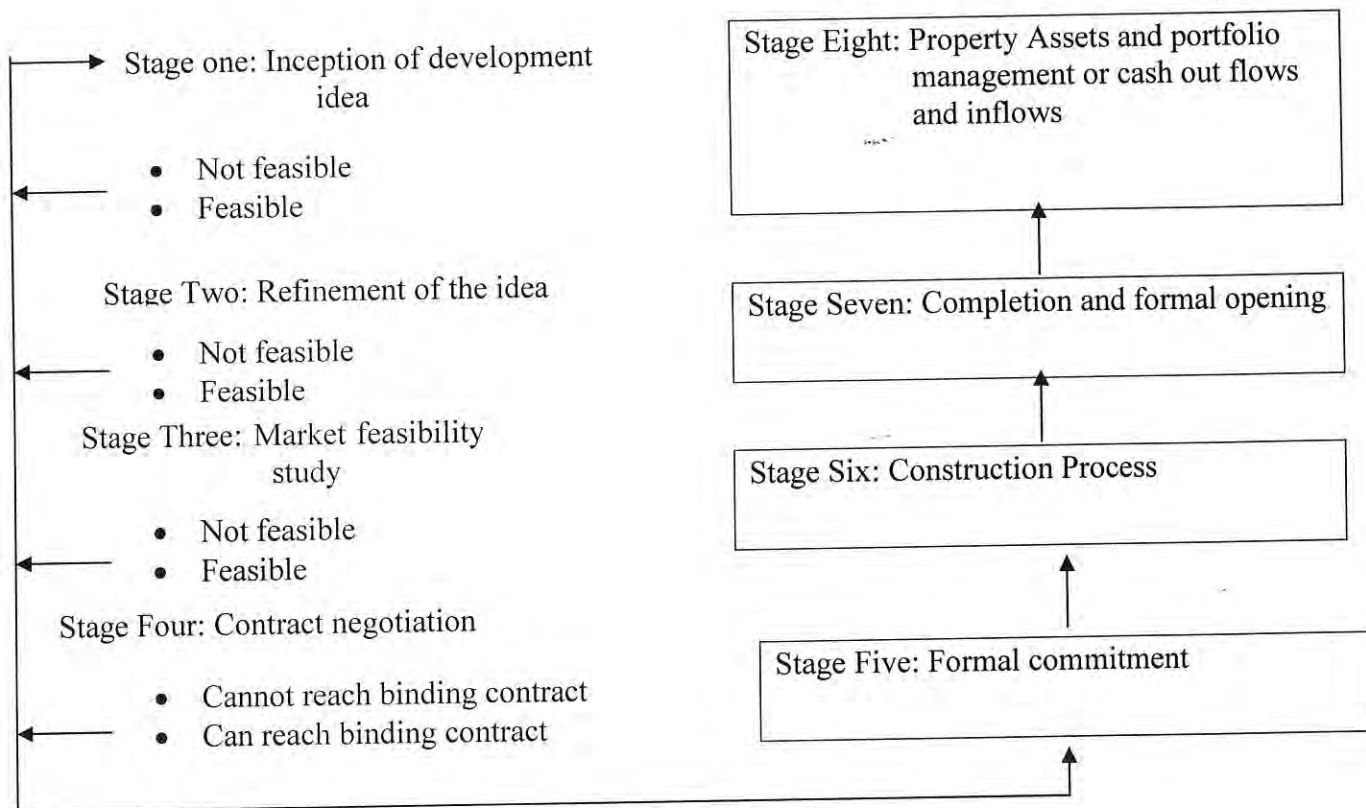


Figure 2.1: The Eight Stages in Real Estate Development

Source: Miles, et al (2000) and Burton (2001) cited in Libanos (2005)

2.5.1 The Global Perspective

Countries which have strong economy and that pursue capitalist or free market economic system allow the private sector to participate in almost all types of economic activities. As a result, the private sector is perhaps the leading player in the creation of the built-up environment in their economies (Warren, 1993). Real estate investment is very popular because it has a track record that can only encourage investors, and the fraction and outcome of their investment is easily perceivable and quite obvious (Adler, 1993).

The real estate industry is becoming the possible participant in the ongoing phenomenon of increasing global economic integration. In the last decade, however, globalization has increasingly involved the internationalization of services sectors as much as of

manufacturing, and the various sub-sectors of the real estate industry have been enthusiastic participants in this global surge. Builders, brokerage firms, consulting and services firms, real estate finance firms and investors have extended their area of operations beyond local markets to a worldwide base (Bardhan and Kroll, 2007).

Adequate housing and private home ownership are essential elements to the development of market-based economies. Until recently much of the focus of large international investors has been on macroeconomic policies and instructional investment. The need for real estate development in the world is because of population growth and technological development. So, real estate development is the continued reconfiguration of the built up environment to meet society's need (Miles, et al, 2000).

Some of the largest consumers of real estate are becoming increasingly global. Multinational firms, with their manufacturing plants, their distributors and suppliers and now increasingly service sector firms, ranging from financial to legal, have global foot prints. The lack of international trade in real estate is now being compensated by increasing cross-border investments in real estate, international development projects, multinational real estate ventures and integrated housing developments (Bardhan and Kroll, 2007).

2.5.2 Real Estate Development in Developed Countries

In Western countries, housing and real estate are seen as distinct asset class. This fact leads to greater market efficiency, stability and liquidity (PADCO, 2006). The real estate industry spans across several industrial categories, including individual sectors with in the broader groupings of services, finance and construction. The sector defined by the North American Industrial Classification system as real estate (NAIC) includes only real estate services such as leasing, brokerage, management and appraisal. This segment of the industry employed 1.5 million nationwide in 2006, just over one percent of the US employed labor force (Bardhan and Kroll, 2007).

Like many other transactions in US society, real estate sales are governed by a series of laws and regulations. These laws developed gradually to meet the needs of the society

(Evans, 1983). The ownership of real property excited the imagination of many American in the 1980s as it never had before. As a result, nearly a third of all office buildings found now in US was built between 1980 and 1990 by the real estate developers (Adler, 1993). In the case of United Kingdom, the supply of new and renovated housing is inextricably linked to the level of housing investment, while in recent years there has been an increase of investment in the private housing sector (Balchin and Rhoden, 2002).

2.5.3 Real Estate Development in Developing Countries

The conventional or formal mode of housing provision mainly caters for the high-income groups of the urban population in developing countries. This is mainly achieved through the private market (Keivani and Werna, 2000). Opportunities have been created by the recent opening up of countries in the developing world and also by the widespread fragmentation of real estate markets in emerging economies, the proliferation of family owned traditional firms and the accompanying lack of professional in the sector. While the manufacturing and services sectors in these countries have always had at least a few firms which were efficient adopters of global best practices in organization and management, the real estate sector, in a sense, has been a late-comer to modernization itself. Even in the real estate sector, every developing country has examples of office buildings and residential complexes (Bardhan and Kroll, 2007).

Real estate development in developing countries such as in Africa is mostly in the hands of bodies under the supervisory of authorities of the state. It is very difficult to assess accurately the work done by these public bodies in overall real estate development (Gheris, 2005). However, land and real estate accounts for 45-75 percents of the wealth of developing countries. These assets have unique characteristics of being simultaneously a major input into production activities and consumption by households of residential real estate and infrastructure services (Galal and Razzaz, 2001).

2.5.4 Real Estate forms of Housing Developments in Ethiopia

Real estate form of housing supply is a new form of housing development for Ethiopia. When real estate development became an economic sector on its own, it started its operation in the housing sector (Wubshet, 2004).

Real estate development is linked with specialization that a person or a firm develops land and property for sale or rent. Real estate development is intrinsically linked with land; hence the mode of land ownership affects its operation. The issue of specialization of real estate development in Ethiopia is related with urbanization and urban land ownership. In fact, the unplanned growth of most urban areas is a reflection of the state of real estate developments in Ethiopia. Real estate developments, especially those that are developed for sale, require formal operations. On the basis of the mode of land ownership, real estate developments in Ethiopia could be categorized in to three periods⁵:

- i. private landownership (Pre- 1975 period)
- ii. Public ownership with usufruct right only (1975 – 93), and
- iii. Public ownership with leasehold rights (Post – 1993)

i. Private Land Ownership Period (Pre-1975 period)

During the private land ownership period, most land lords sold parcels of land for individuals who wanted to build houses. The producers of built-up space were mostly the occupiers; this is still the case in most urban centers in the country, especially for housing. Where space for rent was produced, the developers were mostly the landlords themselves. Except for the few modern buildings in central areas of cities, landlord-developed estates had neither planning nor building permissions. In most cases the development of traditional *Chika* houses was done without bank loan. The positive aspects of this mode of development were the ability of the system to utilize traditional means of mobilizing project finance and the accessibility of rental houses to residents. However, this manner of development has had drawbacks:

- The developments lacked planning and building permission, hence posed difficulties for urban management
- Houses were below standard in terms of size, space organization, construction, and infrastructure, hence, pose health and safety hazards.
- Promoted rental housing, subsequently raising urban maintenance problems after they were nationalized.

⁵ Ibid

- Maintained monopoly on land and real estate in the hands of very few landlords, hence slowed the transition of the economic order to a modern system.

The pre 1975 imperial regime of Ethiopia had a monopoly of political and economic power over land and other tangible properties. This was inherited hereditarily and prohibited by law and by other means; other sections of the society were banned from owning land and other property. This had been the case until the advent of capitalism around the beginning of the 20th century. Until the 1940s the crown had the power to take back the land and assign it to others in case of any royal disfavor. However, after the Italian occupation (1936-1941) land lords were entitled for free hold with royal favor. Since then, very tiny foreign business community have access to land by way of concession from the government or contracting from the land lords (Abuye, 2006).

ii. Public Land Ownership with Usufruct rights only (1975-93)

During this period land was centrally allocated to individuals and institutions (Private and government) for own use only (Proclamation No. 47/1975). The main developers of estates for uses other than housing during this period were the government, parastatal institutions and public associations (Wubshet, 2002).

Public ownership of land did enable urban centers to plan their developments but the limitations in the allocation of land have curbed growth. Transformation of uses maybe a natural outgrowth of urban change but the limitation on land supply and the ban on real estate development as an economic activity are observed to have accelerated the conversion of houses to other use classes and the supply of private rental house. Moreover these transformations were mainly informal; but they constituted real estate developments for the period (Essayas, 2001; Cited in Wubshet, 2004).

iii. Public Ownership of Land with Leasehold Rights (Post -1993)

The current government has adopted a free market economic policy with Agricultural Development Led Industrialization (ADLI) as its leading development strategy; it also launched a structural adjustment program, aimed at liberalizing price control and import

tariff, devaluing national currency and privatizing state owned public enterprises, open-up policy in trade and investments, by limiting government role to discharging and discouraging and facilitating responsibilities in the area where the private sector is not able to efficiently and effectively deliver the goods and services required by the society. Such market economy oriented policies, strategy and program induced the incumbent government to adapt policies and laws regarding urban land, land housing, investment, industry etc. Hence, it was within this reform framework that urban land leasing policy and legislation were promulgated and put in to effect as of 1993 (Abuye, 2006).

There are ambiguities in the way ownership of land is stated in the different proclamations since the nationalization of land in 1975. Land was declared to be “a collective property” in proclamation No. 31/1975; state property” in proclamation No. 1/1987, and “common property and the property of state and the people” in proclamation No. 1/1995. Leaving aside the ramifications on property rights, the different laws limited the rights of individuals on land to usufruct only (Tilahun, 1997). However, this was not made explicit prior to the 1993 proclamation (Proclamation No. 80/1993) which introduced a lease hold policy (Wubshet, 2004).

Unlike the previous socialist government, the national investment policy of the federal government of Ethiopia encouraged the private sector to have an active role in the national economy (Proclamation No. 37/1996). Consequently, there is more demand for operating space. In fact when the socialist government introduced the mixed economic principle in the late 1980s there was already a surge of request for land. The urban policies pursued to implement the liberation policy in the last days of the Derg. Government and the policies since the takeover in 1991 have not succeeded in delivering serviced land as required. One of the effects of this disparity between the liberalization of the economy and the land delivery policies is the conversion of existing properties informally to business places and the informal development of land at the urban fringe at a higher rate.⁶

⁶ Ibid

Ethiopia is currently in transition from command economy to market driven private sector development. According to the recent macro- economic policy of the country, the private sector is supposed to play an active role in all development activities .Due to this reason, the real estate sector has been one of the fastest growing segments of the Ethiopian economy. Real estate development in Ethiopia is acting as an engine of economic growth and has created unprecedented opportunities for many citizens. It has established several jobs and a good market for building material suppliers. It has also created a great opportunity to members of the Ethiopian Diaspora, who wish to own real estate or hold shares in one of the major real estate companies. Thus, real estate is contributing in easing the shortage of housing (Access Capital, 2010).

Chapter Three: Research Methods

This section presents the subjects and area of the study, the sampling technique, and instruments that used to collect the necessary information (data), methods of data analysis and interpretation for the realization of the aforementioned objectives.

3.1 Research Design

Mixed research method, that is both quantitative and qualitative research methods, was employed in the study. This study employed descriptive data analysis to assess the opportunities and challenges of urban development housing policy and the residential real estate development in Addis Ababa. Moreover, a case study was used intentionally to deeply investigate the overall condition of residential real estate development in the city of Addis Ababa. Hence, the study employed case study as well as both qualitative and quantitative methods to triangulate the data collected.

3.2 Data Sources

Both primary and secondary data sources were used in this study. The primary data were collected through questionnaire, personal observation and interview with key informants. On the other hand, the secondary data were gathered from published and unpublished documents like the city administration reports, brochures as well as relevant literatures obtained from different sources.

3.3 Data Gathering Tools and Procedures

The study employed different method of data collection tools in order to generate more reliable and valid information. The following tools were used to collect data for this study.

Questionnaire

Structured questionnaire comprising mainly close ended and open ended questions were used to gather information from respondents. The questionnaires were administered to the sample respondents by skilled enumerators under the supervision of the researcher.

Questionnaires for the real estate developers and city administration officials were administered by the researcher. In order to avoid language difficulties, the questions, which were formerly developed in English, were translated into Amharic. Hence, the data were collected in Amharic and finally analyzed in English.

Key Informant Interview

Interview is believed to be the important tool in collecting in-depth information by eliciting important points to be included in the study. Specifically, Key informant interview was used in this study. The key informants were actually selected for their specialized knowledge and unique perspective on the topic. Hence, interview was conducted with selected key informants of real estate developers, housing policy experts of Ministry of Urban Development and Construction, city administration officials of housing agency, land administration and building permit experts since they do have special knowledge on the issues under investigation. They were purposefully selected to elicit information rich data, particularly about the opportunities and challenges of urban development housing policy and of residential real estate development in Addis Ababa.

Observation

During the process of data collection, the researcher has observed the overall situation of the real estate developments such as housing typologies and availability of infrastructural services. This was implemented by developing observation guidelines. The observation data were used to triangulate and validate the information obtained through other tools.

Documents Review

The document review mainly focused on office and legal document reports. In addition, books, articles, journals, electronic materials and other related documents of the phenomenon under study were analyzed.

3.4 Rationales for Selection of the Case Studies

The study is conducted on two residential real estate developments i.e. Ayat and Sunshine real estates for the fact that these two real estate developers started housing

construction earlier and transferred to their customers. Besides, they were willing to provide the necessary research data. On the other hand, the reason for emphasizing only on cases of residential real estate development was that the real estate developers were reported to have grabbed large hectares of land. Hence, the researcher was interested in examining to what extent the real estate developers have been playing their role in narrowing the problem of residential houses in the city, when viewed in light of the large plots of land they took possession.

3.5 Sampling Techniques

The sample of real estate developers was selected by using purposive sampling technique based on their level of operations; particularly those who had started construction and transferred houses for clients on time were handpicked purposefully. However, for the data that was collected from the residents of the case studies, i.e., Ayat and Sunshine real estates, the respondents were selected using systematic sampling techniques. The stratified sampling was employed by considering the housing typologies, i.e., villa and apartment types. Since the target populations of the study were more homogeneous, the researcher took five percent sample respondents of the total population.⁷

To put it briefly, five percent (from each type of houses) was taken as the sample respondents of the study, i.e. from the total of 3509 residents of Ayat real estate, 175 sample respondents were drawn, whereas 46 sample respondents were taken from the total of 919 Sunshine real estate residents. The sampling procedure used is shown in the table below.

⁷ Sarantakos (2005: 171) stated that number of sample respondents can be small due to three fundamental factors: the nature of population (the more homogeneous the target population, the smaller the sample can be), the validity of time and the fact large sample do not always guarantee higher degree of precision.

Table 3.1: Number of Residents in the Selected Residential Real Estates and the Size of Sample Drawn

Name of the real estate	Type of houses	No. of residents	Number of samples drawn
Ayat	G+0 villa	2069	103
	G+1 villa	1380	69
	Apartments	60	3
	Total	3509	175
Sunshine	G+1 villa	225	11
	Apartment	694	35
	Total	919	46

First, the researcher received a complete list of the residents of the above mentioned house types from the real estate developers. Next, the total number of the population was divided by the number of sample size to obtain the k^{th} interval ($k=N/n$, where N =Total population, n =Sample size and k =Sampling Interval). Then, every k^{th} element in the total list was chosen for inclusion in the sample. For instance, the total number of residents of Ayat real estate (G+ 0 villas), as shown in the table above, is 2069, whereas the sample size taken is 103. Then, the total number i.e. 2069 was divided by the number of sample respondents i.e.103 to obtain the k^{th} interval, which equals to 20 ($2069/103=20$). Finally, every 20^{th} element of the residents was drawn from the list until the required sample size was obtained.

3.6 Method of Data Presentation and Analysis

Following the data collection in the field using different tools, editing, data entry, and cleaning process of all questionnaire was made. After completing and cross checking the data, it was organized in line with the objectives and research questions of the study and then analyzed through both quantitative and qualitative ways. The data collected through the qualitative tools were organized thematically and presented in a narrative form, whereas the information obtained through questionnaires were analyzed and interpreted

using statistical tools. Then, the qualitatively and quantitatively analyzed data were triangulated for the purpose of validation.

3.7 Organization of the Thesis

The thesis is organized into five chapters. The first chapter includes the background of the study, statement of the problem, research questions, objective of the study, significance of the study, limitation of the study and scope of the study. The second chapter presents the theoretical and empirical literatures related to the research. Chapter three describes methods of the study and chapter four discusses the major findings or the result of the study. Finally, conclusion and recommendations are presented in chapter five. The annexes contains questionnaire, pictures, tables and other important documents.

3.8 Ethical Considerations

An ethical consideration was made in this study. Initially, letter of permission was written by the department of Urban Development and Management Center of Addis Ababa University. Before anything, the investigator of the study has introduced the main objective of the study so as to avoid any suspicion that might occur. The sample respondents were informed before responding to the questionnaires that their response would be kept confidential and would not be used for other purposes than to achieve the objectives of the study. Accordingly, the researcher got permission from the project managers of the respective real estates to gather the necessary information.

3.9 Study Area

The study was conducted in Addis Ababa, the capital city of Ethiopia, which is located in the horn of Africa, geographically at the center of the national territory. The city lies between 8°55' N and 9°05' N latitude and 38° 40' E and 38°50' E longitude at an average altitude of 2500 meters above sea level (see appendix 13). The total area of the city is 540 square kilometers (0.05 percent of the country's land mass) (Gebre, 2008; Meheret, 1999; Wubshet, 2002). Today, Addis Ababa is not only the capital and the largest city in Ethiopia but also a text book example of a primate city with about 3

million⁸ populations, as it is at least 14 times larger than Dire Dawa, the second largest city in the country. Addis Ababa contains about 4% of the total population and 26 % of the total urban population of the country (UN – Habitat, 2007).

⁸ This Figure is based on CSA census data. Some estimates have put the current population in excess of 4 million.

Chapter Four: Data Presentation and Analysis

This chapter presents the results of the study. The first sub-section displays housing development, land delivery, nature of urban development policy of housing and impacts for residential real estate development of Addis Ababa city. The opportunities and challenges of the residential real estate developments of the city have been presented. The second sub-section has presented the detail description of urban development policy of housing of Addis Ababa city, i.e., housing demand and supply in Addis Ababa, strategies for delivering of houses in Addis Ababa, success of the housing development policy in Addis Ababa, challenges of urban development policy of housing in Addis Ababa, affordability of housing in Addis Ababa and actions taken to solve housing problem in Addis Ababa have been presented. Finally, the selected residential real estate developments of the city namely Ayat and Sunshine real estates have been presented. In this study, a total of 221 sample respondents i.e. 175 respondents from Ayat real estate and 46 respondents from Sunshine real estate were sampled.

4.1 Examining the Basic Issues of Residential Real Estate Development and Legal Provision

4.1.1 Residential Real Estate Development in Addis Ababa

The economic policy issued in 1991 allows the private sectors to be the main agents to provide housing in the city (Tegegne, 2002). Due to this reason, the real estate development activities have been the major and the fastest growing sectors in Addis Ababa.

In the case of Addis Ababa, the term real estate is defined differently by Addis Ababa Investment Agency (AAIA) and Addis Ababa Land Administration and Building Permit Authority respectively. According to Addis Ababa Investment Agency, real estate development refers mainly to the construction of dwellings, offices and apartment buildings.⁹ Whereas, the land administration and building permit authority of Addis Ababa City Administration defines real estate as developing of 50 dwelling units and

⁹ Addis Ababa City Government Investment Guide, August 2009

above and is considered as residential if no less than 70% of the houses used as residence.¹⁰

According to the information got from an expert of land administration and building permit of Addis Ababa city government, about 5.5 million square meters of land was distributed to 125 real estate developers since 1992. Bole, Yeka and Nefas Silk Lafto sub-cities are among the major sub-cities of Addis Ababa where significant number of real estate developers found.

4.1.2 Location and Distribution of Residential Real Estates in Addis Ababa

In terms of residential expansion, much of the real estates have been developed towards the outskirts of the city. According to the interview made with the Addis Ababa Land Administration and Building Permit expert, majority of the real estate developers are spatially located at the expansion areas of Bole, Yeka and Nefas Silk Lafto sub-cities of Addis Ababa since these areas have ample vacant spaces, less level of traffic congestion, relatively less land lease price and good landscapes for building residential houses. The location and distribution of residential real estate developers of the city are shown in the table 4.1 below.

¹⁰ Addis Ababa Land Administration and Building Permit Authority guide line for real estate developers, April 2010.

Table 4.1: Distribution of Residential Real Estate Developments in Addis Ababa

No	Sub-cities	Total land delivered (m ²)	Number of residential real estate developers
1	Addis Ketema	-	-
2	Akaki Kality	40,200	2
3	Arada	-	-
4	Bole	3,554,698	69
5	Gulele	-	-
6	Kirkos	21,113	3
7	Kolfe Keranio	305,046	2
8	Lideta	80,000	1
9	Nifas Silk Lafto	678,475	22
10	Yeka	787,290	26
Total		5,466,822	125

Source: Addis Ababa Land Administration and Building permit Authority (2010)

As shown in table 4.1 above, large plots of land were delivered for real estate developers in Bole, Yeka and Nefas Silk Lafto sub cities. However, there are no residential real estates in Addis Ketema, Arada, and Gulele sub cities of Addis Ababa.

Moreover, Baymot (2008) stated that residential real estate developers are concentrated in four major and two minor areas of Addis Ababa city. The major locations of concentration hierarchically are:¹¹

- i. Real estates in the eastern part of Addis Ababa (CMC, Meriluke, Bole- Lemi, Ayat area, and Legetafo area): Fall in two sub cities of Addis Ababa namely Bole and Yeka sub cities, accommodating about 89 residential real estate developments. It leads to a conclusion that portion of the city is concentrated with residential real estate developments.

¹¹ Ibid

- ii. Real estates in the Western part of Addis Ababa (Repi and Karakore area): Fall in kolfe keranio sub-city accommodating two real estate developers.
- iii. Real estate in South West part of Addis Ababa (Mekanisa and Lebu area): Fall in Nifas Silk Lafto subcity, accommodating about 22 real estates.
- iv. Real estate in the Mid South East of Addis Ababa (Bole Bulbula area): Fall in Bole sub-city, accommodating about six real estate developers.

