Addis Ababa University

College of Development Studies

Institute of Regional and Local Development Studies (IRLDS)

An Assessment of Urban Housing Supply and Affordability in Jimma town: with special reference to Condominium Housing.

By: Habte Alemu Gudeta

A Thesis submitted to School of Graduate Studies of Addis Ababa University in partial Fulfillment of the Requirements for the Degree of Masters of Arts in Regional and Local Development Studies

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Approved by Board of Examiners	Signature
1. Chairman, Graduate studies Committee	
2. Advisor	
3. Examiner	

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Acronyms and Abbreviations

AMCHUD	Africa Ministerial Conference on Housing and Urban Development
ASH	Aided Self Help Housing
CSA	Central Statistical Authority
FDG	Focus Group Discussion
FDRE	Federal Democratic Republic of Ethiopia
GIS	Geographic Information System
IHDP	Integrated Housing Development Program
LDC	Less Developed Countries
MDGs	Millennium Development Goals
MSEs	Micro and Small Scale Enterprises
NGOs	Non Government Organizations
NUPI	National Urban Planning Institute
ONLSUPI	Oromia National Regional State Urban Planning Institute
ONRS	Oromia National Regional State
RHA	Rental Housing Administration
UN	United Nations
UNCHS	United Nation Conference on Human Settlement
USAID	United States Agency for International Aid
WB	World Bank
CAHOP	Canadian Federal Assisted Home Ownership

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Abstract

This study has been conducted in Jimma town of ONRS with the general objective of assessing urban housing supply and its affordability with special reference to condominium housing. It also attempted to identify the factors which affected affordably condominium housing supply and local residents to afford for condominium housing in the town as well as to assess whether the condominium housing supply can solve the problems of urban housing for the urban poor. Data for this research were collected mainly through a survey of 180 households (120 households from non condominium residents and 60 households from condominium housing resident respondents) and analyzed using descriptive statistics and SPSS 15.

The study found that, supplying of standard low cost housing for low and middle income groups are affected by high cost of local constructional materials, low level of income the majority of the residents, high housing costs and low capacity of the majority of the residents to afford for condominium housing in the study area. Beneficiaries of condominium housing were on average, those who were classified as high and middle income categories of the residents. The study also showed that, condominium housing beneficiaries are better off in terms of both mean monthly income and saving than the non condominium housing residents. Household with higher income categories are also those with higher monthly saving than the lower income category. As a result there was strong correlation between household income and saving with r =0.621(**). This showed that, household of higher income can save higher amount of their income that enables them to afford standard condominium housing.

Some of the major constraints for the low and middle income groups to afford for condominium housing were low level of their income, high housing costs per meter square, and high burden of down payments and lack of access to housing subsidies. On the other hand, the main constraints of the implementers to provide affordable condominium housing were untimely completion of the project works, lack of well trained man power in the constructional sector, lack of qualified contractors and the high transportation cost of the constructional materials. The study also showed that, there is no special attention given to low income groups and female headed households to be the owner of condominium housing units.

Many condominium housing residents are satisfied with the services provided at the condominium housing sites and the quality of the housing units than their previous residential housing units. The overall analysis also indicated that, condominium housing projects are undertaken in Jimma town without considering the capacity of low and middle income groups of the town residents to afford for condominium housing. Analysis in general also showed that, condominium housing project in the study area were regionally guided program and that it did not take in to account the local situation of a given area. This contributed to the affordability problems of the local people for the condominium housing units constructed in the study area.

The study also showed that, the intended objectives of condominium housing programs to provide 60 percent of the condominium housing units for low and middle income groups and 30 percent of the housing unit for female headed households has not been well applied in to the study area and the developers of condominium housing are far from achieving the intended objectives.

CHAPTER ONE
INTRODUCTION

"No national government has yet succeeded in providing for all its citizens accommodation of a required standard at a cost which absorbs a small proportion of a family's income"(Andrusz,1984:1)

1.1. Background

Housing has become an important public issue in almost all societies of the world. Although, housing is the basic necessity of people in many parts of the world, its affordability is a major challenge for both city dwellers and municipalities (Nesru, 2007:1). With varying degrees, the problem exists in both developed and developing countries (Ibid.). However, the problem is most pronounced in the cities of the third world. While housing investments have generally increased over time, access to housing remains a key challenge, especially in developing countries, where relative to the developed world, investment has generally been low, resulting in inadequate housing delivery and consumption (Tibaijuka, 2009:3). As a result, lower income households that are unable to access affordable housing either because there is an inadequate total supply or because the limited supply that does exist is rented to those with a higher capacity to pay, are forced into housing stress by virtue of having to pay 30 percent or more of their income in rent (Donald, 2009:99).

In most developing countries, condominium house has different meaning and purpose, and is mostly constructed by public sector. According to Martha and Carol (2006) cited in Melaku (2009:32); the prime objective of condominium housing is to provide affordable and low-cost housing for low and middle income groups and with some common character of condominium housing, such as sharing common elements; sidewalks, common no man's land, sewerage system, membership of social association; while owing each housing unit individually. The condominium project has multifaceted objectives, which includes social, economic, political and environmental feature (Ibid.). And hence, this program in its socio-economic objectives, it opts for improving the living standard of the people, especially low income citizens of the city in developing countries, through the creation of employment opportunity and provision of affordable housing (Ibid.).

The supply of urban housing in developing countries is severely constrained. Supplies expands overtime but unevenly for the various components or attributes and supply and for

different consumer groups and often only at rising costs (Linn, 1983: 134). The low aggregate supply of housing from new construction and renovation and without unchanging prices the demand for housing is increasing by high rates (Ibid.). As a result, real housing prices will tend to rise in the rapidly growing cities of the developing countries. This leads in turn to overcrowding, lower quality shelter, poorer services, and worse access than would have been the case had housing supply adjusted more rapidly (Ibid.).

Even though most African government responded to the urban housing question in ways that were specific to their respective countries, there were certain general patterns and trends that were common to many of them. Nesru, (2007:1) classified the government's response in Africa to housing question in three major phases: the state of housing phase, the aided self help housing phase, and the phase of management and infrastructure. Comparatively, during the last two housing phases, almost all African governments pursued a housing strategy aimed at maximizing low and moderate income home ownership while neglecting the production of affordable rental accommodation (Nesru, 2007:1).

Solomon (2004) cited in Nesru (2007:2) stated that, the aided self help housing program were in principle intended to improve the housing conditions of Africa's urban poor, like many other low-income housing programs elsewhere in the third world, they largely catered to the needs of the middle and upper income households. This is mainly because, even under the recent more relaxed building standards set by many African housing authorities, only a small of low income households could qualify for housing finance (Boleat, 1985, Main, 1990 cited in Nesru, 2007:2).In addition, lower income households with extremely high housing cost ratios are more likely to experience affordability problems than higher income households with similar housing cost ratios because they have so little disposable income remaining after they pay for their housing (Milligan &Yates, 2007:22).

Ethiopia is one of the developing countries, characterized by increasing intensity of urban growth and population growing at an alarming rate. But this growth is not accompanied by a rise in economic development. Therefore, the process of urban growth in Ethiopia has come to be associated with tremendous socio-economic problems such as high value of unemployment, high incidence of poverty, poor sanitation, homelessness etc (Shimelis, 2003

cited in Kebena, 2007:1). In addition to this, urban centers in Ethiopia are suffering from chronic housing shortage.

The shortage of affordable standard housing problems in all towns in Ethiopia in generally and Jimma town in particular is one of the pressing matters that call for immediate action. As a result condominium housing projects currently undertaken in Jimma town that aimed to provide affordable and standard housing for the low and middle income group of the town. But, currently, as research done by Melaku, 2009; Tamiru, 2009 and Abadi, 2007 showed that, the actual beneficiaries are not the targeted poor families (both male and female) rather the high income groups. However, according to the housing development project document it is stated that, 30percent of the condominium house shall be transferred to females and 60 percent to the low and middle income groups as to the socio-economic objective of the project.

1.2. Statement of the Problem

Around the world over one billion urban residents live in inadequate housing where living conditions are poor and services are insufficient. Thus, increasing the supply of homes is a key priority for government through the later part of the 20^{th}c. A growing population coupled with an increasing tendency of people to live alone has resulted in continuous rising demand for homes, but the supply of new housing feel dramatically over the same period. This gap between supply and demand has resulted in problems of housing affordability, with rising prices creating particular pressure for first time buyers (http://www.communities.gov.uk).

The reason why many people in the cities of developing countries live in housing and urban settlements which ignore official planning regulations, standards, and administrative procedures are because of opportunities for access to legal shelter are significantly influenced by the social and economic costs of conforming to official requirements (Payne, 2002:48).Therefore, the interaction of house prices, incomes and the cost of mortgage finance, together with personal savings and deposit assistance, affect the ability of potential first home buyers to access home ownership(Milligan& Yates ,2007:10). On the other hand, there are demand and supply side which affecting housing affordability. Among the demand side; household growth, real incomes, concession of first home buyers, cost and availability

of finance for housing, real wealth, and the supply side includes; the availability of land, land development process and polices, infrastructure costs, the cost of construction, and property related taxes(Milligan& Yates,2007:10).

Ethiopia is one of the poorly developed country which characterized by housing shortage and poor housing infrastructure, especially for those living in urban areas. These problems are caused by low per capita income, low investment in housing, rapid growth of population, massive urbanization, rising cost of building materials, low income of urban dwellers to afford descent and standard housing, low investment or scarcity of financial resources to increase housing development & low supply of serviced residential plot (Bezawit,2007: 12).

In Ethiopia housing problem is seriously felt in many urban centers of the country both quantitatively and qualitatively. As a result, attempts have been made to enable interested and capable individuals to construct their own dwelling units through the provision of free plots of land, credit facilities and technical services, opening the way for the real estate development etc (Nesru, 2007:5). Another recently emerging strategy is provision of readymade collective dwelling units (or condominium housing units) which aimed of to be affordable for low and middle income groups. However, to what extent the affordability of the housing units to the urban poor is still questionable.

The major objective of condominium housing project is minimizing disparities by viewing governments concern and commitment to improve the main slum settlement, ensuring access to decent and affordable housing for the poor urban dwellers, which are homeless or inadequately sheltered and bringing fair distribution of wealth (Nesru, 2007:40). But Bezawit, 2007, Melaku, 2009 and Tamiru, 2009 argued that, the projects are designed irrespective of financial capacity of the poor to afford. As a result, aggravating impoverishment level of the poor; and others view the project as against the people's culture, values and norms.

Jimma is a town in Jimma zone, Oromia Region National State (ORNS), is not an exception to this problem. This town has a substantial pool of both public and private sector workers due to the fact that it house various institutions like Jimma teachers training college, Jimma University, private colleges and different NGOs, that have opened their offices in the town.

Because these different factors the number of public and private sector of the town increased considerably. However, it appears that the town is incapable of providing adequate affordable housing to its fast growing population. In addition, the condominium housing projects undertaken in the town does not expected to solve the housing problem of the urban poor, due to its high cost of down payment and repayments of loans over arrange of specified time.

Studies that have been conducted so far on condominium housing concentrate on housing conditions of condominium residents (Abay,2007), the role of condominium housing in alleviating the housing problems of poor households (Bezawit, 2007) and the economic and socio-cultural consequences of condominium housing (Melaku, 2009). Since condominium housing project is a recent phenomenon in regional towns, it seems that there is no study, which has been done on condominium housing in Jimma town in general and its supply and affordability in particular. This is the research gap which will be addressed by the thesis. The study will investigates the condominium housing supply and affordability in Jimma town. More specifically, the question is, to what extent has the condominium housing program solve the housing problem of the poor in terms of its supply and affordability.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of the study is to examine the condominium housing supply and its affordability in Jimma town.

1.3.2 Specific Objectives

The specific objectives of this study are:

1. To assess the household ability to afford for condominium housing in Jimma town;
2. To investigate whether the condominium housing supply solve the problem of urban housing problems especially for the urban poor;
3. To examine the general characteristics and facilities of condominium housing in the study area;
4. To assess factors affecting housing supply and affordability in the study area; and

1.4. Research Questions

Based on the objective of the study the following questions are raised to come up with some solutions.

1. What are the factors affecting the capacity of local community to afford for condominium housing?
2. What problems are solved/ expected to be solved as a result of condominium housing construction?
3. Is condominium housing providing the necessary housing facilities?
4. Has it meet the needs of the target population?
5. What are the factors affecting affordable condominium housing supply in the study area?

1.5. Methodology

1.5.1. Study design

The researcher employed both qualitative and quantitative survey design for the study that is realized through questionnaires, Focus group discussions, Key informant interviews and personal observation. This helped to identify the economic and socio-cultural consequences of condominium housing on people under study. Besides, findings were complemented with literatures review and personal observation by the researcher. The subjects of this study were those who are living in condominium and non condominium houses of the selected kebele's household respondents.

1.5.2. Source of Data

In order to achieve the objective of the study, both quantitative and qualitative data was gathered from primary and secondary sources. The primary data was obtained from Households and officials of the town's condominium housing development office. This helps to get first hand information from the residents and officials of housing development office. In addition, secondary data were collected from housing development agency of the town, municipality of the town, from the town's finance and economic development office, as well as statistical reports.

Therefore, primary and secondary sources are used to generate data for this research. The primary data is collected with the help of structured questionnaires for self administered as:

a. To select household head residents of the condominium housing unit
b. To select household heads of selected kebele residents
c. Structured interview with condominium project officials and the municipality housing transfer processing team officials.
d. Focus group discussion with selected condominium housing residents

Moreover, the secondary data collection constituted extensive survey of literature from different sources including books, Journals, Magazines, documents of the municipality master plan and topographic surveying of the town, official documents and reports from the town condominium housing project office, and the municipality rental housing administration as well as the municipality housing transfer processing team offices.

1.5.3. Sampling Method

In order to gather the required information from the residents of the town, three sample kebeles were selected. This selection is purposive; because the kebeles in which condominium housing project found were purposively selected. From the selected kebeles, populations registered for condominium housing households were taken as sample frame. Finally, from the sample frames sample households were randomly selected from each kebele's proportionally which makes 15 percent of the study population.

Distribution of sample frame population and sample sizes

Sample kebeles	Number of Registered Household Heads	Sample size
Ginjo Guduru	313	47
Ginjo	213	32
Bosa Addis ketema	274	41
Total	800	120

Source: population size is from their respective kebeles administration offices, March, 2010

From each respective kebeles of the condominium housing project site, a total of 120 household heads from the registered household residents were considered. This is because of

they were the kebeles where the construction of condominium housing is completed and distributed for the beneficiaries (occupied by the residents)

In addition to sample taken from non condominium housing resident sample kebeles, another sample is also taken from the respective kebeles condominium housing residents to compare households' ability to afford for the supplied condominium housing in the study area. As a result, out of the total seven condominium project sites in the town, a total of three sites in three kebeles were considered. From the total household head of 400 condominium housing residents of the three sites, 60 respondents were randomly selected from each site. Proportionally, this makes 15 percent of the study population of condominium housing resident household heads

Accordingly, the study sites were categorized in to the following three sites. These were Bosa Addis ketema site, Hostel site, and EDDC site for condominium housing resident respondent households and their respective kebeles resident for non condominium housing resident sample households(as shown in the table below).

Distribution of condominium housing resident household heads and sample size

Condominium sites of study area	Kebeles	Number of Household Heads	Sample Size
EDDC	Ginjo Guduru	205	31
Hostel	Ginjo	78	12
Bosa	Bosa Addis ketema	117	17
Total		400	60

Source:number of household units is taken from Jimma tow condominium housing project office, march,2010

1.5.4. Method of Data Collection

The primary data, both qualitative and quantitative were collected through questionnaires, discussion and interviews. Both open and close ended format questions were designed to obtain information on the supply and affordability of condominium housing in the study area. In addition, the primary data will be obtained through interview with the housing development agency officials and FGD with the condominium housing residents. Generally, to gather the required data from targeted household head respondents, both quantitative data

and qualitative information were gathered using primary and secondary data sources which are summarized as follows:

Structured questionnaire: to gather information from selected condominium and non condominium household head respondents, formal survey was conducted on the sample population of 180 household heads by employing structured questionnaires with few open ended questions undertaking the three kebeles and three condominium housing selected sites. The structured questionnaires were organized in to three main sections. Section one basically looks at the personal information of the respondents which includes sex and age composition, marital status, educational level, religion, ethnicity of the household heads and the size of household members.

The second section of the questionnaire focused on obtaining the socio-economic condition of the sample households of selected kebele resident respondents and factors affecting the respondents to afford for condominium housing. The third section of the questionnaire focused on housing conditions and facilities provided by condominium housing for condominium housing residents sample respondents. It also concerned with the problems of condominium housing which includes socio cultural and economic conditions in terms of access to social services and communal utilities and income level, housing situation, and the level of satisfaction as well as their suggestion towards the housing conditions of condominium housing.

Key informant interview: The researcher employed a key informant interviews with the most knowledgeable members of the condominium housing project officials and officials of the town housing transfer processing team. Eleven purposively selected individuals(six from condominium housing project and five from housing transfer processing team) had been participated both from condominium housing project and from the housing transfer processing team based on their knowledge, expertise, and practices on issues related to condominium housing supply and affordability in the study area.

Focus group discussions: Focus group discussions were conducted to capture qualitative data and to fill in the gap of information that were not covered by other methods of data collection and to validate the findings. The discussion were conducted by giving special

emphasis on the condominium housing provision process, the services provided at the condominium site and their views toward the services provided, and the views of them on the prices of condominium housing, both down payment and monthly repayments. To this end, three separate sessions of focus group discussions were conducted in the three condominium sites constituting people from different types of housing units. The number of participants in the first FGDs in EDDC condominium site contains six men and four women and the second FGDs in hostel site contains four men and three women both men and women were seven. The third FGDs in Bosa site contain three women and six men. Therefore, totally, twenty six women and men (ten women and sixteen men) were participated in the condominium sites.

1.5.5. Method of data analysis

To analyze the data collected from primary and secondary sources using various methods, descriptive statistical method of analysis, such as frequencies and percentages were employed and the findings were described and presented in a tabular, graphs and charts format. In addition, SPSS 15 was used to determine whether there is statistically significance correlation between households mean monthly income, expenditure, and savings of both condominium and non condominium housing resident household respondents.

1.6. Significance of the Study

The shortage of affordable housing supply is a basic problem especially in developing countries like Ethiopia. In Jimma town, the majority of the existing houses are inadequate and not affordable for the low income group of the local people. Therefore, governments must undertake measures to provide housing assistance targeted specifically to low and middle income peoples who cannot afford market-housing. This might be accomplished by insuring an adequate supply of social or public housings designated specifically for poor peoples. As the result, appropriate policies, strategies and programs are needed to ensure housing supply and affordability.

This study will provide more information to the town's administrators that will facilitate the formulation of operational plans and strategies based on the existing realities in order to facilitate supplying of affordable housing to meet the needs of the majority low and middle income people.

The study will also create awareness among housing supply agents especially for local governments and public housing agencies about socio-economic impact of the condominium housing for the affected groups. The study will create interests in researchers to undertake further investigation on the issue.

1.7 Scope of the Study

Studying each and every aspects of urban housing in relation to socio-economic aspect of urban population is quite complex, which is time taking and tiresome to study. Therefore, the broad problem to be investigated in this thesis will be concerned with urban housing supply and affordability in particular reference to condominium housing in Jimma town.

CHAPTER TWO
LITERATURE REVIEW

Introduction

There are complex linkages among housing supply and affordability issues. Throughout the developing countries cities, rapid population growth from high rate of natural increase and rapid rural to urban migration together with low level of their income has resulted in high demand of urban housing which resulting in housing affordability problems. However, housing problems may not be the same in each city because of variations in physical conditions, economic development and cultural preferences of the given society. Therefore, the function of the housing unit and the service it gives varies from country to country and from place to place based on the above mentioned factors.

As a result, unless there is adequate availability of housing input (such as land, finance, construction materials, labor and basic infrastructure) to aid housing production it will neither be possible to create a thriving housing market nor to provide adequate housing for the less well off. The real challenge therefore is how to ensure adequate supply and access to these housing inputs within a frame work that guarantees the supply of decent housing at costs affordable to all households. If prices in the housing market increases faster than incomes, more low income households will be in need of affordable housing. Conversely, if income increases faster than the cost of housing, fewer households will be in need. Although this ratio is straight forwarded, it is affected by a Varity of other underlying supply and demand factors like land and labor cost, housing market, interest rate, population increase, an increase of income and the like.

Though, this chapter presents the review of related literature which is relevant to the study. First, it concerned with the housing concept and definition, urbanization and urban housing supply in both developed and developing countries, and an overview of urbanization and urban housing in Ethiopia. Second, it deals with housing needs and housing demand and factors influencing housing affordability with changing social and economic condition. Finally, this literature part is dealt with general concept of urban housing policy in general

and in Ethiopia case in particular as well as urban housing finance and the concept of condominium housing.

2.1. Theoretical Framework

Housing is one of human kind's most essential materials needs, yet in no country in the world is the need for housing in complete equilibrium with its supply (Balchin, *et.al*, 2000: 127). Housing is a physical shelter fixed in a place and intended for human habitation including all services desired for the physical health and social well-being of the family and the individual (Berhanu, 1986).

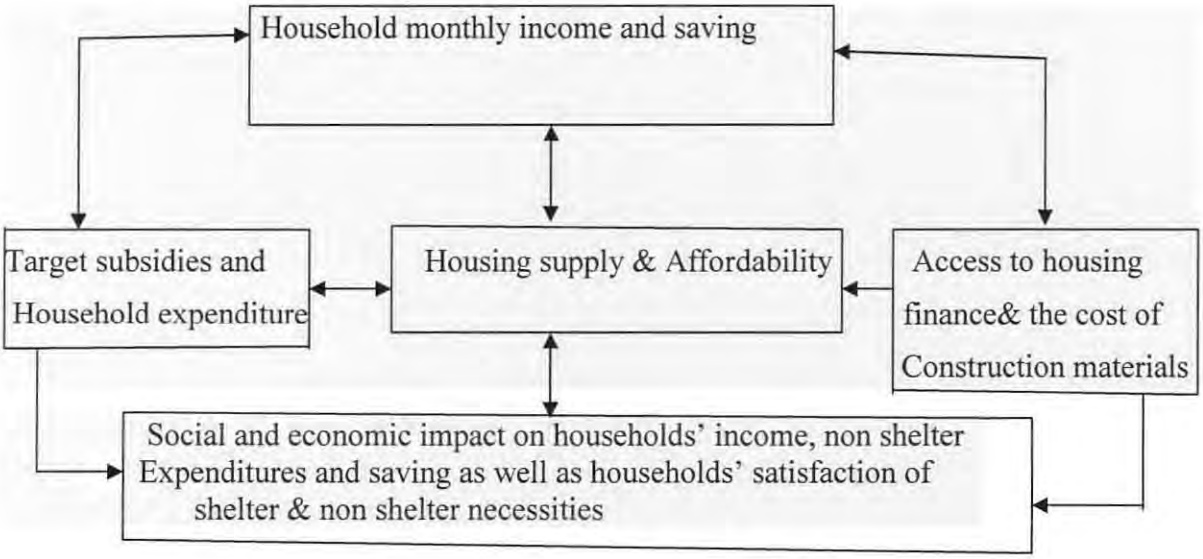
Affordable housing is a housing which adequately suits the needs of low and middle income households at costs blow those generally found in the existing market. A much more effective way to provide affordable housing is to reduce construction costs for moderately priced new units. This increases housing affordability both directly by reducing the costs of new housing and indirectly by increasing affordable housing supply (Litman, 2009:22).

In newly industrializing and developing countries, private financial institutions because of low per capita incomes and job insecurity- are unwilling and unable to provide long-term credit to facilitate the development of an urban owner-occupied sector, while governments usually lack the resources to provide large-scale public-sector housing schemes to satisfy the needs of low-income households (Balchin, *et. al*, 2000: 138).

According to kamete (2001), there are external and internal factors that affect housing affordability. The external factors revolve around the cost of the housing. This is the sum of land acquisition, infrastructure, both on and off site, planning, designing, administration and community facilities, interest rates, amortization periods and subsidies (kamete, 2001:32). The internal factors that affect affordability have to do mainly with the socio economic circumstances of the target group. The first set of this is the economic character of the community which is defined as employment opportunities, kinds of occupations and income, and expenditure patterns. The other factors has to do with the target group's social characters like household sizes, family structures, needs, customs, aspirations and priorities(Ibid.)

The most popular measurement of housing affordability is focuses on income. Beyers (1958) cited in kamete(2001:32) stresses the paramount importance of the family's income from the stand point of home buying and home maintenance. According to him, the importance of family income is underlined by the fact that employment opportunities and kinds of occupations mentioned above affect the ultimate household income. Household expenditure is also important because it affects the resultant share of income available for housing (kamete, 2001). Measuring housing affordability by using income of households gives more realistic picture of the ability of households to pay than the crude measure of the rule of thumb.

Conceptual framework



Source: Adopted from Donald (2008), national housing supply council, state of supply report, Australia

Conceptual definitions of terms that will be utilized in the study include:

Housing: There is no general definition for the concept of housing. Therefore, its meaning also varies among scholars depending up on their culture and socio-economic condition. Thus, for this research housing could be taken as a living environment consisting of the dwelling units; the infrastructure associated with the dwelling units such as roads, water supply system, sewage system, electricity etc.

Housing unit: a separate and independent place of abode either intended for habitation or not intended for habitation but is occupied as living quarter by a household (Meskerem: 2000:5).

Housing tenure: the proportion of households who as legally recognized owners or renters have protection against sudden or arbitrary eviction (UN HABITAT, 1996:195).

Household: a group of persons who often live in the same housing unit or in connected premises and have a common arrangements for cooking and eating food. A household consists of a husband, his wife, their children, relatives and some other persons residing together in the household (Meskerem, 2000:5).

Housing affordability: is the willingness and ability of households to pay to consume housing services, which depends on the housing price, household income, and the terms and availability of mortgage finance.

Housing supply: is the flow of houses into the market either that offered for sale or rent at any one time with changing prices. It is mainly depends on the number of new housing units constructed by the concerned bodies.

Condominium housing: are a housing complex containing units owned by individuals and common areas owned jointly by all the unit owners (Bezawit, 2007:9).

Housing accessibility: the proportion of people able to buy, rent or in other ways obtain adequate quality housing of special interest. In this is whether those with low incomes or those unable to earn an income (for instance the elderly) are able to find adequate shelter (UN-HABITAT, 1996:195).

Homelessness: The homeless are those who cannot afford shelter by themselves. With no access to housing they sleep outside or in public spaces (Gottdiener and Budd, 2005:59).

Public housing: is housing supplied by government sponsored programs at all levels of society from the local to the national by using public funds which can support the construction and or subsidy of rental housing based on economic need (Budd and Gottdiener 2005).

Head of households: A head of a household is a person who economically supports or manages the household or for reasons of age or respect, is considered as head by members of the household or declares himself as head of a household. Head of a household could be male or female (CSA, 2007).

2.2. Housing: Concept and Definition

Housing is the basic and indispensable human need which determines health living conditions. It encompasses and determines developmental, psychological, health, social and economic aspects of human life (Wondimu, 2006; cited in Abadi, 2007:13). Moreover, there is a clear correlation between housing quality and development status of a country. Decent housing is a pre condition for productive and stable society. Auxiliary services and community facilities, social amenities, and services, and residential accessibility are from an integral part of the housing concept (Jurenson, 1977; cited in Abadi, 2007:13).

Even though, housing is the basic human need, it is difficult to give an all embracing concept to define housing. The problem of defining Housing, difficult enough when a single country or the economically advanced areas as a group or considered, is compounded in an international context that includes poor as well as rich nations, world regions sharply differing in climate and societies with highly diverse cultures (Burns & Grebler, 1977:15; Girma, 1982:1)

For this reason, different scholars give different definition of housing. Accordingly, Linn (1983:130) defined housing as the shelter structure, the lot on which shelter stands, and the services provided to the lot such as water and energy supply, waste disposal, drainage, and fire and police protection. On the other hand, Mile, (1998:5) defined housing as an important productive asset that can cushion households against sever poverty, and land market regulation that can either create opportunities to diversity its use or for close them. Moreover, Matewos, (2009:2) define housing as one of the basic human needs along with food and clothing. As a result, mankind has been developing different kinds of shelter with the changing civilization and time.

Further, Stone (1993:13) stated that, housing is more than physical shelter and the residential environment consists of not only the dwelling units, but also the site and setting, neighbor

and community, municipality and public services habitability and accessibility, rights and responsibilities, costs and benefits. Yet housing is even more than the residential environment, for it is only in relation to those who inhabit and use it that housing has meaning and significance not only physical & economic, but also emotional, symbolic and expensive (Ibid:13).

In general, as we understood from the above definitions, some argue that housing is a shelter that gives protection against the hostile physical environment; the others said that housing is the sign of prestige; some other groups also argue that housing comprises a number of facilities, services and utilities which link the individual and his family to the community and community to the region in which it grows & progress.

Housing is consumption as well as investment. The set of housing services consumed is surely different in the rich compared to the poor countries. As it is stated by Burns & Grebler (1977:24), shelter accounts for a large component of the total bundle of services in the poor countries while luxury elements, and the utility and prestige they carry, are more important parts of housing in the rich nations. Consequently, the good itself like many consumption goods, is heterogeneous, yielding different mixes of services which vary with level of development (Ibid).

Even though, housing is considered as a basic good for both developed and developing countries, a large proportion of town dwellers in all developing countries cannot afford housing at the standards considered desirable and required by law in western industrial countries (Orman, 1979:43). As a result, many cannot afford to make any regular contribution to value when it comes to spending their money (Ibid). Even the cost of bringing housing for ever expanding urban populations to a modern standard by means of subsidies is beyond the capacity of governments to meet especially in developing countries. In broad terms, housing affordability problems exist when housing costs (whether for rent or home purchase) absorb too great proportion of household income (Yates & Milligan, 2007:9)

2.3. Urbanization and Urban Housing Supply

Between 1800 and 1950, the population of the world living in cities with 20,000 or more inhabitants increased from about 21.7 million to 502.2 million, expanding 23 times in 150 years, while the total world population expanded about 2.6 times in the same period; 2.4 percent of the world's population lived in urban centers of 20000 or more in 1800, 20.9 percent in 1950 (Moore, 1966:14).

In 1900, only 233 million people (14 per cent of the world's population) lived in cities and towns. By 1950, 30 per cent of the world was urbanized; and in 1980, the figure was up to 39 per cent (Mehta, 2000 cited in Majale2004:5). Currently, about 3 billion people or 48 per cent of humankind lives in urban settlements (UN, 2003 cited in Majale2004:5). This rapid growth in urban population has been accompanied by the 'urbanization of poverty' –the fact that a rapidly increasing proportion of the world's poor are now living in urban centers.

Rapid urbanization in the developing world is the most unprecedented phenomena of the world's development in the past few decades (UN-Habitat, 2008:1). The pace of urbanization has exceeded many developing countries capacity to absorb the needs of a growing population, despite all innovation and efforts. One of the most pressing problems is to provide adequate housing for all, particularly for the poor (Ibid.)

Even though Poor urban housing conditions are global problem, the conditions are worst in developing countries. According to UN-Habitat (2008:1) that 1 billion people live in life-and health threatening homes. This represents about one third of world's total urban population, while the developing world has a substantial proportion of the urban population living in inadequate housing conditions (Ibid).

As a result, rapid urbanization leads to a crisis of unprecedented magnitude in urban housing delivery. As it is stated by (Habitat, 2008) that every year the worlds' urban population expands by some 70 million, most of it in developing countries where economic capacities cannot cope in terms of housing and urban service provision. Consequently, cities feature very high proportions of informal dwellings, which either were constructed to standards that

do not conform to established legislation, or built on land for which the occupier has no proper title or both (Ibid:2).

Housing supply-the flow of houses into the market, those offered for sale or rent at any one time-respond only slowly to changing prices. This is because the long lead-in times involved in the production of new houses compared to shoes or loaves of bread (Harriott and Mathews, 1998:24). Therefore, increases in the supply of housing services depend largely on increases on the stock of housing available, and thus on the investments taking place in the housing sector. Mostafa *et.al.* (2003), categorize the different stalk holders which intervene in the housing provision are state, market, and households.

2.3.1. A Theory of an Overview of Urban Housing Supply

An undersupply of adequate dwellings has existed ever since people begun to congregate in towns and cities. It is only since the twentieth century, however, that the urban housing problem has been recognized as truly universal (Burns & Grebler, 1977:1). Housing supply is a schedule showing how much of housing a producer is willing and able to sell at various prices during a given period of time, other things being constant (Chemerew, 2008:8).Therefore, an increase in the number of households will create pressure for an expansion of the housing supply.

However, housing supply is directly related with the economic capacity of households. Households with low level of income could not afford to produce their own housing. It is also related with the housing policy that could affect the supply and demand through policy instruments (Chemeraw, 2008:9). Performance of each of the key inputs to the housing development process like land, infrastructure, building materials, finance and residential construction are directly determinants of housing supply (Ibid.)

As demand for housing exceeds supply, housing deficit will exist. This in turn could further reduce the quality of existing housing stock particularly in high-density living slum and squatter settlement areas of cities of developing countries. As it is stated by Chemerew (2008:10), the challenge is calling for improving the lives of at least 100 million slum and squatter settlers' dwellers by 2020 in those countries. As a result, the provision of adequate

shelter requires involvement of supra local authorities in regard to needed building materials, organizational and technical expertise, and financial resources.

This is because, transaction in the free market fails to provided vulnerable groups with proper shelter. Since disadvantaged groups often make up the large proportion of the population and contribute significantly to the reproduction of labor. Then there are pragmatic reasons for governments at least to overcome inefficiencies of the market mechanism (Vliet & Fava, 1985:7).

2.3.2. Housing Supply in Developed World

As it is stated before, housing is one of the human kind's most essential material needs, yet in no country in the world is the need for housing incomplete equilibrium with its supply. According to (Burns & Grebler 1977; cited in Balchin, et.al., 2000:127), there are four principal forms of disequilibria; *first,* Static disequilibrium: which refers to the overall disparity between the number of dwellings in geographical units such as a country and the number of households. *Second*, dynamic disequilibrium: this quantifies the extents to which shortages or surpluses of supply in relation to need are changing over time. *Third*, spatial disequilibrium: this indicates shortages or surpluses within different parts of a country, region or urban area. *Forth*, qualitative disequilibrium: which denotes that some households may be living in accommodation that falls short of a standard that would be acceptable to society at large (Barchin; et.al. 2000:127).

As a result, in all developed countries of the world, governments attempt to reduce or eliminate disequilibria either by intervening in parts of the housing market for the first time home buyers or by remedying the weaknesses of existing policies or both (Balchin, et.al. 2007:127). The same author identified four main stages in the housing provision process in the developed world. *First*, the development stage in which an individual, private firm, or public agencies initiates the conditions that can support the construction stage. *Second*, the builders brings together the factors of production in the construction process in order that housing is produced, and at the next stage completed housing is allocated to public and private landlords and cooperatives, or to prospective owner-occupiers. The final stage of the process involves repair and maintenance to the dwelling over its life time (Belchin, et.al.2000:134).

There is a need at all four stages for an adequate supply of finance and, to a varying extent, for an availability of subsides. Land and labor is also another requirement at all stages of the process. These all; land; labor, finance, and housing subsidies are the necessary input in the process of housing provision stages.

2.3.3. Urban Housing Supply in the Developing world.

Urban space is highly differentiated by the quantitative and qualitative of housing condition such as size, location, extent of provision of basic services and accessibility. Accessibility to adequate housing is a critical issue for the urban poor. In most rapidly growing cities of the developing countries housing is a critical problem precisely because there are too few units (Gottdiener and Budd, 2005:57). The other problem stated by the author is the quality of existing and new housing units such as sub standard housing and overcrowding (Ibid. 58).

This qualitative and quantitative deficiencies in housing supply in newly-industrializing and developing countries are exacerbated by rapid population growth and rural-urban migration on an enormous scale-resulting conditions that stagger the imagination (Balchin, *et.al.* 2000:127; Gottdiener and Budd, 2005:58).

Although, in newly industrializing and developing countries, private financial institutions because low per capital incomes and job-insecurity are unwilling and unable to provide long term credit to facilitate the development of an urban owner occupied sector, while governments usually lack the resource to provide large-scale public sector housing schemes to satisfy the needs of low-income households (Balchin, et.al. 2000:138). Furthermore, in many countries of the developing world, a large proportion of the urban poor would find such accommodation beyond their means (Ibid.)

However, resources are sometimes available to assist those in need to help them-selves. Since the 1980s, international aid agencies, such as United States agency for international Aid (USAID) and the World Bank, have provided the governments of over 50 newly industrializing and developing countries with loans to facilitate the development of aided self-help housing (ASH). The World Bank alone, participating in 116 projects from 1972 to

1990, involving an average of US $ 26 million per project (Pugh, 1995: cited in Barchin, et.al. 2000:139).

Furthermore, there are housing programs in many parts of the developing world-all aimed at providing new hosing as well as upgrading existing urban settlements (Balchin, et.al, 2000:140). He suggested that, these programs should provide some solution to the housing problems that are facing city governments, although housing need is escalating at faster rate than supply.

2.3.4. Urban Housing Supply for Low income Groups.

For low income housing the sub division of raw land is typically performed by developers, squatters, or absentee landowners. Occasionally it is also done by local governments or public housing agencies (Linn, 1983:130). On the other hand, the provision of onsite services to low income housing is frequently left to the owner-occupants, squatters, absentee owners, or renters especially where water and fire wood have to be hand carried to the house because of the absence of public services (Ibid). According to the author, off-site services may be provided by private agencies in the case of transport, health and education. But they are mainly the domain of local authorities, particularly as regarded to the provision of roads and social services (Ibid.)

However, the responsibility for provision of security of tenure for low income housing rests generally with the government, which determines the extent to which the insecure tenure of illegal sub-divisions, or of squatters on public and private land, is translated in to secure free hold tenure (Linn; 1983:130).

Experience with housing delivery in many developing countries highlights the difficulty in effective targeting and subsidies to low income families. For example, (Linn 1983) suggest that, the supply of new housing stock is limited by, fixed or highly inelastic cost in the short run, rising cost in the long run, and also transaction costs that may impede the provision of necessary inputs.

In general UN HABITAT (1996), point out five major factors influencing housing supply for low income groups. These are:

- The price and availability of land for housing that in turn influenced by the demand for land from other sectors and by the attitude of national, city and municipal authorities to different kinds of illegal development;
- The scale and nature of road construction and public transport provision.
- The extent to which illegal or informal housing and land developments are tolerated.
- The availability of piped water provision for sanitation and drainage and other forms of infrastructure and services needed by housing and residential neighborhoods.
- The efficiency of the official legal and regulatory framework within which those who supply housing operate.

2.3.5. Urbanization and urban housing in Ethiopia

Ethiopia's urban centers are characterized by a poorly developed economic base, high levels of unemployment and incidence of poverty and slum habitation. Urban unemployment is estimated to be 16.7% - and up to 28.6% in Addis Ababa. Available data also indicate that nearly 40% of the nation's urban dwellers live below the poverty line (IHDP, 2008:2). An indicator of the magnitude of urban poverty is the proportion of the urban population that lives in slums – about 70% of the urban population is estimated to live in slum areas. It should be noted however that Ethiopian cities are not characterized by segregated settlement pattern and slums form an integral part of the city (IHDP, 2008:2). Achieving Millennium Development Goal 7, Target 11 – improving the quality of lives of slum dwellers – is a major challenge in Ethiopia. Studies made in the last five years conclude that, there is currently a housing shortage of between 900,000-1,000,000 in urban centers, and only 30% of the existing urban housing stock is in good or fair condition(Ibid:2)

Ethiopia has identified housing problems as one of the key problems facing cities and towns. The Urban Sector Millennium Development Goals Needs Assessment estimated that the additional housing units needed due to population growth and formation of new households between 2005 and 2015 in order to achieve the MDGs in 2015 would be 2,250,831 units – approximately 1.125 million during the IHDP period. This entails the construction of the

225,000 housing units per annum. Further, the studies conducted in different times shows that, the market mechanism has failed so far to deliver affordable houses to the majority of urban dwellers over the past many years in the country, and is not expected to respond to such huge housing needs in the foreseeable future.

2.4. Housing Need and Housing Demand: Theories and concepts

Housing need and demand factors influence the affordability of rents and prices of housing. Even though the term need and demand sometimes interchangeably used, scholars attached different explanation for both.

Thus, the demand for housing reflects the willingness to pay for a set of attributes or services provided by the physical components of lot and housing structure (Linn, 1983:120). The most important of these attributes are access, space, tenure, onsite services, and shelter (Ibid). On the other hand, housing need measures the extent to which existing accommodation falls short of that required to provide each household with accommodation of a minimum specified standard are irrespective of ability to pay (Harvey & Jowsey, 2004:334).

Although, Gebeyehu, et. Al. (2001) relates housing demand to the wish to own and the capacity to pay the price; and the concept of need refers to the inherent duality of dwelling-that is, it is both an economic good subject to the market laws as well as a good or social services whose fulfillment depends on the support of the public operator and his resources (:20). According to the author, housing demand is purely economic variable and determined by variable like incomes, prices, rates of interests; while housing need is determined by population structure and the goals to be pursued in terms of housing standards. That is, the number of rooms or some amount of housing space per person and equipment of certain crucial facilities like running water, indoor toilet, and electricity etc.(Gebeyehu et.al. 2001:20, Harvey & Jowsey, 2004:334).

The demand for housing is income-elastic when permanent income serves as a basis for measurement. Demographic determinants are more important than income in the case of new residential construction. This concept is explained by Burns & Grebler, (1977) that, the ratio

of rent (or its equivalent) to total consumption tends to increase not only with higher per-capital income but also with the extent of urbanization (:13).

As a result, Linn (1983) suggested that, Estimates of housing needs not only have to be translated in to global, national or city specific investment figures, but also must be linked with a detailed housing supply strategy that makes allowance for the ability to pay of low-income households and also gives explicit consideration to their preferences for the various attributes of housing (Location, space, tenure, services and structure) (:142).

It is difficult to define housing objectively and to objectively determine how well housing actually meets person's needs. This is because society created a set of definitions of identity and fulfillment most people have come to believe can be achieved only through housing. Accordingly, stone, 1993 identified four major definitions based on person's view of housing needs in relation to its fulfillment of human need attached to it.

- *First*, housing as a place where child rearing occurs; it is the presence of children and the activity of family life that make a house in to a home.
- *Second*, a house is seen as an indicator of personal status and success, both one's own and others'
- *Third*, the house...seemed to be a powerful, symbol of order, continuity, physical safety, and a sense of place or physical belonging,
- *Forth*, the house is the common notion that the house was a refuge from the outside world or even a bastion against that world...a desire to escape from other people and from social involvement, the establishment of a place from which others, could be excluded, and where, consequently one could truly be oneself, in control, more of an individual, capable of loving, and fully human (stone, 1993:15).

According to this definitions housing is not only necessity of life; it has a pervasive impact on all aspects of our existence. Housing-if it is adequate provides privacy and security against intrusions, both physical and emotional. It is the principal locus of personal and family life.

2.4.1. The Urban Housing Need in Developing Countries.

The rapid growth of urban population has obvious implications for the infrastructure and services needs of cities (Nesru, 2007:13). The failure to expand housing supply and basic services to match the growth of population has been a prime cause of misery in the cities of the developing world (Ibid.).

(HABITAT, 2001:197, UN Habitat,1996: 229) estimate that, there are more than 100 million homeless people in the world. Worse still, there are almost a billion poor people in the world; of this over 750,000 million live in urban areas without adequate shelter and basic services.

In the developing countries, a very high proportion of the urban housing stock is sub standard, being built on illegally occupied land with temporary materials, no authorization, and no access to basic infrastructure and services (Gottdiener & Budd, 2005:58). As a result, for households on limited income, the possibility of owner occupation is diminishing and informal housing including illegal sub division, and sharing becomes an important source of affordable, if not adequate, accommodation (Ibid). Therefore, illegal sub divisions are the main source of housing supply for the urban poor in many cities of the developing world, along with housing built in squatter settlements.

Although, in the developing countries where access to legal shelter are significantly influenced by the social and economic cost of the household to meet their need they seek other options. For example, Payne,(2002) stated that, for households to access legal shelter is constrained by social and economic costs, they may construct affordable house on land they own, in an area officially designated for residential development and inconformity with building regulations, but not in conformity with administrative regulations (:48).

This is because, in the largest cities of the developing countries, the supply of affordable housing has fallen short of the demand. This can be possible due to speculation and upwards trends of real estate costs as a consequence of globalization (Gottdiener & Budd, 2005:51).

2.5. The Concepts and Theories of Housing Affordability

Due to variations in the level of development and per capita income across different regions, it is impossible to achieve agreed definition of affordability. However, scholars recommended housing affordability according to the socio-economic situation of the given area/or society. Accordingly, Cope (1990:128) recommends affordable housing whose prices for newly provided dwellings significantly below the free marked level. On the other hand, UN-HABITAT (1996) indicated that, one of the most common measures for housing affordability is the house price to income ratio i.e. how many years income is needed to purchase a house for individual households. However, according to Edwards (2007:428), housing is affordable if housing expenditure is not exceeding 30 percent of the households income signal.

However, stone (1993:66) suggests that, housing affordability depending up on the relationship among incomes, housing costs and the cost of non shelter necessities. On the other hand, WB (1982) stated indicators of Affordability in relation to household monthly income that a house hold is willing and able to pay for shelter and related expenditures.

As it is stated in the above definitions the concept of affordability is measured by different factors like household income, household expenditure, housing prices and the cost of non-shelter necessities, etc. Thus, certain level of urban housing or services is affordable to a low-income beneficiary household if the amount from monthly income that a household is willing and able to pay for shelter related expenditure is sufficient to cover the monthly costs of providing these services (WB, 1982:54). But if housing prices are in line with production costs, the term affordability may well signal lack of enough income to afford a Standard home (Edwards, 2007:428).

Affordability is the measure of adequate housing assured to all as a matter of right to secure the housing need and desire with the resources we have or can obtain (Stone, 1993:1). This shows that, affordability expresses the linkage between the well being of individual families and the mechanism of housing provision and income determination.

2.5.1. Human Needs and Housing Affordability

The demand and supply factors influence the affordability of rents and prices of housing (UN Habitat, 2009:3). On the demand side are the macro-economic environment, demographic conditions, and access to housing finance, taxation and housing subsides especially targeted at the poor and low income groups. Supply side factors comprise availability of developable land, appropriate building construction technology and suitable construction materials, skilled labor and reliable infrastructure (Ibid.)

Affordability becomes a big issue and that is why it calls government intervention as appropriate policy intervention towards various housing issues is vital to guide real assets development. Experience with housing delivery in many developing countries highlights the difficulty in affective targeting and subsides to low income families (Melaku, 2009:21). The magnitude of housing problem due to the increase in population and very poor condition of the existing stocks, increases demands new housing units (Ibid.).

Moreover, Arnold and Skaburskis (1989:1) suggest that, moderate interventions in the housing market are not enough to help low income households attain affordable housing. The problems resolution may require a major effort to stimulate housing supply, and by direct government involvement, adjustment in creating new methods and institutions for building and delivering housing services (Ibid.).

As different literature stated, rent controls have not been adequate in reducing affordability problems. Moderate interventions in the housing market are not enough to help low income households attain affordable housing. The problems resolution may requires a major effort to stimulate housing supply, and by direct government involvement, adjustment in creating new methods and institutions for building and delivering housing services (Arnold and Skaburskis, 1989:501).

This is because housing is physically quite different from other consumption items. It is large, durable, tied to location, and generally must be purchased as a complete dwelling unit, not as a shopping basket of separately selected items (rooms, facilities, amenities, location) in the way that food and clothing are purchased. Stone (1993:2) stated this idea as 'housing is

not literally consumed as food is, and hence not purchased a new on a regular and frequent basis. Once a household occupies a particular dwelling it is hard to alter the amount and type of housing services consumed. The cost of housing is thus the biggest item in most families' budgets and the hardest to adjust.