The minor locations of concentration in the city are:¹²

- i. Real estates in the inner part of Addis Ababa (Kasanchis area)
- ii. Real estates in the Southern part of Addis Ababa (Akaki area)
- iii. Real estate in the mid Western part of Addis Ababa (Lideta area)¹³

4.1.3 Land Delivery System for Residential Real Estate Developers

According to the information gained from Addis Ababa land administration and building permit authority experts, about 5.5 million square meters of land was delivered to 125 real estate developers through the ways of auction, negotiation and free of lease.

Auction land pricing was applied based on competition among applicants (developers) relating to the least price offered for each square meters of land to be allotted. In connection to this, Mesganaw (2009) stated that auction involves at least three stages: initiation (declaration of intention), offer and acceptance. At the initiation stage, the government identifies and makes the land ready for auction. Once the plots are determined to be offered by auction, its floor price is estimated and advertised by the government in a public place. Once the advertisement is made, bidders purchase tender document from sub-city where the advertised plot is found and fill it as prescribed in the document. The bidder should annex certified payment order (Cheque) as a bond of auction and a bank letter as a capacity indicator. Purchasing tender document, filling it as required and putting it in a tender box is an offer by the bidder. Therefore, the bidder cannot change his intention once the auction box is sealed. The next and last stage of

¹² Ibid

¹³ There is only one residential real estate development in Lideta area

auction is acceptance by the government.¹⁴ Not all lands can be given to real estate developers by auction although auction is the most preferable method of land permit by lease.

Another method of land permit for real estate developers is negotiation which is done between real estate developers and the land administration and building permit authority of Addis Ababa city government. Negotiation pricing of land was mostly applied for developers who proposed to construct 30% villas and 70% apartments. According to Mesganaw (2009) negotiation may be initiated either by the developer or the government. If the government initiates negotiation, it notifies the public in general and developer in particular its intention to permit the land by lease on negotiation. The city government also invites the real estate developers through possible means to appear with their negotiation proposal.

At the outset, free of lease land was provided for developers who proposed to construct 100% apartment and particularly addressing the middle and low income groups of the society. Similarly Mesganaw (2009) stated that land free of lease is applied for a land to be utilized for development of low cost dwelling houses and for developers who have shown an exemplary performance. However, the land administration and building permit officer of Addis Ababa noted that lease free of land for developers was rescinded because it has its own shortcomings, i.e., providing profit for developers who did not serve for middle and low income groups of the city. Besides, the city government could lose a potential amount of revenue from the land lease price.

According to the information gained from the land administration and building permit officer, auction land lease pricing was appropriate to provide land for real estate developers. The reason is that the auction was done in a public through media and based on land grades and bench mark price of the land in which the land sold to the highest bidder. This process of land provision was not exposed to corruption and illegal activities. Similar to this study, Molla (2009) stated that the allocation of urban land by

¹⁴ Ibid

auction is in principle a recommended and fair mode of distributing of urban lands based on specified and fixed requirements, standards and procedures.

On the other hand, the land administration and building permit officer of Addis Ababa stated that negotiation pricing and free of lease was not advisable for the city government. According to the officer, negotiation pricing of land has been exposed to corruption and illegal activities both by the developer and the city government officials. In addition to this, Molla (2009) explained that negotiation mode of allocation may give much discretion to the urban land administration organ and as a result it can be subject to abuse to benefit only selected applicants and lacks transparency.

4.1.4 Land Lease Price for Residential Real Estate Developers in Addis Ababa

The land administration and building permit authority of Addis Ababa City Administration has demarcated the benchmark lease price according to the zoning and land grades. According to the information gained from the authority, the zones of the land are classified as CBD (Central Business District), transition and expansion zones. The land grades ranges from 1 to 5 based on the availability of different service facilities like soil type, road network and the population residing in specific locations. The zone and bench mark land lease price of Addis Ababa is shown in table 4.2 below.

Table 4.2: Minimum Land Lease Price¹⁵ in Addis Ababa

No	Zone	Grade of lease land	Minimum price (birr/m ²)	Multipliers to determine negotiable prices by width of roads (meter)			
				No road	Less than 10	10 up to 20	Above 20
1	Central business zone	1	1686	1.2	1.5	1.7	1.9
		2	1535	1.2	1.5	1.7	1.9
		3	1323	1.2	1.5	1.7	1.9
		4	1085	1.2	1.5	1.7	1.9
		5	894	1.2	1.5	1.7	1.9
2	Transitional business zone	1	1035	1.2	1.3	1.4	1.5
		2	935	1.2	1.3	1.4	1.5
		3	809	1.2	1.3	1.4	1.5
		4	685	1.2	1.3	1.4	1.5
		5	555	1.2	1.3	1.4	1.5
3	Expansion zone	1	355	1	1.2	1.3	1.4
		2	299	1	1.2	1.3	1.4
		3	217	1	1.2	1.3	1.4
		4	191	1	1.2	1.3	1.4

Source: Addis Ababa Land Administration and Building permit Authority (2010)

As can be seen from table 4.2 above, the lease price of the land in Addis Ababa is high in the central business zone and low in the expansion zone. Besides, the lease price of the land varies in relation to availability of basic infrastructures like road water electricity and other services. The map indicating the benchmark price of land in Addis Ababa is shown below.

¹⁵ Currently, the City Administration is studying to revise the Land Lease Policy that is projected to be implemented in the near future.

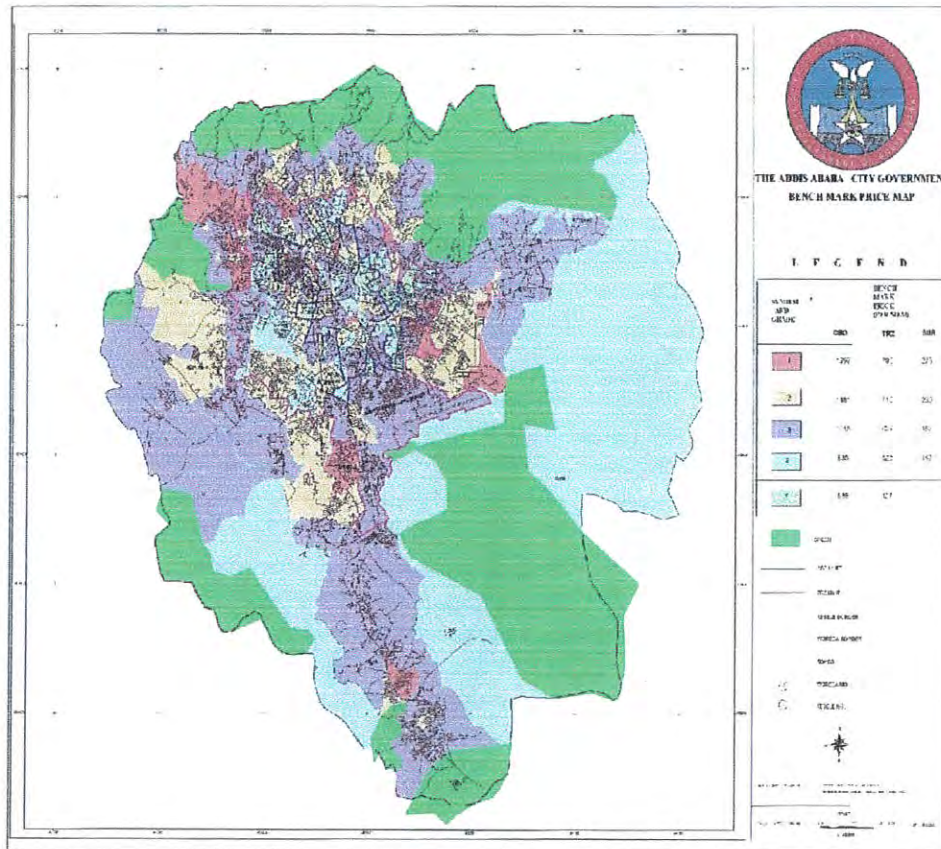


Figure 4.1: Benchmark Price Map of Land in Addis Ababa

Source: Addis Ababa Urban Planning and Information Institute (2010)

Moreover, the floor price of a specific plot in the city depends whether the plot is in the central business district (CBD); areas with access to transport and communication that attract more people and socio-economic activities, zone of transition and sub-urban areas that are good for residence (Alebel and Genenew, 2007).

According to the interview with the land administration and building permit officials, the land price of real estate in the expansion area for apartments is the negotiation price, but for the land allotted for villa in the expansion area the land lease price was the highest auction of the area. However, if the negotiation price exceeds the auction price of the area, the negotiation price implemented. Accordingly, the land administration and building permit authority implemented the following activities during the land lease price for real estate developers:

- Real estate developers paid 20% advance payment of the total lease price.
- The right to be free from lease payment for 50 square meters per household has been rescinded. Nowadays any plot of land can never be given free of lease payment.
- Plots outside the reserved real estate area are auctioned, i.e., the land which has not already been reserved for real estate development program is presented for auction (bid) in case it is needed for investment.

The land administration and building permit official noted that the initial lease prices that are to be given to the developer through tender and negotiation were updated and submitted on annual basis based on the condition of the respective areas. Accordingly, the initial lease price for expansion and reserved areas is presented in table 4.3 below.

Table 4.3: Land Lease Prices for Real Estate Developers in Expansion and Reserved Areas

No	Area (size) in square meters	Lease price/m ² in birr
1	Up to 250	The highest auction of the surrounding area.
2	251-500	The price mentioned in (1) above plus the highest auction price multiplied by 1.5 for the difference area.
3	501-1000	The price mentioned in (2) above plus the price highest auction price multiplied by 3 for the difference area.
4	1001-1500	The price mentioned in (3) above plus the highest auction price multiplied by 4 for the difference area.
5	1501-2500	The price mentioned in (4) above plus the highest auction price multiplied by 5 for the difference area.

Source: Addis Ababa Land Administration and Building permit Authority (2010)

Moreover, lease price of land for road and communal open space (green areas) is exempted for the real estate developers. The land area exempted from lease price for residential real estate developers for the sake of road and green areas is shown in table 4.4 below.

Table 4.4: Land Areas Exempted from Lease Price for Road and Green Areas

No	Total size of developable land in square meters	Land area exempted from lease price for the sake of street and green area (open space)
1	5,000-10,000	5%
2	10,001-15,000	7%
3	15,001-25,000	10%
4	25,001-35,000	15%
5	35,001-50,000	20%
6	Above 50,000	25%

Source: Addis Ababa Land Administration and Building permit Authority (2010)

4.1.5 Duration and Renewal of Lease Holding by Residential Real Estate Developers in Addis Ababa

According to proclamation No. 272/2002 (Re-Enactment of Urban Lands Lease Holding Proclamation), the duration of lease for urban land varies depending on the level of urban development and a sector or the type of development activity on which land is held by lease. The duration of lease may, up on the termination thereof, be renewed as per the agreement to be reached between the leaser and the leasees (EIA, 2010).

In the case of Addis Ababa, the land lease period varies from 99 years as the maximum to 50 years as the minimum. The maximum 99 years of lease period is applicable on lease for the construction of dwelling houses, and the minimum 50 years on leases for other than dwelling houses such as industry, commerce and others. As part of dwelling houses, residential real estates have 99 years lease period in Addis Ababa. The duration of land lease holdings of different investment activities of Addis Ababa city is shown in table 4.5 below.

Table 4.5: Duration of Land Lease Holdings of Different Investment Activities of Addis Ababa

No	Areas of Activity	Period of lease
1	Housing (personal and leasable)	Up to 99 years
2	Science, technology, research and study	Up to 90 years
3	Government offices	Up to 90 years
4	Nonprofit making philanthropist organization	Up to 90 years
5	Religious institution	Up to 90 years
6	Industry	Up to 60 years
7	Commerce	Up to 50 years
8	Others	Up to 50 years

Source: Ethiopian Investment Agency, Factor Costs (2010)

4.1.6 Modalities of Land Lease Payment

Lease price payment may be made wholly at the signing of the lease contract or periodically with bank compound interest on the unpaid balance (EIA, 2010). A person or an organization, to which lease hold of urban land is permitted:¹⁶

- Must make advance payment not less than 5 percent of the total lease payment;
- Shall make payments every year, and the yearly payment shall amount to the average price of the remaining lease payment divided over the period of payment; and
- Shall pay interest over the remaining payment as per the rate of interest on loan offered by banks.

In the case of Addis Ababa, the period of payment of land lease price vary based on the type of investment activities. For example, 20% of the price of the land used for residential real estate development is paid in advance and the remaining payment has to be paid within 99 years. The periods of payment of land lease prices in Addis Ababa for different investment activities is shown in table 4.6 below.

¹⁶ Ibid

Table 4.6: Periods of Payment of Land Lease Prices in Addis Ababa

No	Area of activity	Period of payment
1	Private dwelling houses	Within 99 years
2	Industry	Within 30 years
3	Business	Within 15 years
4	Culture, sport and education	Within 20 years
5	Rental dwelling houses	Within 30 years

Source: Ethiopian Investment Agency, Factor Costs (2010)

4.1.7 Pre-requisite for Acquiring Land for Residential Real Estate Developers

According to the land administration and building permit official, prospective real estate developers submit applications for the office which consists of investment licenses, proposal and site indication map of the project. The office considers the economic and social importance of the project, the project execution strategy submitted by the investor, the fact that the implementation of the project does not bring about a negative effect of the social, economic and environmental impact on the area, and condition that must be fulfilled by the real estate developers to obtain the land like:

- The address, area of the places required for development, whether there is construction over it or not;
- Size of investment, date of commencement of the project, the role it will play in removing the displaced; and
- Development experience of the developer and his financial capacity certified by known bank.

Based on the above procedures, residential real estate developers submit the detail content of the project file which is mostly villa and apartment types of houses with ratio of 30% and 70% respectively. However, it is up to the developers to fix the ratio and could be only villa or apartment type of houses.

Moreover, according to the interview with the land administration and building permit authority expert, the executive board of the authority makes screening and approval based on the application of the required proposals by the prospective developers and the available information. After it is approved by the executive board of land administration and building permit authority of the city, the prospective developers sign lease agreements and transfer their files to land administration and building permit authorities of respective sub-cities to deliver the proposed land. If the developer's land request is for the first time, the size of land to be permitted is up to 25,000 square meters. Similarly, the real estate developers that request for extra land for the second time can get the same size of land (i.e. 25, 000) on condition that they complete 75% of the previous project.

4.1.8 Rate of Investment License for Residential Real Estate in Addis Ababa

Data on investment registration both at the Ethiopia investment authority and Addis Ababa Investment Agency, which gives a measure of new investor intentions, provide another metric of observing trends in the real estate. On this core, there was particularly a rapid growth in real estate related investment in Ethiopia in general and in Addis Ababa in particular. Somewhat parallel to the EIA (Ethiopia Investment Agency) data on investment registrations, the AAIA (Addis Ababa Investment Agency) issued licenses for the real estate developers (Access Capital, 2010; Tsegaye, 2010).

According to the interview held with the expert of Addis Ababa Investment Agency (AAIA), real estate developers who might want special investment support for their real estate development activities from the city government of Addis Ababa are expected to get investment license. Article 40 sub articles 6 of the Ethiopian constitution states that the government ensures the right of private developers (Investors) to get land for investment. The government institution in charge of promoting private investors based on this article is the Addis Ababa Investment Agency (AAIA). Moreover, the investment license given for the residential real estate developers has been increasing since 1992. The total number of investment licenses given to residential real estate developers from 1992 to 2010 was 982 as it can be shown in the figure below.

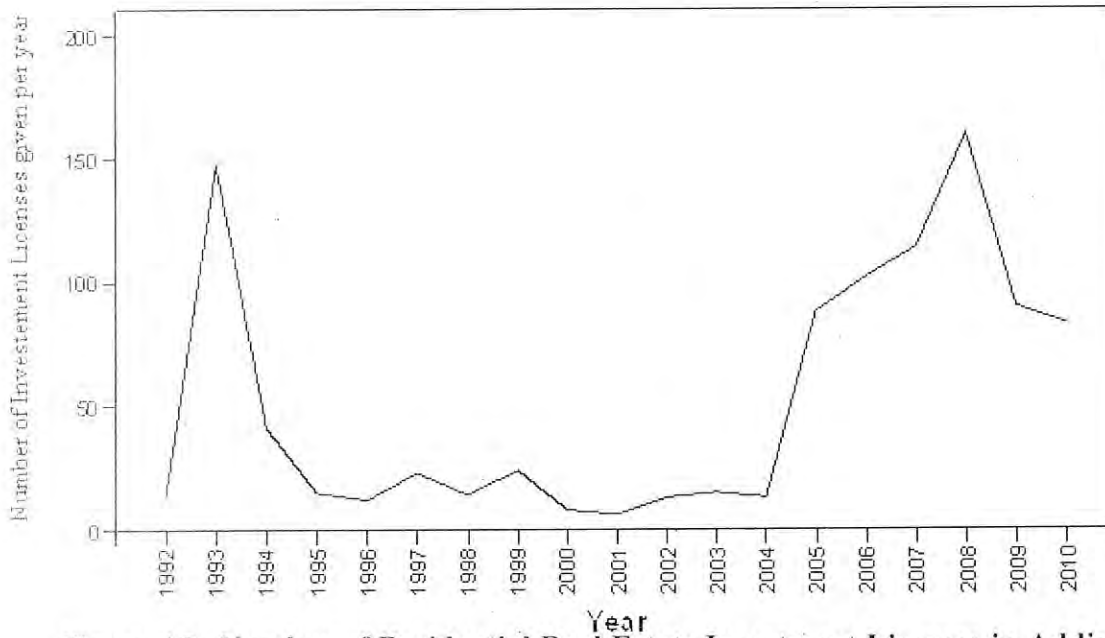


Figure 4.2: Number of Residential Real Estate Investment Licenses in Addis Ababa from 1992 to 2010

Source: Own Computation Based on the Available Data from Addis Ababa Investment Agency (2011)

As can be seen from the above figure, the cumulative number of real estate developers who took investment license each year since 1992 has been increasing and were 982 in total in 2010. But, the number of real estate developers who took land and building permit were 125 and 122 respectively which is very small when we compare with the member of residential real estate developers who took investment licenses. The reason is that none of the real estate developers encountered problems to take investment permit, but it is difficult to get land and building permit due to increasing demand of land in the city. lack of capital of the real estate developers to go on the project, inability of the residential real estate developers to fulfill the criteria set by the city government and administrative problems of the city government. The number of residential real estate developers who took investment license, land, and building permit is shown in the figure below.

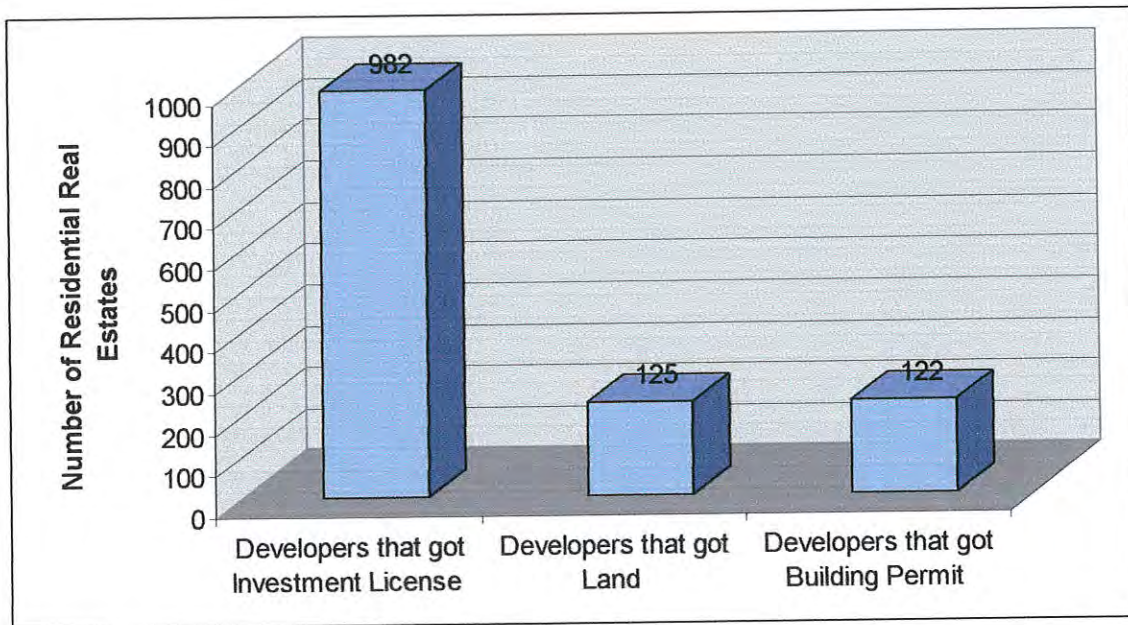


Figure 4.3: Number of Residential Real Estate Developers Who Took Investment License, Land and Building Permit from 1992 to 2010.

Source: Own Computation Based on the Available Data from AAIA, (2010) and Addis Ababa Land Administration and Building Permit Authority (2010)

As can be seen from the above figure, the number of residential real estate developers who have actively been engaged in the construction of residential houses by getting land is very small. Due to this reason, out of the 982 total residential real estate developers who took investment license, only 125 residential real estate developers received land and 122 of them have building permit in the city.

4.1.9 Building Permit for Residential Real Estate Developers

According to the building permit regulation No. 1/97, any structure built without getting building permit is considered to be illegal. A building is constructed based on the building permit and proved to be built through periodic supervision of authorized engineer of the building permit team. The building permit regulation also states that any constructions shall be executed with appropriate licensed contractor and the size of project to be done is directly proportional to the grading of contractors. In addition, any residential real estate developer who wants to build, upgrade or convert land use of building shall present an application together with the design requirements and an

approved copy of the legal property and use right ownership of the building category (Baymot, 2008; ORAAMP, 2002a).

Similarly, according to the interview made with the expert of building permit and regulation of Addis Ababa city administration, building permit for residential real estate developers is given after checking the design, typology and density of the houses which are stated in the lease agreements. Besides, the building permit and regulation of Addis Ababa city Administration checks and controls the architectural, electrical and sanitary designs of the houses, size of surrounding streets, the minimum and maximum building height and the land use type. This in turn matches with the building regulation No. 1/97 of Addis Ababa city government.

4.1.10 Building-Height Regulations for Residential Real Estate

Developers in Addis Ababa

It is very perceptible that the large portion of Addis Ababa city is covered by residential structures. It is found to be vital to regulate the maximum and minimum building height of the city. In setting up the maximum height of the buildings in the residential area, serious considerations and respect should be taken by considering socio economic and cultural factors that have an effect on the living habits of the populations specifically when it comes to living in the high rise buildings.¹⁷

According to the interview made with the building permit and regulatory of Addis Ababa city administration expert, the building category of residential real estate development houses is C3¹⁸ and they can build houses of all height categories starting from G+1 up to G+10 and above, but most of the houses constructed by real estate developers are G+1 villa and 5 storey apartments. The building height regulation of Addis Ababa is shown in the figure below.

¹⁷ ORAAMP(2002b) Building Height Regulation for Addis Ababa.

¹⁸ C3 is a building category of all residential real estate developments with all built up areas and heights.

housing problems has significantly contributed for the flourishing of the sector. An incentive that Addis Ababa city administration arranged for real estate developers is mainly the reduction of lease price and this kind of incentive varies according to the investment activities of the real estate developers. Some incentives given by the city administration, according to the interviewees, are the following:

- From a total of the land given at a time, the city government provides 50 m² plots free of lease per each household for those residential real estate developers who have planned to build condominium (apartment) houses for middle and low income groups.
- Residential real estate developers are allowed importing tax free construction equipments (materials) which are necessary for their projects; and
- The city government provides infrastructures like road, water, electricity and other related services. For real estate developers who develop in areas where there is no required infrastructure, the city government reduces the land lease price to compensate their expense.

The above mentioned incentives seem to be very important in creating conducive environment for real estate development activities if they are properly implemented, i.e. the residential real estate developers are highly encouraged to ameliorate the problem of house in the city by producing ample and affordable houses if they are provided with such incentives. But the question is how far these incentives are practically enforced; though they are worded well in the paper, they may not be implemented as required.

4.1.12 Problems Related to Residential Real Estate in Addis Ababa

According to the information obtained from land administration and building permit authority of Addis Ababa, 5.5 million square meters of land was distributed to 125 real estate developers. Nevertheless, only 18 % of it has been so far used for the intended purpose. The remaining land has been used for other purposes. As explained by respondents of land administration and building permit authority of Addis Ababa, Bole, Yeka, Nifas Silk Lafto and Kolfe keranio were among the major sub cities of Addis Ababa where significant number of illegal land grabbing took place. The major problems

of the real estate developers, according to the respondents of land administration and building permit authority of Addis Ababa, were:

- They transferred their plots to a third party without the consent of the city administration
- They failed to start construction within a given time
- They expand the land adjacent to their sites illegally
- They use the land for other purposes than it was originally intended for, i.e. for building residential houses.
- They use the land illegally as collateral to obtain bank loans.