2.5.2. Housing Affordability and Discrimination

Discrimination clearly has its own patterns and consequences for human needs, which exists a part from questions of affordability. But in practice the two issues may intertwine to determine how people are treated when they seek housing, the options they have as to where they can live, and the physical and social quality of the housing environments they get for their money (Stone, 1993:26).

This is because adequate housing accommodations and related facilities are one of the essentials of a good life, one of the fundamental requirements of an efficient, satisfied labor force, and one of the foundations of satisfactory community life. Burns & Grebler (1997:100) suggested that, better dwellings and neighborhoods are among the most effective and direct means of improving the human condition. Therefore, the Houser assigns a high priority to housing for its own Sake.

However, discriminatory practices and traditions in the job market are factors in the lower income of women and men. So that, households headed by members of these groups will, on average, be more likely to have affordability problems and less able to afford desirable housing that will households, headed by males with high income can afford even in the absence of housing discrimination (Stone, 1993:26).

Consequently, lack of housing affordability can result in spread of homelessness which resulted in social, economic and political problems of a given society. (Stone, 1993:16: Abrams, 1964:126) explain the problems as:

> *The deaths of homeless people, most particularly from exposure to the elements, but also from violent assaults, powerfully demonstrate the threat posed by homelessness to survival itself. Even short of this most extreme level, people who are without homes for more than relatively brief or transitory periods suffer from a whole range of medical conditions. Hunger and imbalanced diet are more likely. There are increased hazards to pregnancy, maternal health,*

and infant and child development. Sexual relations are more likely to transmit venereal disease; mental health is impaired. The homeless are especially subject to victimization and crime. They are all, but adolescents especially at high risk of sexual abuse, gang violence, rape, early pregnancy, venereal diseases, and recruitment in to prostitution, criminal activities, or a drug and alcohol culture (Stone, 1993; Abrams, 1964).

On the other hand, properly planed residential projects foster the process of socializing people in to communities and help to raise their aspiration, especially if home-ownership is offered as an agent for developing pride of possession. In addition to its high social utility, housing suppliers claim, improved shelter will contribute to political stability by moderating people's impatience with the slow tempo of betterment in their general living conditions (Burns & Grebler, 1997:101).

According to (Turner, 1976 cited in vliet & Fave (1985:5) many governments in the developing countries have vacillated between using deep subsidies to provide very few units and truly low cost and spreading available funds thinly over many houses, most of which would be beyond the means of the great majority of the ill-housed. In addition, low cost Projects have tended to become filled by people with connection to officialdom, without regard for actual need (Ibid.).

As a result, middle income groups eschew the poorer zones and live as near to their would be peers as possible either in well serviced sub divisions or in housing recently vacated by the rich. This is because, clearly, the greater the inequality of income and wealth, then the greater the degree of residential segregation and the greater the exclusion of the poor people from access to the better land or, at times, any land at all (Gibert & ward, 1998:129).

This residential segregation is common in most countries of the world due to the provision of governmental permanent housing is not possible given the limited resources available. As it is explained by Nientied and Linden (1998:147), when housing deficit is explained in market terms, evidently, there is sufficient demand for housing, but numerous constraints make for weakness on the supply side.

2.5.3. Shelter poverty concept of Affordability

The shelter poverty concept of affordability suggests that, when households are paying more than they can afford for housing, they are unable to meet their non shelter needs at a minimum level of adequacy. Therefore, shelter poverty is a form of poverty that results from the burden of housing costs rather than just limited incomes (stone, 1993:34).

Therefore, the shelter poverty concept of affordability challenges the conventional standard that says every household can afford up to a certain fixed percentage of income for housing. Stone (1993:32) explain this idea by giving hypothetical example as:

> *Some low-income households and large (three person or more) households pay less than 25 percent of their incomes but are nonetheless shelter poor. Because they still do not have enough left over after paying for housing to obtain minimum level of non shelter necessities. By the same token, high income households and many small households middle income can pay more than 25 or 30 percent of income for housing and still obtain adequate level of non shelter necessities, and thus are not shelter poor (Stone, 1993).*

Therefore, the conventional percentage of income measures thus understate the affordability problem of families with children and other larger households in comparison with households of one and two persons, as well as overstating the affordability burdens of higher income households.

2.5.4. Supply side housing Affordability problems

While homelessness and squatting do exist in the more developed countries, housing problems are generally less related to the availability of housing and more to accessibility and quality (Vliet and Fava, 1985:5). But in less developed countries, the sheer magnitude of the demand for shelter overshadows qualitative aspects of housing need. In Africa the United nation (UN) estimated that, on the average, for each housing unit built in a city ten new families migrate from the rural areas (Ibid).

Therefore, housing supply is another factor that affects housing affordability. Donald (2009:82) suggest that, one of the consequences of supply gaps is the responses from the market that manifested in pressure on house prices and rent levels with resultant housing stress and housing affordability problems concentrated among low income households.

However, the general upward in real house prices has been driven primarily by the interaction of population growth, increased in household income, and more readily and cheaply available credit, and unresponsive supply of land on which to build housing. As a result, the general upward trend in house prices have significant effects on the affordability of housing both for home buyers and for renters (Donald, 2009:83).

Although, supply constraints are among the many reasons why some households might postpone entry in to home ownership or choose not to buy when they appear to be able to afford. For example, Donald (2009:99) explain as, lower income households that are unable to access affordable housing, either because there is an inadequate total supply or because the limited supply that does exist is rented to those with a higher capacity to pay, are forced into housing stress by Virtue of having to pay 30 percent or more of their income in rent.

On the other hand, the experience of some developed countries show that, government tried to improve housing condition by reducing the price low income households have to pay for shelter, improving the quality of the physical stock, and by helping households find the kind and amount of housing that meets their basic needs. For instance it is explained by Arnold& Skaburskis (1989:501) that in order to provide affordable housing during 1973 to 1978 the Canadian Federal assisted home ownership program (CAHOP) helped over 134,000 lower income families by modest priced housing to improve the low income households' access to affordable housing.

2.6. Urban Housing policy

Housing policy can be defined in terms of measures designed to modify the quality, quantity, price and ownership and control of housing (Murie, 1990:9). As a result, housing policy that attempts to achieve greatest efficiency in the utilization of economic resources must respect the preferences of the poor, by providing maximum flexibility and beneficiary participation in project and program design. So, beneficiaries will have as much choices as possible between alternative options for access, lot size, tenure, servicing, and shelter structure (Linn, 1983:127).

The unabated urban growth that has taken place in the developing countries since the turn of the 20th century has increasingly worsened their urban housing conditions (Chemerew,

2009:30). One of the principal reasons behind the large scale appearance of slums and squatter settlement is that the problem has not been meeting with timely and appropriate policy measures (Ibid.).

However, Chemerew (2008) further explain that, the last 60 years have seen major changes in the ways that third world governments have tried to tackle housing problems in their major cities. At one extreme, in initial stage, governments regarded public investment in housing as a waste of scarce resources, believing that economic development will itself solve housing problems (Ibid.). Therefore, nearly all countries of the developing world laid emphasis on investment in the directly productive sectors such as agriculture, and manufacturing industries rather than on housing and urban development. It appears that the same view was held in those days even by the international organizations that gave assistance to development projects in third world countries (Satterthwait and Hardoy. 1990; Solomon. 1985; cited in Chemerew (2008:30).

However, the traditional economic misconception that regarded investment in housing as a non-productive investment could not last long since many writers seriously attacked it at least as of the early 1960s (Chemerew, 2009:36). Later on, by the early 1970s, government acknowledged the existence of housing problems: widely accepted that investment in the housing sector had a positive and a far- reaching effect on the other development sectors. Then many third world countries started provision or improvement of housing through different projects.

In the developing countries, derivers of housing policy in the immediate post 1945 period, essentially paternalistic colonial and post colonial housing policy intervention, were cultivated through the British colonial office and the USAID. More recently, the role of international agencies has become more pronounced. For example, the WB began housing policy programs in 1972, and the UNCHS was established in 1978, following the UN-Habitat I in 1976 (Tibaijuka, 2009: 167). The global strategy for shelter followed at the second UN-Conference on human settlements (HABITAT II) in 1996, which aimed to achieve decent housing for all by 2000-an ambition that clearly failed (Ibid.). This was soon

followed by the Millennium development Goals (MDGs), with a slums target to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020 (Ibid.).

Although, housing related policy in developed countries was originally directed at improving public health (HABITAT 2009:192). The failure of the market, supplemented by minimum standards of building and occupancy, was a central driver in the development of housing policy in today's developed countries (Ibid.). The promotion of social rented housing is one of the most direct expressions of housing as a social policy with the primary objective of removing large housing shortage and removing sub standard housing (Ibid :193).

2.6.1. Housing Policy of Ethiopia

The national urban development policy is issued in 2005. Among other main issues housing development policy direction is focusing on enhancing the saving culture, overcoming the problems of decayed (demolished) urban areas through urban renewal and upgrading, increasing the density of developed area, developing the construction industry, through the implementation of IHDP. The government intervention in line with facilitating housing finance, land, capacity building, bulk purchase of industrial product of construction material, organizing medium and small scale enterprises, introducing new construction technology that minimize cost and time, standardizing the housing could be mentioned. The policy also encourages real estate developers through the facilitation of developed land, strengthen the system for ensuring property rights, supporting the developers to utilize local materials, marketing and create forums of discussion for sustainable solving problems and encourage the investors(Teshome, 2009:6). Similarly, cooperatives have got attention through the facilitation of developed land, standard typologies, etc. Protecting the construction of illegal houses or those does not confirm to the standard and plan has got emphasis in the policy (Ibid.).

However, current though housing policy is not yet formulated at national and city level. The city housing principle is following the free market economic policy adopted in 1991 that create conducive atmosphere for private sector particularly the real estate developers to participate in housing development. As a result, the federal government enacted proclamation on urban development policy that gives high attention for alleviating housing problems of urban areas .In connection with the housing development programs gives prior attention for alleviating housing

problem of low income households. It promotes high rise (up to G+4) condominium buildings with a minimum built up area of $22m^2$ to minimize the constriction cost so as to benefit low income families. However, the construction costs depending on the soil conditions, availability of the building materials, availability of cheap labor force, and housing types of the construction area.

2.7. Urban Housing Finance

The level of resources allocated to housing and the role assigned to it vary across various regions and between countries. Experiences in housing finance around the world demonstrate that broad, market based systems are the most effective vehicle through which to provide financial resources for shelter development (Habitat, 1996:202). According to Habitat (1996:202), a fundamental problem facing government, however, is that formal sector financial institutions seldom lend down market to serve the needs and requirements of low income households. This is because the mode of operation followed by formal financial institution is not compatible with their economic characteristic and financing need (Ibid.).

Since house purchase represents a very large capital outlay for the consumer, which can rarely be financed out of income, borrowing is necessary and the availability of long term credit is of critical importance in making demand for owner occupation effective. Even though, some house buyers may be able to obtain a long term loan from a friend or a relative, an effective housing finance system is dependent up on institutions ability to broadly match people's willingness to save with people's desire to borrow (Balchin et.al. 2000:142). Further it explained by the authors that, this is achieved by means of a contractual system whereby potential buyers make regular saving over an agreed period of time of a low rate of interest and then receive a loan equal to the difference between the full purchase price of a house and the value of their savings. The other way is a deposit taking system whereby institutions such as commercial banks, saving banks, and specialist housing banks attract savings from one group of people and lend them to another group of people who wish to buy. A mortgage bank system in which financial institutions sell bond on a capital market (at the prevailing rate of interest) to insurance companies and pension funds and use the money to lend to house buyers is the other way through they achieve an effective housing finance system(Ibid.).

However, as different literatures show that, in most developing countries the unavailability of housing finance for a large proportion of low and lower middle income groups who have considerable capacity to save, invest in housing and repay loans is a major constraint on improving their housing quality and housing quantity in the city over all. It also slows down housing construction, especially where a high proportion of new housing units are constructed by self help (HABITAT, 1996:203).

On the other hand, construction costs were considerably higher relative to incomes in the lowest income countries, which suggest that the efficiency of the residential construction industry generally increases, as country's per-capital income increases (Habitat, 1996:204). Construction costs were particularly high in cites in sub-Saharan Africa, relative to per capita income, which could be partially explained by high building material prices, the scarcity of skilled labor, high transport costs, and inappropriate standards and overvalued exchange rates

2.7.1. Conventional Mortgage Finance

Conventional mortgage finance is typically a large loan that is extended for a term of 10 to 30 years, with a minimum and regular income requirement, and the provision of immovable tangible assets and registered title deed as collateral (Tibaijuka, 2009:139). Usually provided by formal sector financial organizations, mortgage finance is directed at the purchase of completed housing units, borrowers are required to demonstrate saving ranging from 10 to 30 percent of the units value and repayments should not exceed 25 percent of household income (Ibid.). Repayments of loans are fixed with regular periodic payments which consist of both capital and interest (Ibid.).

In developing countries, mortgage markets start first in the largest cities, usually the capital city, where the commercial banking sector takes root, where there are enough potential borrowers to launch mortgage lending on a cost-effective scale and where housing units usually have the highest value (Rabenhorst and Ignatova, 2009:2). Condominium housing often represents a substantial portion of the potential market for mortgage lending in large cities; in many countries it is the largest segment of the market (Ibid.). As a result, Condominium markets are expanding all over the world, especially in large cities, as more people see owner-occupied apartment housing as an attractive alternative to single family

housing more affordable, secure, easily serviced by urban infrastructure, energy and resource friendly(Ibid.).

2.7.2. Housing subsidies

Housing subsidies exist in many different forms, including direct interest rate reduction, capital grant subsidies; subsidies which support the insurance of mortgages and secondary mortgage markets high level of subsidization address the problems of affordability.

Substantial subsidies through the provision of heavily subsidized serviced land, building materials, and technical assistance sometimes identified as supply side subsidies often operated as blow market rate mortgages (Tibaijika; 2009:143).

2.8. The concept of Condominium Housing

Housing has become an important public issue in almost all societies of the world. Shelter (housing) is recognized by all as being one of the fundamental needs of human being with food and clothing. However, it is becoming one of the most sever difficult to have and acquire shelter especially for developing countries due to low rate of new housing supply and affordability problems. To overcome this problems, condominium houses constructed in most developing countries by public sector.

The concept of condominium housing dates back to the early roman times. The word comes from two Latin words ''con'' meaning together, and ''dominium'' meaning property. Hence, in a condominium, there is always property owned in common with others, as well as individual units, which are owned out right (Pollick. 2006 cited in Abadi, (2007:16).

According to Mchenry (1993)cited in Abadi (2007:16) Condominium housing also called apartment block, or block of flats are designed for residential use and sometimes including shops & other nonresidential features. Condominium buildings have existed for centuries. In the great cities of the Roman Empire, because urban congestion; the individual house, had given way in early imperial times to the communal dwellings (Abadi, 2007:16). As it is stated by Ignatova and Rabenhorst (2009:2) the new owners acquired ownership in the form known throughout the world as condominium-individual ownership of a unit and an interest in the common property (the entrance, stairways, roof, etc.).

In developing countries, the growing condominium housing markets concentrated in the new construction sector rather than resulting from apartment privatization. In large cities in South Africa, Kenya, Tanzania, and in Thailand, Indonesia and India, many buyers with middle class and higher incomes regard condominium housing as highly desirable, especially in buildings with a high level of security and other services (Rabenhorst and Ignatova, 2009:3). Purchasers are the rising middle class, and sometimes members of the African or Asian Diaspora who have substantial funds earned in other countries and who wish to invest in and visit their homeland but are not able to reside there fulltime. Most new construction of condominiums must be financed by the purchasers themselves since there is little or no institutional finance available for multi-family housing development (Ibid.)

In most developing countries, condominium house has different meaning and purpose, and is mostly constructed by public sector. According to Martha and Carol, 2006 cited in Melaku (2009:32); the prime objective is to provide affordable and low-cost housing for low and middle income groups and with some common character of condominium housing, such as, sharing common elements; sidewalks, common no man's land, sewerage system, membership of social association; while owing each housing unit individually. The condominium project has multifaceted objectives, which includes social, economic, political and environmental feature. And hence, this program in its socio-economic objectives, it opts for improving the living standard of the people, especially low-income citizens of the city, through the creation of employment opportunity and provision of affordable housing (Melaku, 2009:32).

The main actor involved in the construction of condominium buildings in Ethiopia is 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 (Tamiru, 2009:6)

2.9. Condominium Housing project in Oromia

One of the major urban problems in the country is residential housing shortage. Moreover, the available houses are blow standard. To solve these problems it is necessary to create a situation in which houses can be built on the city centers and peripherals. In realizing these problems IHDP is undertaken to solve this problems as a national program in the country with prime objective of providing affordable and low cost housing for low and middle

income groups. Condominium housing program is a sort of low cost housing that has been undertaken in the country.

As a result of this, the ONRS government started to implement this program during 2007 fiscal year with multifaceted objectives. These objectives include solving the urban housing problems, creation of job opportunity for jobless urban residents especially for jobless youths, slum and squatter upgrading, enhancing income generating capacity of the citizens, and building the capacity of construction technology in the urban area. However, the prime objective is to provide affordable housing for low and middle income groups of homeless urban residents who are in housing need.

Therefore, currently there are 8995 housing units undertaken from 2007 projects in 11 towns in the region and 13855 housing units from 2008 project years in 17 towns in the region. Table.2.1 blow shows the distribution of housing units in different towns of the region.

Table2.1: Condominium housing distribution in towns of Oromia region

Housing projects construction in Oromia towns with number of housing units			
No	Towns	number of housing units	
		2007 project	2008 project
1	Adama	1645	1506
2	Burayu	639	1027
3	Asela	549	879
4	Bushoftu	1101	1297
5	Nekemte	549	769
6	Sebeta	660	1027
7	Xiro	549	511
8	weliso	549	769
9	Ambo	549	302
10	Shashemene	1101	775
11	Jimma	1104	549
12	Holeta	-	552
13	Fiche	-	302
14	Dukam	-	470
15	Haromaya	-	504
16	Robe	-	447
17	Lebu	-	2169
	Total	**8995**	**13855**

Source: Oromia housing development project office, 2010

According to the information obtained from the Oromia condominium housing project official, the cost of these condominium housing can be divided in to direct and the overhead cost of the construction site. In order to subsidize the low and middle income groups, overhead costs (the cost of basic infrastructures and salaries of the staff employee) are covered by the municipality in all towns of the region where the project is undertaken. But, the costs of sanitary and electrical installation as well as for sealed, collective septic tanks with soak away pits are included in the square meter price (*interview with condominium housing project officials 2010*).

2.10. Conclusion

Even though housing is the basic human need, different scholars define housing differently based on economic development, climatic condition, variation in the culture of society, services it provide, changing in civilization and the social prestige attached to it. Therefore, housing is considered as basic good for both developed and developing countries, even though it is heterogeneous good yielding different mixes of services which vary with level of development.

Rapid urbanizations in developing countries in the few decades exceeded the capacity of the countries to absorb the needs of this highly growing population for adequate and affordable urban housing. Consequently, substantial proportion of the urban population living in inadequate housing conditions throughout the developing countries. Since housing supply is directly related with level of economic capacity, households with low level of income could not afford to produce their own housing. This is the reason why the provision of adequate shelter requires involvement of supra-local authorities. However, shortage of resources to provide large scale public sector housing schemes constrained the government to satisfy the needs of low income households.

Ethiopia is one of the developing countries whose urban center is characterized by a poorly developed economic base, high level of unemployment, and incidence of poverty and slum habitation. Therefore, housing problem is one of the key problems facing cities and towns in the country. This led to the formulation of IHDP in 2005 to construct 2,250,831 housing unit under the program to meet MDG which entails the construction of 225,000 housing units per annum.

For households with limited incomes in developing countries, informal housing including illegal sub division, and sharing becomes an important source of affordable, if not adequate accommodation. This is because in the largest cities of developing countries the supply of affordable housing has fallen short of the demand.

Even though the issue of housing affordability exists everywhere, it is difficult to provide the all embracing concept of housing affordability. This is because; affordability is measured by different factors like household income, household expenditure, housing prices and the cost of non shelter necessities. As WB (1982) suggested that, certain level of urban housing or services is affordable to low income beneficiary households if the amount from monthly income that a household is willing and able to pay for shelter related expenditure is sufficient to cover the monthly costs of providing these services. As different scholars cited, housing affordability can also be affected by demand and supply factors, government policy which effectively targeting and subsidize to low income families.

Basically, adequate housing accommodations and related facilities are one of the essentials of a good life, one of the fundamental requirements of an efficient, satisfied labor force, and one of the foundations of satisfactory community life. However, discriminatory practices in the job market and how people are treated when they seek housing can result in housing affordability problems which in turn resulted in housing affordability problems which causes social, economic and political problems of a given society.

In addition, the existence of financial institutions which lend down market to serve the needs and requirements of low income households are crucial to reduce the risk of housing affordability problems. But, the unavailability of housing finance for a large proportion of low and middle income groups who have no considerable capacity to save, invest in housing and repay loans is a major constraint on improving their housing quality and quantity in the city overall. However, substantial subsidies through provision of heavily subsidized serviced land, building materials, and technical assistance address the problem of urban housing affordability.

On the other hand, to overcome the problems of low rate of new housing supply and affordability, condominium housings were constructed in most developing countries by public sector. Even though, condominium housings are designed to provide affordable low cost housing in most developing countries, in large cities of developing countries, purchasers

are the rising middle and higher income groups (Rabenhorst& Ignatova, 2009). Also, condominium housing are recently undertaken by the public sector in the country with the prime objective of providing affordable and low cost housing for low and middle income groups with some common character of condominium housing.

CHAPTER THREE

DESCRPTION OF THE STUDY AREA AND DISCUSSION OF SURVEY RESULTS ON CONDOMINIUM HOUSING SUPPLY AND AFFORDABILITY IN JIMMA TOWN

Introduction

This chapter presents the description of the study area which including issues like location of the town, the historical development of the town under study, urban housing characteristic like urban housing condition, housing stock and ownership in Jimma town, housing typologies as well as housing needs and demand in the town is included under this chapter.

In addition, this chapter presents background information of the survey result, the overview of condominium housing in Jimma town. The objectives of undertaking condominium housing project in the town, and factors affecting affordable condominium housing supply in the study area as well as source of finance for condominium housing project construction. Further, it presents the socio-economic and condominium housing conditions of the condominium housing resident and the services provided at the site. Finally satisfaction level of the respondents for services provided at the condominium sites obtained through questionnaires and focus group discussion and secondary data sources are included as supplementary information for discussion purpose.