Moreover, the unpublished document of Land Administration and Construction Permit Authority of the City (2010) result shows that the city accused 120 out of 125 major real estate developers because they used the plot for their own purposes, leaving the plan of the city aside.

4.1.13 Challenges of Residential Real Estate Developments in Addis Ababa

The residential real estate development sectors have been booming in the city since few years despite some challenges. The major challenges of the residential real estate development in Addis Ababa are limited supply and high price of land, low availability and high cost of construction materials, infrastructure and service problems, and low availability of finance, inadequate educated workforce, corruption especially in land acquisition and government policies and regulations.

I. Supply and Price of Land

Among other factors, land is the major input for real estate developers. The availability and condition of land provision have a great impact on the development of the sector (Abraham, 2008). Currently, land is under the property of the state and can be acquired only on the basis of lease. The land lease price is high and the supply of land is very low. For this reason, the high land lease price is often beyond the reach of many potential buyers. At the same time there is lack of provision of serviced plots of land in the city.

The lease price of the land has increased dramatically from day to day, and this circumstance is directly exacerbating the residential real estate price which has already been unaffordable for the majority of the inhabitants of the city.

II. Availability and Cost of Construction Materials

The construction and related material production sectors are not well developed in Ethiopia and has created severe shortages of some key construction sector inputs in recent years. In addition, the availability of construction material in Addis Ababa is very limited due to the construction boom in the city, and the cost of construction materials is very high due to increasing demand and current price devaluation of the Ethiopian Birr. Considering price trends of selected construction materials, the price of cement, wood, sheet metal, block, bricks, sand, glass and related materials have generally increased over the period 2001/02–2009/10. The presently existing situation is also not different and price escalation is normally observed in the construction materials. The price of selected construction materials in the city is shown in the table below.

Table 4.7: Construction Material Average Price for the Year 2001/02-2009/10 in Addis Ababa

No	Item	Average retail price in Ethiopian birr for the years 2001/02 2009/10								
		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
1	Cement/Bag (local) 50kg	29.81	37.75	36.35	56.66	66.11	102.33	106.88	148.30	149.66
2	Nail (7cm-12cm)	7.65	7.46	8.26	10.00	9.50	9.94	15.47	22.42	23.14
3	Nail with cape /kg	9.86	9.70	13.95	14.20	13.14	13.13	21.46	37.03	28.24
4	Corrugated Iron sheet (.2mm)	32.33	32.22	34.48	38.10	45.94	53.35	61.78	64.35	101.14
5	Wood for house construction (Atana)	3.99	3.91	4.11	4.21	4.71	6.07	7.59	22.30	11.01
6	Wall paints-super (fluid) normal/4kg	58.63	58.00	57.88	58.58	58.20	59.15	72.72	99.05	99.08
7	Wall paints super (fluid) plastic/4kg	88.80	89.10	87.86	88.38	87.53	88.64	109.51	197.41	164.00
8	Coarse aggregate gravel/m ²	207.76	193.20	183.98	192.81	232.49	252.34	277.23	239.35	322.68
9	Hollow concrete Block (20x20x40cm ³)	1.97	2.11	2.21	2.53	2.87	4.26	4.54	5.03	6.45
10	Bricks (25cmx12cmx6cm)	0.90	0.94	1.11	1.40	1.50	1.85	1.84	11.11	2.38
11	Floor board 4m length	49.53	51.28	57.16	54.40	60.10	56.33	49.23	64.43	61.85
12	Chip wood (125cm x 250cm x 8mm)	80.85	81.21	80.08	81.49	93.33	120.04	129.54	152.85	159.67
13	Sand/m ³	138.94	137.46	129.37	137.50	194.48	200.41	199.43	201.42	236.68
14	Window glass (50cm x 50cm x 3mm)	15.49	14.08	12.09	11.89	12.52	12.76	16.52	21.42	26.13
15	Mega paints/4kg	56.15	56.50	56.20	55.88	55.99	56.68	69.78	80.49	92.65

Source: 2001/02-2009/10 CSA Annual Retail Price of Goods and Services

የኢትዮ ስርዓተ ግብርና ሚኒስቴር
የአዳዲስ አበባ ከተማ አስተዳደር

As shown in table 4.7 above, the price of construction materials has been increasing from time to time since 2001/02-2009/10. Hence, residential real estate developers are suffering from low availability and high cost of building materials. The cost of construction materials is increasing owing to the increased cost of production and higher cost for importation.

III .Housing Delivery Problem

Most lease agreements of the city require developers to deliver their housing units in 12-24 months after a contract has been signed. In practice, this has been a difficult condition to meet for almost all the residential real estate developers. In favor of this finding, Tsegaye (2010) shows that some of the houses of the residential real estate developers in Addis Ababa were completed many years after their due dates and some were never started being constructed on time.

IV. Problem of Supply of Skilled Labor

The interview with the Land Administration and Building Permit Authority official of Addis Ababa shows that there is ample labor supply. But, in practice labor supply mainly skilled professional construction workers was a problem in the city. The result of this study is consistent with Tsegay's (2010) finding which states that during the early periods of the real estate industry, there was an acute shortage of skilled labor in the real estate market. Even the few skilled laborers in the city had never had the chance to exercise their knowledge in full because of the limited activity in the industry prior to that time.

On the other hand, the real estate brokerage business in Ethiopia is not as well developed as in other countries. Although this is true in most cases in Addis Ababa, there are few real estate brokerages like Addis Agent and Ezega in the city. However, most of the buyers and sellers rely on agents locally called "Delalas" for buying and selling houses. The "Delalas" are traditional agents with no formal education in real estate, but who basically mediate between buyers and sellers of the real estate houses.

V. Problem of Relocation

Most of the real estate developers, who acquired land in the outskirts of the city, have faced difficulty paying the high cost of compensation for the relocated inhabitants as well as overcoming the strong reaction of the settlers.

VI. Infrastructure and Services

The provision of supporting infrastructure is a key component to the expansion of the real estate sector. However, lack of provision of basic infrastructure and services has impeded and created obstacles for building houses in response to the high demand in Addis Ababa. The residential real estate developers are suffering from the problem of infrastructure availability. The problem of services and infrastructures is mainly in the outskirts of the city, and the problems are aggravated by the lack of advanced planning and co-ordination between the city/sub-city administration and infrastructure providers (like electricity, water and road suppliers). Therefore, in most cases, there is lack of commitment by the municipality to provide infrastructures like water, electricity, road and telecommunications for the residential real estate developers in the city.

Similar to the above result, Tsegaye (2010) shows that infrastructure like road, water and electricity were short in supply to the real estate development sites. For instance, electricity is terminated some times; water supply is terminated at other times and all of these halt construction, which, in turn, slow down the rate at which both giant developers and small builders finish their projects.

VII. Finance Availability

The lack of access to long term loan is the other constraining factor that hinders the residential real estate development in Addis Ababa. Similarly Abraham (2008) stated that financial institutions with a focus on real estate financing do not exist in Ethiopia. Thus, there is a lack of finance for the construction of private owner-occupied dwelling units. The government's economic and financial policies do not appear to have resulted in an increase in the mobilization of financial resources for the development of the sector. The consequences of inadequate finance may be particularly more pronounced in the real

estate sector; its effects on both sellers (who find it difficult to start and complete their developments without adequate funding) and buyers (who are often unable to secure sufficiently affordable mortgages) are very strong.

Financial markets in Addis Ababa are less supportive for real estate activities. Truly, long term mortgage loan is not available in the formal banking sector, and the unavailability of credit and mortgage localities for customers in turn affect the attractiveness of the market. Thus, access to credit has been found to be one of the most constraining factors of the residential real estate development sector in Addis Ababa.

In connection to the forgoing discussion, Meheret (2009) stated that the real estate market is underdeveloped. Factors limiting the growth of the sector are the fact that there is only a single government owned bank i.e. CBB (Construction and Business Bank), operating in the real estate, particularly housing, for a long time and private banks have not been lured in to the market due to the risk factors in short-term financing, less profitability and lack of experience. Government banks, like the commercial banks and the development bank of Ethiopia have begun to be involved but only in the construction sector.

VIII. Government Policies and Regulations

As the information gained through interview held with the managers of the residential real estate development, the policies and regulations that created inconvenience for real estate developers are weakness of land administration, corruption of land acquisition process, frequent changes of the management of the city administration, bureaucratic hurdles, land use zoning and building regulations and introduction of VAT.

Problems related to land are weakness of land administration authorities such as delay in handing over land after it has been decided, providing land without adequate study of the master plan, getting into contract with lease before issues of compensations and corruption especially in land and acquisition land delivery system. Land use zoning and building regulations impose undue costs and delays on real estate development, resulting in an unresponsive supply side, high building prices, and low affordability. There is also

lack of information on planned land use of open spaces in the built up areas, which has also created problems for the development of the sector. The current construction permit system lacks simplicity, clarity and transparency. As a result, construction activities are faced with long and bureaucratic procedures, and investment in the sector, especially in the residential sector, is very low. There is also an absence of any institutional structure, to give direction and leadership in searching for possible solutions to overcome housing problems.

The bureaucratic and non-transparent style of government institutions is perceived to be a problem, which is the result of lack of uniform directives and regulations. This has encouraged corruption and thus has created obstacles for the development of the sector. The complex and bureaucratic transfer procedures for land users have resulted in higher transaction costs which have a negative impact on the development of the sector. Besides, frequent changes in the management of the city and sub-cities severely halts proper and timely decision making.

4.1.14 Actions Taken by the City Government

According to the interview made with the city government land administration and construction permit official, the city administration took legal measures against those illegal residential real estate developers though it was too late. The administration froze the title deeds and reclaimed of the plots, renewed all lease contracts that were signed, ordered some of the developers to stop construction to pay the current market price for the plot, which is considered to be more than fivefold of the price they initially paid for the land. Besides, some of the real estate developers were banned from traveling abroad. Moreover, the crime committed by some of the real estate developers would result in up to 16 years imprisonment, but the city reversed its decision taking the role they have in alleviating the housing problem in the city into consideration, and instead the city administration made the developers pay a penalty in cash.

On the other hand, the city government of Addis Ababa has taken an action to provide infrastructures like electricity, water, road and other related services. Besides, the city

government provides construction materials like cement by importing from abroad to avoid termination of construction projects of the residential real estate developments in the city.

4.1.15 Advantage of Residential Real Estate Development in Addis Ababa

No question that the real estate boom in Ethiopia is acting as an engine of economic growth and has created unprecedented opportunities for many of the citizens. It has created several job and a good market for building material suppliers, and it has also been contributing to easing housing shortage and paving the way for the development of construction industry (Access Capital, 2010). The real estate sector in Addis Ababa benefit residents in creating jobs, generating taxes, and contributes as source of revenue from the Diasporas, solves housing problems and brings foreign exchange.

Several investors are exerting great effort to address housing problem in Addis Ababa by engaging in real estate development, and are assisting the government's effort to address the housing problem in the city.

Real estate and construction are two of the 18 sectors according to which Ethiopia's national income (GDP) statistics are reported. Taken together, these two sectors accounted for 14.9% of GDP in 2008/09, with real estate comprising 9.1% and construction comprising 5.8%. Real estate and construction sector grew in real terms by an annual average of 14.1% and 10.4 % per year respectively in the past five years to 2008/09. The crucial role that real estate development can, therefore, play in a rapidly expanding economy, like Ethiopia, is one that has been repeatedly observed elsewhere in the world. So, the premise of a burgeoning real estate market in Addis Ababa is entirely plausible and even expected, with a host of benefits not just for the direct buyers of properties but extending well beyond that in to various parts of the community (Access Capital, 2010; Tsegaye, 2010).

4.1.16 Socio-Economic Groups Served by Residential Real Estate Development in Addis Ababa

Concerning the income groups served by real estate developers, most of the developers emphasized the Diaspora and the high income groups. But, the contractual agreement between the real estate developers and the land administration and building permit authority states that the houses constructed by developers have to be provided to middle and higher income groups of the city dwellers. Therefore, it seems that the developers have failed to accommodate for the middle income groups of the city dwellers.

In relation to this finding, Tsegaye (2010) states that private real estate houses in Addis Ababa cannot afford. He claims the main market demand comes from the high income groups and Ethiopian Diasporas.

Table 4.8: Market Distribution of Real Estate Buyers by Residence

	2007/08 (from 30 real estate developers)	2008/09 (from 36 real estate developers)
Average percentage of local buyers	54.4%	53.4%
Average percentage of Diaspora buyers	45.6%	46.6%
Total	100%	100%

Source: Tsegaye (2010)

As shown in the table above, about half of the buyers of the recent houses constructed by private real estate are Ethiopian Diasporas. The percentage of houses sold to Ethiopian Diasporas by real estate developers surveyed reaches about 47 % and the remaining local are from the very high income groups.

4.2 Urban Development Housing Policy of Addis Ababa City

Until very recently, the government of Ethiopia did not have an explicit housing policy. The Federal Ministry of Works and Urban Development is the leading agency entrusted with the responsibility for the provision of housing policy. Recently, the Ministry has prepared a policy proposal on housing development which serves as a guide for cities and regional governments in meeting the soaring housing demand in the country (MWUD, 2006).

According to the expert of Housing Development Agency of Addis Ababa, the Housing Development Policy of the city has four fundamental objectives. These are:

- Constructing houses for individuals who have no their own residence.
- Creating job opportunity. That is, creating different job opportunities for micro- and small enterprises.
- Fostering the construction sector. Since there are different contractors who have been involved in producing residential houses, they also grow together with the construction sector.
- Reconstructing or renewing slum areas.

Equitable wealth distribution among citizens has been taken as a fifth additional objective. Females are prioritized. So far, 30% of the houses were reserved for women, and the remaining 70% were given equally to both men and women who won the lottery draw. Higher priority was given to women so as to help them with the acute economic problems they are facing and to improve their role and capacity in the society.

Moreover, the direction of housing development in Addis Ababa and the country at large is to realize the above stated objectives. For instance, the Addis Ababa Housing Development Agency has formulated a plan to build about 200,000 houses in its five years strategic plan. The expert of Housing Development Agency of Addis Ababa elaborates his ideas about the plan as follows:

In 2011, more than 80,000 houses have been finalized and accessed/transferred to the users. At the same time, in this budget year,

about 30,000 houses are under construction, whereas in the upcoming two years 60,000 houses will also be built (i.e. 30,000 each year). Generally, within three years including this fiscal year, a total of 90,000 houses will be constructed. So far, individuals whose number ranges from 60,000 to 100,000 have participated in this housing development by way of Micro and Small Enterprises. On the other hand, this housing development program has contribution with regard to minimizing slum areas in the city.

4.2.1 Housing Demand and Supply in Addis Ababa

According to the expert of Housing Development Agency of Addis Ababa, the city's Housing Development Agency registered more than 450, 000 people who were in need of houses in 2005. In fact, this number of people was registered with in one round. Since then, there has been a considerably high demand for houses. Although no registration has been conducted, the officer said that the demand might be two fold of the aforementioned number.

On the other hand, with regard to supply, the interview held with the expert of Housing Development Agency of Addis Ababa implies that in 2004 the government began the project by constructing 700 houses, but since then, it has distributed more than 80,000 houses for middle and low income residents of the city. At present, there are also about 60,000 houses that are being constructed. Besides this, there are about 170,000 *kebele*-owned houses in the city; real estates, individual and housing cooperatives are also constructing houses in the city.

Generally, according to the interview result, the current house demand shows that more than 400,000 individuals need to have house, but there is a supply of about 80,000 houses. This in turn shows that there is a huge gap between the supply and demand in the city.

Therefore, the gap seems high. Here, one main reason for the lack of residential house, according to the office, is the fact that the city was constructed devoid of plan. Of course, it is believed that there is a good beginning in shaping the old plan and in developing condominium that fosters many residents to have their own house, though it is not

completed. Another main reason for the scarcity of residential house, according to the interview result, is regular increment of population number as a result of natural growth and migration of people from countryside as well as nonstop increment of price of building materials.

In relation to this finding, studies indicate that, in Addis Ababa, 300,000 housing units are required to meet the deficit. The housing units constructed from 1974-1991 met only 21% of the housing demand in this period and there is an estimated need of 311,432 housing units (Lealem, 2007).

Another finding by UN-Habitat (2007) reflects that housing being one of the crucial welfare issues in the city should be addressed as one of the components of poverty indicator. The vast majority of households of Addis Ababa live in dwelling units made of none durable wall materials, that is wood and mud. Only a few numbers of the households dwell in housing quarters built of relatively durable wall materials, such as cement, stone and hollow blokes. This depicts how majority of housing units in the city are featured with dilapidations, which, in turn, implies the need for appropriate interventions towards slum improvement through wide urban upgrading and urban renewal schemes as well as construction of additional new housing stocks.

4.2.2 Strategies for Provision of Houses in Addis Ababa

The city administration has been exerting efforts to meet the housing need of the society. With respect to residential developments, the actors of housing development in Addis Ababa are government initiated condominium buildings (IHDP), residential real estate developers, owner-built (individual) housing dwellings, and housing co-operatives. In addition, Government Houses Agency and *Kebeles* are also the actors of housing development in Addis Ababa.

With regard to the strategies, officials of housing policy of Ministry of Urban Development and Construction stated that the office is trying its best to lessen the existing problems of housing. According to the officials, to solve the shortage of

residential houses, the government is constructing condominium houses with maximum effort. Besides, real estates, housing cooperatives and private sectors are playing pivotal role to alleviate or attenuate the existing problems.

The main actor involved in the construction of condominium building is the government. The goal is mainly to address low and middle income group of the society through the construction of subsidized affordable houses. Affordability is supposed to be realized by constructing the low cost condominium houses. The low cost condominium scheme can be considered to have a direct supply side subsidy by supporting the contracting SMEs and demand side element specifically for studio and one-bed room houses through interest rate exemption and low initial payment requirement. On the other hand, the policy presumes that upper middle and high income sections of society can be served by the private real estate sector. Hence, Addis Ababa housing policy could be considered as targeted policy in its approach, but aiming universal access of housing for all sections of the society. This is because the strategy focuses not only on provision of houses by real estate developers and condominium project, but also on housing cooperatives so as to build their houses collectively. The strategy also allows individuals to construct houses with market prices and NGOs, and governmental organizations to participate in shelter delivery.

In spite of all these efforts, however, the observation reveals that there are still very few private housing developers. The private construction industry is very small and it is complicated and time consuming to start a company, register it, and conduct business. Those that do exist operate only for high income groups.

4.2.3 Success of the Housing Development Policy in Addis Ababa

According to the interview made with officers of Housing Development Agency of Addis Ababa, there is a promising change in that there is a great developmental mobility which has considerably been valued by the government itself. According to the officers, the Housing Development Agency has brought about much outcome with great government effort and has played a great role in addressing the problems of house observed in the

city. Another success, according to the interviewees, is its mode of organization. Here they said that it integrates a number of things (What makes it organized is that it integrates many things). So far, individuals whose number ranges from 60,000 to 100,000 have participated in this housing development by way of Micro and Small Enterprises, and it has created job opportunities a number of people. Females are prioritized. Accordingly, they have got 30% of the constructed houses in advance. That is females are given the opportunity to take 30% of the houses constructed, and then they are involved in the lot equally with males for the remaining 70%. So, they argue that, beyond its immediate purpose, the project is facilitating gender equality by motivating females.

The officers also added that this housing development program has played a central role in the minimization of slum areas. This in turn is changing the image of the city. As to the officers, this has been started recently; however, it is believed to reduce the existing slum areas by half in 2015 as stated in the Millennium Development Goals (MDGs). Demolishing slum areas has now been started, and if it continues this pace, after 6(six) years, there may be chances of complete demolition and renewal of slum areas in Addis Ababa. The officer explained the success of housing project in alleviating housing problems and creating job opportunity in the following way:

First and foremost, it is serving its purpose. In other words, the project was mainly designed to solve housing problems, and as a result many poor dwellers particularly women have become owners of house. So, it is possible to say that it has played a central role in minimizing housing problems of the low and middle income settlers. Equally important is the job opportunity it has created to the jobless. Particularly women's of the city have been granted employment opportunity. This in turn has its own impact in changing the past experience and perception of the society about women. Another important contribution of condominium project is the expansion of basic infrastructure. More specifically, where there is construction of houses, there is a road, water supply, and other basic infrastructure built by the government. Bi-implication, enhancing the expansion of these infrastructure sectors means upgrading the living standard of the people.

4.2.4 Challenges of Urban Development Housing Policy in Addis Ababa

As reported by housing development officers of the Addis Ababa city, real estates are thought to produce houses for medium and high income groups. Nonetheless, since they are business oriented, wanting to make better profit, their target group is the richest social class. In fact, though they are not affordable, there are apartments built for medium income social group. But the question is “Who is the medium income group?” It seems a bit difficult to put demarcation for the so-called “Medium income” in Ethiopian context. The real estate developers seem to deem those individuals who can afford for houses costing 700,000 birr as medium income group. According to Curran (2007) in Meheret (2009), however, medium income group is estimated to include those people whose monthly income ranges from 700-1600 birr. Given this monthly income, it is unthinkable for such people to buy houses at the cost of 700,000 birr. Therefore, all the houses produced by real estates in the name of middle income households are entirely taken over by the high income social group.

The other challenge is the absence of consistent housing policy. There was no well organized housing development policy (be it in Ethiopia or Addis Ababa). Up to the moment of the completion of this research, the existing housing development policy has been found at draft level.

In Addis Ababa, condominium houses are said to be built for low and medium income social groups. Since there is no precise measure to distinguish the different income category in the society, they are doing things on the basis of the interest of the people. For instance, if someone says that he/she wants studio or one bed room house, that person is taken as low income group, and the one who asks for house consisting of two and above bed rooms is taken as the medium income person. But in reality, there are no standard criteria that can clearly distinguish the level of income of the people who ask for residential house.

During the researcher’s observation, the compounds of condominiums built by the City Government of Addis Ababa have been congested by different models of cars costing

hundreds of thousand birr. However, the Housing Agency of Addis Ababa says that condominium house belongs to low and medium income group. In reaction to the question posed regarding this issue, the Addis Ababa Housing Development Agency official states:

All the people who live in the condominium do not mean that they are the owner of the house. It is known that the people are expected to offer 20% advance payment so as to get the house. The remaining 80% is to be paid gradually. To pay back this 80% of the government debt, some rent their house for others. By doing so, they get additional money from the rented houses. Therefore, if we think that the houses are given for well-to-do people just because we see expensive cars in the compound, we are completely mistaken. The majority people who dwell in the condominium house are paying rent. Therefore, the owners are beneficiaries. If they want to live in, they can. If not, they can rent it for others and thereby get money.

In fact, though what the official said may be true, the researcher believes that this practice has violated the objective of condominium housing project. The condominium project was initially designed to make the low income people owners of house and to dwell in it. But, they rent it for other people leaving its basic purpose aside. This, in turn, may have its own role in creating congested environment by blocking others chance of getting renting house.

4.2.5 Affordability of Housing in Addis Ababa and System of Payment

According to the interview made with the housing development policy of the Ministry of Urban Development and Construction, the condominiums are more affordable than any other house in Addis Ababa. One of the officials stated as follows:

Well, we have to see it in comparison with the real estate price. In the real estate, one square meter costs 10,000 birr whereas in the condominium project the same size costs only 1420 birr. So, we can say that it is accessible to most residents. The cost was done with great care considering the poor family of the city. In other words, the main purpose of condominium project is supporting the poor and houseless instead of fostering the rich.

But, the response of the officials seems to contradict with other studies with regard to price affordability. The study conducted by Meheret (2009) shows that the low income group constitutes 75 percent of all households which is the major income group of the

city. The 'middle' and 'high income groups constitute 16 percent and 10 percent respectively, which is minimal compared to the total population of the city.

In most low and middle income households of Addis Ababa city, majority residents' income goes to food expenditure and very small of it goes to saving for building or purchasing house. Besides, a survey conducted by PADCO (1996) in Addis Ababa shows the median income of households in the city was 391 birr, with median expenditure amounting to 382 birr implying that most households were simply unable to save even a tiny fraction of their incomes.