3.1. Description of the study area

3.1.1. Location

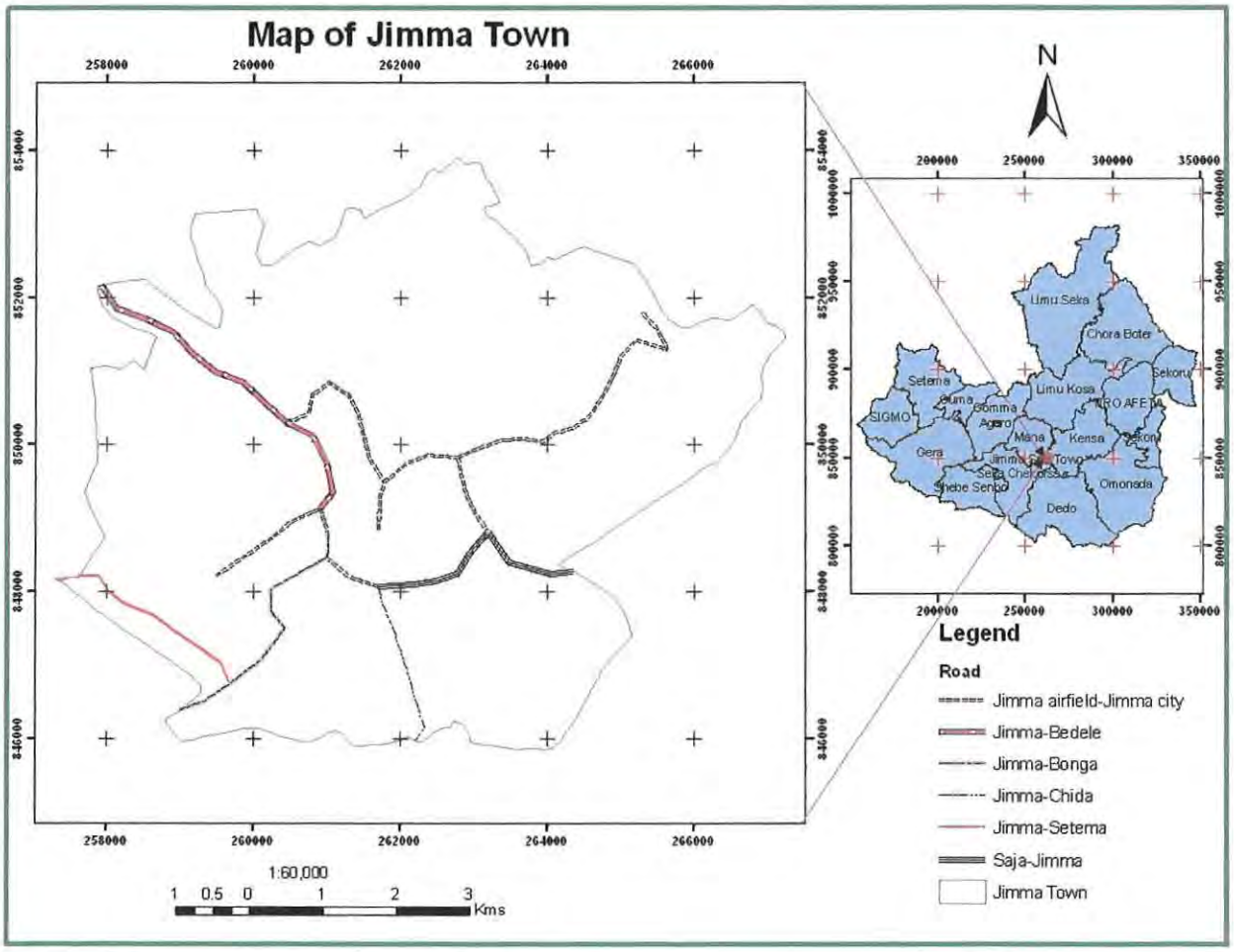
Geographically, Jimma town is located at $7^{o}38`52"N$ and $7^{0}43`14''N$ latitude and $36^{0}48'00''E$ and 36^{0} 53' 24''E longitude (GIS source obtained on 29/01/2010). Jimma area might be divided into escarpment and alluvial plains. Elevation within the town boundary ranges from the lowest 1720 m.a.s.l. of the airfield (*kitto*) to the highest 2010m.a.s.l. of *Jiren* (socio-economic profile of Jimma town, 2009:3).

Jimma town administrative is located in the southwestern part of Oromia National Regional State (ONRS) that far 352 kilometers from capital city of the country, Addis Ababa. It is

bordered with Kersa Wereda in the east; with Manna Wereda in north and Manna & Seka Chekorsa in west, Dedo in south direction (See map 3.1).

According to the current used master plan, Jimma town has the total area of 4623 hectares (46.23km^2). Information on land zoning of the town shows that, 25.7percent of the total area of the town is to be covered by residential buildings, 2.65percent by commercial activities, 4.01percent by Industrial activities, 10.6percent by social & public services, 2.6percent by administrative zone, 15.4percent is land reserved for construction of roads and the proportion of land left for other infrastructures is about 39.1percent. Currently, the city is divided into 13 urban kebele's administration (socio-economic profile of Jimma town, 2009).

Figure .3.1: Map of Jimma town.



Source: GIS Lab obtained on 29/01/2010

3.1.2. Historical development of Jimma town

Jimma town was established as a town in 1822 during king Abba Jiffar the first (Abba Jifar the Great). He transferred his capital from Manna to Jiren so as to control the growing Hermata Market. This is because it was also comfortable for residential purpose. Abba Jifar the first played a great role in accepting and expanding the Muslim religion in the area (Jimma's 178th years of establishment celebration and a millennium development activity special megazine 2008:8). As some historical evidence shows that, the name of today's Jimma was derived from Mecha-Oromo clan called Jimma Wayyu. These people had started to live in the main quarters of the town namely Jiren, Hermata and Mendera (ONRSUPI, 2008:4).

Even though Jimma town was established during Abba Jifar the first, it was started to take modern urban center during Abba Jiffar the second (Abba Jiffar the smallest). At that time Hermata was continuously serving as the biggest trade center and the center of slave trade as well as the route of Bonga and keficho trade center. The Prominent successor of Abba Jifar I was Abba Jifar II (1875-1933) who consolidated and expanded his administration of the town. This king constructed a mosque and palace (*Masara*) at hills located in the village of Jiren 130 years ago. At that time Jiren was the seat of government and a center of administration (The historical background of Jimma town, 2008:7)

According to the information obtained from the documentary source from the municipality, the development of the town has direct relation with the Italian occupation. During that time it was the center of south western part of Ethiopia. As a result, the Italians constructed several houses in the town some of which are demolished and the others remain still today (special magazine 2008:9)

The other factors that contribute for the development of Jimma town was the road constructed from Addis Ababa to Agaro town during Haile silassie region to exploit coffee to the central Market of the country. But as some information shows that, the development of the town becomes stagnant even depreciating starting from 1966-1983. The condition is still continuously depreciating. But currently, different development activities are undertaken in the town to accelerate the development of the town. Among these activities, condominium housing projects and internal asphalt road constructed in the town and renewals of demolished houses are the typical examples.

Even though Jimma town was established during Abba Jiffar the first, the municipality of the town was established in 1942 in decree number 1/1942(historical background of Jimma town, 2008). During this time municipal system divided the town to four quarters *(sefers)* which were named Bosa, Hermata, Mendera and Jiren (Ibid). Prior to the year 1988 the current Jimma town was capital town of Jimma and Keffa province and Buno Bedele awrajas of Ilubabor province, while during the year 1988, area under Jimma, Limmu part of Buno Bedele awrajas, Keffa province awrajas and the whole Ilubabor province were structured in a newly manner until the end of 1991(Ibid).

However, during the transitional period 1992 with formation of Federal Government, Jimma zone had lost the majority of part of Ilubabor area and form 12 zones of Oromia National Regional State with Jimma town as capital. Currently the town undertakes its administrative duties and responsibility with municipality with three sub city, and 13 town kebeles

The town was previously administered under Jimma zone. But with respect to the proclamation no. 65/2003 issued by Oromia national regional state to reform the urban centers, the city has got the chance to be administered by its assigned cabinet members in 2003. Moreover, the city has recently been given the status of first level city.

3.1.3. Urban Housing in Jimma town

3.1.3.1. Housing stock and ownership in Jimma town

The 1994 housing and population census stated that, the total housing stock in Jimma town was 17078, out of which 6919 were owner-occupied and the others are all forms of rental housing. This shows that, owner-occupied units represented 39.3% of the housing stock, and 60.7% represented all forms of rental housing. According to the information obtained from the above source, the largest rental component was kebele housing rentals which accounting for 28.7% of the total housing stock followed by private renting accounting for 20.2% of the total housing stock (CSA, 1994)

According to the information obtain from Jimma town master plan (2008), there are 28000 housing unit in the town. Of these more than 6000 are squatter houses, accounting for about 8% of the total housing stock in the town.

3.1.3.2. Housing condition of Jimma town

As it is discussed before, Jimma was the earliest urban center in the country, which characterized by poor condition of residential housing. According to the study made in 1997 only 14 percent of housing units were classified as having wall construction of modern materials whereas 68 percent were of mud and wood. Another 16 percent were of stone and mud (NUPI, 1997). The same source showed that, overall conditions of dwelling units were assessed as good 24 percent, faire 28 percent, poor 37 percent, and irreparable 12 percent of the total. Furthermore, 9 percent of housing unit had access to flush toilet, 24 percent to private pit latrines, and 26 percent to shared pit latrines while 23 percent had no access to toilet facilities. In addition, 38 percent of housing units had access to private kitchen and 22 percent to a shared traditional kitchen, while 40 percent had no kitchen facilitates (Ibid, 1997).

Regarding to the accessibility of water services, 49 percent of the housing units had access to piped water to the unit or compound, 23 percent used neighbors' piped water, and 19 percent of the housing units used public stand pipes (NUPI, 1997). According to the information obtained from the above cited source, in all these aspects of housing discussed above, the condition for kebele owned rental housing was found to be the worst.

As it is indicated in topographic surveying and revision of Jimma development plan (2008), majority of the houses at the core are owned by the kebeles and deteriorated due to lack of maintenance for a very long time. Those owner occupied houses in these areas are also found to have similar characteristics.

Although most densely housing area of the town is located at the center in Hermata, Hermata Mentina, and Hermata Merkeato. The density in core areas specifically in Merkato is expected to be the highest in the town and estimated to be 65 household per hectare. Housing in these parts of the town requires urban renewal and also upgrading. As a result, currently some upgrading of the housing and internal and main roads is takes place (on progress).

Figure.3.2: Photo showing the ongoing urban renewal of the slum Merketo area

Source: photo taken from Mercato area on 07/03/2010 during field survey

On the other hand, areas having low density are limited to few areas that include, Ginjo, Bosa kito, northern edge of seto semero and southern edge of seto semero and southern edge of Becho bore keblele around Boye area (Master plan of Jimma town, 2008). Housing in these areas unlike those at the core and informal housing at the peripheries have better physical condition, open spaces, social services and utilities. Close to 90percent of these houses are being used for residential purpose (Ibid.2008)

3.1.3.3 Housing need and Housing Demand in Jimma town

3.1.3.3.1. Housing need

Housing need, which is the number of dwelling units required to adequately housing the whole present population and by projection the anticipated population for a specific period, on the basis of one household per dwelling consists of three components:

- Housing required for replacement of deteriorated stock;

- New housing required for meeting backlog (ease overcrowding)and;
- New housing required for new household formation in the present and future due to population growth through natural increase plus migration.

Based on these requirements, as the information obtained from the municipality during field survey shows that, during the planning period (2009-2019) based on the projected population, a total of 13,830 new households or 1,257 house hold per year will be formed every year for new household formation. On the other hand, housing required for ease overcrowding during the specified period is 4,734 housing units (Ibid). In addition, the total houses that required for new household formation is estimated to be 4,200 housing units. Therefore the total housing unit needed with the planning period, is estimated to be 22,764 units (Municipality of Jimma town Administration, 2010). This shows that, there is a need for 2,276 housing unit per year for the planning period.

3.1.3.3.2 Housing Demand

As it is indicated in topographic surveying and revision of Jimma development plan (2008) that, the high, middle, and low income groups in the city are estimated to account for 10 percent, 20 percent and 70 percent of the city's population and monthly incomes for the three categories were more than 1500 Birr, 601-1500 and less than 600 Birr respectively. In addition the study showed that, these respective income groups could dispose off, more than 375, 90-375 and 90 Birr per month for housing respectively.

Although, the household income and expenditure survey conducted by the municipality showed that, up to 30 percent, 50 percent, and 10 percent of the house hold income are spent for housing, food and clothing, and other expenses. This shows that households could spend up to 30 percent of their income for housing and housing rent for one to three rooms house from private owners costs 100-500 Birr /month.

According to the study made by GTZ IS, (2006) shows that, the only basic mud and wood starter with traditional pit latrine is the only affordable house to more than 80 percent of the town households. Further the study shows that, households earning monthly income of up to 600 Birr and able to dispose 15 percent of their income can afford to built the minimum

housing of 29m^2 of mud and wood construction, provided that part of the labor is undertaken by the house hold itself. On the other hand, households earning a monthly income of 600-1500 birr and able to dispose 15-25 present of their income could afford to build similar housing with additional multipurpose room and kitchen. Those earning more than 1500 birr per month can afford Hollow concert Block starter model which will take them 15-20 years to repay or save and cover the construction cost (GTG Is, 2006). This shows that, all households in the town could afford to rent or build housing of different standard, which indicates housing demand is more or less similar to housing need in the town.

3.1.3.4. Housing Typology and Standards in Jimma town

The existing norms and standards specific to residential and related uses and residential typologies in Jimma town clearly stated that, Jimma municipality land and housing section provides a 2 bed room standard housing plan of main housing unit of 76 m^2 and service quarter of 25.5 m^2 area to all households accessing plot of up to 200 m^2 land for housing. The plan consists of a living /dining, two bedrooms, kitchen, toilet and 2 rooms in the service quarter. In addition to these, there is another typology for plan of 250 m^2. Those who get land through the lease system prepare their own plan.

Depending on the government housing development program to solve the housing problems of low and middle income group of the town, housing development sector inter in to the implementation of condominium housing project starting from 2007. Depending on this program in 2007, about 1100 housing units are planned and in 2008 about 550 housing units are planed and entered in to the implementation. Currently, most of these housing units are completed and distributed for the beneficiaries. On this construction, about 1113 jobless youth organized in to 74 *Mayiber* and create job opportunity. On the other hand, it creates job opportunities for more than 2000 laborers (Jimma town municipality, 2010).

The other housing typologies prevalent in informal housing areas are the single/double room row free standing houses prevalent in periphery areas of the city. These houses are built of mainly mud and wood construction (personal observation during field survey, 2010).

3.2. Discussion of survey results on condominium housing supply and affordability

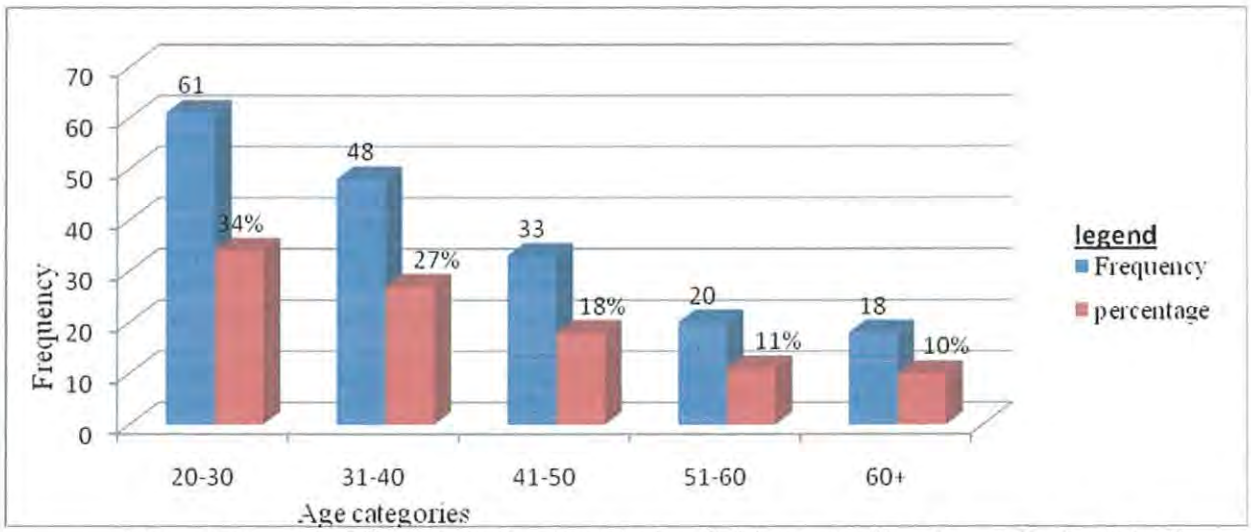
3.2.1 Background of the respondents

Background of the respondents includes the demographic characteristics such as (age, sex, marital status, religion, educational status, ethnic group, total number of household members) of the population in the study area are used as one of the measure of relevance and sustainability of the housing provision and affordability. As discussed in literature section of this thesis, demographic characteristics of households are among the factors which influence housing affordability of households. Hence, data collected on age, sex, marital status, religious, education, and number of household members will be presented under this section.

3.2.1.1 Age of the respondents

Concerning the age composition of respondents, the study yielded that, the average age of respondents for both condominium and non condominium residents' is 33.8 years. As indicated in the table 1 in the appendix 1, the majority (61 %) of the sample house hold heads are blow 40 years of age, while only 39 % of the respondent above 40 years of age. This indicate that quite a large proportion of the respondents are in productive age where the tendency to generate income and afford for the required housing prices is more likely than the older age groups

Figure .3.3. Age category of respondent household heads

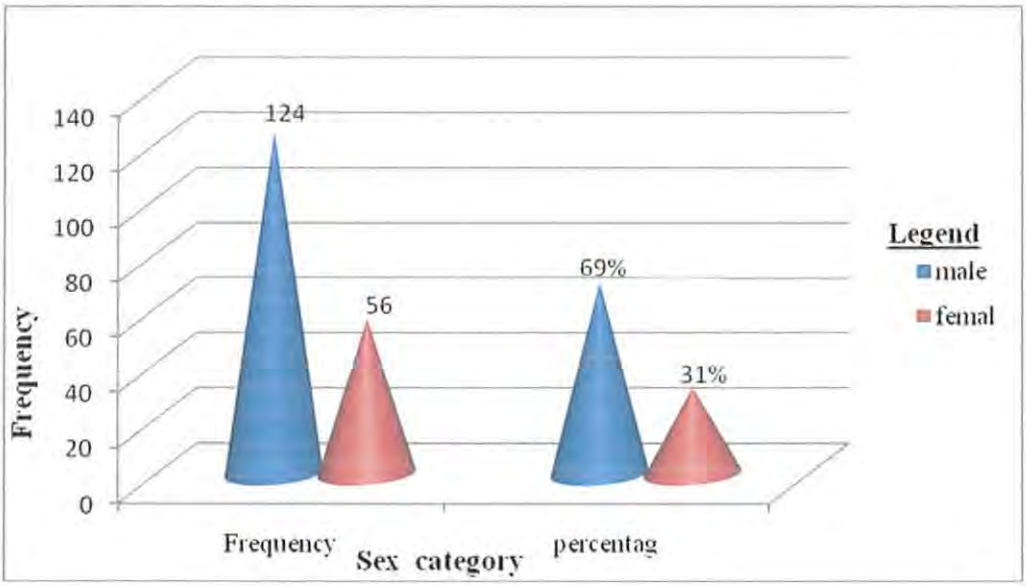


Source: computed from data obtained during field survey (See Appendix 1, table 1)

3.2.1.2. Sex composition of the household head

Out of the total sample household heads from both condominium and non condominium resident samples 69 percent are males while females constitute 31 percent of the respondent household heads. According to key informants of the condominium housing transfer processing team officials, female headed households does not given special support in the provision of condominium housing units. Such lack of special support for female headed households implies that how the implementation process is going on the wrong truck providing special support to poor female headed households which stated in IHDP document as "all regional governments have now enacted that at least 20-30% of the houses constructed to be allocated to women headed households" as it is formulated during project design.

Figure.3. 4 Showing sex category of household head respondents



Source: Own computation (See Appendix- 1, table- 2)

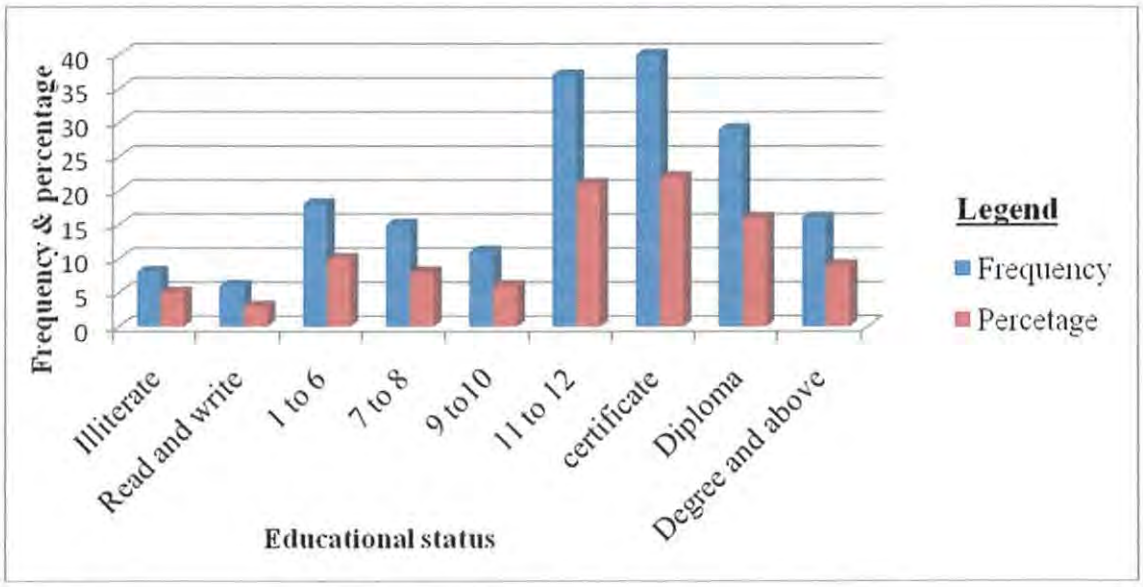
As it is observed from the above chart, female headed household heads comprises the significant number (31%) of the total respondent household heads. This tells us that, the numbers of females headed households in the town are relatively large.

3.2.1.3. Educational status of the Respondents

Middle-income households with low education levels have a disproportionately high housing budget. They lack the qualifications that would permit them to find a job that paid as well as

the ones they had in manufacturing (Edwards, 2007:427). In contrary to this argument, when individuals educational and income level rises, the more the person deserves to live in standard houses having all housing facilities. It has its own implication on the income level of respondents and attitude towards living in multi story building. Therefore, it is important to deal with households' educational status before assessing their capacity to afford for condominium housing in the study area

Figure.3. 5 showing educational status of household head respondents



Source: Own computation (See Appendix 1, table 3)

The study has identified(as demonstrated in chart 5.3) that about 5%of the sample household heads are illiterate ,21% have primary education ,27% have secondary education ,22% certificate,16%diploma and 9 % a degree and above educational level.

The majority of the respondents (48 %) have secondary schooling and primary education. Such educational level/status of the respondents implies that, they are not in the range to earn high salary both in government and NGOs. The respondents expressed their idea during data collection that because their low educational status, they didn't got the chance to be employed in higher employment position which paid better salaries in order to afford standard housing which affects the price of housing, the financial resources of prospective

purchasers, conditions pertaining to the granting of mortgages (e.g. the housing interest rate and the amount borrowed) and the relationship between these factors.

3.2.1.4. Ethnic composition of house hold head respondents

As it is discussed in chapter three, Jimma town was the Capital town of the former Kefa provinces. As a result, it is the home land of different ethnic group with different languages and culture. However, Oromo is the dominant ethnic group in the town. Based on the data obtained during field survey, the ethnic compositions of the sample household heads will be presented in the table 3.1 blow.

Table.3.1. Ethnic composition of household heads respondents

Ethnic group	Frequencies	percentage	Cumulative percentage
Oromo	128	71.1	71.1
Amhara	21	12	82.8
Tigre	5	3	85.6
Guraghe	18	10	95.6
Others	8	4	100
Total	180	100	

Source: field survey (2010)

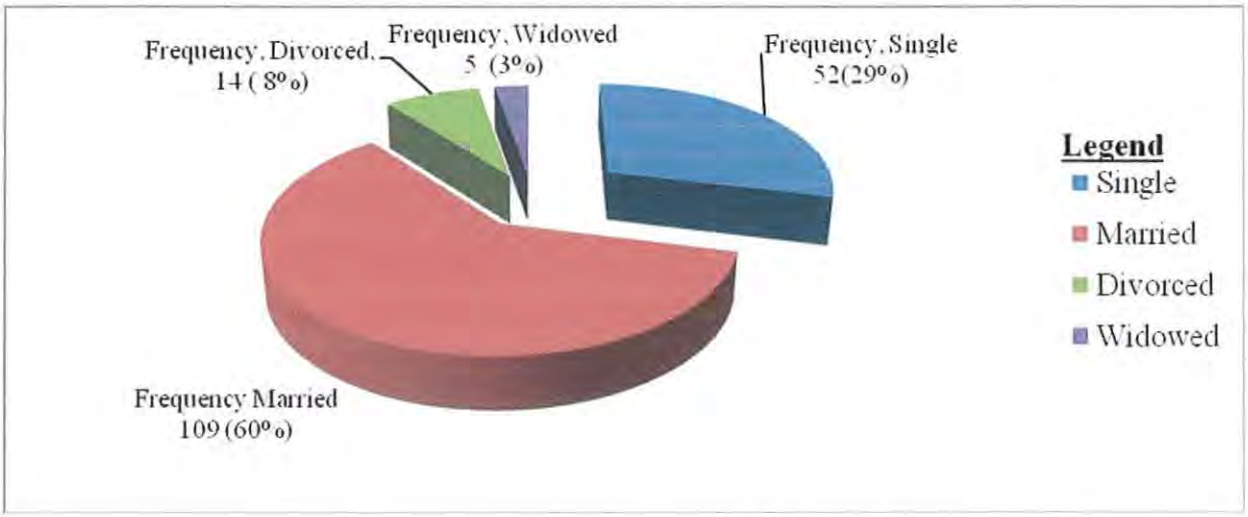
As the table above shows that, majority of the respondents (71%) of the household heads respondents are Oromo followed by Amhara (12%) and Tigre and Guraghe together accounts (13%). The remaining 4% account for other ethnic groups.