Moreover the study by Tsegaye (2010) shows that, at present, the average construction cost ranges from Birr 5,000 birr – 6,000birr per square meters. In Addis Ababa, a typical two bed room house, with one bath room, a kitchen, a store (altogether a total built up area about 75 square meters) would cost birr 375,000 to 450,000 birr. In a city where more than 37% of household live below poverty line and the annual income of a household is not more than 12,000 birr (for 60% of residents with about 28% dependency ratio), building a house or purchasing would be a far cry for the overwhelming majority residents. In the absence of mortgage financing, a typical household in Addis Ababa earning birr 1000 per month and saving 10% of it (this rate is very high as the income is barely sufficient for basic expenditure), would need about 312.5 years to save enough money to build a typical two bed room house with a built up area of 75 square meter, assuming a zero inflation (assuming the growth of salary and price level being the same). Hence building a house or purchasing one becomes extremely difficult for the poor and middle income households.

The officers were also asked about the payment system of the condominium. Accordingly, the development project officers responded that people who won the condominium housing lottery are expected to pay 20% of the total amount in advance. The rest payment is done in agreement with bank installments over many years. The price of the houses does not include the costs of infrastructure, sewerage and road that are subsidized by the government. Here, one of the officers' states:

We construct houses by money obtained from bank. Previously, the housing construction took place through the budget allocated by the city administration, but now because of increment of the expense of construction materials, we build residential houses by buying bond from the bank. The loan will be paid back by selling the houses constructed. However, the expenses for infrastructure are still covered by the government or city administration itself; winners have to make a 20 percent down payment.

4.2.6 Actions Taken to Solve Housing Problem in Addis Ababa

According to the housing development officers, problem of housing supply cannot be solved only by the government. The government is, of course, one of the housing developers, and thus it has undertaken different directions. Presently, it is encouraging the construction of houses through cooperatives, private sectors and real estates.

The housing policy official of the Ministry of Urban Development and Construction firmly stated that the government has a lion share of housing development in Addis Ababa because house construction is very expensive; it demands huge raw materials as well as modern design. The government believes that it is very hard for private sectors to manage the project. Therefore, no matter how difficult it is, the government firmly believes that the responsible body is government institution, instead of private sectors. Since condominium project is not a sole sector in solving housing problems, there are real estates and cooperative house construction sectors and individual developers. More specifically, private sectors have been constructing houses with different qualities for individuals who can afford the required price.

The Addis Ababa Housing Development Agency officer also stated that the government is constructing condominium houses with maximum effort to solve the shortage of residential houses. Besides, real estates, housing cooperatives and private sectors are playing pivotal role to alleviate the existing problems. The city administration is also transforming the unplanned areas to have plan that matches with the current development of the city. Another important action taken by the administration is supplying houses to potential buyers by considering their capacity. Here, maintaining the beauty of the city is at the center of the strategies creating and expanding job opportunities through what is

called Micro and Small Enterprises and targeting the youth and women are also parts of the strategies.

According to the interview made with Addis Ababa Housing Development Agency official, usually, if not always, housing projects do not complete construction on time. This emanates from lack of raw material supply and shortage of finance. By and large, there is time gap in supplying land for the intended purpose. To alleviate these problems, the government is importing construction materials. For example, to speed up the construction, it is importing cement, machineries, and related materials, according to the official.

The officials added that the city's housing agency has approved a new design for the condominium. The topography and layout as well as houses and other socio-economic facilities are included on the new plan. The new plan aims to include many socio-economic sectors of the community rather than merely lower-middle income inhabitants, to grant some diversity to the project. The city government has subsidized the cost of infrastructure, sewerage and road.

4.3 Case Studies

As mentioned in the methodology of the study, two real estate development sites in Addis Ababa city namely Ayat and Sunshine real estates were selected. As case study, the selection of these real estate development sites was based on their level of operations, such as early commencement of construction, timely transfer of houses constructed for customers, and based on the possibilities for acquiring data. The two selected real estate developments and all the issues related to them are briefly discussed below.

4.3.1 Ayat Real Estate Development

i. Location and Description of Ayat Real Estate

Ayat real estate development, which is now an integral part of Ayat Share Company¹⁹, was established in 1996.²⁰ It is the first real estate developer in Addis Ababa. According

¹⁹ Ayat was converted in to share company in 2007

²⁰ According to the project manager of the real estate, it started its official activities in August 1997.

to the interview with the project manager of the real estate, the existence of complex and perpetuate housing problems in Addis Ababa become the stepping stone for the foundation of Ayat as the pioneering real estate developer in Addis Ababa. Ayat 'Mender' meaning village is located in kotebe district, 15kms east of Massquel Square, the center of the capital. According to ORAAMP (2002a), Kotebe is one of the areas in a rapid expansion in the eastern part of Addis Ababa, and it is designated as a residential area in the city's Master Plan 2000-2010.

According to the new economic policy issued in 1991, the government at the outset intended to revitalize the housing market by privatization of urban houses. Ethiopia's economy since then started to recover particularly in the late 1990s (Solomon, 2006; Tegegne, 2002). Due to the new market oriented economic policy of the country, therefore, many real estate development activities are being conducted in the city. Accordingly, Ayat real estate development has involved itself in the supply of houses in Addis Ababa.

The project manager of the real estate stated that Ayat acquired the land through lease price from Addis Ababa City Government and through negotiation from the farmers of the area. He added that the area was an open space, and its topographical situations and low lease price make the area suitable for real estate development. Due to its location at the expansion suburban area, the lease price was relatively low (129 Birr/m²).²¹ In relation to this, Wubshet (2004) stated that the rate of compensation for the farmers around Ayat was about (five) 5 birr/m², and this rate was higher than the rate of compensation that the city government paid in other areas of the city, which was about 3.75 Birr/m². Moreover, the project manager noted that, in accordance with the project proposal, Ayat was estimated to acquire a total of 2,400,000 square meters of land. As part of its strategy, Ayat has tried to secure the required supply of land by dealing with the city government, and the actual total land area acquired by Ayat²² real estate is 1,327,775 square meters. As stated by the project manager, the city government provided

²¹ Currently, the average lease price of the expansion areas of the city is 355 Birr/m².

²² Ayat occupies the largest of all residential real estate developments in Addis Ababa.

the Ayat real estate with large plots of land through lease in the environmentally clean and unpolluted area of Kotebe district as indicated in figure 4.5 and figure 4.6 below.



Figure 4.5: Ayat Real Estate Topography Map
Source: Ayat Real Estate (2011)



Figure 4.6: Arial Photograph of Ayat Real Estate Development
Source: Ayat Real Estate (2011)

Moreover, according to the project manager of the real estate, Ayat had planned to build 25,000 houses in four phases and it has already built about 4,000 houses and transferred about 3500 houses to the clients. Ayat is also in the process of implementing the second phase of the development plan. In this phase, according to the manager, nearly 5080 houses comprising of villas and apartments are under construction.

Therefore, Ayat is the leading real estate developer in the number of housing units built and transferred to clients than any other real estate developer in the city. The company is undertaking housing unit production with its long run goal of building a 'sub-urban city'.

ii. Type of Houses Built by Ayat Real Estate

As the interview made with the project manager of Ayat real estate shows, Ayat is wrapping up its first phase after building more than 4000 houses; phase two has already started with a goal to build residential units, a combination of large number of villas and apartments.

According to the observation made, sample respondents response and an interview with the project manager, the type of houses built by Ayat real estate are subdivided into G + 0 and G + 1 villas and apartment types. Most of the houses built by Ayat are based on clients' option of a plot size, location and house type.



Figure 4.7: Apartments of Ayat Real Estate which are Under Construction at Ayat Site

Source: Own Survey (2011)

The apartment types of houses have an area of 71.84 to 147.47 square meters and 2 to 3 bed rooms. The Apartment²³ types of houses built by Ayat real estate are shown in table 4.9 below.

²³ Apartments are currently under construction and have elevator services

Table 4.9: Apartment Type of Houses Built by Ayat Real Estate

Gross floor area (in square meters)	Net floor (in square meters)	No. of Bed rooms	No. of Bath rooms	Total No. of rooms ²⁴
71.84	62	2	1	7
84.94	72	2	1.5	7
88.16	76	3	2	8
90.84	78	3	2	8
106.18	90	3	2	8
129.7	110	3	2	8
147.47	125	3	2	8

Source: Ayat Real Estate (2011)



Figure 4.8: Ayat Real Estate G+1 Villa Type of Houses at Ayat Site

Source: Own Survey (2011)

²⁴ The total number of rooms includes kitchen, balconies, bath room and bed rooms.



Figure 4.9: Ayat Real Estate G+0 Villa Type of Houses at Ayat Site

Source: Own Survey (2011)

The G + 0 and G + 1 house types of villas have plot sizes that range from 225 to 500 square meters and 2 to 3 bed rooms. It was also reported that there were special villa houses which were planned to be built on request albeit the size of plots and house types were not defined. Some parts of villa type house built by Ayat real estate are shown in table 4.10 below.

Table 4.10: Some of the Villa types of House Built by Ayat Real Estate

Villa type	Floor area (in square meters)	Service quarter (in square meters)	Compound area (in square meters)	No. of bed rooms	No. of bath rooms	Total No. of rooms ²⁵
G + 0	72	30	300	2	1	5
G + 0	105	20	300	3	2	7
G + 0	105	30	300	3	2	7
G + 1	145	30	300	3	3	8
G + 1	170	30	300	3	3	9
G + 1	200	30	300	3	3	9
G + 1	180	30	400	3	3	9
G + 1	170	30	500	3	3	9
G + 1	200	30	500	3	3	9

Source: Ayat Real Estate (2011)

iii. The Quality of Houses Built by Ayat Real Estate

According to an interview made with the project manager of Ayat real estate, the houses were standardized and carefully planned. In other words, the interview result shows that standardized construction materials were used to construct villas and apartments. The design encompassed quality raw materials for the construction of such houses.

Moreover, sample respondents of Ayat real estate were asked to explain the quality of the houses. As shown in table 4.11, out of the total 175 sample respondents of Ayat real estate, 69.71% said that the quality of the houses was good, 18.86% very good, 2.29% excellent and 9.14% replied that the quality of the houses was satisfactory. The response of the majority of the respondents shows that the quality of the houses was good, and hence they were satisfied with the quality of the houses. The quality of the houses varies

²⁵ The total number of rooms includes kitchen, balconies, store, salon, bath room and bed rooms.

from satisfactory to excellent and the respondents justified their reason that the qualities of the house vary based on the types and price and the clients' option. One can see that the response of the dwellers is more or less similar to the response of the project manager. So, it is possible to conclude that there is no gap between the design and the actual construction with regard to the supply of raw materials.

Table 4.11: Quality of the Houses Built by Ayat Real Estate

How do you evaluate the quality of the house?	No. of Sample respondents	
	Frequency	Percentage
Excellent	4	2.29
Very good	33	18.86
Good	122	69.71
Satisfactory	16	9.14
Poor	-	-
Total	175	100.00

Source: Own Survey (2011)

iv. Affordability of Houses Built by Ayat Real Estate

The interview held with the project manager of Ayat real estate shows that the real estate in the very beginning was serving for both the middle and higher income groups by providing a credit which can be paid in a period of 30 years. But, later the program almost favored the higher income group leaving aside the middle income group. Regarding this, the project manager states his idea in the following way:

In the first phase of its development, the prices of the houses range from 45,000 up to 60,000 birr, and that the prices of the houses were fair for the middle and higher income groups of the society. But, nowadays the prices of the houses are increasing due to price escalation of construction materials, devaluation of birr, introduction of VAT, increasing of fuel price and wage of labor as well as increment of land lease price. Hence the higher income groups by now are more beneficiaries of the program than their middle income counter parts. However, Ayat did, in fact, deliver thousands of houses over the years in the process of establishing an entire neighborhood.

Moreover, at the current situation, the price of apartment and villas in Ayat is increasing. In the case of price of apartments, the price ranges from 700,000 to 1.5million birr as it is shown in table 4.12 below. Therefore, one can see that price is becoming an obstacle particularly to the middle income groups.

Table 4.12: Prices of Apartments Built by Ayat Real Estate

Gross floor area (in square meters)	Net floor area (in square meters)	No. of Bed rooms of Apartment	Price of the house (including VAT)
84.94	72	2	718,700
106.18	90	3	850,080
129.7	110	3	1,059,840
147.47	125	3	1,333,080

Source: Ayat Real Estate (2011)

According to the project manager of Ayat real estate, at the beginning, Ayat was selling G + 1 villa on just about 250,000 birr, but today G + 1 villa at Ayat is sold, on average, at the price of 2.5 million birr. Moreover, the price of villas ranges from an average of 2 million to 3.5 million birr. The prices of villas of Ayat real estate development are shown in table 4.13 below.

Table 4.13: Prices of Some Villa type of Houses Built by Ayat Real Estate

Type of villa	Floor area of main house (in square meters)	Floor area Service quarter (in square meters)	Compound area (in square meters)	No. of bed rooms of Villa	Price of the house (including VAT)
G + 0	105	30	300	3	2,034,396
G + 0	100	30	300	3	2,002,518
G + 1	105	30	300	3	2,173,180
G + 1	170	30	300	3	2,440,000
G + 1	180	30	400	3	2,918,286
G + 1	170	30	500	3	3,260,250

Source: Ayat Real Estate (2011)

v. Availability of Basic Services and Infrastructure in Ayat Real Estate

The information gained from the respondents shows that in the beginning of the real estate development, there was problem of inaccessibility and lack of basic services like water, electricity, telephone and road. But, later on, the real estate provided the basic infrastructure services; main electric lines, water line and internal roads were some gains of the area, rendering residents with quick and easy access to Ayat 'Mender'. The project manager of Ayat real estate development stated about the infrastructure condition as follows:

The site was a virgin land where infrastructure such as roads, water, electricity and telephones did not exist. Vehicles were not able to navigate the site. Believe or not donkeys were used as transport for the project. But, today Ayat 'Mender' has thousands of houses with basic services and infrastructures.

According to the development plan of Ayat real estate, at the completion of phase two, it will have grand shopping center, fully equipped modern hospital, standard high school, University College as well as sports and entertainment venues.

The respondents of the study on their part replied that their houses have basic services and infrastructures. According to them, the most available infrastructures are road, water, electricity and telephone. This finding reveals that the response of Ayat real estate authority and the dwellers is similar. From this, one can conclude that basic infrastructure is not becoming a serious problem.

vi. Modalities and Payment Terms in Ayat Real Estate

One of the focus areas of the study was to see about modalities and payment terms in Ayat real estate. The total price of the house is paid in different phases starting from registration and signing contract up to completion and delivery of the house for customers. Accordingly, the marketing officer of Ayat real estate stated the procedure of payment for apartment and villas in the following manner:

- 20% upon registration and signing contract
- 20% when foundation work is completed
- 18% when 2nd floor slab is completed
- 18% when 4th floor slab is completed

- 12% at completion of roof
- 7% when windows and doors are completed
- 5% upon completion and handover

Similarly, the total price of villas is also paid in different phases. The procedure of payment of villas is:

- 20% up on signing contract
- 25% at completion of foundation work
- 25% when superstructure is completed
- 25% at completion of roof, door and window
- 5% up on completion and handover

According to the marketing officer of Ayat real estate, the above procedures are the breakdown of the payments for the cash payer. But, Ayat also provides mortgage financing to its customers. The mortgage program allows Ayat customers to pay 50% of the total price of the house and the remaining 50% of the payment can be paid within 30 years period. Altogether, the payment is done based on the agreement between the two sides.

On the other hand, the researcher asked the sampled customers if they have had an agent to facilitate the housing transfer and all the procedural payments. As can be seen in table 4.14 below, 81.71% of them replied that they have no agent. According to them, they have no agent because there were no professional agents who have the knowledge of real estate market. In addition, the respondents noted that there were traditional agents 'local dellalas', but their commission was high. Due to these reasons, they facilitate themselves to buy the house from the developer. On the other hand, 18.29% of the respondents replied that they have had an agent to facilitate all the housing transfer activities on behalf of them. The result generally shows that majority of the respondents did not have an agent. So, in the absence of an agent, there can be a possible delay or ups and downs in the process of completing the transfer.

Table 4.14: Agent to facilitate housing transfer from the developer for Customers

Do you have an agent to facilitate housing transfer from the developer?	No. of sample respondents	
	Frequency	Percentage
Yes	32	18.29
No	143	81.71
Total	175	100.00

Source: Own Survey (2011)

In terms of housing delivery as per the agreement, the developer shall hand over the house within 18 months from the commencement of construction. But, the project manager of Ayat real estate stated that it is difficult to hand over houses on the specified time due to price increment and limited availability of construction materials such as cement, steel and other imported construction materials. Therefore, as to the authority, Ayat experienced delays due to the stated reasons.²⁶

Furthermore, respondents were asked if the developers handed over the house on time. In response to this question, therefore, 29.14% respondents replied that the real estate developer (Ayat) handed over the house on time. Asked why they said this, they pointed out that they were the earliest buyers and that the developers constructed and handed over to their clients on time. On the contrary, 70.84% of the respondents replied that the real estate developer did not transfer the house on time. According to the respondents, the reasons for the delay include price escalation of construction materials, poor quality of workmanship and finishing as well as management problem of the real estate.

²⁶ To this fact, Tegege (2002) also noted that construction activities in Ethiopia are constrained by high cost of construction materials and this was discouraging the private sector to engage in housing construction.

Table 4.15: Delivery Time of House Built by Ayat Real Estate for Customers

Does the developer deliver the house on time?	No. of sample respondents	
	Frequency	Percentage
Yes	51	29.14
No	124	70.86
Total	175	100.00

Source: Own Survey (2011)

Similar to the above result, considering price trends of selected construction materials such as the price of cement, wood, sheet metal, block, bricks, sand, glass and paints have generally increased over the period 2003-2010. The existing situation is also not different as price escalation is normally observed in construction materials in response to high demand in Addis Ababa (EIA, 2010). Due to this, it is true that Ayat real estate development could not hand over the houses for customers on time.

VII. Opportunities of Ayat Real Estate

As the biggest residential real estate in Addis Ababa, Ayat is making its contribution in solving housing problem, creating job opportunities, developing infrastructures and serving as source of revenue in the city.

According to the project manager of the real estate, currently Ayat real estate developers built over 4000 houses and transferred over 3,500 houses for customers. As part of its phase two development, Ayat will continue to build 5080 units of apartments and villas. Moreover, the project manager noted that Ayat real estate has an ambitious plan to build 25,000 houses in four phases and currently no less than 20,000 people live in Ayat 'Mender'.

It is also playing a great role by creating job opportunities and easing the un-employment problem in Addis Ababa. According to the interview result, Ayat currently has employed about 500 people both skilled and semi skilled, of which 25% are professionals with degrees. Ayat has also included the original land owner farmers as an integral part of its

work force and trained the farmers with required skill. Here, the project manager added that Ayat will continue to become a learning organization and experience sharing center by providing training and education to its employees.

The interview result further indicates that Ayat has already introduced basic services and infrastructure such as roads, water, electricity and telephones in the outskirts of the city. In addition, the data reveal that Ayat 'Mender' will have facilities in the future like full-fledged university, mid-sized hospital, multi-purpose shopping center, entertainment and sport facilities to satisfy the needs of its residents. So, from this data, one can deduce that the project's plan is promising.

As the biggest residential real estate with the total capital of 4,442, 875, 460.00 birr, Ayat real estate is further contributing as a source of revenue for the city. The real estate contributes through land use payment, capital gain tax, and Value Added Tax (VAT) for the city administration. Therefore, Ayat real estate is playing a pivotal role in increasing revenue of the city. On top of that, the customers of Ayat real estate who are the Diasporas are source of foreign exchange from abroad to the city of Addis Ababa.

VIII. Challenges of Ayat Real Estate

Even though, the new economic policy calls for active participation of the private sector in urban development activities, there are constraints facing the real estate development in the city. For example, Ayat preserved through a number of challenges. According to the project manager, the main challenges are the following:

- Cost and availability of construction material was a burden during the construction of houses; problem of the government quotas to receive cement primarily from Muger, Mesebo and/or other state owned cement plants.
- Fewer infrastructures in the area have held it back from finishing on time.
- Increasing of urban land lease price.
- Failure of the city administration to deliver the land on time and install the necessary infrastructure.

- Financial constraints caused by banks; unable to lend sufficient money of long period loan.

Irrespective of its contribution of housing supply in the city, Ayat real estate is also claimed to have been involved in some illegal activities. According to an interview with the official of Addis Ababa Land Administration and Building Permit, some of the illegal activities of the real estate include:

- Expanding 252, 112 square meters of land illegally and constructing on the illegally expanded land.
- Using 130,000 square meters of land for purposes other than what it is originally intended for, i.e. the real estate took the land for residential house, but used it to build house for commercial purpose.
- Have taken 108 title deeds without constructing houses on the land.
- Did not pay about 14,848,938 birr for the lease price of land.
- Bought 50,000 square meters land from third party (i.e., from Lina real estate) with the total price of 11,500,000 birr without notifying the city government.
- Delayed the transfer of houses to its clients.

4.3.2 Sunshine Real Estate Development

i. Location and Description of Sunshine Real Estate

Sunshine²⁷ real estate PLC has entered into real estate development activities in 2004 with the objectives of playing a major role in the development of construction industry and alleviating the shortage of houses in Addis Ababa.²⁸ Sunshine real estate secured a total land area of 291, 628 square meters through land lease price from Addis Ababa city government at different sites²⁹ namely: Merit Luke, CMC No. 2 and Gerji (see appendix 12). In table 4.16 below, the development activity of Sunshine real estate in different sites of Addis Ababa is indicated.

²⁷ Sunshine real estate is a sister company of sunshine construction

²⁸ According to the marketing officer of sunshine real estate, it started its official activities in 2006

²⁹ Currently Sunshine real estate is planning to develop in Bole-Beshale area.

Table 4.16: Sunshine Real Estate Project Activities

Project site	Total land area (in square meters)	House type	No. of housing units	Total construction cost of houses (in birr)
Meri Luke	138,500	Villa	210	354,999,188.18
CMC No. 2	124,368	Apartment	164	34,416,943.62
Gerji	28,760	Apartment	530	166,326,556.84
		Villa	15	19,887,911.12
Total	291,628	-	919	575,630,599.76

Source: Sunshine Real Estate (2011)

Sunshine real estate also plans to construct villas and apartments in different areas of Addis Ababa. According to the Marketing officer of the real estate, apartments and villas will be constructed at Bole Beshale site on an area of 50,000 square meters of land at the cost of 400 million birr. Another 189 villas will also be constructed at CMC area on 138,500 square meters. Generally, sunshine real estate has a plan to construct about 5 billion birr worth of residential houses in different areas of Addis Ababa.

In an effort to encourage the real estate development sector, the government has supported the developers in various ways. For example, according to the interview held with the marketing officer of sunshine real estate, the city government supports the developers by allocating environmentally friendly land through lease price and by encouraging the import of construction materials for the real estate. Besides, it provides lands locating in the center of the city and having a considerable access to infrastructural services.

ii. Types of Houses Built by Sunshine Real Estate

Sunshine real estate PLC constructs different types of modern, standardized and quality of houses with different varieties. According to the project design officer of the real estate, the designs of the houses are standardized and accepted according to the municipal regulations. The existing types of houses include G+ 1 villa and G+4 apartments. The

area of apartments ranges, on average, from 84 square meters to 170 square meters. They also have special facilities like balconies, common water tanker, cupboard areas and common waste treatment plants. The types of apartments are type ‘A’ and type ‘D’ as it can be seen in table 4.17 below.³⁰

Table 4.17: Type of Apartments Built by Sunshine Real Estate

Types of Apartment	Total floor area (in square meters)	Number of bed rooms of Apartment
A	94.70	2
	105.34	2
	122.47	2
	171	3
D	56.36	1
	84.56	2
	88.56	2
	89.40	2

Source: Sunshine Real Estate (2011)

³⁰ The type of the apartments varies in the size of the area they are constructed. The total area of type ‘A’ apartments is greater than the total area of type ‘D’ apartments.



Figure 4.10: Sunshine Real Estate Apartments at Gerji site

Source: Own Survey(2011)



Figure 4.11: Sunshine Real Estate Apartments at CMC No.2 site

Source: Own Survey (2011)

The G+1 type of villas have an average area which ranges from 175 to 500 square meters. The villas have facilities like bath room, service quarter including store, traditional

kitchen and covered garage. The types of villas built by sunshine real estate are shown in table 4.18 below.

Table 4.18: Some Types of Villas Built by Sunshine Real Estate

Type of villa ³¹	Plot area (in square meters)	Built up area (in square meter)	No of bed rooms
175-A	175	180.5	2
175-B	175	184.72	2
250-A	270	374.80	3
250-E	250	250.00	3
500-D	500	500.00	4
500-E	500	500.00	4

Source: Sunshine Real Estate (2011)



Figure 4.12: Sunshine Real Estate Villa type Houses at Meri Luke Site

Source: Own Survey (2011)

³¹ The type of villas varies based on their design and the area they are constructed.



Figure 4.13: Sunshine Real Estate Villa type Houses at Gerji site

Source: Own Survey (2011)

iii. Quality³² of Houses Built by Sunshine Real Estate

According to the marketing officer of the real estate, the houses built by sunshine real estate were standardized and well designed and the construction materials were best in quality. In addition, the researcher's observation confirms that the houses and mainly the villas were very attractive and luxurious.

To obtain, rigorous finding, sample respondents of sunshine real estate residents were asked to explain the quality of the houses. Out of the total 46 sample respondents, 30.43% of them replied that the quality of the houses is excellent, whereas 21.74% and 47.83% of the respondents said that the quality is very good and good respectively. Hence, from this finding it is possible to conclude that the houses are good in quality. Table 4.19 below shows responses about the quality of the houses built by Sunshine real estate.

³² According to the marketing officer of sunshine real estate, clients have had the advantage of re-designing and selecting of construction materials of their interest.

Table 4.19: Quality of Houses built by Sunshine Real Estate

How do you evaluate the quality of the house?	Number of sample respondents	
	Frequency	Percentage
Excellent	14	30.43
Very good	10	21.74
Good	22	47.83
Satisfactory	-	-
Total	46	100.00

Source: Own Survey (2011)

iv. Affordability of Houses Built by Sunshine Real Estate

With regard to affordability of houses built by sunshine real estate, the manager said price varies according to the type and size of the houses. According to him, sunshine real estate launched the construction of apartments and villas by considering middle and upper income groups. Nevertheless, in spite of what the marketing officer said, the reality seems different. The price of the house seems unaffordable for people who are labeled as middle income group.³³ This is so because the average price of apartments of the target real estate ranges from 700,000 to 1.5 million birr as indicated in table 4.20 .The researcher believes that this amount of money is too huge for the said income group in Ethiopian context.

³³ Similarly, Meheret (2009) also stated that in Addis Ababa, only the upper income groups can afford for the newly constructed formal housings.

Table 4.20: Prices of Apartments Built by Sunshine Real Estate

Type of apartment	Total area (in square meters)	No. of bed rooms	House cost (in birr)	VAT (15%)	Total cost with VAT
A	94.70	2	672,761.68	100,914.25	773,675.93
	105.34	2	748,349.68	112,252.45	860,602.14
	122.47	2	835,668.66	125,350.30	961,018.96
	171	3	1,166,810.98	175,021.65	1,341,832.63
D	56.36	1	426,659.34	63,998.90	490,658.24
	84.56	2	640,140.42	96,021.06	736,161.48
	88.56	2	645,045.32	96,756.80	741,802.12
	89.40	2	676,780.43	101,517.07	778,297.50

Source: Sunshine Real Estate (2011)

Similarly, the price of villas of sunshine real estate varies, on average, from 2.5 million to 4 million birr as it can be seen in table 4.21 below.

Table 4.21: Prices of Villas Built by Sunshine Real Estate

House of villa	Plot area (in square meters)	No. of bed room	House cost (in Birr)	15% VAT	Total cost with VAT
175-A	175	2	2,115,716.12	317,357.42	2,433,073.54
175-B	175	2	1,862,381.90	279,357.29	2,141,739.19
250-A	270	3	3,230,286.98	484,543.05	3,714,830.03
250-E	250	3	2,669,064.79	400,359.72	3,069,424.51
250-F	270	3	2,696,093.39	404,414.01	3,100,507.40

Source: Sunshine Real Estate (2011)

The respondents of sunshine real estate residents on their part were asked to explain the price of the houses. In reaction to this question, 15.22% of the respondents replied that the price of the house was expensive and 84.78% of them said that the price of the house was fair. The result, generally, shows the fact that the majority of respondents agreed with the fairness of the price of their house. The very fact is, however, not because the

price is fair, but because they bought the houses before the escalation of construction materials. The respondents, who said expensive, on the other hand, explained that they have bought the houses after the price escalation of construction materials, increase of fuel price, devaluation of birr ³⁴ and the introduction of VAT (Value Added Tax). Altogether, if someone observes and takes information about the current price, he/she concludes that it is difficult for the middle income groups. The respondent's response about the price of houses of sunshine real estate is shown in table 4.22 below.

Table 4.22: Price of Houses Built by Sunshine Real Estate

How do you see the price of the house?	Number of sample respondents	
	Frequency	Percentage
Expensive	7	15.32
Fair	39	84.78
Cheap	-	-
Total	46	100.00

Source: Own Survey (2011)

v. Availability of Basic Services and Infrastructures in Sunshine Real Estate

According to an interview made with the project manager of sunshine real estate, initially there was problem of infrastructure and basic services like inaccessibility of road, water, electricity, telephone and other related services in the remote areas of the project sites, such as Meri Luke and CMC No. 2 areas except Gerji Site which is considered as core area of the city. But now, the project manager indicated that Sunshine real estate has provided infrastructure to all sites like asphalt road, drainage systems, piped water, electric supplies and telephone facilities.

Sunshine real estate has also constructed additional rooms to be used as offices for the compounds resident association. The marketing officer of the real estate said that

³⁴ Domestic Buyers are adversely affected by devaluation

sunshine real estate has spent about 36 million birr for the compound's additional facilities of the project sites.³⁵

Furthermore, all of the sample respondents of sunshine real estate residents replied that their houses have basic services and infrastructure like road, piped water, electricity and telephone facilities.

vi. Modalities and Term of Payments in Sunshine Real Estate

According to the marketing officer of sunshine real estate, the payment schedule for apartments and villas to receive the house is done in different phases. The payment schedule for apartments is depicted below:

- 30% upon completion of structure works;
- 30% upon completion of roofing, wall construction, first and second coat plastering works;
- 30% upon fixing doors, windows and completion of first and second coat painting.
- 10% upon hand over of the house

The payment schedule for villas is done as follows:

- 30% upon completion of substructure concrete works;
- 30% upon completion of superstructure concrete works;
- 30% upon completion of roofing, wall construction, first and second coat plastering;
- 10% upon hand over the house

The marketing officer stated that in both apartment and villa cases there is 30% advance payment of the total selling amounts (excluding VAT) upon signing of contract agreement and the advance payment deducted equally from the proceeds to the seller in the four payment schedules.

³⁵ The additional facilities include green areas and infrastructural facilities.

According to the marketing officer, sunshine real estate provides a bank loan facility which is arranged with the Construction and Business Bank after clients have paid 50 percent of their house cost. The real estate is also ready to accept arrangements with other banks upon client's request. The mortgage is payable within a maximum period of 15 years. However, its exact amount and duration is determined by considering the borrower's situation.³⁶ Sunshine real estate allows the bank to have first degree collateral on the title deed of the plot which the villas or apartments value.

Moreover, respondents were asked if the developer handed over the house on the specified time. As can be seen in table 4.23 below, 15.22% of them replied that the developer handed over the house on time whereas, 84.78% of the respondents said that sunshine real estate did not hand over the houses on the specified time due to escalation of price and unavailability of construction materials.³⁷ So, from the majority response point of view it is possible to say that the real estate developer is not transferring the houses to customers on time.

Table 4.23: Delivery Time of Houses for Customers Built by Sunshine Real Estate

Does the developer deliver the house on time	Number of sample respondents	
	Frequency	Percentage %
Yes	7	15.22
No	39	84.78
Total	46	100.00

Source: Own Survey (2011)

vii. Opportunities of Sunshine Real Estate

According to the interview result, Sunshine real estate PLC is playing its role in solving housing problem, increasing job opportunities, developing infrastructure as source of revenue and in the overall development and image of the city.

³⁶ Eventhough, the maximum payment period is 15 years, the borrower can pay within short period of time by making agreement with the bank.

³⁷ To this effect, Abraham (2008) stated that lower supply and high price of building materials is one reason for delay of building construction in Ethiopia in general and in Addis Ababa in particular.

According to the project manager of the real estate, sunshine real estate development is alleviating the housing shortage in Addis Ababa since 2004. For example, about 225 villas and 694 apartments were constructed and handed over to the clients in the center and expansion areas of the city. In addition, sunshine real estate has planned to construct large number of villas and apartments in CMC and Bole Beshale areas of Addis Ababa. Due to the above reasons, sunshine real estate is playing its role in solving the housing problem in the city.

Besides this, the interview result with the project manager of the real estate shows that sunshine real estate has opened job opportunities for more than 200 skilled and semi-skilled employees starting from temporary daily laborer up to permanent professionals such as technical workers, engineers and managers of the project. The project manager noted that, as core part of the real estate, employee who have worked for the success of the real estate company were awarded grants and some of them have got built home gifts from the real estate for their hard work. So, one can see that there is encouragement to workers.

Sunshine real estate is also playing a great role as source of revenue for city government of Addis Ababa. According to the marketing officer of the real estate, Sunshine contributes a lot to the government's source of revenue through land lease prices and tax including VAT (value added tax). In addition, sunshine real estate is minimizing the shortage of hard currency through its Diaspora customers. Likewise the respondents responded that the program has done a favor to them in minimizing their time, energy and resource in that it provides everything necessary to the house and then hands over to them as an end product.

Viii. Challenges of Sunshine Real Estate

According to the marketing officer of the real estate, irrespective of its success, sunshine real estate has faced challenges while conducting its projects. Some of the challenges include:

- Price escalation and unavailability of construction materials; the building material supplies did not cope with the increasing demand of the project.
- Failure of the city administration to deliver the land on time; unnecessary bureaucratic procedures to acquire the land.
- The city administration was not able to provide adequate services to the extension areas of the city which were project sites of the project.
- The lease price of land in the city was high

However, according to an interview made with an official of land administration and building permit of Addis Ababa city government, sunshine real estate has also involved in some illegal activities.

- It has expanded a total 56,151 square meters of extra land without the consent of the city administration
- It has bought large plots of land from other real estate developers without notification to the city government. Sunshine bought 50,000 square meters of land from Nobel real estate with a total birr of 3,075,715 birr and 50,000 square meters of land from Kajo international real estate with a total birr of 6,510,742.5. This was considered as an illegal activity and the city government loses the highest income due to this activities.³⁸
- In some cases, it failed to meet the deadlines for transferring houses to customers.

In response of the two sides, there is a gap in that the real estate is criticizing the government officials saying that they have not provided land on time and other services related to it. Again, contrary to what has been said by the real estate officials, the government officials are criticizing the real estate for illegal activities that it has committed. From this one can see that the two sides are defending themselves against criticism. The researcher believes that each side has its own weak side and the cumulative of these flaws have their own impact in the overall effectiveness of the program.

³⁸ If it was done legally, the city government could gain revenue from land lease price including VAT.

Chapter Five: Conclusions and Recommendations

5.1 Conclusions

The main objectives of this study were to assess the opportunities and challenges of urban development housing policy and residential real estate development in Addis Ababa. As mentioned in the methodology section, to attain these objectives, both primary and secondary data were used. Therefore, in the following section an attempt has been made to draw concluding remarks based on the main results of the study.

Two residential real states, i.e., Ayat and Sunshine are among the many real estates which have been producing different types of houses. These residential real estates have been building and transferring houses for their clients in the city. They have, however, been focusing predominantly on high income groups and the diasporas although they have made an agreement with the lease department to produce houses for both middle and high income groups. The fact that these residential real estates favor only the high income groups has partly resulted from limited supply and high price of land, and low availability and high cost of construction materials, which are, in turn, the determinant factors whether the houses constructed are affordable to the different income groups or not. And partly because of the fact that the real estate developers are highly profit-oriented. They have been producing a high quality houses that can only be affordable to high income group with little or no room left for middle income group; in other words they have built luxurious houses that can be sold at high price with considerable profit.

The real estate boom in Addis Ababa is acting as an engine of economic growth and has created unprecedented opportunities for many citizens. It has created job opportunity and a good market for building material suppliers. It has also contributed a lot in easing shortage of housing and paved the way for the development of construction industry. Moreover, the real estate sector is generating tax, adding revenue to government, and bringing foreign exchange.

There is a real estate boom in Addis Ababa since the city administration has provided some incentives and support related to land. The land pricing for residential real estate developers indicate that the various options such as negotiation, auction and lease free land holding are applied based on the proposals submitted by the developers. It is, however, worth mentioning that while the method of determining auction land pricing is clearly identified and supported by regulation, the negotiation land pricing and lease free land pricing are not supported and supplemented by appropriate rules, regulations and directives, thus opening door for corruption of government officials, staffs and the experts.

The real estate development sector has faced wider range of problems related to land procurement for construction, such as inefficiency of government institutions, lack of clear and explicit policies, directives and regulations. On the other side of the spectrum, the majority real estate developers themselves have been full of flaw; they have misused the plot for purposes other than residential real estate development. For example, they use it as collateral for loans from banks, transfers it to a third party illegally, or they use the plot to construct houses that are used for nonresidential purpose.

With regard to demand/supply balance, in 2005 the Addis Ababa Housing Development Agency registered more than 450, 000 people who were in need of houses. This number of people was registered in one round. Since then, there has been a considerably high demand for house. Although no registration has been conducted, the demand might be two fold of the afore-mentioned number. The continuous increment of the demand for housing in Addis Ababa has resulted from the regular addition of population number because of natural growth of population and migration of the people from different parts of the country. There are about 20,000-30,000 people requiring for extra new houses per year. In spite of this high demand for housing, the supply is still far from satisfactory, and hence balancing them is a challenge that needs its own time and commitment.

The Addis Ababa Housing Development Agency has been striving to meet its goals despite the emerging challenges. Shortage of construction materials such as cement, metals, gravel and capacity limitations are some of the challenges. Since 2005, it has

distributed 80,000 houses for middle and low income residents of the city. At present, there are also about 60,000 houses that are being constructed and be transferred to the customers in the near future. Besides, real estates, individual and housing cooperatives are producing houses in the city. Despite the attempts made to provide shelter by those actors, the problem of housing are still acute and aggravated.

5.2 Recommendations

Based on the findings and the conclusions drawn, the following recommendations have been forwarded:

- Residential real estate development is one of the housing development initiative developed by the Addis Ababa City Administration to reduce the housing problem in the city. However, there is no conducive environment for residential real estate developers. Some obstacles are lack of proper and clear rules, regulations and procedures coupled with the absence of specific institution established to serve the residential real estate developers. Therefore, the Addis Ababa City Administration should create a conducive environment for the developers to enhance their contribution towards reducing the housing deficit in the city.
- The prevailing residential real estate developers have marginalized the middle income households, even if they have made a contractual agreement to produce houses that can be affordable to this social group. Therefore, the Addis Ababa City Administration should establish strict enforcement mechanisms to protect the abuse of such contracts by developers.
- The City Government of Addis Ababa should improve the financial and manpower capacity of housing and land development related institutions. It should increase the availability of housing finance, allow the introduction of adjustable mortgages, and create new low-income lending unit dedicated to serving the poor households. It is also essential to establish new financing institutions and systems.

- The City Government of Addis Ababa should remove complicated and bureaucratic, and informal land supply process with unclear and un-transparent procedure and steps of land allocation which creates constraints in housing construction and drive people to be engaged in illegal activities of building informal or squatter settlements. The City Government should have stable regulatory environment particularly in property rights (efficient title deeds), on forcing contracts land information system, land use regulation, and efficient and transparent land delivery system.
- As the findings indicate, there are individuals who won the condominium houses by lot but failed to offer the advance payment because of the fact that their meager monthly income is spent entirely on home consumption. Therefore, the government should revise its policy in a way that can consider the income level of these people and thereby address their housing problem since, as citizen, they need to have their own house.
- In Addis Ababa, condominium houses are said to be produced only for low and medium income social groups, but the housing development agency does not have a standard way to sort out the different income category in the society. The government should, therefore, formulate a mechanism that enables it to clearly distinguish the income category of each person as it can minimize the fraud that may be committed by high income category; to put it differently, the high income social group may sometimes get registered for condominium house just for the sake of making benefit out of it through renting on condition that they win the lots drawn. This act undoubtedly narrows the opportunity of the low and the medium income groups to be the owner of house.

And finally, it is essential for the city administration to formulate a comprehensive viable policy and strategies regarding real estate development as well as housing. The policy then would become involved in the process of creating well planned, defined and splendid built up environment of Addis Ababa.

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Appendix 1
Addis Ababa University
College of Development Studies
Department of Urban Development and Management

Questionnaire to be filled out by Real Estate Developers

Dear Respondent,

First and foremost, I would like to confirm that the purpose of this questionnaire is entirely academic. The collected data will be used for Master's thesis entitled **An Assessment of Urban Development Housing Policy and Residential Real Estate Development in Addis Ababa: Opportunities and Challenges**. Due to this reason, your residential real estate is one of the chosen companies of the study. It is expected to have a significant contribution of supplying valuable information to the current urban development housing policy and the overall real estate development in the study area in particular and in Ethiopia in general. So, the success of the study will entirely depend on your co-operation in providing the necessary data. All information provided by you will be kept strictly confidential. Finally, thank you in advance for your unreserved co-operation and the patience that you show in filling the questionnaire.

Thank You in Advance!

General Direction

- A. Please answer by circling the number before the alternatives or write the necessary responses in the space provided.
- B. Respondent should be real estate developer or representative of the real estate developer.

Part I: Respondent's Personal Information

1. Name: _____
2. Sex: 1. Male 2. Female
3. Position or Occupation: _____

Part II: General Information of the Real Estate Company

4. Name of the Real Estate company : _____
5. Type of the real estate company:
 1. Private limited company 2. Partnership
 3. Share company 4. Joint venture
 5. Sole proprietorship 6. If others (specify) _____
6. Location of the real estate company:
 1. Sub city: _____
 2. Woreda _____
 3. Special name: _____
7. Year of establishment: _____

Part III: Questions on Real Estate Development Activities

8. What conditions attracted you to invest in real estate development activities in the city? Please specify

9. What are the main activities of your real estate company? Please specify?

10. How many hectares of land do your company has for the real estate development activities? Please specify

11. Does the hectare of land that you have at hand is enough for the real estate development activities?
1. Yes 2. No
12. If your response to question No. 11 is "No", what is the reason? Please specify.

13. If your response to question No. 11 is "No", what mechanisms do you use to get additional hectares of land? Please specify?

14. Does the land you are given suitable for the real estate development activities that you have planned?
1. Yes 2. No
15. If your response to question No. 14 is "Yes", please justify your reason.

16. If your response to question No. 14 is "No", what is the reason? Please specify.

17. If your response to question No. 14 is "No", what improvements are required to make the land suitable for construction? Please specify

18. So far how many housing units have been built and transferred to beneficiaries? Please specify?

19. How many housing units does your company construct annually or in every phase? Please specify?

20. What problems do you face in the process of running your real estate development activities? How do you solve them?

Part IV: Questions on Customer Relations

21. Which group of society are your customers?
1. Upper income groups 2. Middle income groups
3. Lower income groups 4. All in come groups
5. If others (specify) _____
22. Please specify the reasons for your response to question No."21".

23. Which types of houses are you providing for your customers?
1. Villas 2. Apartments
4. All types 5. If others (specify) _____
24. Please specify the reason for your response to question No. "23".

25. What is the average price of the houses?

26. How affordable is the price of your houses? Please specify

27. Is there price discount for your customers?
1. Yes 2.No
28. If your response to question No. 27 is "Yes", how much is the price discount? Please specify

29. If your response to question No. 27 is "No", what are the reasons? Please specify

30. What are the criteria of determining the prices of the houses? Please specify

31. How do you see the price of the house currently?
1. Increasing 2. Decreasing
3. If others (specify) _____
32. If your response to question No. 31 is "Increasing", what are the reasons for increasing the price of the house? Please specify

33. If your response to question No. 31 is "Decreasing", what are the reasons? Please specify

34. Do you provide guarantee for your customers?
1. Yes 2. No
35. If your response to question No. 34 is "Yes", how do you implement the guarantees?

36. If your response to question No. 34 is "No", what are the reasons? Please specify
-
37. Have you adjusted the prices of the house and terms of payment to your customers?
1. Yes 2. No
38. If your response to question No. 37 is "Yes", what are the reasons to adjust the prices and the term of payment? Please specify
-
39. If your response to question No. 37 is "No", what are the reasons? Please specify
-
40. Do you finish the construction on time according to your promise for the customers?
1. Yes 2. No
41. If your response to question No. 40 is "No", what are the reasons? Please specify
-
42. Does your company allow for the customers to sell their house for others?
1. Yes 2. No
43. If your response to question No. 42 is "No", what is the reason? Please specify
-
44. What kind/technique of marketing does your company use to attract the potential customers? Please specify
-
45. Do you think that the devaluation of Ethiopian currency decreases the market potential of your company?
1. Yes 2. No

46. If your response to question No. 45 is "Yes", to what extent your market is affected?
1. More severely 2. Moderately
3. Less severely 4. Unpredictable
5. If others (specify) _____
47. Please give your reason for the response to question No. "46".
-
48. How do you transfer the houses for the beneficiaries? Please specify
-
- Part V: Questions on Incentives and Barriers of the Real Estate Development**
49. What are the incentives and supports that you get from the city government of Addis Ababa? Please specify
-
50. Does the location of the land that was provided to you is based on your option?
1. Yes 2. No
51. If your response to question No. 50 is "No", please specify the reasons.
-
52. Do you get financial support from various financial institutions?
1. Yes 2. No
53. If your response to question No. 52 is "Yes", what are the financial institutions which provide financial support for your company? Please specify
-
54. If your response to question No. 52 is "Yes", on what bases support you? Please specify the procedures and criteria of getting financial support?
-
55. If your response to question No. 52 is "No", what are the reasons not to get financial support from the financial institutions? Please specify
-

56. How do you see the land lease cost in the city?
1. Expensive 2. Fair
3. Cheap 4. If others (specify) _____
57. Please specify the reason for your response to question No. 56.

58. Is there government laws and regulations which hinder your real estate development activities?
1. Yes 2.No
59. If your response to question No. 58 is "Yes", what are the government laws and regulations which hinder your real estate development activities? Please specify

60. Are there problems that you have faced before and after the construction of the Real Estate Company?
1. Yes 2.No
61. If your response to question No. 60 is "Yes", what are the problems? Please specify

62. What do you think should be done to improve the overall real estate development activities in the city? Please specify.

Appendix 2
Addis Ababa University
College of Development Studies
Department of Urban Development and Management

Questionnaire to be filled out by Real Estate Residents

Dear Respondents,

As a requirement of the program, I am conducting master's thesis entitled **An Assessment of Urban Development Housing Policy and Residential Real Estate Development in Addis Ababa: Opportunities and Challenges**. The main objective of this study is to investigate the opportunities and challenges of urban development housing policy and residential real estate development in Addis Ababa by searching pertinent data. The study is expected to have a significant contribution of supplying valuable information to the current urban development of housing policy and residential real estate development in the study area in particular and in Ethiopia in general. Hence, the success of the study will entirely depend on your cooperation and genuine response. The researcher would like to confirm you that the information you provide will be kept confidential and use for academic purpose only. So, you are kindly requested to provide accurate information as much as possible.

Thank You in Advance!

General Direction

- A. Please answer by circling the number before the alternatives or write the necessary responses in the space provided.
- B. Respondent should be household head or representative of household heads.