3.2.1.5. Marital status of the respondents

Regarding the marital status of the respondents, the survey data shows that the majority of the households (60.6%) are married and (10.6%) are either divorced or widowed. As different literature stated, widowed women are more affected than their relative male sex to access to adequate housing. For example, according to UNCHS-Habitat (2005) various studies have congregated proofs from a range of women in developing countries who faced eviction from slums and squatter settlements when they lose their husbands, widowed women are unalterable to being deprived of their rights to adequate housing because of insufficient protection on their inheritance, property and housing right. Moser (1987), Moser and Peak (1994), Chant (2003a, 2003b) Cited in Abay (2007) have also stated that, female headed households are particularly held back by the triple burdens of employment,

housework and child care. For those reasons female headed households are often assumed to be worse off than two-parent households and therefore more in need of housing. Even though this reality exists in the study area, as information obtained during data collection shows, there is no special attention given for female headed households in order to make them owner of condominium housing projects constructed in the town.

Figure .3.6 marital statuses of household head respondents



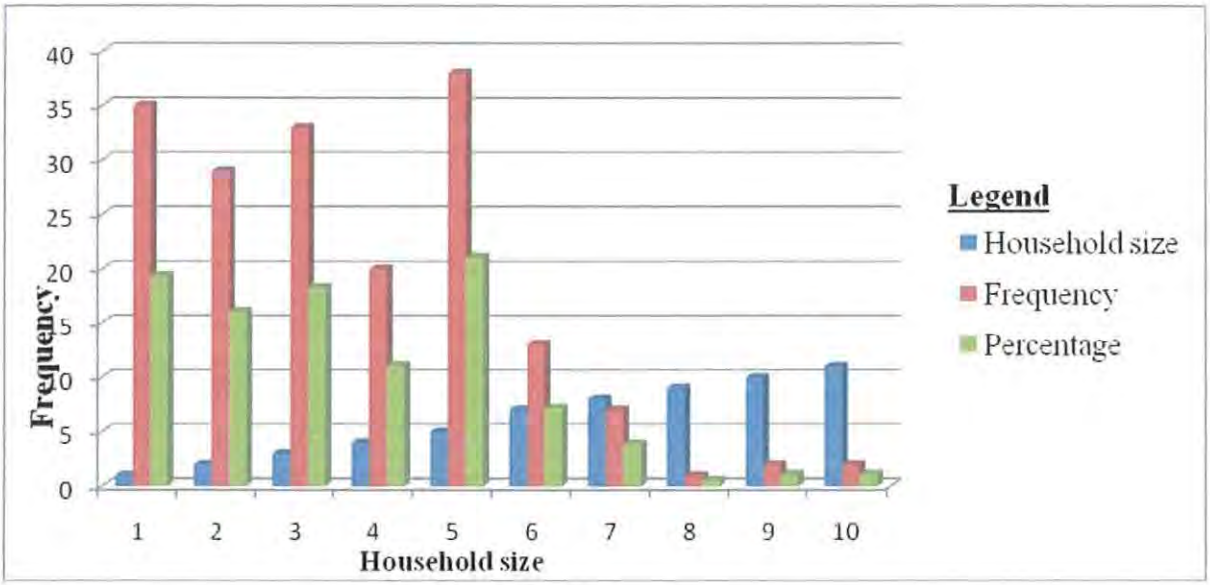
Source: Own computation (see Appendix 1, table 4)

As chart 5.4 above reveal that, from both condominium and non condominium housing resident samples, the majority of respondents (60%) are married, and 29% are single house hold respondents. The remaining 11% of the respondents are both widowed and divorced household heads. As per of condominium housing development program, housing provision process considered all residents of married, single, divorced and widowed household heads in the town where the project is undertaken. However, Married households are considered as the majority beneficiaries because their expected large family size and the divorced and widowed women for their triple burdens. But, this intended purpose is constrained by high cost of condominium housing and low income of households to afford especially for widowed and divorced women with low income categories in affording the required housing prices in general and Jimma town in particular.

3.2.1.6. Household size of the respondents

One of the negative impacts of large household size is the problem of housing affordability for those large size families due to other basic necessities for those families. In agree to this, Stone (1993:32) suggest that, some low income households and large family (three person or more) households pay less than 25 percent of their income are still un able to meet their shelter need, because they still do not have enough left over after paying for housing to obtain minimum level of non shelter necessities. As we understood from this, family size is one of the factors that affecting housing affordability of households. Therefore, as background information the household size of the respondents are presented in fig 3.5 blow.

. Figure.3.7 showing household sizes of the sample respondents



Source: own computation (See appendix 1, Table 6)

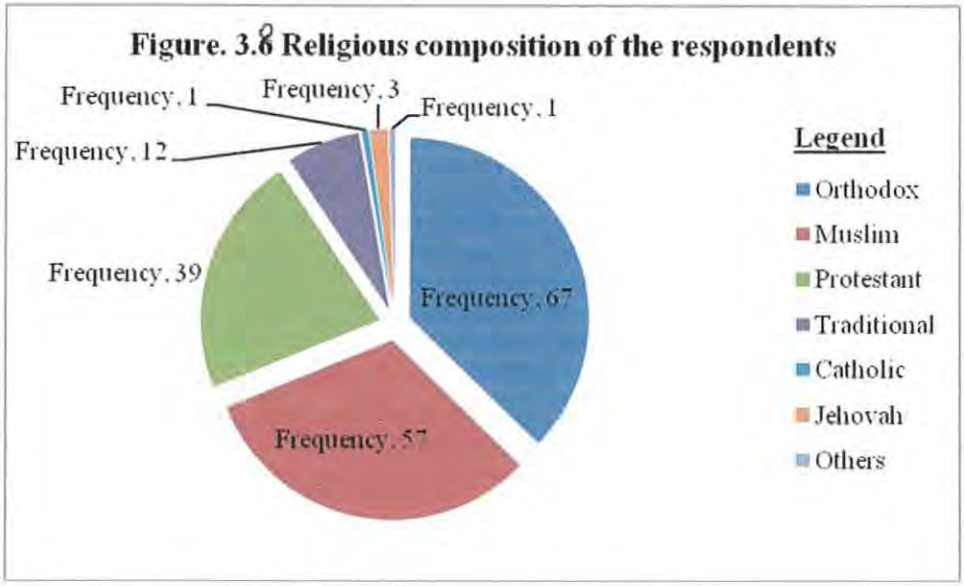
The average sample household size is 3.5. About 53.8 percent of the respondent reported that they support households with 1 to 3 family members. In the same token, the percentage of respondents with 4 to 6 family member is 39.4percent. The remaining 6.8 percent support more than 6 family members.

3.2.1.7. Religious composition of the respondents

Most of the respondents (37%) were found to be Orthodox Christian, followed by (32%) Muslim, (22%) Protestants, (0.6%) Catholic, (6.7)traditional, and (0.6%) others. Thus, Orthodox Christian dominated. Even though the sample household religious composition

reveal as the orthodox Christian as the dominant household respondents, the majority of the residents are Muslim religion followers.

Figure. 3.8 Religious composition of the respondents



Source: own computation (See appendix 1, Table 5)

3.2.2. Condominium housing project in Jimma town

The condominium housing project in Jimma was launched by ONRS in the year 2007. Currently a total of 1653 condominium housing units, which is 1104 units from the 2007, are completed and 549 from the 2008 budget year are under construction. The housing project created job opportunity for about3800 people's especially jobless youths in the town (key informant interview with the official during field survey, 2010)

According to the information obtained from the key informant during field survey, the sites for the condominium houses were selected by the municipality in collaboration with the housing development agency in the town. Almost all the project sites are situated at good locations, along main streets in areas that are well served with the required infrastructure except the Kochi and EDDC sites which has the drainage problems. Even though the projects are located in good locations, the majority of the condominium resident household respondents complain that, the monthly fee fixed by the regional government to cover the housing cost over the specified period did not consider the living conditions and income of the majority of the residents. The number of the blocks in the town with its respective project site is presented in table 3.2 blow.

Table 3.2: Number and location of condominium houses blocks in Jimma town

No	Location/site	Number of blocks	Remark
1	Bosa	8	2007 project
2	kochi	7	2007 project
3	Dollolo	21	2007 project
4	EDDC	13	2007 project
5	Agip shell	22	2007 project
6	Hostel	5	2007 project
7	Sar sefer	18	2008 project
	Total	94	-

Source: Jimma town condominium housing project office (2010)

All blocks of the projects in 2007 fiscal year are ground plus two types of housing blocks. As it is presented in the above table, there are totally about 76 (80.6%) of the blocks were constructed in six project sites from the 2007 project year and 18 blocks (19.4%) of the total blocks is from the 2008 project year. Among these sites majority of the blocks are constructed in Agip shell, Dollolo and EDDC site. These projects sites consist of 56 blocks. Even though these sites consists the majority of the blocks, they are spatially concentrated in the same locality (personal observation during field survey, 2010).It is discussed in chapter three that, these areas are areas having low density, better physical condition, open spaces, and well provided social services and utilities in relation to the other area of the town. In each site the four housing types (studio, one bedroom, two bed room, and three bed rooms) are constructed in order to meet the needs of individuals according to their capacity to pay for housing they need. The types of housing units from 2007 and 2008 projects are presented in the table 3.3 blow.

Table 3.3: Number of condominium housing units and types of the units in Jimma town

No	Housing type	Total number of units from 2007 project	Total number of units from 2008 project	Total
1	studio	242	90	332
2	One bedroom	411	216	627
3	Two bedroom	217	126	343
4	Three bedroom	146	72	218
5	Commercial	88	45	133
	Total	1104	549	1653

Source: Field survey, 2010

As we see from the table 3.3 above, during 2007 fiscal year a total of 1104 housing units are constructed. From these housing units, studio and one bed rooms accounts for 59 percent of the housing units. On the other hand, the two and three bed room housing units' together account for 32.9 percent and the remaining 7.9 percent is housing constructed for commercial purposes. This figure shows that the majority of the housing units are the studio and one bed room housing units. According to the information obtained from the condominium housing project development agency during data collection that, "it is primarily designed for low and middle income groups and these two housing units are more affordable for low and middle income groups in terms of unit cost than the other housing units ".

From the seven condominium sites in Jimma town, the study focuses on the three condominium site- Bosa site, EDDC, and Hostel condominium sites which located in Bosa Addis Ketema, Ginjo and Ginjo Guduru kebeles respectively.

Figure .3.9: Photo showing Bosa Addis ketema condominium housing site

Source: photo taken on 6/03/2010 during field survey

As it is seen from the above map, the green area of the site is on construction. This construction activities includes construction of septic tanks, construction of sewerage lines, roads connects block to block and the main roads etc

Figure.3.10: Photo showing Front side of Hostel site condominium Housing block

Source: Photo taken on 6/03/2010 during field survey

According to the information obtained from Jimma municipality housing transfer processing team leader during field survey (2010), these two sites (Hostel and Bosa Addis Ketema) are highly demanded by the beneficiaries. This is because of its proximity to Jimma agricultural college (the Bosa Addis ketema) and Jimma health Science College (the Hostel site) as well as its location. Edwards (2007:406) explained this concept as "there are three types of amenities that affect housing values: natural amenities(such as green spaces proximity to bodies of water, or other scenic landscape),historic districts, and endogenous amenities (such as quality education and other publicly provided services, proximity to transit routes, and proximity to nice restaurants or other urban facilities)". In agree with this, one of the respondents from the Bosa Addis ketema explained as:

I prefer this condominium site for three reasons. First, it is near the main road to Agaro and has no road accessibility problems. Second, due to its proximity to Jimma agricultural college the rent of the house may be relatively higher than the others. Third, it has no drainage problems like EDDC and Kochi site which require additional cost to drain the soil.

As we understood from this, housing demand is determined by its location, accessibility and habitability for residential purpose as well as its rental costs.

Figure.3.11: Photo showing one side of EDDC condominium site

Source: photo taken on 6/03/2010 during field survey

In this condominium site, based on the respondents' responses, the residents were affected by additional cost to drain the residential areas. This is because the town as a whole located in low land of which ground water is near to the surface (shallow level of ground water). In addition, they exposed for additional cost of unfinished internal part of their own housing units, and its internal doors of the housing units. They also paint walls in the inner part of the houses as a result of which they spent much money in addition to the estimated constructional costs.

3.2.3. Objectives of undertaking Condominium Housing project in Jimma town

As per the regional and national objectives, the main objective of condominium housing project in Jimma town is to build cost effective /low cost houses affordable to low and middle income groups using labour intensive technologies there by creating large number of job opportunities. Although, to build the capacities of MSEs involved in the construction sector and improve the construction technology. During field survey (2010), the manager of condominium housing project stated the following general objectives of undertaking condominium housing project in Jimma town as:

- To solve the increasingly aggravating housing problems of the low and middle income groups in the town and gradually improve the living standard of the resident in the town by providing standard residential housing;
- Regenerate the slum area of the inner city;
- Using the government integrated housing development program(IHDP) reduce un employment and enhance income generation, specifically by promoting micro and small scale enterprises(MSEs) in the metal work, wood work and construction sector;
- Improve the vocational training system and strengthen the construction industry;
- Build low cost houses suitable to low and middle income citizens and insure their home owner ship and wealth redistribution.

3.2.3.1. Creation of job opportunity

The existence of high unemployment, and the potential that the construction industry has as job opportunity creation means, this condominium housing development program enables to create substantial job opportunities, enhance income capacity of citizens and can help to establish/create strong small industries (AMCHUD II:2008). Consequently, about 3800 youths are organized under MSEs and involved in the construction process in Jimma condominium housing project (interview with official during field survey, 2010).

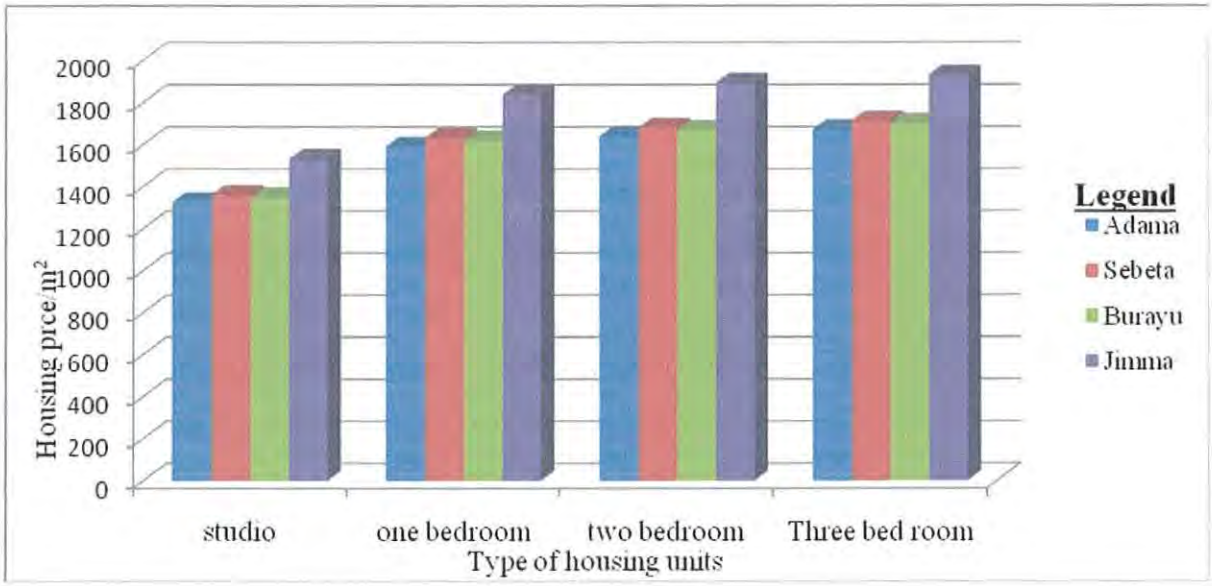
The employments of thousands of unemployed youths, the promotion and creation of micro and small enterprises, skills upgrading training of construction site management staff down

to construction workers and the specialization of construction industry to construct decent shelter is the main investment area of the government in country in general and Jimma town specifically. Accordingly, the jobless youths who involved in different sectors of the construction industry are one of the beneficiary groups from these condominium housing project objectives. Currently, those jobless peoples employed in the construction sector capable to create job opportunity even for other jobless peoples (FGD, 2010)

3.2.3.2. Construction of affordable low cost housing

As long as the house building cost is high and the fact that the majority citizens of the town income is low, there is no chance that a convenient prices can be set and ensure house ownership. According to the study conducted in Jimma town in (2008), majority of the town residents are categorized under low income families who earn monthly income of 600 ET Birr and less. However, the condominium housing cost is high in Jimma town than the other towns in the region. The chart blow indicates the comparison of housing prices/m^2 with respective number of rooms in four town of the region.

Figure .3.12: Showing housing prices per meter square in four towns of Oromia region.



Source: Computed from data obtained from Oromia housing development project office

As it is observed from the above chart, the prices of condominium housing per meter square is the highest in Jimma town in all four types of housing units when compared to the four sample towns of the region (Sebeta, Burayu, and adama) which located around Addis Ababa where land and housing prices are high in relation to Jimma town which is far from the centre, Addis Ababa. According to the information obtained from Oromia housing development project Bureau and Jimma towns condominium housing project office, this variation is due to high construction material costs in Jimma town. The manager of condominium housing project of Jimma town (Kefyalew Ayana) during field survey 2010 further stated the reasons of this as:

> *For the construction of the project, the government providing the land with basic infrastructures like road, water services, Electricity service, telephone services and the salary of the staff employee. In addition, the government also facilitate loans from Commercial Bank with long period of back payment approximately from 15-20 years duration. But all the total construction cost is covered by the beneficiaries except the subsidy provided by the government mentioned above. However, the construction cost is covered by the beneficiaries which is relatively high due to locally unavailable local construction materials like sand and gravel. Because of this high cost of local construction materials the cost of housing unit is high in Jimma town.*

According to the information obtained from Oromia condominium housing development project official, the aforementioned information is the same throughout the region without considering location variation of housing need and demand, availability of local constructional materials, transportation cost of constructional materials from the centre of the country, and availability of cheap human labour in the project area. As information obtained from the official of Jimma town condominium housing development project, constructional materials like sand and gravels are obtained from far distance (approximately about 760 Kilometres in the two trips) from the centre of the town. Therefore, this was the reason why construction cost is relatively high and the cost of housing unit per meter square is also high. This high cost of construction materials with low income of the majority of the resident put under question the supply of affordable condominium housing in Jimma town. As we understood from the above arguments, the project has its own shortcomings in addressing its objectives which aimed to build low cost houses affordable to low and middle income groups of the residents due to the financial burden it consumes an excess amount of their personal income.

3.2.3.3. Building Capacity

In light of the weak economic base, high unemployment rate and poverty, any housing development initiative would not be sustainable unless it also improves incomes of the urban residents to enhance their capacity to buy the houses (AMCHUD II:2008). Thus, the construction of houses is designed to be labor intensive and to incubate and strengthen local medium size contractors and micro and small enterprises in the construction of houses.
According to the revised master plan of Jimma town (2008), most employees in the town are government employees and the majority living below the poverty line. Therefore, by the condominium housing development program, it is necessary to enhance the income of the majority and free them from the poverty. Moreover, it is necessary to have better care for the houses to enable them build better economic capacity and by paying rent enable they gradually house owners which bring fundamental change by creating rational wealth creation and redistribution.

As a result, the jobless youths in the town organized into around ten MSEs and involved in the different constructional activities (Key informant interview, 2010). According to the information obtained from the focus group discussion (FGD) with the condominium residents, 'the most benefited groups from the project are those jobless youths organized in to MSEs and involved in the construction of the projects. They transformed from homeless dependent life to homeowner independent life due to the condominium project implementation in the tow which creates job opportunities for them. In addition, even they create job opportunities for others by creating their own business''. In other words, the project more or less achieved its intended objective in enhances income generation by promoting MSEs and building capacity. However, it does not mean that it solves the problem of the majority of low and middle income groups in providing an adequate supply of affordable housing. This is because; those involved in the construction activities are few in number in relation to low and middle income of the town residents (personal observation during field survey, 2010).

3.2.3.4. Providing affordable low cost housing for target beneficiaries

An overview of the current Ethiopia housing program, its framework expresses a strong commitment to address the housing needs of the poor. It has no discriminatory clauses apply with respect to who may benefit by subsidized houses. From gender point also it can be concluded that, it promote gender equality, where 30 percent of the condominium housing ownership is earmarked for female headed households after the construction process is completed (AMCHUD II, 2008).

According to the stated objectives above, one of the main targets of the condominium housing project is to provide affordable housing for low and middle income groups of the town resident. Further, AMCHUD II, (2008) stated that, the purpose of the project is to benefit low and middle income urban residents who aspire to own a house. This is because; these sections of the community are hard hit by inadequate and poor quality housing in bigger cities and towns. Such targeting would also help to ensure sustainability and equitable distribution of wealth in cities and towns (Ibid.). However, households and families of low and middle income groups are not beneficiary groups in Jimma town due to high cost of housing that unaffordable for them. Rather the beneficiaries are high income groups of the town residents who have better housing units than the low and middle income groups. This is justified by the responses obtained from Jimma town housing transferring processing team official as:

> *According to the first set condominium housing transferring regulations of the municipality, the transferring process is implemented through lottery system .First, those interested groups are registered. From those registered, the Municipality screens homeless people. After they screened those in need of housing, the winners are identified by lottery method from those screened one. In our town, we did these two times. But those who win the lottery did not show their interest to buy the housing unit. This is because; they have no capacity to pay the down payments and monthly repayments of the existing prices. As a result, the Municipality decided to sell the housing unit to anyone who can afford the existing price without considering his/her home ownership status (key informant interview with the town housing transfer processing official 2010).*

Concerning the above argument, the Oromia national regional state of transferring urban housing constructed under IHDP proclamation No.149/2001 article 4(2) d indicated that, urban dwellers who have no own (self) housing unit given priority to buy condominium

housing, but if they do not have capacity and interest to pay the existing (required) prices the chance will be given to other persons who can afford the existing prices. In addition, article 6 sub article 6(6) indicated that, either government or non government organization can buy condominium housing for their workers.

As information obtained from Jimma town municipality housing transfer processing team officials shows that, based on the above stated proclamation, condominium housing are sold to those who can afford the required prices. This is because of those homeless people who win the lottery have no capacity to pay. The official further explain that, based on proclamation No 149/2001 the kochi condominium site is sold to Jimma university for apartment purpose of their workers.

Although, the town residents sample respondent, explain their interest for condominium housing during data collection as: "we need to be the owner of condominium housing because, it has better quality and accessibility in terms of location and services than the existing housing unit in the town. But we have no capacity to pay the down payment and monthly repayments". As a result, we are not the owner of condominium housing. In agree with this,Budd and Gottdiener (2005:55) stated that, people may want to acquire quality housing, but, often they really cannot afford it because of the financial burden consumes an excessive amount of their personal income. As we understood from this, the factor that hinder low and middle income group to be the owner of condominium housing in the study area is not their lack of interest, but their capacity to afford for the housing units.