Part I: General Household Information

1. Address: 1. Sub city _____ 2. Woreda _____
 3. Kebele _____ 4. Special name _____
 5. House No. _____
2. Sex: 1. Male 2. Female

3. Age: 1. 20-30 2. 31-40
 3. 41-50 4. 51-60
 5. 61-70 6. 71-80
 7. Above 80
4. Marital Status: 1. Single 2. Married
 3. Divorced 4. Widowed
5. Educational Status: 1. Illiterate 2. Read and Write
 3. Primary (1-6) 4. Junior secondary (7-8)
 5. Senior secondary (9-12) 6. Tertiary (12 and above)
6. Occupation: 1. Government employee 2. Self employed
 3. NGO employee 4. Unemployed
 5. Pensioned 6. If others (specify) _____
7. Household income per month (Ethiopian Birr)
 1. Less than 1000 2. 1000-2000
 3. 2001-3000 4. 3001 – 5000
 5. More than 5000
8. Location of Previous residence
 1. With in Addis Ababa 2. Outside of Addis Ababa (in regions)
 3. Out of Ethiopia 4. If others (specify) _____

Part II: Questions on Housing Condition

9. How long have you been living in the real estate?
 1. Less than 2 years 2. 2-5 years
 3. 6-10 years 4. 11 -15 years
 5. More than 15 years
10. What is the type of the house
 1. Villa 2. Apartment
 3. If others (specify) _____

11. If your response to question No. 10 is "Villa", please specify the size of the villa in square meters and number of the bed rooms.
 1. Size in square meters _____
 2. Number of bed rooms _____
12. If your response to question No. 10 is "Apartment", please specify the size of the Apartment in square meters and the floor of the Apartment.
 1. Size in square meters _____
 2. Floor of the Apartment _____
13. If your response to question No. 10 is "Others", please specify the size in square meters and the floor number or number of bed rooms.
 1. Size in square meters _____
 2. Floor number or number of bed rooms _____
14. What is the total area of your house including its compound? please specify

15. How do you evaluate the standard of the house?

1. Excellent	2. Very good
3. Good	4. Satisfactory
5. Poor	
16. Please justify your reason for your response to question No. "15".

17. Does your house have access to basic infrastructures and services?

1. Yes	2. No
--------	-------
18. If your response to question No. 17 is "Yes", list the basic infrastructures and services that are available.

19. If your response to question No. 17 is "No", what are the reasons? please specify

Part III: Questions on Condition of House Market

20. Why do you prefer to buy real estate home? please specify

21. How do you see the price of the house?

1. Expensive	2. Fair
3. Cheap	4. If others (specify) _____
22. Please justify your reason for your response to question No. "21".

23. What kind of payment do you use to buy house from the real estate developer?

1. In cash	2. In credit
3. Both in Cash and Credit	
4. If others (specify) _____	
24. Do you get any kind of assistance from the real estate developer?

1. Yes	2. No
--------	-------
25. If your response to question No. 24 is "Yes", what kind of assistance do you get? please specify

26. If your response to question No. 24 is "No", what do you think is the reason? please specify

27. Do you get mortgage services from the financial institutions?

1. Yes	2. No
--------	-------
28. If your response to question No. 27 is "Yes", what seems the mortgage service? please specify

29. If your response to question No. 27 is "No", what is the reason? please specify

Part IV: Questions on Conditions of Housing Transfer

30. Is there an agreement between you and the real estate developer about the specifications and other related plans of the house?

1. Yes	2. No
--------	-------

31. If your response to question No. 30 is "Yes", please specify the agreement?

32. If your response to question No. 30 is "Yes", how do you see the implementation of the agreement by the developer? Please specify the reasons?

33. If your response to question No. 30 is "No", what is the reason? please specify

34. Do you get the title deed of the house on time?
1. Yes 2. No
35. If your response to question No. 34 is "No", what is the reason? please specify

36. What is the procedure of transferring the house from the real estate developer? Please specify

37. How do you see transparency and accountability of the procedure in transferring the house from the real estate developer? Please specify

38. Do you have an agent to facilitate housing transfer from the developer?
1. Yes 2. No
39. If your response to question No. 38 is "Yes", what role does the agent play?

40. If your response to question No. 38 is "No", what is the reason? Please specify?

41. Does the real estate developer handover the house on time based on the predetermined agreement?
1. Yes 2. No
42. If your response to question No. 41 is "No", what do you think are the reasons to delay? Please specify the reasons?

43. Do you have guarantee and/or rectification by the real estate developer?
1. Yes 2. No
44. If your response to question No. 43 is "Yes", what are the guarantees and rectifications done by the real estate developer? Please specify

45. If your response to question No. 43 is "No", what are the reasons? Please specify

46. Do you get benefit from the real estate developer?
1. Yes 2. No
47. If your response to question No. 46 is "Yes", what are the benefits you get?

48. If your response to question No. 46 is "No", what is the reason? Please specify

49. Are there problems that you face while living in the real estate?
1. Yes 2. No
50. If your response to question No. 49 is "Yes", what are the problems? Please specify

51. What can you suggest for the over all improvement of the real estate development? Please specify

Appendix 3

Interview Guide for Addis Ababa City Land Development and Administration Authority

Name of the interviewee: _____

Sex: _____

Position or occupation: _____

Date: _____

1. How do real estate developers acquire land in the city?
2. What are the requirements to provide maximum and minimum hectares of land?
3. What are the minimum and maximum hectares of land that should be given for real estate developers?
4. How many real estate developers took land for development and how many of them are under construction activities? Are there gaps, specify?
5. How do you see the availability of land for the real estate developers in the city?
6. How is the land transfer procedure implemented for the real estate developers?
7. How do you see the urban land management and the transparency of land markets for the residential real estate developers in the city? Are there gaps during the implementation?
8. How the land lease period is set for the real estate developers and what do you do after the land lease period is expired?
9. Does the current land lease policy have an advantage for the real estate developers? How and why? What about its drawback?
10. Does the city administration able to deliver the leased land for developers on time? What techniques do you use to deliver on time?
11. After how many days should the real estate developers start construction after getting the land from your office?
12. What is the mechanism to identify the illegal from the legal developers?
13. How do you control the illegal activities of the real estate developers? Do you think that the administration is effective in its performance?
14. What are the main problems of the real estate developers in the city?

15. What measures have you take so far for the developers who have not started construction on time and with the related illegal activities?
16. What are the rules and regulations that your office uses to control the activities of the real estate developers in the city?
17. How do you see the role of the real estate developer? How supportive are they to the state economy in general and to the city in particular?
18. What kind of incentives and supervision that your office provides for the real estate developers?
19. What would you suggest for the over all improvement of the real estate development in the city?

Appendix 4

Interview Guide for the Real Estate Developers

Name of the real estate: _____

Name of the interviewee: _____

Sex: _____

Position or occupation: _____

Date: _____

1. What is the contribution of your real estate company for the city?
2. What are the procedures and requirements that your company has fulfilled in order to conduct the real estate development activity in the city?
3. What are the challenges that you have faced as real estate developer?
4. What are the major opportunities created to the real estate development activities?
5. How is the availability and cost of building materials?
6. What are your efforts to minimize the social, economical, political and environmental problems in the city?
7. How long is the lease period of your company and what will be done after the land lease period have been terminated?
8. What kind of support do you need from the city administration of Addis Ababa?
9. What do you think should be done to improve the overall activities of the real estate development?

Appendix 5

Interview Guide for the Ministry of Urban Development and Construction (MUDC)

Name of the interviewee: _____

Sex: _____

Position or occupation: _____

Date: _____

1. Would you explain the existing Urban Development policy of housing in the country in general and in Addis Ababa in particular?
2. What are the efforts that have been done to produce houses in Addis Ababa?
3. What is the scope of housing scarcity and the existing condition of housing problem in Addis Ababa?
4. What are the current strategies that the concerned body developed to deal with these problems?
5. How do you evaluate the role of urban development of housing policy on residential the real estate development activities of the city?
6. What are strategies of housing development in Addis Ababa?
7. What are the problems of housing developers in achieving their objectives?
8. What major problems appeared in implementing construction of houses in Addis Ababa city?
9. What is the status of supply and demand of house in Addis Ababa?
10. What is the status of government support for dwellers to have their own house in Addis Ababa?
11. Who is the dominant housing developer in the city?
12. What do you think should be done to improve the overall activities of the residential real estate development

Appendix 6

Interview Guide for the Housing Development Agency of Addis Ababa City Administration

Name of the interviewee: _____

Sex: _____

Position or occupation: _____

Date: _____

1. What are the major objectives of the housing development agency of Addis Ababa city administration?
2. What are the strategies that have been attempted to deliver houses in the city?
3. What is the status of the housing demand and supply in the city?
4. How many housing units should be built to meet the city's current demand? How and why?
5. What are the efforts that are being done to solve the housing deficit in Addis Ababa?
6. How is payment procedure of condominium houses going on in the city?
7. Can we say that the condominium house price is feasible?
8. How do you see the participation of residential real estate developers in the provision of houses in the city?
9. What are the major contributions of residential real estate developers in Addis Ababa?
10. What do you think should be done to improve the residential real estate development activities in the city?

Appendix 7

Interview Guide for the Construction Permit and Capacity Building Authority of Addis Ababa City Administration

Name of the interviewee: _____

Sex: _____

Position or Occupation: _____

Date: _____

1. What are the rules and regulations that are used to control the construction activities of the residential real estate developers?
2. What are the criteria to acquire construction permission for the residential real estate developers?
3. How many residential real estate developers have taken permission of construction from your office?
4. How do you follow up the construction activities of the residential real estate developers?
5. How do you evaluate the safety and sustainability of buildings of the residential real estate companies in the city?
6. What is the role of residential real estate developers in the construction sector of the city?
7. What are the major supports that your office provides for the residential real estate developers?
8. What kinds of administrative measures are taken if the residential real estate developers use the land for their own purpose or for other illegal construction activities? Do you think the measures you have taken so far are effective?
9. What is your suggestion for the over all improvement of residential real estate development activities in the city?

Appendix 8

List of Residential Real Estates in Addis Ababa

No	Name of Real Estate	Area (in Square Meters)	Date of Contract Agreement to Acquire Land (Ethiopian Calendar)	Sub – City
1	Filix PLC	16,000	13/04/98	Bole
2	Gollagol Trading PLC	15,000	11/12/97	Bole
3	Satcon construction PLC	86,805	04/02/98	Bole
4	SNB Business	50,000	24/12/97	Bole
5	Mitebay PLC	16,000	13/04/98	Bole
6	Century 21 construction (Flinestone Homes)	49,998	19/04/98	Bole
7	Get As international	41,930	28/01/98	Bole
8	Binyam Tilahun	50,000	28/01/98	Bole
9	Laura Trade and Industry	13,974	07/09/98	Bole
10	Getty Enterprise (North Get)	68,700	02/12/98	Bole
11	Kindeya Hagos	20,000	26/01/98	Bole
12	Biserat Tsega	30,000	27/01/98	Bole
13	Yancommand PLC	50,000	30/01/98	Bole
14	House Wisdom	1,700	13/04/98	Bole
15	Yirga Haile and Family PLC	30,000	27/01/98	Bole
16	Mohammed Sebdan	30,000	28/01/98	Bole
17	Eskendir Kasa	6,000	08/09/98	Bole
18	Star Business PLC	50,000	30/01/99	Bole
19	Sibhatu and Sons	13,260	25/01/98	Bole
20	Macro General Contractor	5,169	20/01/98	Bole
21	Haile and Alem International PLC	40,000	27/01/98	Bole
22	Enyi Real Estate	50,000	28/01/98	Bole
23	Castle Real Estate (Dr. Tsehay Tefera)	30,000	04/02/98	Bole

24	Magic Carpect PLC	5,000	27/01/98	Bole
25	Ayat Real Estate S.C	1,327,772	28/01/98	Bole
26	Lucy Real Estate	10,000	30/01/98	Bole
27	Kangaroo Plast	30,000	26/01/98	Bole
28	Mulunesh Fitret	66,763	NA	Bole
29	Country club development	50,000	30/01/98	Bole
30	Comet Trading	30,000	24/01/98	Bole
31	Adey Abeba Real Estate	50,000	27/01/98	Bole
32	Getachew Welde	47,999	24/01/98	Bole
33	G/micahel Markos	50,000	17/04/98	Bole
34	Teklebirhan Embaye	50,000	17/04/98	Bole
35	Michael Area Houses	23,000	25/12/97	Bole
36	Hussien Sirage	19,800	19/12/97	Bole
37	Al Adi Asa	18,000	25/01/98	Bole
38	Marefiya Real Estate	22,000	29/01/98	Bole
39	Firew Birhane Real estate	10,000	08/05/98	Bole
40	Gad construction	50,000	30/01/98	Bole
41	Sunshine Construction PLC	291,628	19/05/96	Bole
42	Kajo international PLC	50,000	11/12/99	Bole
43	Nobel real estate	50,000	11/12/99	Bole
44	Shola Share company	112,162	21/05/98	Bole
45	DHC Mix	50,000	30/01/98	Bole
46	Teferi Yirga	30,000	30/01/98	Bole
47	Asie Trading	30,000	27/01/98	Bole
48	Fikadu and Friends real estate	12,250	10/08/98	Bole
49	Elias Aba Milki y	6,940	17/05/99	Bole
50	Yohannes PLC	16,000	13/04/98	Bole
51	Romanat PLC	20,000	04/09/98	Bole
52	Rezene Teferu	1,600	26/12/97	Bole
53	Home sweet Home real estate	25,000	01/13/97	Bole

54	Amsale Getachew	5,440	18/01/98	Bole
55	Hosie Real Estate	23,000	25/01/98	Bole
56	Noh Real Estate	1,613	20/01/96	Bole
57	Adrom	50,000	29/01/98	Bole
58	Dr. Charles	4,000	06/11/98	Bole
59	Melkam Raey	1,466	11/09/69	Bole
60	Abera Tolesa	1,319	16/10/95	Bole
61	Sisay Desta Real Estate	18,000	09/09/99	Bole
62	Garad PLC	25,000	01/13/97	Bole
63	Akakas	50,000	26/01/98	Bole
64	Abenco real estate	16,500	16/03/00	Bole
65	Azeb Haylu Real estate	12,500	09/11/97	Bole
66	Addis Mender Real Estate S.C	122,856	15/05/95	Bole
67	Meklit	1,072	11/02/02	Bole
67	Pan Africa real estate	30,000	07/03/98	Bole
68	NBX	NA	NA	Bole
69	NMC	35,000	01/02/98	Akaki Kality
70	Gino real estate	5,200	30/01/98	
71	May real estate	5,000	05/08/96	Kirkos
72	Farym PLC	2,840	14/07/97	Kirkos
73	Empire real estate	3,073	10/09/97	Kirkos
74	Kara Kore	255,046	17/10/96	Kolfe Keranio
75	Deginet PLC	50,000	20/05/01	Kolfe Keranio
76	Petram PLC	50,000	25/01/98	Nifas skil Lafto
77	Varnero	67,500	-	Nifas silk Lafto
78	Antenyo Karanviyas	3,444	21/10/98	Nifas silk Lafto
79	Raguel Homes	12,000	24/08/97	Nifas silk lafto

80	Satcon Construction	17,300	30/01/98	Nifas silk lafto
81	Nasew real estate	24,000	10/09/98	Nifas silk lafto
82	Majcon General contractor	50,000	31/01/98	Nifas silk lafto
83	Yotek Construction PLC	50,000	28/01/98	Nifas silk lafto
84	Tofik Shash	10,440	18/01/98	Nifas silk lafto
85	Aker Construction	32,700	03/10/97	Nifas silk lafto
86	Tracon Trading PLC	50,000	07/01/98	Nifas silk lafto
87	Kasma engineering	22,878	29/01/98	Nifas silk lafto
88	Gan Ching real estate	30,297	14/01/98	Nifas silk lafto
89	New Hope	25,000	04/13/97	Nifas silk lafto
90	Citywide Engineering	10,000	27/01/98	Nifas silk lafto
91	Elyas Mohammed and Ebrahim mohammed	6,541	24/08/97	Nifas silk lafto
92	Amdiyhun General Trading	34,000	30/03/98	Nifas silk lafto
93	First real estate	50,000	21/10/98	Nifas silk lafto
94	Getachew Weldu	9,680	10/10/96	Nifas silk lafto
95	Mohammed real estate	10,000	29/01/98	Nifas silk lafto
96	Sorgenji Housing	30,000	24/04/98	Yeka
97	Semu Tekle	25,000	26/04/98	Yeka
98	Aser real estate	30,000	11/07/98	Yeka
99	Zemfam	15,000	24/04/99	Yeka
100	Gift Real Estate	162,999	16/12/98	Yeka
101	Alganesh Hailu	10,000	01/03/99	Yeka
102	Meseret Betizazu	10,000	NA	Yeka
103	Feba Engineering	24,000	12/04/96	Yeka

104	Samuel Alemayehu	3,900	24/08/97	Yeka
105	Romanat	30,000	13/03/99	Yeka
106	Abew PLC	10,000	29/07/01	Yeka
107	Pacific Link	50,000	28/01/99	Yeka
108	Yosef Tegegn	6,749	18/11/98	Yeka
109	Lina	50,000	08/05/98	Yeka
110	Prime real estate	3,900	24/6/98	Yeka
111	Berta construction	96,717	08/05/98	Yeka
112	Top Land real estate	18,602	15/01/00	Yeka
113	ZM real estate	20,000	17/04/98	Yeka
114	Ambassador real estate	40,000	17/04/98	Yeka
115	Sunset Homes	11,700	24/08/99	Yeka
116	Adugna Ejigu	3,906	24/08/97	Yeka
117	Mathias	3,751	08/05/98	Yeka
118	Asrat Mekonnen	2,000	27/01/98	Yeka
119	Yirgalem Asfaw	13,346	14/12/00	Yeka
120	Selomon Worku	3,700	24/08/97	Yeka
121	Birhan Goh	39,218	21/11/97	Yeka
122	Tagiye General Trading	65,251	04/07/99	Yeka
123	Huda real estate	80,000	27/12/97	Lideta

1. * NA: Not Available

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ይህ መመሪያ የሪል እስተት አልሚዎች የቦታ ጥያቄ አቀራረብና የመስተንግዶ ሁኔታን ማስፈጸሚያ መመሪያ ተብሎ ሊጠቀስ ይችላል።

አንቀጽ 2

ትርጓሜ

- 2.1 ኢጅንሲ ማለት የኦዲስ አበባ አስተዳደር የመራት ልማት ኢጅንሲ ነው።
- 2.2 የሪል እስተት ልማት ማለት ቁጥራቸው ቢያንስ 50 እና ከዚያ በላይ የሆኑ አጠራ ሊያስፍሩ የሚችሉ የመኖሪያ ቤቶች ለማከራየት ወይም ለመሸጥ የታዩ ልማት ነው።
- 2.3 የሪል እስተት አልሚ ማለት ቁጥራቸው ቢያንስ 50 እና ከዚያ በላይ የሆኑ አጠራ ሊያስፍሩ የሚችሉ የመኖሪያ ቤቶች ገንባታ ማከራየት ወይም ለመሸጥ የሚገኘው ልሚ ነው።
- 2.4 ፊደላዎች ማለት የሪል እስተት አልሚው በሊገባ በተመደበለት ቦታ ላይ ሊገኘው ያቀዳቸውን ቤቶች ግንባታ የሚጀምርበትን ጊዜ በቤቶች ዓይነት ወይም በቦታ እሾናሽን ለይቶ በአንድ ተመሳሳይ ወቅት የሚጀምራቸውን በመለየት እያንዳንዱ ፊደላዎች ከአስፈራ ስምንት ወራት ባልበለጠ ከፋፍሎ የሚያቀርቡበት የግንባታ ድርጊት መርሃ ግብር ነው።
- 2.5 የቤቶች ግንባታ ማስተር ፕላን ማለት የሪል እስተት አልሚው የሚገነባቸው ቤቶች በዓይነታቸው በመለየት የቤቶች አሰፋፈር፣ የመንገድ አቅርቦት፣ የሰው ሀይል እና ሌሎች ተያያዥ አገልግሎቶችን ለልማቱ በተፈቀደለት አጠቃላይ ቦታው ላይ ከአሳቢው ፕላን ጋር በማጥናት የሚያቀርበው ፕላን ጋር አጣጥሞ በማጥናት የሚያቀርበው ፕላን ነው።
- 2.6 የግንባታ መጀመር ማለት ቢያንስ በተሰበሰበው የግንባታ ፍቃድ መሰረት የታዩ የቤት ክምጥር ቦታች ያለው ግንባታ፣ መሰረትና መሥሪያ ሙሉት ሥራ መሉ ለመሉ የተጠናቀቀ ሲሆን ነው።
- 2.7 ነገር አካባቢ ማለት በኦዲስ አበባ ከተማ መዋቅራዊ ፕላን የተገነባ አካባቢ በሚል ተሰይቶ የተመለከተውና መንገድ፣ ኢሌክትሪክ፣ ውሃ ስልክና የመሳሰሉት መሰረት ልማቶች የደረሰባት የለማው የከተማውን ክፍል ነው።

Appendix 9

የኦዲስ አበባ ከተማ አስተዳደር የሪል እስተት አልሚዎች ቦታ የጥያቄ አቀራረብና የመስተንግዶ ሁኔታን ማስፈጸሚያ መመሪያ

ኦዲስ አበባ ከተማ ከሰነድ ገቢዎ ላይ አንጻር ከሌሎች የልማት ሁኔታዎች በተለየ ቅድሚያ ትኩረት የሚሻና በተከማው በመታየት ላይ ያለውን የድህነት ሁኔታ ለማሻሻል ሞኝ መሰሪያ የሆነው የቤቶች ልማት መሆኑ በመታመኑ፤

አስተዳደሩ ከመደበኛ ገቢው ክፍተኛውን ድርሻ የያዘውን ገንዘብ ለቤት ልማት መደብ በመታወቅ ላይ ሲሆን ከጥንቃቄ ስፋት አንጻር የመኖሪያ ቤት እጥረትን ለመቅረፍ ማና ያላቸውን ሁሉንም አካላት ተሳትፎ ማሳደግ አስፈላጊ ሆኖ በመገኘቱ፤

የግሉ ሲክተር በሪል እስተት ልማት በስፋት ሊያሳትፍ የሚያስችል ራሱን የቻለ ደንብ የጣባ በመሆኑ፤

ደንቡ የአስተዳደሩን የልማት አቅጣጫዎች በመከተል በሁሉም የገቢ ደረጃ ያሉ ነዋሪዎች የመኖሪያ ቤት የሚያገኙበትን አማራጭ ያካተተ እና በተለይም በአካላት የገቢ ደረጃ ያሉትን ተጠቃሚነትን ለማደራጀት ቦታ ቆጣቢ የጋራ ህንፃ ግንባታ ላይ ለመለማራት ለሚሹ ሪል እስተት አልሚዎች መራት በሃሳ እስከመስጠት የሚደርስ ማበረታቻ የያዘ በመሆኑ፤

መራት መተኪያ የሌለው ሞኝ የሕዝብ ሀብት ስለሆነ የብዙሀኑን ሕዝብ ጥቅም ማስጠበቅ የአስተዳደሩ ሞኝ ኃላፊነት በመሆኑ፤

የሪል እስተት አልሚዎች የልማት ቦታ ጥያቄ የሚያቀርቡበትን አግባብ፣ ፕሮጀክታቸው የሚገመገምበትን ውሳኔ የሚሰጥበትን ህደት፣ የሲገብ ውል አፈፃፀም ህደትና የደቡብ ባለቤትነት ማስፈጸም አጠቃላይ እንዲሁም የአፈጻጸም ቁጥጥርና ክትትል የሚደረግባቸው አግባብ ወጥ በሆነ አሰራር ማክናወን እንዲቻል ዝርዝር አፈጻጸም መመሪያ ማውጣት አስፈላጊናል።

2.8 ማሰላፊያ አካባቢ ማለት በአዲስ አበባ ከተማ መዋቅራዊ ፕላን ለከተማው የወደፊት ልማት በማስፋፊያነት የተመለከተውና መገንደ፤ ኤሌክትሪክ፣ ውሃ፣ ስልክና የመሳሰሉት መሠረተ ልማቶች ተማላተው ያልደረሱበት የከተማው ዳርቻ አካባቢ ነው።

አንቀጽ 3

3. የልማት ቦታ ጥያቄ አቀራረብ፣ ፕሮጀክት ስለመገምገም፣ ቦታ ስለማዘጋጀትና ውሳኔ ስለመስጠት

3.1 በሪል አስተዳደር ልማት ሲሰጥ ለልማት ቦታው በድርጅር እንዲሰጠው በቅድሚያ የሚከተሉትን አማላቶች ለባለሥልጣኑ ያቀርባል።

3.1.1 ስልጣን የተሰጠውን ቦታ አድራሻ፣ በቦታው ስፋት፣ ቦታው ላይ ግንባታ ያለበት መሆኑንና አሰመሆኑን፣ ግንባታ ያለበት ከሆነ ተሻሽቶችን ለማስተካከልና መልዕ ለማስፈር ያለው ፈቃድኝነት

3.1.2 የፕሮጀክቱን የትግበራ ስልት ማለትም የፕሮጀክቱን አተገባበር፣ ተሻሽ ካለ አልማዎ በመልዕ ማስፈሩ ሂደት የሚኖረውን ሚና፣

3.1.3 ስልጣን የተቀመጠው የፕሮጀክት ሃሳብ

3.1.4 የኢንቨስትመንት መጠን፣ የልማቱ ወይም የፕሮጀክቱ ጠቀሜታ

3.1.5 የፕሮጀክቱን የግንባታ ወጪ በ.ዩንስ 30% የሚሸፍን ጥራ ገንዘብ ወይም በታወቀ ባንክ የተረጋገጠ የአልማዎ የመገደር አቅም ማስረጃ

3.1.6 በባንክ የተረጋገጠ ሲ.ፒ.ኦ

3.2 የቀረበው የሪል አስተዳደር ልማት ፕሮጀክት ጠቀሜታ በሌላ ድርጅር ኮሚቴ ተገምግሞ የድርጅር ሂደቱ ስለመቀጠሉ በባለስልጣኑ ይወሰናል።

3.3 የድርጅር ሂደቱ እንዲቀጥል በባለስልጣኑ ሲወሰን ለፕሮጀክቱ በቂ የሆነ የተዘጋጀ ቦታ ካለ በባለስልጣኑ ተመደቦ ለቦርድ ውሳኔ ይቀርባል።

3.4 በባለስልጣኑ ለፕሮጀክቱ ሲመደብ የሚችለው የተዘጋጀ መሬት ከሌለና የቦታ ፍላጎቱ ከአንድ ሄክታር በላይ ከሆነ የቦታ ገገጃቱ በኤጀንቲው በኩል እንዲከናወን ይደረጋል። የቦታ ገገጃቱ ሲጠናቀቅ ከፕሮጀክቱ ግምገማ ውጤት ጋር ተቀናጅቶ በባለሥልጣኑ አማካኝነት ለቦርድ ውሳኔ ይቀርባል።

3.5 የሪል አስተዳደር ልማት በአንድ ጊዜ ስልጣን የሚጠየቀው ጠቅላላ የልማት ቦታ ስፋት በማስፋፊያ አካባቢ ከ20 ሄክታር በሃገር አካባቢ ከ5 ሄክታር ሲበልጥ

አይችልም። ከተጠቀሰው የቦታ ስፋት በላይ ለሚጠይቁ አልማዎች በርዱ በልዩ ሁኔታ ሲወሰን ይችላል።

3.6 በሃባር አካባቢ ስሪል አስተዳደር ልማት የሚፈቀደው ለኮንዶሚኒየም መሥሪያ ነው። ሆኖም የአካባቢው ፕላን በመሪ ፕላን በተፈቀደው የህንጻ ክፍታ መሠረት ስለ መሥራት የማይቻል ከሆነ እስከ 30% ስለ መሥራት ይቻላል።

አንቀጽ 4

4. የሌዘ አፈጻጸም ስራዎች

4.1 ፕሮጀክቱ ተቀባይነት አግኝቶ በቦርዱ ቦታ የተፈቀደለት የሪል አስተዳደር ልማት የሌዘ ወልደ ከመዋወቅና የይዘታ ባጠቃላይነት ካርታ ከማግኘቱ በፊት የሚከተሉትን አዘጋጅቶ ያቀርባል።

4.1.1 በተፈቀደለት የልማት ቦታ ላይ የሚያከናውኑትን የቤቶች ግንባታ ማስተር ፕላን ከተማላ ማባራሪያ ጋር ያቀርባል።

4.1.2 በልማቱ ገርዘር ፕላን ለመገንደ የሚውለው ቦታ ድርሻ ከጠቅላላው ቦታ ስፋት ከ25% መብለጥ የለበትም።

4.1.3 የግንባታ ሥራውን የሚያከናውኑትን ፊደል የሚያሳይ መርሃ ግዘር /Phasing program/ ማቅረብ አለበት።

4.1.4 ከአምስት ሄክታር በታች ስፋት ባለው ቦታ ላይ የሚገነባ የሪል አስተዳደር ልማት በአንድ ፊደል እንደሚገነባ ተቆጥሮ የሚሰጥ ይሆናል።

4.1.5 ከአምስት ሄክታር በላይ ስፋት ባለው ቦታ ላይ የሚገነባ የሪል አስተዳደር ልማት በ.ዩንስ ሁለት ፊደል ይኖራል።

4.1.6 በኢንፎርሜሽን ቴክኖሎጂ የሚሰጠውን የቦታ ስፋት መጠን ከጠቅላላው የቦታ ስፋት ከ60% መብለጥ የለበትም።

4.1.7 የፊደላት ፕሮግራም የሚቀርበው አንድ ጊዜ ነው። ውል ከተዋወለ በኋላ ፕሮግራሙ እይቀርም። ሆኖም ፕሮግራሙን መቀየር አስፈላጊ ከሆነ የመጀመሪያውን ፊደል ባቀረበው አግባብ በተገቢው ደረጃ ካላጠናቀቀ ብቻ ጥያቄው ተቀባይነት ሊያገኝ ይችላል።

4.2 አልማዎ የሚያቀርበው ገርዘር የቤቶች ግንባታ ማስተር ፕላን በመሪ ፕላን ከተቀመጠት መሠረታዊ ህጎችና ከሪል አስተዳደር ልማት ቦታ አሰጣጥ ደንብ ጋር

5.6 በጊዜ ገደቡ ግንባታ ባለማከናወኑ በሊገባ የተሰጠው መሬት ሊመለስ የሊገባ ደንብን እንደገና ለማሻሻል በወጣው ደንብ ላይ በተደነገገው አግባብ ተቀጥቶ ቦታው ተመላሽ ይደረጋል።

5.7 አልማዊ ተናጠል የይዘታ ባለቤትነት ማስረጃ ስርዓት ወይም የጋራ ህግን ባለቤትነት ማስረጃ /አንዳዘጋጅለት ጥያቄ ማቅረብ የሚችለው ግንባታውን ላጠናቀቀው ፊደል ብቻ ነው።

አንቀጽ 6

6. የተሻሩ መመሪያዎች

ከዚህ መመሪያ ጋር የሚጋጩ ማንኛውም መመሪያ ወይም ልማዳዊ አሠራር ይህ መመሪያ በሚሸፍናቸው ጉዳዮች ላይ ተፈጻሚነት አይኖረውም።

አንቀጽ 7

7. መመሪያው ስለሚሰናበት ጊዜ

ይህ መመሪያ ከኮሎኔል 14/97 ዓ.ም ጀምሮ የዐና ይሆናል።

አዲስ አበባ ከተማ

የመሬት አስተዳደር ባለሥልጣን

አንዲሁም በመሬት አስተዳደር ቦርድ ከሚሰጠው ውሳኔ ጋር መጣጠሙን ባስሰልጣኑ ይረጋግጣል።

4.3 አልማዊ አዘጋጅቶ በሚያቀርበው የግንባታ ፊደል ላይ ማርካ ማብር መሠረት የይዘታ ባለቤትነት ካርታው ለመጀመሪያ ፊደል ይዘጋጃል።

4.4 የሊገባ ወሱ በሊገባ ስለተፈቀደለት ጠቅላላ ቦታው ሁኔታ የሚገልፅ ሲሆን አልማዊው በሚያቀርበው የግንባታ መርሃ ግብር (phasing) መሰረት በመጀመሪያው ፊደል ግንባታ የሚከናወኑበት ቦታ ስፋት ተፈጻሚ የሚሆኑ መሠረታዊ ጉዳዮች አካቶ የሚዘጋጁ ይሆናል። የሳይት ፕላንም አባሪ ተደርጎ ይሰጠዋል።

4.5 በሪል አስቴት ልማት ደንብ መሠረት 70% ለጋራ ህግ 30% ለሲባ አገልግሎት የተፈቀደለት አልማዊ ክፍያ ለጠቅላላው ቦታ ተሰልቶ ይከፍላል።

4.6 ሙሉ በሙሉ ቪባ ለሚገቡበት የቅድሚያ ክፍያ 20% ይሆናል።

አንቀጽ 5

5. የልማት አፈጻጸምና ክትትል ስራዎች

5.1 የሪል አስቴት አልማዊ የይዘታ ባለቤትነት ካርታ እንዲሁም የግንባታ ፈቃድ የሚሰጠው ለመጀመሪያው ፊደል ግንባታ ለማከናወንበት ቦታ ክልል ብቻ ነው። ለአልማዊው የተፈቀደው ጠቅላላ ቦታ ግን በአልማዊው ስም ተመዘግቦና በአግባቡ ተጠብቆ ይቆያል።

5.2 የልማቱ ቦታ ለጠቅላላው የቦታ ስፋት የሚፈቀድ ሲሆንም በየፊደሉ ያለው አፈጻጸም ከዚህ ቀጥሎ በተመለከተው አግባብ የሚከናወን ይሆናል።

5.3 በአያንዳንዱ ፊደል የተተመጠውን የግንባታ ሥራ በመርሃ ግብሩ መሠረት በጊዜ ሰሌዳው ወይም ከጊዜ ሰሌዳው አስቀድሞ ሙሉ በሙሉ ግንባታ መጀመሩ በባለሥልጣኑ ሲረጋገጥ የቀጣዩን ፊደል መገንባት እንዲችል የይዘታ ባለቤትነት ካርታና የግንባታ ፈቃድ እንዲያገኝ ይደረጋል።

5.4 በአያንዳንዱ ፊደል የተተመጠውን የልማት ሥራ በመርሃ ግብሩ መሠረት በጊዜ ሰሌዳው አሰጠክናውን በባለሥልጣኑ ሲረጋገጥ የፊደሉ መጠናቀቂያ ከመድረሱ ከሰዓት ወር አስቀድሞ የማሳሰቢያ ደብዳቤ ለአልማዊው ይሰጠዋል።

5.5 በተሰጠው ማሳሰቢያ መሠረት በጊዜ ገደቡ ግንባታውን ሊጀምር ካልቻለ በቀጣዩቹ ፊደሎች ሊገባ የተፈቀደለት ቦታ ይወሰድበታል።

Appendix 10

የኢያት አክሲዮን ማህበር የቤት ሽያጭ ውል ስምምነት

የሠ የኢፓርታማ ሽያጭ ውል እና በአባሪነት የተያያዙትን የዚህ ውል አካል የሆኑትን ሆነያት ጨምሮ
 ከዚህ በኋላ ውል እየተባለ የሚጠቀሰው ዘራ _____ ዓ.ም አዲስ አበባ ከተማ፤

1ኛ/ በ _____ C/O _____
 አድራሻ- አ/አበባ _____ ክፍለ ከተማ _____ ቀበሌ _____ የቤት ቁጥር _____ ፖ.ሣ.ቁ. _____
 2ኛ/ በ _____ የውል ቁጥር _____

አድራሻ- አ/አበባ _____ ክፍለ ከተማ _____ ቀበሌ _____ የቤት ቁጥር _____ ፖ.ሣ.ቁ. _____
 ከዚህ በኋላ "የዢ" ተብሎ በሚጠራት _____

እና ኢያት አክሲዮን ማህበር _____
 አድራሻ- አዲስ አበባ _____ ክፍለ ከተማ ቀበሌ _____ የቤት ቁጥር _____
 ከዚህ በኋላ "ሻጭ" እየተባለ በሚጠራው መስከላ ተራራመ።

አንቀጽ 1
 9ኛው
 ሻጭ በአዲስ አበባ መስተዳድር በ _____ ውስጥ በሊዝ
 ደንብ ቁጥር 27294 መሠረት በተረከበው ቦታ ላይ በገዢ ምርጫ የመኖሪያ ኢፓርታማ ሠርቶ የገኙበት/
 ለገዢ በሽያጭ ለማስረከብ በሚከተለው ዝርዝር የውል አፈጻጸም ተስማምተዋል።

አንቀጽ 2
 የመኖሪያ ቤቱ ዓይነትና ይዘት
 ሻጭ ለገዢ ሠርቶ የሚያስረክበው ቤት በጋራ ሕንጻ ቤት ባለቤትነት አዋጅ ቁጥር 370/1995 መሠረት
 ቅድሚያ/በገበ/ የመኖሪያ፣ የቤር እና የንግድ/ አገልግሎት በተመደበ ሕንጻ ውስጥ የሚገኝ መኖሪያ
 ኢፓርታማ ነው።

አንቀጽ 3
 የመኖሪያ ቤቱ አሠራር አጠቃላይ ይዘት
 ሻጭ ለገዢ ሠርቶ የሚያስረክበው ቤት ኢፓርታማ ሆኖ፤
 3.1. የጋራ ሕንጻው የሚገኝበት አድራሻ/site/ _____ ፤
 3.2. የሕንጻ ቁጥር/የገዢው ምርጫ/ ኛ ፎቅ፣ የቤት ቁጥር _____ ነው።
 3.3. የቤት ስፋት በተያያዘው ንድፍ ፕላን መሠረት የጋራ መገልገያዎችን ድርሻ ሳይጨምር _____
 ሜትር ካሬ ነው።

3.4. ቤቱ _____ የመኝታ ክፍሎች፣ ሳሎንና ምግብ ቤት፣ 1 ወጥ ቤት፣ _____ መታጠቢያ ቤትና
 ሰቃ ቤት በአጠቃላይ _____ ክፍሎች አሉት።

3.5. የመሬት ወለል ንጣፍ፤
 3.5.1. የዋናው ቤት የመኝታ ክፍሎች ፕላኒቲክ ታይልስ፣ ሳሎንና ምግብ ቤት ፐርኬ፣
 3.5.2. የዋናው ቤት ወጥ ቤት፣ መታጠቢያ ቤትና ኮሪደር ኢምፖርት ስፊት ስፊት ስፊት፤
 3.6. አጠቃላይ የአላስክትሪክ ማገባጠሚያዎችና መብራቶች በድርጅቱ ስተንደር እና የግል ቆጣሪ
 ይገባል፤ እንዲሁም የዲሽ ገመድና የስልክ መስመር ይዘረዳል።

3.7. የመታጠቢያና የወጥ ቤት ክፍሎች፣ የውሃ መስመር ከነመገባጠሚያው ይሟላሉ። የውሃ የግል
 ቆጣሪ ይገባል።

3.7.1. የወጥ ቤት እና የመጠቃሪያ ቤት ግድግዳ 1.5 ሜትር ከፍታ ስፊት ስፊት ይላቀቃል።
 3.7.2. ለዋናው መታጠቢያ ቤት ፕንጽ፣ ለሁለተኛው የመጠቃሪያ ክፍል ሽግር ብቻ ይገጠማል።
 3.7.3. እያንዳንዱ የመጠቃሪያ ክፍል አንድ የሬት መታጠቢያና አንድ የሽንት ቤት መካተት
 አለው።

3.7.4. የሳሙና ማስተመጫ፣ የርግ መስተፍና የሳፍት መገጠልጠያ ይኖራቸዋል።
 3.7.5. 1 ባለ 80 ሊትር የውሃ ማምሳያ ይገጠማቸዋል።
 3.7.6. የወጥ ቤት ክብረት/ስታንዳርድ/ ይገባለታል።
 3.7.7. የመኝታ ክፍሎች ቆይታ ለላቸው።

3.8. መገዘያ መስኮች፤
 3.8.1. የውስጥ መገዘያዎች በሙሉ እንጨት ታምቡረታ፤
 3.8.2. የውጭ በርና መስኮቶች በሙሉ በአሳማኒየም ይሠራሉ።

3.9. ደረጃና ዋጋደው ሲል በሙሉ ሐረር ማርብል፤
 3.10. እያንዳንዱ የጋራ ሕንጻ የመጨረሻው 4ኛ ፎቅ ከፍን ባለ 30 ጂጅ ቆይቶ ይላቀቃል።
 3.11. እያንዳንዱ የጋራ ሕንጻ የመጨረሻው 4ኛ ፎቅ ከርኒስ ፐሽሊ።
 3.12. እያንዳንዱ የጋራ ሕንጻ በውስጡ የአስተዳደር ቢር አለው።
 3.13. እያንዳንዱ ኢፓርታማ የግሉ የመኪና ማቆሚያ አለው።
 3.14. ለፍት፣ ጀንጮተር፣ ፓምፕና ሐዘርሽዮር አለው።

3.15. እያንዳንዱ የጋራ ሕንጻ የሽንት ቤት ጉድጓድ (Septic Tank) የጋራ አለው።
 አንቀጽ 4

4.1 በገዢ የሚከረከው ጠቅላላ የቤቱ ዋጋ ብር _____ //ሊሆን፤
 የቤቱ ዋጋና የነፍያ አፈጻጸም
 4.1.1 ይህ ውል ሲፈረም ብር _____ // ክፍለዋል።
 4.1.2 ቀረውን የቅድሚያ ክፍያ ማግኘት // ቀን 19 ዓ.ም ሲከፈት ግዴታ ገብተዋል።

- 4.1.3 ከቤቱ ዋጋ ላይ ብር // መሠረት ሲጠናቀቅ ይከፍላል።
- 4.1.4 ከቤቱ ዋጋ ላይ ብር // 2ኛ ፎቅ ስላብ ሲሞላ ይከፍላል።
- 4.1.5 ከቤቱ ዋጋ ላይ ብር // 4ኛ ፎቅ ስላብ ሲሞላ ይከፍላል።
- 4.1.6 ከቤቱ ዋጋ ላይ ብር // ግድግዳ ሲገነባ ይከፍላል።
- 4.1.7 ከቤቱ ዋጋ ላይ ብር // በርና መስኮት ሲገጠም ይከፍላል።
- 4.1.8 ቀሪውን የቤቱን ዋጋ ብር // አፓርታማውን ሲረከቡ ይከፍላል።

4.2 በተዘረዘረው የግንባታ ማጠናቀቂያ እርከን የክፍያ ሠሌዳ መሠረት ምድብ ሥራው እንደተጠናቀቀ ገዢ ክፍያውን ባይከፍሉ ሻጭ ገዢ በሰጡት አድራሻ በጽሑፍ የክፍያ ማስታወቂያ /Payment notice/ ይልካል። የክፍያ ጥያቄ ማስታወቂያ በተላከ 30 ቀናት ጊዜ ውስጥ ካልከፈሉ ባልተከፈለው ገንዘብ ላይ 12% ወለድ እንዲታሰብ ተስማምተናል። የክፍያ ማስታወቂያ ከተላከበት ቀን ጀምሮ 60 ቀናት ተጠብቆ ገዢ አሁንም ክፍያውን ባይከፍሉ ያለ ተጨማሪ ማስጠንቀቂያ ከከፈሉት ገንዘብ ላይ 15% በመቀነስ ሻጭ ለገዢ ገንዘቡን በመመለስ ውሎ እንዲሰረዝና የቤቱ ውለታ እንዲፈርስ ተስማምተናል።

አንቀጽ 5
የቤቱ ርክክብ

- 5.1 ሻጭ ቤቱን አጠናቅቆ ሠርቶ በመጨረስ ሐምሌና ነሐሴን ሳይጨምር በ _____ ወራት ጊዜ ውስጥ ለገዢ ያስረክባል። ቀኑም መቆጠር የሚጀምረው ለህንፃ ግንባታው ሥራ ለማስጀመር የተመደበው የትድሚያ ክፍያ ተሟልቶ በተከፈለ በ90 ቀን ጊዜ ውስጥ ይሆናል።
- 5.2 ገዢ የጋራ ሕንፃውን የሚመርጠው የሕንፃው ስኬለተን ግንባታ ሲጠናቀቅ ሲሆን አመራረጡም በሻጭ ድርጅት ደንብ በምዝገባ ተራና በክፍያ ብልጫ ይሆናል።
- 5.3 ገዢ የመኖሪያ ቤቱን በሚረከብበት ጊዜ የግንባታው ሥራዎች በውለታው ዝርዝር መሠረት መሆኑን አይቶ ይረከባል።
- 5.4 ሻጭ ድርጅት የመኖሪያ ቤቱን ሕንፃ በሚያስረክብበት ወቅት አግባብነት ባላቸው ድርጅቶች ደንብና ሕግ መሠረት የመብራት፣ የውሃና የስልክ ሥራዎችን አጠናቅቆ የማስረከብ ኃላፊነት አለበት።

አንቀጽ 6

የገብረት ይዘታና የጋራ መጠቀሚያ ማረጋገጫ

- ሻጭ ለገዢ ሠርቶ የሚያስረክበው አፓርታማ የሚገኝበት ሕንፃ በተናጠል በገዢው ከተያዘው ቤት ውጭ፤
- 6.1 ኮረዳ፣ ደረጃ፣ ሊፍት፣ የኤሌክትሪክ ጃነራተር፣ የውሃ ፓምፕ፣ የውሃ ማጠራቀሚያ ገንዳ፣ የመፀዳጃ ፍሳሽ ማጠራቀሚያ /Septic Tank/ ገንዳ፣ ወዘተ የመሳሰሉትን ማናቸውም የሕንፃው አካል፤
 - 6.2 የጋራ የሕንፃው አስተዳደር ቢሮ ከነመፀዳጃ ክፍሉ፤

- 6.3 የአያንዳንዱ ቤት አንድ የመኪና ማቆሚያ፣ የጋራ መጠቀሚያ ግቢ ወዘተ የመሳሰሉትን ታላቢ የጋራ መኖሪያውን ሕንፃ አካሎች የሆኑትን ጨምሮ ነው።
- 6.4 ሻጭ ለገዢ ሠርቶ /ገንብቶ/ ለማስረከብ ውለታ የፈጸመበት አፓርታማ ንብረት በፍ/ብ/ሕግ ቁጥር 1030፣ 1031 እና 1024 መሠረት የማይንቀሳቀስ ቦታውና ቤቱን እና የሦስተኛ ወገኖችን መብት እንደተጠበቁ ሆነው ሙሉ የአፓርታማውን ክፍሎች የሚመለከቱት መብቶችን እና ተግባሮችን ሁሉ የሚያጠቃልል ነው።

አንቀጽ 7

ስለባለቤትነትና የጋራ ሀብትነት

- 7.1 ሻጭ ለገዢ ሠርቶ /ገንብቶ/ ለማስረከብ ይህ ውለታ የተፈጸመበት አፓርታማ የጋራ መኖሪያ ሕንፃ አካልና _____ ችው ፎቅ ላይ የሚገኘውን ቁጥር _____ አፓርታማ መኖሪያ ቤት ሲሆን፣ የጋራ ሕንፃ ቤት ባለቤትነት አዋጅ ቁጥር 370/1995 የተደነገገው እንደተጠበቀ ሆኖ ገዢው፤
 - 7.1.1 በቤቱ ላይ ሙሉ የባለቤትነት መብት አለው።
 - 7.1.2 በቤቱ ውስጥ በተናጠል ማናቸውንም ሕጋዊ ተግባር የማከናወን መብት አለው።
 - 7.1.3 በሕንፃው አካል የጋራ መጠቀሚያዎችን በአግባቡ የመጠቀም መብት አለው።
 - 7.1.4 ቤቱን የመሸጥ፣ የመለወጥና የማክራየት ሙሉ መብት አለው።
 - 7.1.5 የቤቱን አገልግሎት እንደአስፈላጊነቱ በአሰባት ሁኔታ ቅርጽን ሳይለወጥ ከመኖሪያ ወደ ቢሮ ወይም ንግድ አገልግሎት መለወጥ ይችላል።
 - 7.1.6 በቤቱ ላይ መብቱንም ለማስከበር የጋራ ሕንፃው የቤት ባለቤቶች ማህበር አባል መሆንና በአዋጁ መሠረት ውሳኔዎችን መቀበልና ማስተላለፍ መብት አለው።
- 7.2 ሻጭ ለገዢ ሠርቶ /ገንብቶ ለማስረከብ ውለታ የፈጸመበት አፓርታማ በጋራ መኖሪያ ሕንፃ ውስጥ በመሆኑ በፍ/ብ/ሕግ ቁጥር 1257፣ 1259 እና 1260 መሠረት፤
 - 7.2.1 ሕንፃው በወጥነት የብዙ ባለቤቶች ሀብት ነው።
 - 7.2.2 የሕንፃውን የጋራ መጠቀሚያ አካል የአፓርታማዎቹ ባለቤቶች እንደየይዘታቸው መጠን የመቶኛ ድርሻ መብት አላቸው።
 - 7.2.3 እያንዳንዱ ባለቤት የራሱን ድርሻ ለመሸጥ፣ ለማስተላለፍና በዋስትና ለማስያዝ ይችላል።
 - 7.2.4 በጋራ መጠቀሚያው ንብረት ከሌሎች በሕንፃው ውስጥ አፓርታማ ባለቤቶች ጋር ተስማሚ በሆነ መንገድ የመጠቀም /የመገልገል መብት አለው።