As it is understood from the above arguments, in Jimma town condominium housing project has a problem in addressing one of the condominium housing project objectives which aimed to benefit low and middle income urban residents and 20-30 percent women headed households which ensure equitable distribution of wealth and to economically empower women. This is because, if everybody can buy without considering the target population, it narrows down the chance of including those target population.

3.2.4. Factors affecting affordable condominium housing supply in Jimma town

According to literatures, affordable housing supply will aim to Create access to affordable housing for households in housing stress who do not meet public housing eligibility criteria; or who would be unlikely to be allocated public or community housing in the short to medium term; Support households with income growth potential and/or prospective home ownership in the medium term by offering affordable rental housing; and give public housing applicants and tenants, including those exiting public housing, another choice of housing which may be more suited to their needs. Affordable housing supply will be let at a discount to local market rents, taking into account household income and capacity to pay.

Accordingly, the agreed definition of affordable housing is "housing that is appropriate for the needs of a range of very low, low and middle-income households, priced to ensure households are able to meet other essential basic living costs" (www.parliament.uk). But there are factors that affect supply of affordable housing for low and middle income groups. The major factors include land and land tenure, housing finance, housing construction cost, Building materials, and services and infrastructure. The role of these factors in the provision of affordable condominium housing in Jimma town as identified during field survey discussed blow.

3.2.4.1. Land and land Tenure

The price and availability of land is an important issue influencing housing supply for urban families and low income families alike. The price of land depends on many factors including location, distance from services and amenities, nearness to commercial, academic, health facilities, availability of public transport, etc. The further land is from the city centre, the cheaper the price of land is likely to become. Since poor people cannot afford all of the costs involved in financing of services and community facilities along with their other housing costs, it usually falls up on government (and often local government) to finance the extensions of roads, water mains, etc. and the creation of community facilities(Mittingly,2004:5). In agree to this, most of the lands for the condominium housing project with its infrastructural developments are provided by the local (municipal) government for the development of condominium housing project in the town.

Even though, the price of land is the decisive factor in supplying affordable housing in urban centers, land is freely provided by the municipality in Jimma town for construction of condominium housing as a subsidy (interview with condominium housing project manager during field survey, 2010). This is because, according to the IHDP of the Federal Democratic Republic of Ethiopia, provision of land and infrastructure for condominium housing development is the major role of government in providing low cost housing for low and middle income of urban residents. In line with this, the manager further explain that, "the municipality covers a cost of around 16, 000,000 ET Birr for constructional land with infrastructural development as a subsidy and to resettle the displaced people in the new location. Because of this there is no land cost in the estimation of housing prices". As it is understood from the above information, the cost of land has no direct impact on the supply of affordable condominium housing in Jimma town. The aim was to build standard housing and reduce illegally occupied land by providing housing with basic infrastructures and services which consume less urban lands in relation to the horizontally expanded individually owned residential compounds.

One of the most effective ways to reduce land costs per housing is to increase the density of housing units. This can be done by using small plot sizes by constructing building contains several dwelling units. This is the reason why condominium housing is considered as the mechanism of effective urban residential land use.

3.2.4.2. Source of condominium housing finance in Jimma town

Housing finance is important during housing production because it is necessary to have adequate finance that can enable a householder to purchase land, building materials, labor and any other component that leads to housing completion and maintenance. However, access to housing credit is limited to those considered to be credit worthy who have a stable income. Low income households have limited access to such facilities. In agree with this, UN Habitat (1996:202) state that, the fundamental problems facing in most developing countries in housing finance is that, formal sector financial institutions seldom lend down market to serve the needs and requirements of low income households. As a result, the Government facilitating finance to cities and home buyers (facilitating bridging construction finance and mortgage financing).

Because of this, government facilitating loans from commercial Bank for condominium housing buyers who have no access to such facilities in the study area. But, since the commercial Bank providing this loan with its interest rate which later paid by the beneficiaries potential buyers should make regular saving over an agreed period of time to repay it. As information obtained from condominium housing project official during field survey (2010) shows that, even though the government facilitating loans from commercial Bank, there is no cost covered by the government from loan accessed. Usually provided by formal sector financial organizations, mortgage finance is directed at the purchase of completed housing units, borrowers are required to demonstrate saving ranging from ten to thirty percent of the unit value and repayments should not exceed 25 percent of house hold income(Tibaijuka 2009:139). However, because of high cost of housing units and low income of the residents' in the study area, it is questionable to save the specified percentage for housing finance from household income for condominium housing loans supplied from its source in order to supply affordable housing for the target population in the study area. The sample household monthly saving will be discussed in the next chapter of this thesis.

As information obtained during field survey shows that, the town administration (municipality) would cover the cost of land development, infrastructure provision and capacity building activities related to housing development (interview with project officials during field survey 2010). This cost is estimated to be 30 percent of the total cost of the housing prices which is given as a subsidy for the beneficiaries. The federal government facilitated bank loan to regional government. Regional governments then repay their loan after selling the house to beneficiaries on a 10-20 years payment period. The government facilitates mortgage loan facilities for home buyers (key informant interview, 2010).

3.2.4.3. Construction sector for condominium housing

The main issues that will be addressed in the construction sector are: building materials, regulatory instruments and technical support. Building materials are the largest input into house construction, and therefore need to be available and affordable. UN Habitat (2009:3) stated that, availability of developable land; appropriate building construction technology and suitable construction materials, skilled labor and reliable infrastructure are factors affecting affordable housing supply. This is a very critical issue where governments trying to provide

low cost houses and have to be careful. Unavailability of affordable material can lead to incompletion of desired low cost housing projects.

Though, Jmma town is one of the regional towns which had adopted a national low cost housing program which has been first introduced in the federal capital-Addis Ababa in 2004, and as a national program in 2006 to provide affordable standard housing for low and middle income group of the homeless citizens. But, as it is mentioned in the previous section, most of the building materials, especially sand and gravels imported from distant places which further increases construction costs by adding transport costs to the materials. The town of Jimma has introduced low cost condominium houses in seven sites of five kebeles which employ the standard housing concept. This project is being implemented by the government of Oromia Regional National State (ONRS). In deed MSES are organized and participate in construction of affordable housing for low income households. However, building Acts, regulations and codes are the means by which authorities control construction activities for the purposes of ensuring safety and health in the built environment (Key informant interview 2010). As per the Article 18 sub article1(a) of the proclamation No.471/2005, these regulatory procedures can determine the types of building materials, skills and construction techniques to be used and conditions for minimum housing standards to be applied to low cost houses.

However, building skills are responsible for the realization of intended housing quality. House construction work is done by small contractors, building groups or developing individual owner's building skills (Key informant interview with officials 2010). According to the key informant, "one of the major problems of providing affordable housing in the area is the untimely completion of the construction sector". Further, he stated the reasons for the problem of untimely completion of the construction as:

> *In order to meet one of the condominium housing project objectives, most of the construction activities are undertaken by MSEs organized under different micro organizations. This different MSEs engaged in different construction activities of the project. As a result, there is no coordination among them due to the nature of the activities. Therefore, the completion of the project is delayed from the planed period because of undertaking of the activity one after the other. This exposed the project for additional cost of constructional materials which inflates the cost of housing and interest rate (key informant interview 2010). Key informant also cited shortage of trained, semi-and skilled construction workers as well as qualified contractors and sub contractors in the construction sector.*

People may acquire quality housing but, often, they really cannot afford it because of the financial burden consumes an excessive amount of their personal income (Gottdiener & Budd, 2005:55). In agree with this, in Jimma town, condominium housing is also provided with quality services in relation to the existing housing stock but, low and middle income groups complaining high cost of housing units to afford the housing units in order to be the owner of the required housing units (FGD, 2010).

3.2.4.4. Availability of building materials

Where the cost of available building materials is very expensive and its share is high in the construction industry, it is difficult to provide affordable housing units for low and middle income groups. According to the information obtained from the town condominium housing project office, the government aims to provide alternative building materials and suggest diversified policy approaches that considered the contribution of various actors and different income level group of the society in line with facilitating decent shelter for homeless urban poor. As a result, the cost effective local material and construction technology of Compressed Stabilized Hollow Block is presented as practical workable solution for the construction of affordable housing by MSE organizations in the town.

However, constructional materials obtained from a distant place as result of which transportation cost of building material is very high even above the planed materials cost. This escalating housing prices and causes affordability problem for low and middle income groups.

3.2.5. Socio economic impact of condominium housing in Jimma town

A lack of affordable housing is both a social and economic issue. Housing affordability is about more than the ability to purchase or rent and sustain adequate housing at an acceptable cost. It is also about the contribution that housing can make to achieve positive outcomes in education, health, employment, regional economic development and building communities. Therefore, Affordability expresses the challenge each household faces in balancing the cost of its actual or potential housing, on the one hand, and its non housing expenditures, on the other hand, within the constraints of its income (stone, 2006:151).

However, for most people in the town the cost of condominium housing is the single largest component of their household income. Any increase in this cost negatively affects their welfare, purchasing power, standard of living and, consequently, the overall capacity of the residents. The concept of housing affordability is problematic as it encompasses a range of issues that have been reflected in the literature. These issues include the distribution of housing prices, quality of housing, households' income, the ability of households to borrow, and consumption choices & preferences of households (Borrowman & Kazakevitch, 2009:2).

Affordability becomes a big issue and that is why it calls government intervention as appropriate policy intervention toward various housing issues is vital to guide real assets development. Experience with housing delivery in, many developing countries highlights the difficulty in effective targeting and subsidies to low income families. The magnitude of the housing problem, due to the increase in population, and very poor condition of the existing stocks, demands new housing units. Condominium housing project would complement urban renewal and slum clearance program as one of housing schemes (Melaku, 2009:34). However, the main target of condominium housing project in Jimma town is to capacitate the residents by providing standard housing with fair prices and creating job opportunity with intended objective of urban renewal and slum clearance (key informant interview, 2010).

Some developing countries have been not able to provide the bulk of their population with housing that is economic and yet meets reasonable welfare requirements. Sites and services and squatter upgrading and slum improvement schemes have turned out to be the best way to provide housing and services the poor can afford in low developing countries. In accordance, in Jimma town, condominium housing project designed to improve the socio economic conditions of the residents by providing housing and urban services to the poor people as well as slum upgrading and creation of job opportunity. However, to what extent it improve the socio economic condition of the residents is examined in chapter five by examining how much of the low and middle income groups are benefited from the project.

3.2.6. Housing condition of the sample household respondents

Public housing program in LDCs are not only expensive for low income groups, but also a bad one to meet their need. The units were often too small, their designs were based on western concepts of family size but they housed large families who need space for not only

living but also home based economic activities (Hardoy and Satterthwait, 1993). Accordingly, most of the condominium residents complain that, even those who bought three bedroom housing units, the housing allocated for them is not sufficient enough to accommodate their family. The other problem concerning the condominium housing condition is it is design which is not appropriate for home based economic activities. Some of the respondents also complain that, the design of toilets and bathing rooms are not in the appropriate way i.e. it is constructed together, which is not appropriate to use especially for bathing purpose. The others also complain that, sewerage lines of liquid toilet passes through the kitchen which may be cause problem in case of damage (FGD).

3.2.6.1. Housing tenure type of sample respondent households

Housing tenure refers to the contractual arrangement by which someone is allowed to inhabit a specific dwelling (Edwards, 2007:415). However, tenure choice (choosing to rent or own) depends on a comparison of the net marginal benefits, and depends principally on the wealth of the family and the preferences of the household, which vary with age (Ibid).Accordingly, the information obtained from respondents who live in housing either private or kebele/public rental during data collection that, they wish to live in their own housing units which have its own roofs and walls for their privacy and prestige. But, they responded as they have no capacity to afford to buy or construct their own housing units. The survey results of non condominium resident sample households housing ownership status and their respective number of housing rooms are presented in the table blow.

Table 3.4: Housing owner ship status and number of housing rooms cross tabulation

Housing owner ship status	Number of housing rooms					Total
	one	two	three	four	more than four	
own	8	14	26	6	2	56
kebele or public	1	10	5	1	0	17
Rented from private	10	22	14	0	0	46
others	1	0	0	0	0	1
Total	20	46	45	7	2	120

Source: own computation from survey data

The findings of the survey result of the respondents of non condominium residents were asked about home tenure type and their response reveals that about 14.2% sample household heads were public or kebele rental housing. On the other hand 46.7% are owner occupy and 38.3% were residents of private rental housing. On the other hand, the information obtained from condominium housing residents shows that, even if all the residents are highly satisfied with the quality of the housing units in relation to the existing housing types in the town, they expressed their fear concerning their ability to pay the monthly payments and back payments of the housing unit. As a result, the security of home tenure depends on the dwellers' ability to pay the back payments according to the agreement made with the government. The survey results of condominium and non condominium housing resident households and their respective room numbers are presented in the table 3.5 blow.

Table 3.5: Number of rooms in the housing units of both condominium and non condominium housing resident respondent household

Number of rooms of housing units	Non condominium residents		Condominium residents		
	Frequency	percentage	Types of housing units	Frequency	percentage
One room	20	16.7	Studio	6	10
Two rooms	46	38.3	One bedroom	27	45
Three rooms	45	37.5	Two bedrooms	19	31.7
Four rooms	7	5.8	Three bedrooms	8	13.3
Four rooms and above	2	1.7	-	-	-
Total	120	100	-	60	100

Source: field survey (2010)

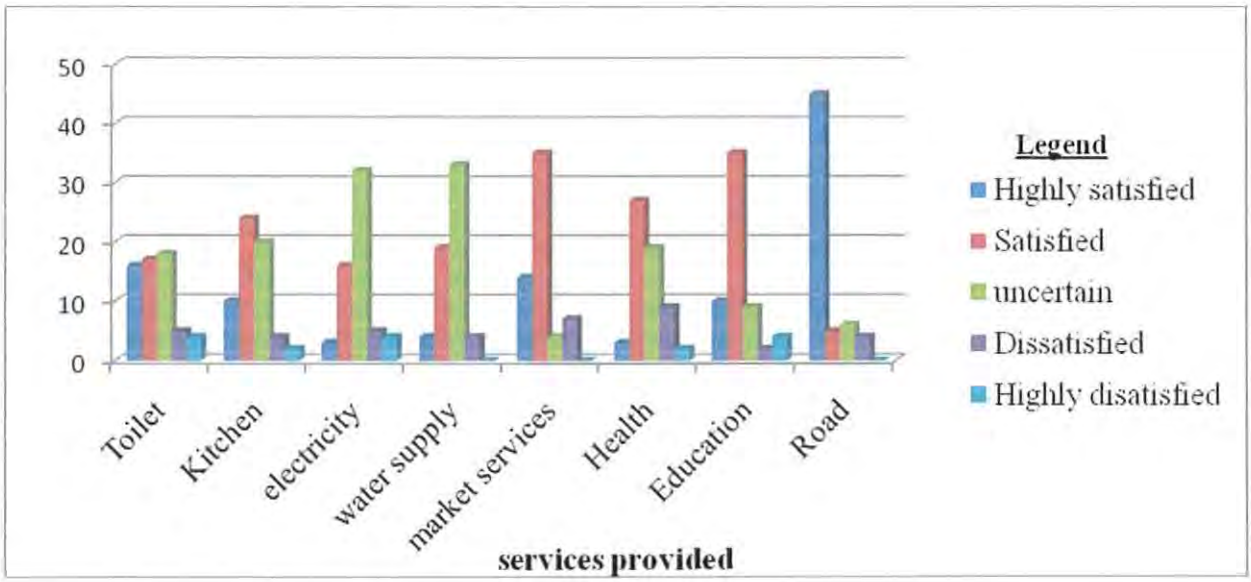
3.2.7. Service provision satisfaction level of the respondents at condominium site

Table 3.5 above indicates the number of rooms in the respondents (excluding kitchen and toilets) housing units. It was found that about 45% of the condominium housing resident respondents were living in three or two rooms while 75% of non condominium resident respondents were living in three or two room housing units. As the finding shows that, majority of the condominium housing residents (76.7%) are one and two bed room housing residents. According to the respondents, one and two bed rooms are preferred than the three bed room and studio type housing units, because cost of housing unit (the three bedrooms are

difficult to afford) and its accommodation for residential purpose (the studio type housing units are not sufficient for accommodation purposes).

The sample household heads were asked about their satisfaction on services provided, such as toilet, kitchen, electricity, water supply, market services, health and educational facilities, road etc at the condominium site and their responses are presented in the figure blow.

Figure .3.13: services provision and level of satisfaction



Source: own computation

Chart 3.8 above indicate that, about 58.4% of the respondents are either highly satisfied or satisfied with the housing facilities such as, toilet, kitchen, electricity, water supply, market services, health services, educational accessibilities and roads (transport facilities) at the condominium site. While 29.4% of respondents responded as they are uncertain, and 12.2% is either dissatisfied or highly dissatisfied with the above items in the study site. As it is observed from the above chart, majority of the respondents were highly satisfied with road (transport) services provided in the condominium project site.

The above discussion indicates that even though the satisfaction level of respondents is greater in their condominium site, their responses for security and neighborhood relation is more concentrated on uncertainty about this factor. Furthermore, the information obtained

from focus group discussion shows that, most of the respondents are dissatisfied with the down payments and repayments of the house prices

3.2.7.1. Water provision

The impact of the project on the provision of water is assessed trough asking respondents about their source of water in their condominium site and the survey results of the finding are presented in the table 3.6 blow.

Table 3.6: Respondents water source at the site

Source of water of the household respondents	Frequency	Percentage
Own tap	37	61.7
Shared public Tap	17	28.3
Purchased from private tap	4	6.7
Streams and wells	2	3.3
Total	60	100

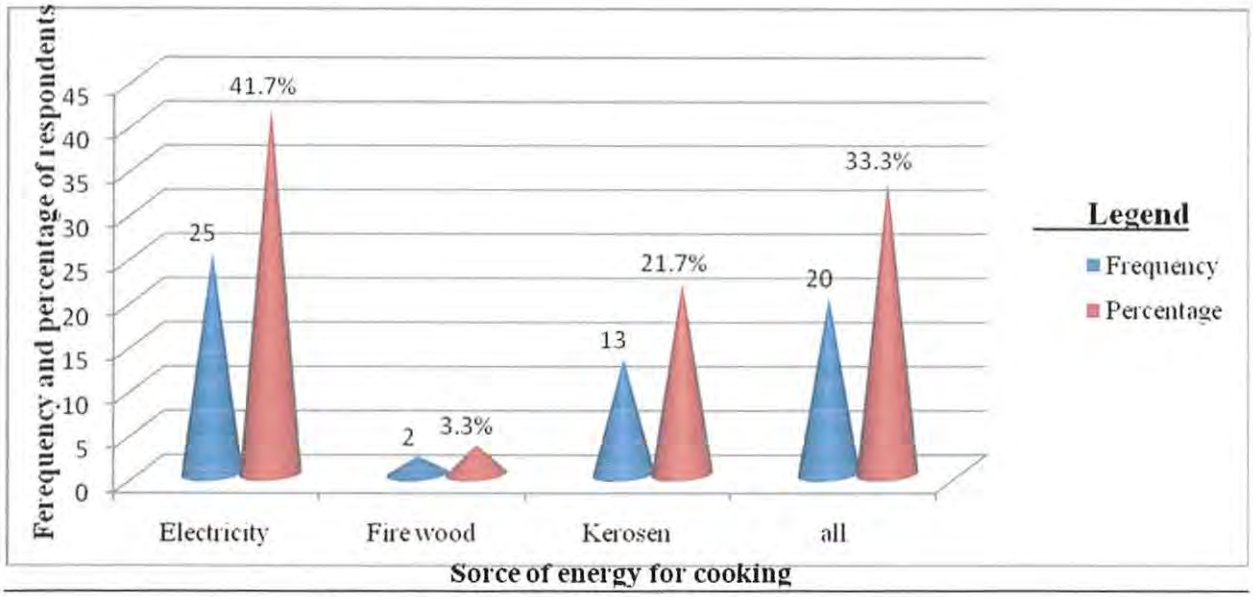
Source: Field survey, 2010

Table 3.6 above shows that, 61.7%, 6.7%, 28.3% and 3.3% of respondents received water from their own, private tap, shared public Tap and streams and wells water sources respectively, in their condominium site. Note that, those respondents get water sources from private tap, shared public Tap and streams and wells water sources are those of which their own tapes are on construction (the installation is note completed).

3.2.7.2. Source of energy for cooking of the respondents of condominium residents

Adequate housing means adequate privacy, adequate space, structural stability, adequate lighting, ventilation, adequate basic infrastructure, such as water supply, sanitation and waste management facilities and all of which should be available at an affordable cost(Nelson,2004; cited in Abadi,2007). Sources of energy for cooking are important housing facilities at condominium housing project where using of fire wood is mostly uncommon. In order to analyze sources of energy in three study sites, EDDC, Hostel, and Bosa sites data from sample household heads are collected and presented in the figure 3.9 blow

Figure.3.14: Showing source of energy for cooking of household respondents of condominium residents.



Source: own computation

The figure 3.9 above shows that, about 41.7% of the respondents used electricity, 21.7% kerosene, 3.3% firewood and kerosene. Tabarek (2006) cited in Nesru, (2007) show that the energy source mostly used by condominium and Villa inhabitants were kerosene followed by charcoal. However, in the study area majority of the respondents (41.7%) used electricity for cooking purpose in the project sites. According to the information obtained with residents during focus group discussion, this is because they are those who have the capacity to buy the modern stove and pay monthly electrical chargers than those residents of non condominium housing.

3.2.7.3. Road Net work Availability

Access to road and availability of transport system in the settlement sites is one of the important factors that the residents express their satisfaction level in the condominium site. The sample households were asked about their satisfaction on transport system and the majorities of the respondents argue as there is no transportation problem. In addition, as eye witnessed during data collection shows, all of the condominium housing project sites are situated at good location, along main streets and in areas that are well serviced with the required infrastructure mostly road services.

Table3.7: Respondents satisfaction level on access to transport services

Level of satisfaction	Frequency	Percentage
Highly satisfied	_	-
Satisfied	45	75
Uncertain	5	8.3
Dissatisfied	6	10
Highly dissatisfied	4	6.7
Total	60	100

Source: Field survey, 2010

Table 3.7 above shows that, about 75% of respondents are satisfied in the availability of transport system in their condominium site. Only about 10% of respondents are dissatisfied in the transport system of the site. This shows that, there is good accessibility of transport services. In addition, the researcher observed during field survey that, the entire project site is near the main roads of the town.

3.2.7.4. Educational accessibility

The respondents were asked about the existence of school interruption cases within their families after they inter in condominium housing. As it is indicated in the table blow the respondents of 75% responds reveal that, they are highly satisfied or satisfied with the educational services provided in the site. They have no school accessibility problems and school interruption cases within their families in the site. It implies that the changing of residence brought about any negative impact on the schooling of the residents.

Table.3.8: showing level of satisfaction of respondents for educational services

No	Level of satisfaction	Frequency	Percent
1	Highly satisfied	10	16.7
2	satisfied	35	58.3
3	Uncertain	9	15.0
4	Dissatisfied	2	3.3
5	Highly dissatisfied	4	6.7
	Total	60	100.0

Source: own computation from survey data

3.3. Conclusion

Jimma town is one of the towns in ONRS which located in the southwestern part of the region. The town located at a distance of 352 kilometer far from the capital city of the region, Addis Ababa. The town has a total area of 4623 hectares (46.23 km^2) with 13 administrative kebeles and a total population of 120,000 according to census result of 2007.

The establishment of the town dates back to the year 1822 during king Abba Jiffar the first. Its establishment has some linkages with controlling trade routes and Hermata trade center during that time and also its appropriateness for residential purpose. But, it takes modern urban center during Abba Jiffar the second. It was serving as the center of south western part of the country for several years since its establishment to until 1991 when provinces of keffa, Illubabor, and Jimma was structured in a newly manner.

As different studies conducted in the town shows that, it is characterized by poor condition of residential housing. Most of these housing (60.7%) are represented all forms of rental housing and the remaining 39.3% is owner occupied units. The most densely housing area of the town is located at the center which requires urban renewal and upgrading.