አንቀጽ 8

ስም ስለማዛወርና ይዘታን ማስተላለፍ

ገዢ ከሻጭ የገዛውን ቤት በፍ/ብ/ሕግ ቁጥር 1205፣ 1211፣ 1215/2/1፣ 1043 እና 1044 መሠረት ይህን የጋራ ሕንፃ አፓርታማ ግዢ ውለታ ሰነድና ገንዘብ የከፈለባቸውን ደረሰኞች በአንድነት

ዳኞችን አበል በተመለከተ ተግባራዊ ወገኖች ለመረጣቸው ዳኞች በየራሳቸው የሚሸፍኑ ሲሆን የሰብላሙውን ዳኛ አበል ሁለቱም ወገኖች በአኩረዳ ደረጃ ይሸፍናሉ።

12.3 በግልግል ዳኞች የተሰጠው ውሳኔ ይግባኝ የማይባልበት የመጨረሻ ሆኖ በሁለቱም ወገኖች ላይ ተፈጻሚነት ይኖረዋል።

አንቀጽ 13

የጳጳሚ አድራሻ ለውጥ

ገዢ በዚህ ውሳኔ የሰጡት አድራሻ ትክክለኛ መሆኑን አረጋግጠዋል። ለወደፊትም የአድራሻ ለውጥ ሲኖር ለውጡን በአስቸኳይ በአኩረዳ ለሻጭ ለማስታወቅ ግዴታ ገብተዋል። ገዢው የለውጡትን አድራሻ ባለማስታወቅ ምክንያት ለሚደርሰው ማናቸውም ችግር ሻጭ ገዴታ የለበትም።

አንቀጽ 14

ተፈጻሚነት የማኖራቸው ሕጎች

በዚህ ውሳኔ መሰሪያ የሕግን ትርጉምና ዳኝነት የሚፈልጉ ጉዳዮች ሲነሱ ቀንቋውና ውሳኔው ተፈጻሚነት የሚኖረው በአዲስ አበባ ከተማ መስተዳድር ሕግና ፍትህ ቢሮ ስር በሚሠራባቸው ሕጎችና ደንቦች እንዲሁም ለውሳኔው አግባብነት ባላቸው የፍትሕ ቤቅና ሌሎችም ሕጎች መሠረት ይሆናል።

ምስክርኝ፡-

- 1ኛ. _____ 1ኛ. _____
- 2ኛ. _____
- 3ኛ. _____ ፲፱
- 4ኛ. _____ 2ኛ. _____

፲፱

አይት አክሲዮን ማህበር
ሻጭ

Appendix 11

የሰንገሪን ሪል እስቴት የቤት ሽያጭ ውል ስምምነት የቤት ግንባታና ሽያጭ ስምምነት ተዋዋሮች

የምዝገባ ቁጥር

ይህ ውል በሰንገሪን ኮንስትራክሽን ኃላፊነቱ የተወሰነ የግል ማገበር አድራሻው ኢ.አ ከተማ ቂርቆስ ክፍለ ከተማ ቀበሌ 07 የቤት ቁጥር 653 ከዚህ በኋላ "ሻጭ" እየተባለ በሚጠራው:-

እና

አድራሻ _____ ክፍለ ከተማ ቀበሌ _____ የቤት ቁ. _____

ከዚህ በኋላ "ገዢ" እየተባሉ በሚጠሩት መካከል ባራ ቀን _____ ዓ.ም. ተፈርማል።

ክፍል አንድ

አጠቃላይ

አንቀጽ 1

ሻጭ

ሻጭ በ _____ ክፍለ ከተማ ቀበሌ _____ ከአዲስ አበባ ከተማ አስተዳደር የመሬት አስተዳደር ባለሥልጣን በሊዝ ውል ከተረከበው ቦታ ውስጥ በቦታ ቁጥር _____ ፣ ባለ _____ የቤት ዓይነት፣ _____ ካራ ሜትር በሆነ የግቢ ስፋት የዚህ ስምምነት አካል በሆነውና ከዚህ ጋር በተያያዘው ፕላን ቦታ/ወለል፣ የቤቱ ፕላን፣ የሥራ ዝርዝርና፣ የግንባታ ዕቃዎች ዝርዝር፣ ኢ.አ.ኮንትራክ፣ ውኃና የስልክ መሥመር እንዲሁም የውስጥ ለውስጥ አስፋልት መንገዶችን ጨምሮ በዚህ ውልና በፍትህ ተጠቅሞ ለላይ መሠረት ለገዢ ገንብቶ ለመሸጥ ተስማምቷል።

አንቀጽ 2

ገዢ

ገዢ በ _____ ክፍለ ከተማ ቀበሌ _____ የሚገኘውን ቤት በአንቀጽ አንድ እንደተገለፀውና በዚህ ስምምነት መሠረት ገዝቷል።

ክፍል ሁለት

የሻጭ ግዴታ

አንቀጽ 3

የቤቱ መሸጫ ዋጋና ርክብ

3.1 ሻጭ በአንቀጽ 1 የተመለከተውን ቤት በብር / _____ / ለመሸጥ ተስማምቷል።

3.2 ሻጭ የቤቱ ዋጋ 20% የመጀመሪያ ክፍያ እንደተከፈለውና ስምምነቱ ከተፈረመበት ቀን ጀምሮ ባሉት 18 ወራት ጊዜ ውስጥ በውሉ አንቀጽ አንድ የተጠቀሰውን ቤትና ተጓዳኝ ክፍሎችን ለገዢ ያስረክባል።

3.3 ከአቅም በላይ በሆነ ምክንያት ሻጭ በተወሰነው ጊዜ ቤቱን ሠርቶ ባያስረክብ የርክብ ጊዜ እስከ 3 ወራት መራዘሙን በጽሁፍ ያስታውቃል። ሻጭ ቤቱን በተጠቀሰው ተጨማሪ ወራት ለማስረክብ ካልቻለ ሻጭ ሥራ ላይ በሚገኘው ኮንስትራክሽን ደንብ መሠረት ነገ ስፍሎ ቤቱን ለገዢ ያስረክባል።

3.4 ቤትና ይሁሉ ለገዢ እንዲተላለፍ አስፈላጊው አርምጃ ሁሉ በሻጭ ከተወሰደ በኋላ ቤቱና ተጓዳኝ ክፍሎቹ ላይ ያለ የባለቤትነት የይዘታ መብት ወዲያውኑ ለገዢ እንደተላለፈ ይቆጠራል።

3.5 በቤቱና በተጓዳኝ ክፍሎቹ ላይ ገዢ ያለው የባለቤትነት መብት እንዲረጋገጥና አግባብነት ላለው ባለሥልጣን ቤቱና ተጓዳኝ ክፍሎቹ እንዲመዘገቡ የሚያስችሉ ሰነዶችን ሻጭ ለገዢ ያስረክባል።

አንቀጽ 4

የመነቀል ዋስትና

4.1 ገዢው ምክንያት ያልሆነበት መነቀል ቢደርስ ሻጭ ለሚደርሰው መነቀል ዋሲ ይሆናል።
4.2 ገዢው ምክንያት ባልሆነበት ምክንያት ሙሉ ወይም ክፍል መነቀል ቢደርስ ገዢ በመነቀሉ የተነሳ የተዳረገውን ወጪ ሻጭ ይተካል።

አንቀጽ 5

የጉድለት ዋስትና

ሻጭ ለገዢ ያስተላለፈው ቤት በዚህ ውል መሠረት እንደሆነና ከግንባታ ሥራ ጋር በተያያዘ ለሚመጣ ጉድለት ክርክብ በኋላ ለአንድ ዓመት የሚቆይ ዋስትና ይሰጣል። በዋስትናው ዘመን ጉድለት ቢገኝ ጉድለቱን ሻጭ አሟልቶ ያስተካክላል።

አንቀጽ 6

ክርክብ ጋር ስለተያያዘ ወጪ

6.1 ቤቱንና ተጓዳኝ ክፍሎቹን እንዲሁም አግባብነት ያላቸውን ሰነዶች ለማስረክብ የሚደረጉ ወጪዎች ሁሉ የሚሸፈኑት በሻጭ ይሆናል።
6.2 ክርክብ በኋላ የሚኖር ማንኛውም ክፍያ በገዢ ይሸፈናል።

ክፍል ሶስት
የገዢ ግዴታ
አንቀጽ 7

የቤቱን መሻጫ ገንዘብ የመክፈል ግዴታ

7.1 ገዢ የቤቱን መሻጫ ዋጋ ለመክፈል ተስማምቷል።
የመሻጫውን ዋጋ ለመክፈል ተስማምቷል።

7.2 ገዢ በቅድሚያ ተጨማሪ እሴት ታክስን የማይጨምር የቤቱን ዋጋ 30% ብር /
/ ክፍሎ ይኸው የቅድሚያ ክፍያ ከዚህ በታች በተዘረዘሩት ክፍያዎች
መሠረት 30% እየተከፈለ የማይጠራ ይሆናል።

የመጀመሪያ ክፍያ

የቤቱን ዋጋ 30% - የመሠረት ግንባታ ኮስት ሥራ ሲጠናቀቅ

ይልተኛ ክፍያ

የቤቱ ዋጋ 30% - የላላይ ክርግታ (Super Structure) ሥራ ሲጠናቀቅ

ሶስተኛ ክፍያ

የቤቱን ዋጋ 30% - ጣሪያው ተሠርቶ የግድግዳ እንዲሁም የገናኛ 2ኛ ልስን ሥራ ሲጠናቀቅና
የተሰም ቅብ ሥራ ሲጠናቀቅ

እራተኛ ክፍያ

የቤቱን ዋጋ 10% - ቤቱ አልቆ ርክክብ ሲፈጸም

7.3 ከዚህ በላይ በተመለከተው ንዑስ አንቀጽ መሠረት የማይረገግ ክፍያ ሁሉ 15% ተጨማሪ
እሴት ታክስ ይታከስታል።

7.4 ከዚህ በላይ የተዘረዘሩት ክፍያዎች የማይፈጸሙት ሕግ የክፍያ መጠየቂያ ለገዢ በሰጠ በ15
ቀናት ውስጥ ሲሆን ይህም በሕግ የሚጠየም ነፃ አማካሪ ቀዳሚው ሥራ ለመጠናቀቅ
ሲፈጸም ይሆናል።

7.5 በአንቀጽ 7.4 በተመለከተው ጊዜ ውስጥ የተጠየቀው ክፍያ በገዢው በኩል ካልተፈጸመ
በተጨማሪ 15 ቀናት ጊዜ ውስጥ ባልተከፈለው ሂሳብ ላይ 12% ወለድ እና በቀጥታ
የሚታዘብ 0.4% ከሥራ ለመክፈል ገዢው ተስማምቷል።

7.6 በአንቀጽ 7.4 እና 7.5 መሠረት እስከ 30 ቀናት የተጠየቀው ዋጋ ገዢ ካልከፈለ ሕግ
ተጨማሪ ማስጠንቀቂያ መስጠት ሳይስፈልገው ውሉን በመሰረዝ ባልተከፈለው ሂሳብ ላይ
10% ክፍያ 10% ቅጣት፣ 12% ወለድ፣ ወጪና ከሥራ አዳምር የመጠየቅ መብት አለው።

7.7 በአንቀጽ 7.2 የተመለከተው የክፍያ ጊዜ በኖርም ገዢ የቤቱን የሕግ ዋጋ በመሰጠት በቅድሚያ
መክፈል ይችላል።

አንቀጽ 8

ባለቤትነትን ስለማስተላለፍ

8.1 ገዢ የሚፈለግበትን ክፍያ መሰሉ በመሰሉ እንዲጠናቀቅ ሕግ ቤቱን፣ ከቤቱ ጋር የተጻፉትን
አገልግሎቶችን እንዲሁም ቤቱን በሚመለከተው የኮዲስ አበባ ከተማ አስተዳደር መ/ቤት
በቤሙ ለማስመዘገብ የሚያስችለውን አግባብነት ያለውን ሰነድ ሁሉ እንዲያስፈልግ ቤቱ ላይ
ያለው የባለቤትነት መብት ለገዢ እንዲተላለፈ ይቆጠራል።

8.2 ለገዢ የተሻለው ቤት የሠፈረበት ቦታ ከኮዲስ አበባ አስተዳደር በሊዝ ደንብ ቁጥር 3/1987
መሠረት ለ99 ዓመት ሕግ በሰጠው በሊዝ ሰነድ ተሰጥቶ ለገዢው ውስጥ ስለሆነ በዚህ ውል
መሠረት ለገዢ የተሻለው ቤት የሠፈረበት ቦታ መጠን ለላይ ተሰጥቶ ስለሆነ በገዢው ስም ካርታ
እንዲተሰራና የቤቱም ፕላን በዚህ መሠረት እንዲተሰራም በገዢው ስም የተሰራው የባታ
ካርታ (የደብታ ማረጋገጫ ምስክር ወረቀት) እና የቤት ፕላን ለገዢ ይሰጣል። ሆኖም ቤቱ
በክፍል በገንዘብ የባደር ስምምነት የሚሸጥ ከሆነ የባታ ካርታውና የቤቱ ፕላን በአባዳሪው ባንክ
እጅ እንዲቀመጥ ይደረጋል።

8.3 በአንቀጽ 8 ንዑስ አንቀጽ 1 የተመለከተው እንዲተላለፍ ቤቱ ላይ ያለው መሰሉ ኃላፊነት (RISK)
ለገዢ ይተላለፋል።

8.4 የቤቱ የባለቤትነት ሰነድ በገንዘብ እጅ መሆን ገዢ ከሕግ በተረከበው ቤት ላይ ያለውን መሰሉ
ኃላፊነቱ (RISK) ከመተላለፍ አያግድም።

አንቀጽ 9

ለቅድሚያ ክፍያ የሚሰጥ ምስክር ወረቀት

ገዢ ምስክር ወረቀት ካላገኘ ከመጀመሩ በፊት ለደረገው ቅድሚያ ክፍያ ሕግ የቅድሚያ ክፍያ
የመኖሪያ ምስክር ወረቀት ይሰጣል።

አንቀጽ 10

የክፍያ ቦታ

10.1 በዚህ ውል መግቢያ በተመለከተው በሕግ አድራሻ ወይም በሕግ የገንዘብ ሂሳብ በማስገባት
ገዢ የቤቱን ሕግ ዋጋ ይከፍላል። የገንዘብ ደረሰን ለሕግ ሕግ የሕግ ክፍያ ወዲያው መላክ
ይኖርበታል።

10.2 ገዢ የቤቱን ሕግ ዋጋ የሚከፈለው ለሕግ ወይም ለሕግ ወዲያው ሕግ ይሆናል።

አንቀጽ 11

የክፍያ ወጪዎች

የክፍያ ወጪዎች የሚሸራረሩት በገዢ ይሆናል።

አንቀጽ 12

የውል መሻሻል

ተዋዋሮች በጽሁፍ በሚያደርጉት ስምምነት መሠረት ይህ ውል ሊሻሻል ወይም ሊለወጥ ይችላል።

አንቀጽ 13

ስምምነቱን ስለማፍረስ

- 13.1 ገዥ በዚህ ስምምነት አንቀጽ 7 መሠረት የቤቱን ዋጋ ለሻጭ ካልከፈለ ሻጭ ውሉን የማፍረስ መብት ይኖረዋል።
- 13.2 በአንቀጽ 13 ንዑስ አንቀጽ 1 መሠረት የውሉ መፍረስ ሻጭ በውሉ አንቀጽ 7.3 መሠረት ካሳ፣ ቅጣት፣ ወለድ እንዲሁም ወጪና ኪሳራ የመጠየቅ መብቱን አያስቀርም።
- 13.3 ከዚህ በላይ በአንቀጽ 13.2 የተመለከተው እንደተጠበቀ ሆኖ ገዥ የቤቱን መሸጫ ዋጋ 20% ክፍለ የቤቱ ግንባታ ከተጀመረ በኋላ ገዴታውን ባይወጣ ሻጭ ጅምር ቤቱን ለሌላ እስኪሟሸጥ ድረስ ገዥ የከፈለውን ገንዘብ የመመለስ ገዴታ አይኖርበትም።

አንቀጽ 14

አለመግባባቶችን ስለመፍታት

- 14.1 በዚህ ውል አፈጻጸም ላይ የሚነሳ አለመግባባት በሁለቱ ወገኖች በቅን መንፈስ ላይ ተመስርቶ በሚደረግ ውይይት አልባት እንዲያገኝ በቂ ጥረት ይደረጋል።
- 14.2 ጥረቱ ካልተሳካ ጉዳዩ ሥልጣን ባለው ፍርድ ቤት ይቀርባል።

አንቀጽ 15

ተፈጻሚነት ያላቸው ሕጎች

- በዚህ ውል መሠረት የሚነሳ ክርክር እንደአግባብነቱ
- 15.1 በ1952 የፍትሐብሔር ሕግ
 - 15.2 በጋራ ሕንፃ ባለቤትነት አዋጅ ቁጥር 370/95
 - 15.3 በሊዝ አዋጅ ቁጥር 272/94
 - 15.4 በሊዝ ደንብ ቁጥር 29/94
 - 15.5 በሊዝ ደንብ ቁጥር 3/87 መሠረት የሚጻፍ ይሆናል።

እነዚህ ህጎች ለዚህ ውል አፈጻጸምና አተረጓጎም አግባብነት ይኖራቸዋል።

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ገዥ

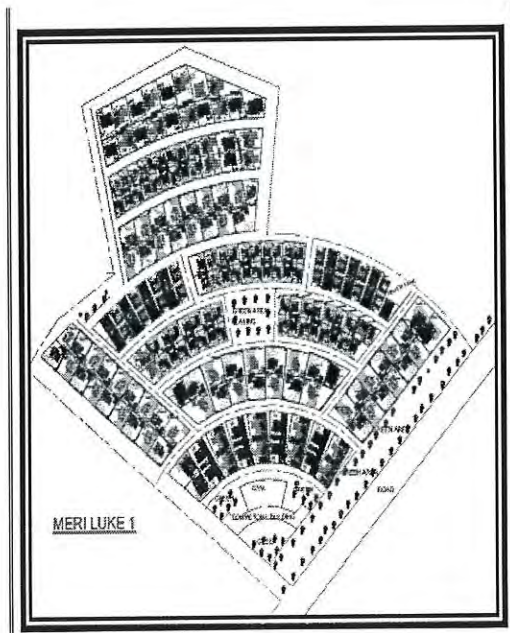
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- 1. _____
- 2. _____
- 3. _____
- 4. _____

Appendix 12

Sunshine Real Estate Project Site Plans

(A) Meri Luke Project Site Plan



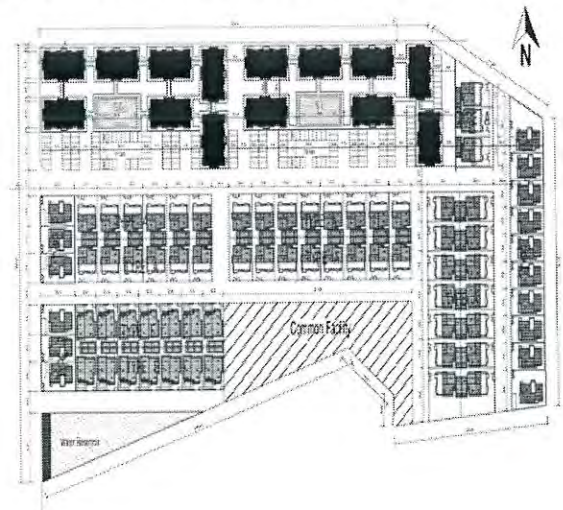
(B) Gerji Project Site Plan



(C) CMC No. 2 Project Site Plan

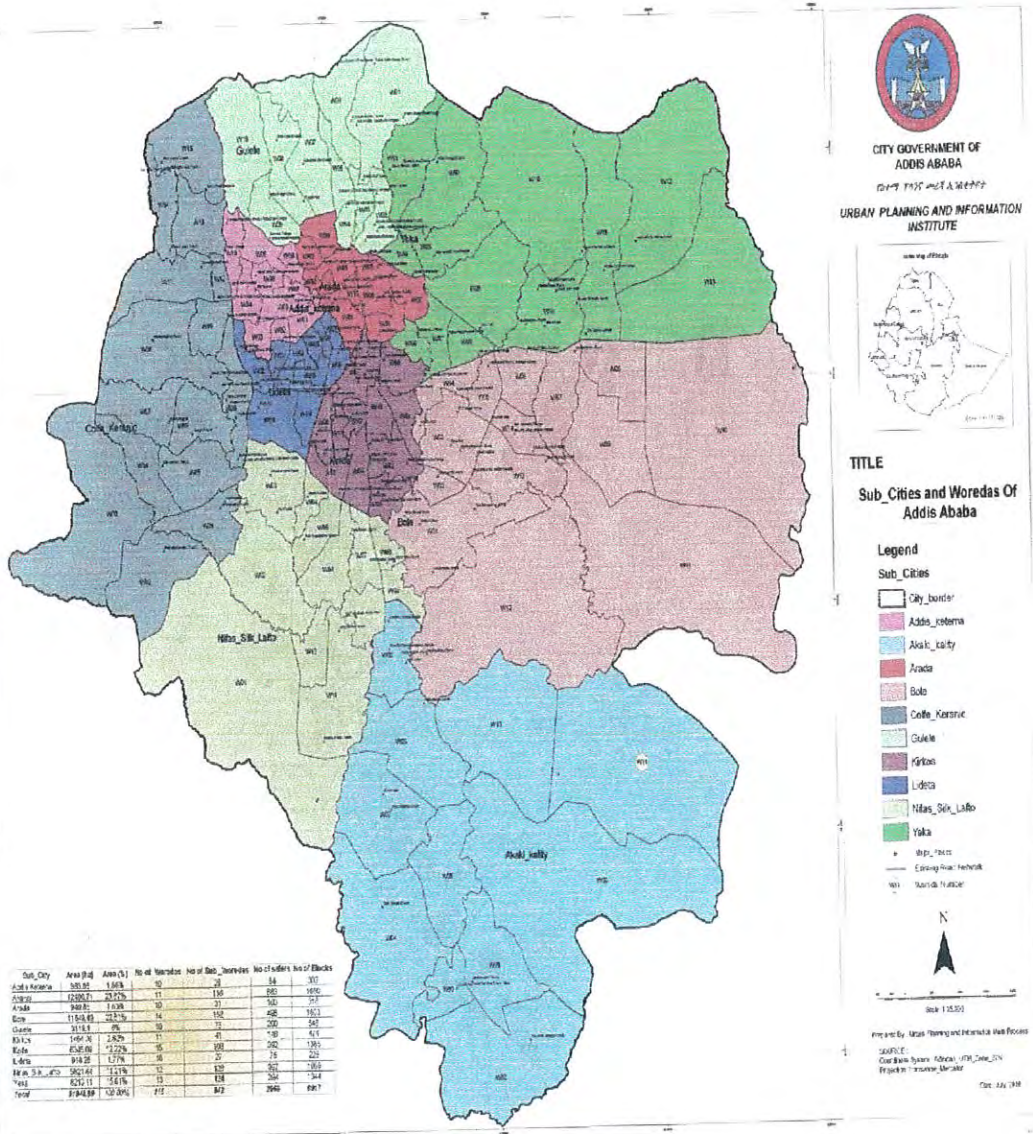


(D) Bole Beshale Project Site Plan



Appendix 13

Map of Addis Ababa



Sub-City	Area (km ²)	Area (%)	No. of Woredas	No. of Sub-Cities	No. of Streets	No. of Buildings	No. of Blocks
Addis Ababa	520.00	1.00%	11	28	14	307	107
Akaki	1200.00	23.75%	10	110	660	1870	630
Arada	800.00	15.38%	10	27	160	757	257
Bole	1700.00	32.69%	11	100	400	1000	333
Colfe Kaborie	1100.00	21.15%	11	11	200	540	180
Gulele	300.00	5.77%	11	41	100	410	137
Kibira	1400.00	26.92%	11	11	200	540	180
Lideta	400.00	7.69%	11	11	200	540	180
Mitot Sile Lalfo	900.00	17.31%	11	11	200	540	180
Yeka	800.00	15.38%	11	11	200	540	180
Total	5100.00	100.00%	112	112	1120	3000	1000