According to the current situation of the town, studies shows that, in order to meet the housing needs of the town a total of 22,764 housing units are required for the estimated period of 2009-2019.The study further shows that, the high, middle, and low income group of the town residents spent 30 percent of their household income on housing which is estimated to be 375, 90-375, and 90 Birr per month respectively. This figure shows that, they spent on housing more than 25 percent of their monthly income which indicates affordability problems according to the 25 percent of rule of thumb housing affordability criteria.

The condominium housing project in the study area was launched by ONRS in the year 2007 to construct a total of 1653 housing units within five years planed period with multi objectives. These multi objectives includes building of low cost houses affordable to low and middle income groups by using labor intensive technologies creating large number of job opportunities for jobless local residents, to build the capacity of MSEs involved in the construction sector and to improve the construction technology, regenerate the slum area of the inner city, and to reduce unemployment rate.

In spite of these stated objectives, as the survey result during data collection shows that some of these objectives like creation of job opportunity, building the capacity of MSEs, and improving the construction technologies are partly attained and some of them are unable to attain especially the main objective of the project to provide affordable low cost housing for low and middle income groups due to high cost of constructional materials and low level of household income as well as high prices of condominium housing units.

Even though supplying of affordable housing for low and middle income groups are affected by different factors like land and land tenure, housing finance, housing construction cost, building materials, and services and infrastructures, as information obtained from the town condominium housing project officials during data collection that, unavailability of local construction materials and shortage of financial resources to subsidize the low income groups are the major problems prevailing in the study area. Especially since the source of finance for construction is obtained from Bank as a loan which has interest rate, it raises the cost of housing that households are going to pay in the future.

However, as information obtained from sample households during data collection that, the majority of the respondents were satisfied with services provided at the condominium sites than the services provided in their previous residential.

CHAPTER FOUR

ANALYSIS OF SURVEY DATA ON CONDOMINIUM HOUSING SUPPLY AND AFFORDABILITY IN JIMMA TOWN

Introduction

This chapter presents the survey results and an over view of the complimentary discussion with the focus groups and key informants. First it outlines the socio-economic conditions of the respondents in terms of the occupational status of the household head respondents, income status of the respondents, monthly household expenditures, and monthly sample household savings. Secondly, it presents the payment modalities of condominium housing units in the study area. Thirdly, it presents the housing conditions of the condominium housing residents and non condominium housing residents and the housing acquisition of the respondents. Finally, condominium housing prices, its down payment cost, monthly repayment prices and its relation with capacity of household to afford for the existing condominium housing units will be analyzed.

4.1. Socio-economic condition of the respondents

As it is explained in the literature section, housing affordability is more difficult to define. Generally, it involves the capacity of households to consume housing services; specifically it involves the relationship between household incomes and housing prices and rents. An often-quoted rule of thumb is that households should spend no more than 30 percent of their income on housing, unless they choose to do so. Measuring housing affordability is thus complicated by the inability to determine whether households spend more than 30 percent of their income on housing by necessity or by choice. Other measurement problems involves the definition of housing expenditure (whether voluntary or involuntary, total or per unit of housing services, nominal or real rents, mortgage payments or down payments). For this reasons, the study focuses on the socio-economic condition of the respondents includes the occupational status, average monthly income of respondents, average monthly expense, monthly saving and housing owner ship status of non condominium and condominium housing resident household head respondents as well as condominium housing prices to analyze capacity of household respondents whether they can afford or not for the existing condominium housing prices in the study area.

4.1.1 The occupational status of the respondents

The occupational status of the respondents was another area of investigation in the sample survey. Different literatures stated that individuals who employed and earned better salary are socially, economically, and psychologically better off than those who earned low salary or unemployed groups to afford standard housing.

Accordingly, the survey result shows that, there were 89.2% employed households and 10.8% are unemployed respondents from both condominium and non condominium residents. However, there are 96.7% of employed household head sample respondents from non condominium housing residents and 3.3% unemployed household head respondents. From the sample taken of condominium residents, are 97% of employed and 3% unemployed house hold head respondents. The survey result is presented in the table 4.1 blow.

Table.4.1. Types of employment of household head respondents

Type of employment	Non condominium resident respondents		Condominium resident respondents	
	Frequency	percentage	Frequency	percentage
Government	63	52.5	14	23.3
Formal self employed	10	8.3	14	23.3
Informal self employed	23	19.2	15	25
Private firm	9	7.5	11	18.3
NGOs	11	9.2	4	6.6
unemployed	4	3.3	2	3
Total	120	100	60	100

Source: Field survey, 2010

From employed households, informal self employed households are the largest group than others in condominium housing resident. However, the largest groups of respondents in non condominium residents are those who were government employees. This point raises the issue of how to compromise between housing provision for the urban poor and their affordability for the existing housing prices. Therefore, it requires further analysis of their income and expenditure to determine the house hold respondent capacity to afford for condominium housing in the study area. This is because the ability of households to occupy housing that meets well-established norms of adequacy (given household type and size) based on their net income that enable them to live in without falling below some poverty standard. The affordability problem then arises when households face difficulties in either

meeting the costs of their housing, or having access to housing in the first place irrespective of their employment types.

The data obtained from the municipality stated that most of unemployed productive family members were supporters of informal self employed household heads. They had no their own independent business. Mean monthly income and expenditure of household head respondents of sample households with their respective employment categories will be further explained in the next section of this chapter.

4.1.2. Income status of the respondents

One of the factors affecting housing affordability is households' income. Affordability requires a balance between the ratio of income devoted to housing (rent-to-income ratio) and that devoted to living costs (Khaled & Abdelhalim,1996:1). The imbalance of this ratio can result in some households being under a financial burden due to excessive rent compare to their income, or others having a fading dream to afford standard housing in the first place (Ibid). In order to categorize the respondents in each income categories, it is important to know classifications of income categories set by the Oromia urban planning institute in the study area. Accordingly, the study conducted in the town during (2008) identified the following income groups.

a. High income group (>1500 Birr/month) comprising 10 % of the city's dwellers.
b. Medium income group(601-1500Birr/ month) comprising 20% of the town's dweller
c. Low income group (<600 Birr/month) comprising70 %of the town's dwellers.

As it is observed from the above classification, the majority of the residents (70%) in the town categorized under low income groups of the households. The other 20% and 10% are classified as middle and high income groups respectively. This figure tells us that, majority of the residents in the town are categorized under low and middle income groups and they are referred to be the target population for newly constructed condominium housing according to the IHDP.

The survey results of the average monthly incomes of the sample household heads in the study area are presented in table blow.

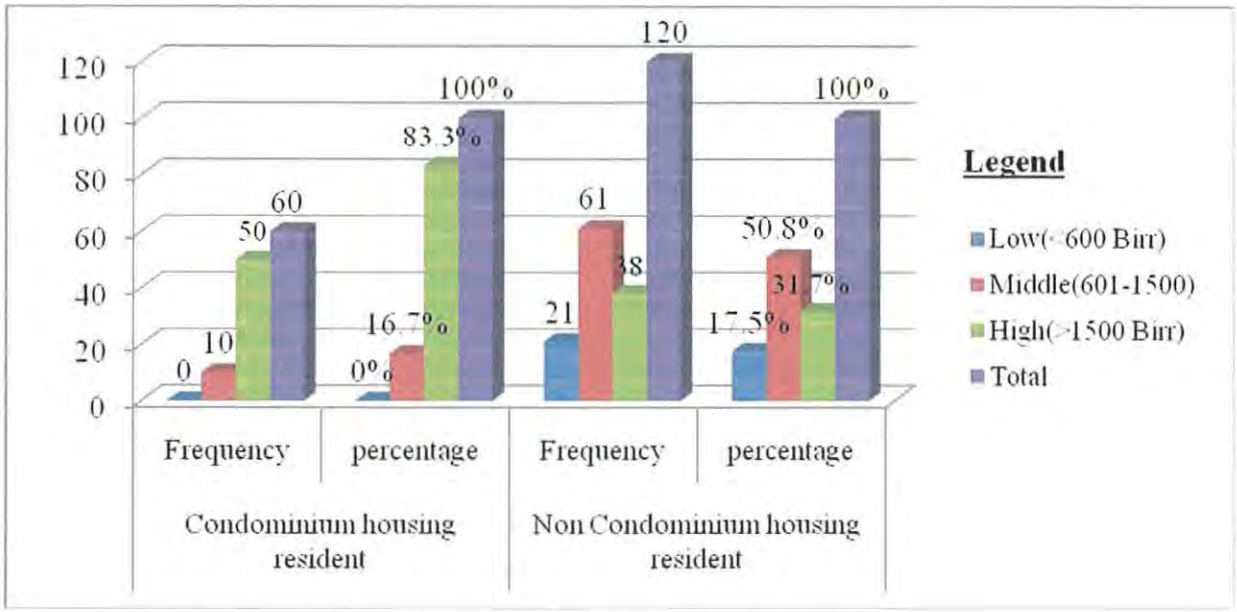
Table.4.2: Summary of mean monthly income expenditure and savings of household head respondents both condominium and non condominium residents

Variables	Types of residents of household respondents		Differences
	Condo residents	Non condo residents	
mean monthly income	2419.07	1343.90	1075.17
Mean monthly expenditure	1932.50	1140.46	792.04
Mean monthly saving	485.57	196.04	289.53
Range of monthly income	3732	3786	-54
Range of monthly expenditure	2740	2420	320
Range of monthly saving	1298	2393	-1095

Source: Field survey, 2010

The above table 4.2 shows that, the average monthly income, expenditure, and saving of condominium housing residents are 2419.07, 1932.50, 485.57 Birr respectively. On the other hand, the average monthly income, expenditure, and saving of non condominium housing residents are 1343.90, 1140.46, and 196.04 Birr respectively. This shows that, the condominium housing residents are better off in terms of income and saving than the non condominium residents of household respondents. On the other hand, the magnitudes of the range of mean monthly income, expenditure, and saving are high which indicated the high variations of household income. According to the income categories of the town resident specified by study conducted in 2008, the percentage of the low income group comprised 0% of the condominium resident and 17.5% of the non condominium residents and the middle income groups of the condominium and non condominium residents' comprises 16.7% and 50.8% respectively. If we see the percentage of respondents who are in the high income category according to the classification made, they comprise 83.3% and 31.7% of condominium and non condominium residents respectively (see Appendix- 1 table- 8). The positive value of the difference between mean monthly income, expenditure, and saving of condominium and non condominium residents in the table 4.2 above indicates those of condominium housing residents are better than the non condominium resident respondents in terms of income and saving. However, the negative value of the range of income and savings is due to the lowest and highest extreme value of the individual household income and saving of the sample household respondents. According to the income category discussed before, the findings of the survey result of both condominium and non condominium household respondents income categories are summarized in the figure 4.1 blow.

Figure.4.1: Showing income categories of the sample household head respondents



Source: own computation (see Table- 8, Appendix- 1)

4.1.3. Monthly Households' Average expenditure

Expenditure of households is another indicator of the factors affecting household capacity to afford for housing units. To assess its impact on the household affordability, the respondents were asked about their household expenditure level. This is because, housing affordability problems are assumed to arise when households are forced into non housing expenditure decisions that adversely affect them when they want to afford for decent housing. For these reasons, the finding of the survey result of household non housing expenditures categories of condominium and non condominium housing resident household respondents are presented in the table 4.3 blow. Note that, this classification of expenditure categories of household respondents are made based on the high, middle, and low income category classification of the tow discussed in the previous section of this chapter.

Table.4.3: Showing monthly expenditure categories of House hold respondents

Expenditure category	Condominium housing resident		Non condominium resident	
	Frequency	Percentage	Frequency	Percentage
Low (<600 Birr)	_	_	25	20.8
Middle(601-1500)	22	36.7	68	56.7
High(>1500 Birr)	38	63.3	27	22.5
Total	60	100	120	100

Source: field survey, 2010

The findings in the table 4.3 above shows that, most of the household respondents have expenditure group of >1500 (63% of household respondents) from the condominium housing residents and 601-1500 (56.7% of the household respondents) of non condominium residents. The larger percentage of respondents of condominium residents (63.3%) are categorized in the >1500 expenditure group. There is no <600 Birr/month expenditure group of the respondents from the condominium housing sample households. Similarly, the 601-1500 Birr/month expenditure group comprised 36.7% of the household respondents from condominium housing and >1500 accounts about 22.5% of the respondents of non condominium residents. This shows that, when we compare their monthly average income and expenditure, majority of the respondents have no enough saving to pay for monthly payments and down payments of condominium housing.

As it is stated in the table 4.2, table 4.3 and chart 4.1 above, there is no sample household respondent in the low income category and its respective expenditure categories as well from the condominium housing sample household respondents. On the other hand, the percentage of household respondents categorized under low expenditure group is 20.8% while its respective income group is 17.5% of the sample respondents. On the one hand, this indicates as the condominium resident respondents are better off than the non condominium housing resident respondents in income and expenditure, and on the other hand, household expenditure is determined by household income. That is, as the mean monthly income of households increases their respective non housing expenditure is also increases. However, the determinant factor for housing affordability is not the household income and expenditure, but the amount of household monthly saving.

4.1.4. Monthly saving of the sample households

Prospective condominium housing buyers must meet (at a minimum) two financial requirements imposed by mortgage lenders in the study area. First, lenders require a down payment on the purchase price of a home, generally, 20 percent of the total housing unit cost for the mortgages (Bank loan). In addition to down payment, condominium housing buyers should pay the monthly payments of the housing costs after the specified grace period. Monthly payments along with the down payment imply that a house hold must accumulate a substantial liquid wealth to afford for home they purchase. Second, lenders generally require

that mortgage payment plus interest rate which is 8.5% of the total cost yearly in the study site (key informant interview with officials 2010).

However, the saving level of household is directly affected by their income and expenditure level. In order to assess household capacity to afford for the condominium housing in the study area, household savings after non housing expenditures are assessed from household respondents and presented in the table 4.4 blow.

Table 4.4: Showing monthly saving categories of condominium and non condominium housing resident household respondents

Saving category	Non condominium residents		Condominium resident	
	Frequency	percentage	Frequency	percentage
HH with no saving	30	25	-	0
1-100	47	39.2	3	5
101-200	10	8.3	3	5
201-300	7	5.8	17	28.3
301-400	5	4.2	5	8.3
401-500	8	6.7	8	13.4
>500	13	10.8	24	40
Total	120	100%	60	100%

Source: field survey result (2010)

As it is clearly shown in the table 4.4 above, the majority (47respondents) of the non condominium residents save a small proportion of their monthly income (1-100 Birr per month). This figure was 39.2 percent while 4.2 percent of the respondents save only 301-400 Birr per month. As it is seen from the table, the percentage of households in the saving category of >500 Birr per month is higher (40percent) in relation to non condominium housing resident respondent households which is 10.8% of the sample household respondents. According to this finding, condominium housing is affordable only for few high income groups of households with relatively higher monthly saving after non housing expenditure. It also shows that, there were variations in the amount of monthly savings among condominium and non condominium housing resident household respondent. This is because those who afford for condominium housing are households with better income. These discrepancies in household monthly savings cause disparity between them in affording the existing housing units even though they have an interest to be the owner of the housing units.

4.2. Payment modality

The regional government has already set the payment modality for the different housing units. According to the proclamation No.122/2007 anyone who want to buy condominium housing and getting Bank loan to buy, he/she have to pay 20 percent of the total housing unit cost as down payment. Accordingly, the payment is based on the type and size of housing units. However, the payment modality varies for residential and commercial housing unit.

Residential housing: according to the information obtained from the town municipality housing transfer processing team, for all types of residential housing(studio, one bedroom, two bedrooms , and three bedrooms) the down payment should be 20 percent of the total cost and the remaining 80 percent will covered by bank loan which repaid by the beneficiaries over long period of time. But, for commercial housing unit, the down payment is 40 percent and the remaining cost covered by bank loan (official interview, 2010).

Table4.5: payment modality of different housing unit

No	Housing typology	Down payment	Interest rate	Years of payment	Unit price (M^2) in Birr	Grace period
1	Studio	20%	8.5%	20 years	1530.67	12 month
2	One bed room	20%	8.5%	20 years	1836.81	6 month
3	Two bedroom	20%	8.5%	20 years	1891.91	6 month
4	Three bed room	20%	8.5%	20 years	1928.65	6 month

Source: Jimma town municipality housing transfer office, 2010

According to the information obtained from the municipality, those who buy one bed room and studio are cross subsidized from those who buy two and three bed rooms. According to the information obtained from the town condominium housing project office, the unit price of construction cost was 1797 ET Birr. However, the unit price varies with types of housing units. As we see from the above table, the unit price of studio types is 1530.67 Birr which less of 267 Birr of the construction cost which is provided as a cross subsidy by those who buy housing units of two and three bedroom housing units'.

If some low income group up to 600Birr monthly income bought housing unit with total area of 29 m^2 studios with the housing unit price of 1530.67 he/ or she will be subsidized a total of 7743 Birr to be paid by the two and three bedroom housing unit buyer as cross subsidies.

The expected down payment for studio housing unit with 29 m^2 area is 4443.54ET Birr. The remaining 35548.28 will be paid within 20 years time (See Appendix-1Table-7).

According to the information obtained from the town housing transfer processing team that, 'it is believed that, studio and one bed rooms are designed for low income groups. This is the reason why it is cross subsidized by the two and three bed room beneficiaries'.

4.2.1: Condominium housing prices, down payments and monthly repayments in Jimma town

As different literatures showed that, better definition of affordability takes account of the opportunity cost of housing. For example, Edwards (2007:428) explain as 'rather than concentrating on the proportion of income spent on housing, a more logical measure would be based on the opportunity cost of housing'. This is because using a ratio of median home prices to median income does not account for the problem of affordability due to the actual financial restrictions or tastes of individual home buyers, mortgage interest rates, down payment requirements, and local disparities in median income. Sometimes the escalations in real house prices are chiefly due to substantial improvements in the quality of the houses for sale, i.e. quality improvement increases costs and prices.

As a result, condominium housing prices set by the municipality in Jimma town for each housing units with its meter square area, and down payments as well as its monthly repayments relatively shows high prices than the existing housing unit in the town which is beyond the capacity of the low and middle income groups of the town residents to afford. Data on housing prices per meter square, its down payments and monthly repayments as well as its total prices are presented in the table 4.6 blow.

Table4. 6: Condominium housing types, its area, and respective prices in Jimma town.

No	Housing type	Area in M^2	Monthly repayment	Down payment	Total price
1	Studio	23	259	7053	35266.64
		26	230	8015	40072.94
		29	261	8887	44435.35
		32	290	9686	48430
2	One bed room	41	316	14882	74409
		42	527	15312	76558
		45	542	16693	83465
		47	591	17207	86036
		50	609	18188	90940
		54	644	19826	99133
		56	702	20542	102714
3	Two bed room	53	728	19986	99931
		57	761	21473	107366
		58	772	21795	108974
		62	829	23407	117034
		80	1066	30104	150520
		93	1245	35155	175777
4	Three bed room	73	1142	27989	139943
		74	1172	28729	143646
		79	1245	30511	152556
		101	1588	38928	194639

Source: compiled from data obtained in Jimma town housing transfer processing team.

As we see from the above table 4.6, the average housing prices for studio housing unit is 42051 Birr with an average down payments and average monthly repayments of 8410 Birr and 260 Birr respectively. However, the minimum down payments and monthly repayments of studio housing unit is 7053 Birr and 259 birr respectively. As the survey results showed that, the minimum mean monthly income and savings of the non condominium housing resident sample households, (1343.90 Birr) and (196.04 Birr) respectively, even its difficult for them to afford the minimum condominium housing units (studio) with average down payments of 8410 birr and mean monthly payments of 260 Birr per month in the town.

One bed room housing unit constructed in Jimma town has a minimum of 41m^2 area and maximum of 56m^2 which is blow the standard set by Jimma municipality land and housing section of a two bed room standard housing plan of main housing unit of 76m^2 and service quarter of 25.5 m^2 to all households accessing a plot of up to 200m^2 land for housing. On the other hand, the two bed room condominium housing unit in Jimma town costs an average of 87608 Birr of maximum and minimum cost of 102714 and 74409 Birr respectively. The cost of monthly payment for this type of housing unit ranges from minimum of 316 Birr per month to maximum of 702 Birr per month. At an average, households who want to buy one bed room paid monthly about 562 Birr and down payments of 17521 Birr.

As it is explained in chapter three, these two types of housing units (studio and one bed room) are primarily designed for the low income groups of residents. As a result, it is further subsidized by those who buy housing units of two and three bed rooms. Thus, there is 267 Birr cross subsidization for one bed room of unit meter square. Totally on average, there is a cross subsidy of 7209 Birr from two and three bedroom housing unit beneficiaries.

As a result of this, the two and three bed rooms of condominium housing units constructed in the town, their costs are estimated to be greater than the total construction cost of the units. This was primarily aimed to subsidize the low and middle income groups of the residents who buy studio and one bed room housing unit. Accordingly, those who buy two bed room housing unit on average they paid a total of 6580 Birr as cross subsidies for studio housing units owners. Those beneficiaries of three bed room condominium housing are paid a total of 10660 Birr on average more than the estimated construction cost of the housing units as across subsidization for the low income of studio and one bedroom beneficiaries.

4.3: Comparison of household income, Expenditure, and savings of the sample household respondents and condominium housing payments

As it is stated in the literature part of this thesis, the concept of housing affordability is measured by different factors like household income, household expenditure, housing prices and the cost of non shelter necessities. Thus, certain level of urban housing or services is affordable to low income beneficiary households if the amount from monthly income that a household is willing and able to pay for shelter related expenditure is sufficient to cover the monthly costs of providing these services.

Therefore, household investment on housing depends on both the willingness to invest and income capacity of the household. As a result of this, in order to infer whether condominium housing constructed in Jimma town is affordable for households or not first it is important to analyze the income, expenditure, and savings of the households and relating it to the housing costs. Accordingly, survey conducted in Jimma town during field survey shows that, majority of the residents earn very low income with little margin left for housing after non housing expenditures. According to the household income, expenditure and savings survey conducted during data collection, most of the households are earning an income which no or little of it remaining for saving and invest in housing.

According to Turner& Kingsley, (2008:1) housing expenditure constitutes the single biggest expenditure in most family budgets, and many low income families have difficulty finding housing they can reasonably afford. In agree to this , the survey result obtained during data collection on household average income, expenditure and savings of the study result shows that, condominium housing costs determined by the developers(regional governments) constitutes the largest share of sample household income. The survey result of mean monthly income, expenditure, and savings of both condominium and non condominium housing resident sample households and the maximum and minimum value of their respective income, expenditure, and savings are presented in the table 4.7 blow.

Table 4.7: Survey results of household respondents mean, minimum, and maximum income, expenditure and saving.

No	Variables	Residential types of respondents	
		Condominium resident	Non condominium resident respondents
1	Mean of monthly income	2419	1344
2	Mean of monthly expenditure	1932	1140
3	Mean of monthly savings	485	196
4	Minimum monthly income	800	435
5	Minimum monthly expenditure	760	608
6	Minimum monthly saving	40	-172
7	Maximum monthly income	4532	4221
8	Maximum monthly expenditure	3500	2850
9	Maximum monthly saving	1333	2221

Source: computed from data collected during field survey (2010)

As it is discussed in the previous section, the average monthly savings of the survey households for condominium and non condominium households' respondents are 485 Birr per month and 196.04 Birr per month respectively. When this mean monthly house hold savings are compared with mean monthly repayments for each condominium housing units, it tells us the difficulty of the respondents to afford for the existing condominium housing units.

For example, a sample household with minimum of monthly saving of 40 Birr he/she have to have an additional savings/ or income of 220 Birr per month, which is above the mean monthly savings of the non condominium housing residents to afford for the minimum condominium housing units (studio) in the town. On average, the survey result shows that, the non condominium housing resident respondent households mean monthly saving are unable to afford for any housing units of the condominium housing. On the other hand, the housing units that affordable for condominium housing residents are studio and one bed room housing units with mean down payments and monthly repayments of 8410Birr, and17521Birr for down payments and 260 Birr and 562 Birr for monthly repayments respectively.

To secure a 155,711 Bank loan with a 20 years payment periods, in order to be the owner of condominium housing unit of three bedroom and its total area of 101 m^2 a house hold should first pay 38928 Birr as down payment and have to save from monthly income at least 1588 Birr per month for the purchase of housing only. This shows that, condominium housing units of two and three bed rooms are affordable only for few high income groups of the town residents according to their income categories discussed in the previous section.

The other dimension of housing affordability problem is the housing unit price itself. Increases in housing prices have an adverse effect on both the supply and affordability of housing. If the housing prices are increase developers will find difficulty to finance the housing development. At the sometime, increase in housing prices increase the amount of money households can affordably spend on housing. In the study area, condominium housing prices are relatively higher than the existing housing prices due to its better quality than the existing housing units of the town (interview with officials, 2010).

Table 4.8: Mean area in m^2, mean monthly repayments, and down payments of condominium housing unit in Jimma town

No	Variables	Types of housing units			
		studio	One bedroom	Two bed room	Three bed room
1	Mean area in ($m^{2)}$	27.47	47.7	67	81.8
2	Mean of monthly payment in Birr	260	562	900	1286
3	Mean of down payment in Birr	8410	17521	25320	31539
4	Mean of total housing price in Birr	42051	74409	99931	139943

Source: computed from data obtained in Jimma town municipality housing transfer processing team office, 2010

As it is indicated in the table 4.8 above, mean of monthly repayments are greater than mean of monthly household saving of non condominium housing residents after they pay for non housing expenditures. In relation to this, WB (1982) propose that, certain level of urban housing or services is affordable to a low –income beneficiary households if the amount from monthly income that a household is willing and able to pay for shelter related expenditure is sufficient to cover the monthly costs of providing these services. According to this statement, the finding of survey result of the sample households' monthly income, non shelter expenditure and monthly savings of non condo residents shows that, the average monthly households' savings presented in table 4.7 is not sufficient to cover the monthly costs of even the minimum studio housing units. But, mean monthly savings of condominium housing resident respondent sample households can afford for the monthly repayments of studio type housing units.

4.4: Relationships between household average monthly incomes, expenditures, savings, and types of employment and number of productive family members of non condominium resident household respondents.

According to stone (1993:66), housing affordability depending up on the relationship among household incomes, housing costs, and the cost of non shelter necessities. In addition WB (1982) stated housing affordability in relation to household monthly income that a household is willing and able to pay for a shelter and related expenditure. On the other hand, stone (1993) explain that, types of employments of households are other factors that affect

households' ability to afford for housing. In relation to this, he explain as 'households headed by lower income of men and women on average, be more likely to have affordability problems and less able to afford desirable housing that will households headed by males and females with high income even in the absence of housing discrimination'. These all arguments show that, housing affordability is affected by interaction of all these factors. Therefore, the survey results of the relationship of these factors are presented in the table blow.

The findings of the survey result indicated that, government employees and employees of private firms have monthly expense above the total average of the sample households mean monthly expense. On the other hand, unemployed respondent households are those with the lowest mean monthly expenditure of household respondents. In most cases household income and expenditure have direct relationship, that is, as household income increases household expenditure is also increases. The survey result of the relationship between household income and expenditure will be discussed in the next section of this chapter.

Table4.9: Non condominium housing resident household mean monthly expenditure and types of employments of the sample households.

Types of employment	Mean monthly non housing expenditure of respondents	Frequency	Standard deviation
Government	1401.46	63	561.58
Formal self employed	859	10	592.63
Informal self employed	605.09	23	118.63
Employee of private firm	1352.89	9	600.04
NGOs	936.36	11	393.53
Unemployed	482.50	4	35.00
Total	1126.71	120	592.00

Source: computed from survey result of, 2010

As it is stated in the table 4.9 above, men monthly expenditure of the government employee is the highest which is 1401.46 with standard deviation of 561.58.The second largest mean monthly expense of the household respondents is those of private firm employee who have mean expenditure of 1352.89 birr per month with standard deviation of 600. Unemployed household respondents are among the least mean monthly expenditure category households

of the respondents. As we understood from the above table, informal self employed and unemployed household respondents are those with low mean monthly expenditure households. In terms of their expenditure, without considering their monthly income and monthly savings, they are those with lowest expenditure group of household respondents.

However, Rogozhina.et.al (2004) explain that, the typical (and simple) approach to housing affordability is to define a threshold percentage of the household income that is the maximum a household "should" dedicate to housing costs. According to this statement, housing is unaffordable if a household spends more than that percentage of its income, that is, high housing costs relative to income are often associated with severe financial difficulty, especially among low income households, and can leave such households with insufficient income to meet other basic needs such as food, clothing, transport, medical care and education. Therefore, household income and saving are important indicators of household ability to afford for housing units in need. As a result of this, sample household mean monthly income and saving are presented in the table 4.10 blow.

Table.4.10: Non condominium housing resident household mean monthly income and types of employments of the sample households

Types of employment	Mean monthly income	Frequency	Standard Deviation of mean monthly income	Mean monthly saving	Sta. devia. of meanmonthly saving
Government	1439.3968	63	619.96978	241.38	363.275
Formal self employed	652.8000	10	489.06550	226.00	186.679
Informal self employed	529.5217	23	160.92287	29.74	40.334
Employee of private firm	1335.5556	9	913.99892	544.78	697.635
NGOs	776.3636	11	291.72839	58.18	30.271
Unemployed	431.2500	4	7.50000	-42.25	45.500
Total	1097.2833	120	675.30811	196.04	352.014

Source: Own computation from survey data (2010)

As it is presented in the table above, there is strong relationship between mean monthly income and mean monthly expense of household respondents. Statistically the correlation between household income and expenditure is 0.799(**) the correlation is significant at the 0.01(2-tailed). The findings also show that, there is strong relation between households' mean monthly income and saving. Statistically the correlation between them is 0.732(**)

Pearson Correlation significant at the 0.01 level (2-tailed). This implies that, as average household income increases, average monthly savings are also increases. According to these findings, increasing in household income increases their respective savings. This implies that households with the higher income have the opportunity to afford condominium housing services provided than those with low income households in the town.

However, when we compare household average monthly income and average monthly saving, in terms of their employment status, the highest average monthly income is seen from the Government employees, where as the highest average monthly saving is obtained from employee of private firms. On the other hand, both the minimum average monthly income and saving are from these unemployed household respondents. In addition, household respondents of informal self employed and employee of NGOs are those with low monthly income and saving groups of the respondents. Generally, the correlation between Average monthly saving, Number of productive family members, monthly income of household in Birr, and Average monthly expense of house hold in Birr will be presented in table blow.

Table4.11: Bivariate correlations among average monthly saving, income, expenditure, and number of productive family members of non condominium resident household respondents.

Variables		Inter correlations			
		A	B	C	D
A	Average monthly saving of household respondents	1			
B	Number of productive family members	0.214(*)	1		
C	Monthly income of household in	0.758(**)	0.281(**)	1	
D	Average monthly expense of house hold in Birr	0.454(**)	0.266(**)	0.923(**)	1

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

As can be observed from the bivariate correlations results depicted in table4.11 above, highly significant correlation exist among mean monthly expense of house hold in Birr and mean monthly income of household in Birr, and average monthly saving and average monthly income of household in Birr. Although, there is correlation between average monthly expense of household in Birr and average monthly saving, average monthly income of household in Birr and number of productive family members, and number of productive

family members and average monthly saving. All the variables are positively correlated, which implies as one variable increases the respective variables also increases and vice versa.

The positively high correlation between average monthly expense of household in Birr and monthly income of household in Birr(r = 0.923, alpha = 0.01), and average monthly income of household in Birr and average monthly saving of household respondents(r = 0.758, alpha =0.01) indicates that, as average monthly income of household increases significantly, both household expenditures and household savings are also significantly increasing. Therefore, households with relatively high income are in positions of affording for condominium housing services provided than the low income groups even if their monthly non shelter expenditure is directly related with their monthly income.

4.5. Relationships between household average monthly incomes, expenditures, savings, and types of employment and number of productive family members of condominium housing resident household respondents.

In order to understand household capacity to afford for condominium housing it is important to analyze the relationship between household respondents' average monthly income, expenditure, savings and types of employments of the sample respondents. The finding of the survey result shows that, majority of the respondents from condominium resident is unemployed, formal self employed and government employees. Accordingly, the survey results of these variables are presented in the table blow.

Table4.12: Mean monthly income and expenditure of household head respondents.

Type of employment	Mean monthly expenditure			Mean monthly income	
	Frequency	Mean	Std. Dev.	Mean	Std. Dev.
Government	13	2154.08	593.207	2653.8462	581.99024
Formal self employed	13	2585.31	674.517	3355.7692	602.74955
informal self employed	6	2406.17	846.758	3081.5000	1022.60486
Employee of private firm	6	1481.67	175.556	1801.6667	299.07502
NGOs	8	1728.88	446.326	2084.2500	592.94176
un employed	14	1227.14	263.307	1674.7143	521.12355
Total	60	1932.50	733.674	2459.0667	880.02440

Source: own computation from survey data (2010)

As it is indicated in the table 4.12 above, even though the unemployed household respondents account the largest in number, they are the lowest in terms of mean monthly income and expenditure. On the other hand, formal self employed followed by informal self employed are the highest in both mean monthly income and expenditure (2585.31, 2406.17of expenditure and 3355.77, 3081.50 income respectively). The findings also show that, the highest sta. deviations of mean monthly income and expenditure is observed from informal self employed. This shows that, there are highest variations in income and expenditure of the respondents in case of informal self employed than the other employment categories.

However, condominium housing residents are better off than non condominium housing residents in both average income and expenditure. This indicates that condominium housing residents are those with higher income groups in relation to the other non condominium resident household respondents. On the other hand, majority of condominium housing household respondents are grouped under the high income category classification (>1500 Birr per month) according to the classification made by the study conducted in the town during 2008 based on their mean monthly income of the respondents. Although, as their mean monthly income is high, their standard deviation is also high this indicates high variation in monthly income of household respondents. However, the capacity of households to afford for condominium housing is highly determined by the household monthly saving than their monthly income after non housing expenses. Therefore, mean monthly saving of condominium housing resident household respondents are presented in the table blow.

Table4.13: Mean monthly saving of condominium residents' household respondents.

Type of employment	Mean monthly saving	Frequency	Std. Deviation
Government	499.77	13	192.296
Formal self employed	770.46	13	295.275
informal self employed	675.33	6	421.932
employee of private firm	320.00	6	130.894
NGOs	355.38	8	182.501
un employed	271.86	14	138.015
Total	485.57	60	295.728

Source: own computation from survey result (2010)

As it is indicated in the above table 4.13, formal self employed, informal self employed and government employees are those of the higher saving categories respectively in relation to the other employment categories of household respondents. The lowest mean monthly saving category, unemployed respondents save 271.86 Birr per month which is relatively high in relation to monthly savings of non condominium residents. This savings, after non housing expenditures, can afford for only monthly repayments of studio housing unit up to 29 m^2 area which discussed in the previous section.

Table 4.3 above also indicate that, even though the highest mean monthly saving is seen in formal self employed household respondents, the highest standard deviation is for informal self employed households. This indicates that, there is high variation in monthly savings among informal self employed household respondents. According to this finding, among the employment categories of condominium resident respondents, the lowest variation in monthly savings of the respondents is employee of private firm with std. deviation of 130.894.

Table4.14:bivariate correlation among average monthly saving, income, and expenditure of condominium resident household respondents.

Variables		Inter correlations		
		A	B	C
A	Households mean monthly expenditure	1		
B	Households mean monthly saving	0.426(**)	1	
C	Households mean monthly income	0.903(**)	0.621(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

As can be observed from the bivariate correlations results depicted in table above, highly significant correlation exist among mean monthly expense of household in Birr and mean monthly income of household in Birr, and mean monthly saving and mean monthly income of household in Birr. Although, there is strong correlation between mean monthly expense of house hold in Birr and mean monthly saving. All the three variables are positively correlated, which implies as one variable increases the other respective variables also increases and vice versa.

The positively high correlation between average monthly expense of house hold in Birr and monthly income of household in Birr(r=0.903, alpha=0.01), and average monthly income of household in Birr and average monthly saving of household respondents(r=0.621, alpha=0.01) indicates that, as mean monthly income of household increases significantly, both household expenditures and household savings are significantly increasing. Although, there is strong positively correlation between mean sample household saving and expenditure (r=0.426, alpha=0.01).

4.6. Home ownership status and mean monthly income of household respondents of non condominium housing residents

As it is stated in chapter three, housing costs are relatively low in case of kebele or public rental housing in the town and higher in case of privately owned rental housing. However, those who live in their own housing units have no monthly housing expenses after they cover its construction cost. However, those who have no their own housing units and relatively with higher income groups and who can afford private rental housing prefer to live in it due to its better quality than the kebele or public rental housing. Accordingly, the survey result of non condominium housing resident respondent households home ownership status is presented in the table blow.

Table 4.15: Non condominium housing resident respondents' home owner ship status and their mean monthly income

No	Home ownership status	Frequency	Mean monthly income	Std. deviation
1	Own occupied	56	1086.84	89.95
2	Kbele or public rental	17	908.82	130.25
3	Rented from private	46	1163.26	106.22
4	others	1	3000(equal to personal income)	_
	Total	120	1126.71	592.00

Source: own computation from survey data, 2010

As it is shown in the above table, those household respondents living in private rental housing have relatively the highest mean monthly income when compared to the other types of residential housing units. On the other hand, households living in kebele or public rental housing are those with lowest mean monthly income households. As it is observed from the table, mean monthly income of owner occupied house dwellers are less than those private rental dwellers. This is most probably, due to the existence of recently owner occupied of

low standard housing occupied by low income households. Even though, mean monthly income of kebele or public rental housing resident household respondents are low, its standard deviation is higher than the other residential types of respondents which implies the high variation in income of the household respondents.

4.7. The relationship between type of employment and home owner ship status of the non condominium resident household respondents

The other factors that affect home ownership status of the residents are the employment status of the respondents. As different literatures shows that, the majority of fixed income group of government employees found their residential housing either from low rental cost of kebele or public rental housing or from low standard housing of slum and squatter areas. In contrary to this, majority of sample respondent households of government employee are residents of private rental or own occupied housing units. The relationship between home ownership status and types of employment are presented in the table 4.16 blow.

Table4.16: household respondent employment and home ownership status.

Types of employment	Housing owner ship status				Total
	own	Kebele or public	Rented from private	others	
Government employee	29	4	30	0	63
Formal self employed	7	1	2	0	10
Informal self employed	12	7	4	0	23
Private firm employee	4	0	4	1	9
NGOs	4	5	2	0	11
unemployed	0	0	4	0	4
Total	56	17	46	1	120

Source: Field survey result of, 2010

From the table 4.16 above, the majority respondent households are government employee. The majority (47.6%) of government employee respondents are residents of privately rented housing residents and (46%) of them are own occupied resident respondents. The remaining 6.4% of government employee respondents are kebele or public rental housing residents. However, the majority of NGOs (45.5%) employees are Kebele or public rental housing residents. On the other hand, the majority of formal self employed and informal self employed respondents are own occupied residential housing respondents. The finding showed that all unemployed respondents are living in housing units rented from privately owned housing units.

4.8. Housing ownership status, number of productive family members, respondents accessibility to housing finance and subsidies given to household respondents

The household responses of non condominium housing resident respondents for the question of what is the ownership status of the house you live in, have you an access to housing finance?, and Is there any subsidies given to you in order to be home ownership?, their responses will be presented in the table 4.17 blow.

Table 4.17: Response of sample household for residential types, access to housing finance and housing subsidies availability in the study site

Number of productive family members	Responses of sample household respondents								
	Housing ownership status respondents				Having access to housing finance		Subsidies given in order to be home owner ship		Total
	own	Kebele/public rental	Rented from private	others	yes	No	yes	No	
One	31	11	33	0	23	52	1	74	75
Two	22	5	13	1	3	38	1	40	41
Three	3	1	0	0	1	3	1	3	4
Total	56	17	46	1	27	93	3	117	120

Source: compiled from survey data

As it is shown from the above table, the maximum productive family members of the respondents are three. Note that, the respondents with one productive family member are those families who supported by the household heads or single household respondents. Respondents with one productive family members comprise the largest proportion 75 (62.5%) of the respondents. The largest proportions (44%) of them are living in housing rented from privately owned housing units and (41.3%) are residents of their own housing units. The smallest proportions (14.7%) of them are residents of kebele or public rental housing. Even though, majority of them are residents of own occupied or privately owned rental housing, which requires high financial resources to afford, majority of them have no access to housing finance or almost all of them does not given subsides in order to be home ownership.

On the other hand, household respondents with productive family members of two and three are (53.6% and 75%) respectively are residents of their own housing units. As the findings showed that, even though almost all of them are residents of owner occupied housing units,

they are neither access to housing finance nor housing subsidies. This shows that, either it is possible to construct owner occupied housing unit with small proportion of household income in the town or increasing number of productive family members create the opportunity to afford for owner occupied housing units.

Generally, majority of the household respondents (46.7%) are residents of owner occupied housing units and the remaining 38.3% of the respondents are residents of privately owned rental housing. The remaining 14.2% and 0.8% are residents of kebele/ or public rental housing and others (residents of relative homes) respectively. We can infer from this findings that, above half of the respondents are households with in need of housing because they are either living in privately rented housing or kebele/or public rental housing.

Table 4.18: Responses of sample household respondents for the accommodation of their house to their family, access to housing finance, and housing subsidies

Accommodation of the housing unit	Having access to housing finance		Subsidies given to households for home owner		Total	
	yes	No	Yes	No	Frequency	percentage
Enough	16	43	3	56	59	49.2
Not enough	11	50	0	61	61	50.8
Total	27	93	3	117	120	100

Source: own computation from survey data (2010)

The findings shows that, 49.2% of the respondents are responded as their dwelling units are enough for accommodation of their family and 50.8% are responding as their housing units are not enough to accommodate their family. As those respondents with not enough housing units stated, they are decided to live in these housing units because they have no enough financial resources either to rent or construct enough accommodation for their family members.

On the other hand, from those who have no access to housing finance, (46.2%) responded as their housing units are enough to accommodate their family and (53.8%) are responded as their housing units are not enough to accommodate their family. Those who have access to housing finance (59.3%) reported that, they have enough accommodation of housing units and (40.7%) are reported as they have no enough accommodation of housing units.

It is also seen from the above table that, the household respondents responded for the question about subsidies given to households for home owner, from the total 59 respondents who live in housing units which is sufficient to accommodate their family, 95% have no subsidies given to him/her in order to be home owner and 5% only responded as some subsidies given to them. From those household respondents living in housing units which is not enough to accommodate their families, none of them have access to housing subsidies.

4.9. Number of rooms and its accommodation for the respondent households

The survey result of housing accommodation and number of rooms of the respondents housing units are presented in the table 4.19 blow.

Table4.19: Numbers of housing rooms and its accommodation for non condominium resident respondent households.

No	Number of housing rooms	Accommodation of the housing		Total
		Enough	Not enough	
1	One	5	15	20
2	Two	14	32	46
3	Three	31	14	45
4	Four	7	0	7
5	more than four	2	0	2
	Total	59	61	120

Source: own computation from survey result

As it is understood from the above table 4.19, the accommodations of housing unit of the sample household respondents are more or less related with number of rooms. That means as number of housing rooms' increases, the majority of the respondents responded as it is enough to accommodate their family members. As it is presented in the above table, from the respondents of one room housing unit, 5 (25%) of them responded as the dwelling unit is enough to accommodate their family and 15(75%) of them responded as the housing unit is not enough to accommodate their family members. Respondents of two and three rooms housing unit residents provided their response as 14 (30.4%) and 31(68.8%) of them responded as it is enough to accommodate and 32 (69.6%) and 14 (31.2%) of them responded as it is not enough for their family accommodation respectively.

On the other hand, all sample respondents of four and more than four rooms of housing units' residents responded that, their housing units are enough to accommodate their family members. However, those respondents of four and more rooms of housing units residents are few in number 9(7.5%) of the total number of respondents. This shows that majority of the residents living in housing units of three and less number of rooms irrespective of the number of their family members. Generally, 59 (49.2%) of the non condominium resident sample respondents stated that, their housing units are enough to accommodate their family members from all housing units. In contrary to this, 61(50.8%) of the respondents express their idea as their housing units are not enough to accommodate their family members.

As the information stated by the sample household respondents during data collection shows that, those residents living in housing units not sufficient to accommodate their family members are enforced to live in it because of lack of enough financial resources either to construct their own enough residential housing or to rent sufficient accommodation either from kebele or private rental housing

Table 4.20: Sample household attitudes to be the owner of condominium housing

No	Do you like to be owner of condominium housing?	frequency	percentage
1	yes	72	60
2	no	48	40
	Total	120	100

Source: Field survey result (2010)

As it is shown in the table4.20, from the total sample of households, 60 percent of the respondents are interested to be the owner of condominium housing and the remaining 40 percent have no interest to be the owner of condominium housing. As the information obtained from the respondents during data collection shows that, those who interested to be the owner of condominium housing were for residential purposes. The reasons they provided were the quality of condominium housing units in relation to the existing housing units, it is location near to the town's main roads, and services and utilities provided at the site. On the other hand, those who have no willingness to be the owner of the condominium housing units, stated their reasons like common dwellings have no privacy as the individually owned housing unit, its risks (i.e. its burden of monthly payments and down payments) and some of

the respondents stated that since people of different cultural background living together it has its own cultural problems in social interaction among them. In addition to this, the respondents forwarded their responses for the question "for what purpose you are utilized if you get the chance of condominium housing" as follows in the table blow.

Table .4.21: Responses of non condominium resident respondents for the question for what purpose you use if you get condominium housing.

For what purpose you use condominium housing?	Frequency	percentage
Residential	72	60
Residential and commerce	26	21.7
Residential and rent	7	5.8
Others	15	12.5
Total	120	100

Source: survey result of (2010)

The finding of the survey result shows that, the respondents from those who wish to own condominium housing 72 (60%) of them are those in need of residential housing. These respondents are residents of non condominium housing who live either in rental, inadequate, or in low quality housing units. Even though, they wish to be the owner of condominium housing, they unable to afford the required prices of the housing unit. On the other hand, 26(21.7%), 7(5.8%).and 15(12.5%) of the respondents are require condominium housing for Residential and commerce, Residential and rent, others respectively. These groups of respondents are not currently in need of residential housing. This is because they require it for extra uses other than residential.

4.10: Comparisons of condominium housing units with their previous residential for condominium housing resident household respondents

The respondents sample households provided their views toward the present condominium housing and their previous housing units concerning the housing conditions of the housing units as follows in the table 4.22 blow.

Table 4.22: showing comparisons between the present and the previous housing units.

No	Respondent opinion	Typology of housing unit					Percentage total
		studio	One bed room	Two bed room	Three bed room	total	
1	The present is better	6	20	13	4	43	71.7%
2	The previous is better	0	7	0	2	9	15.0%
3	They are equal	0	0	6	2	8	13.3%
	Total	6	27	19	8	60	100%

Source: field survey result (20 10)

According to the findings presented in the table above shows that, majority of the respondents of the condominium residents, 43(71.7%) provided their opinion as their present condominium housing is better than their previous dwelling units in terms of housing quality and availabilities of housing services. On the other hand, 9 (15%) of the respondents are reported as their previous housing units were better than their present condominium housing units. Further, 8 (13.3%) of them said that their present and previous housing units are more or less have the same quality. These show that their previous housing units have no different standards in both quality and quantity. From the respondents who responded as their present condominium housing units are better than their previous housing units, 13.3%, 46.5%, 30.2%, and 9.3% of them are residents of studio, one bedroom, two bedroom, and three bedroom housing units residents respectively. Majority of them are one bedroom and two bedrooms residents. On the other hand, those reported as their previous housing units are better than their condominium housing units were residents of one and three bedroom condominium housing units. It is also clear that, households reported as their present and previous housing units equal were residents of two and three bedroom condominium housing units.

4.11. Area in meter square, mean monthly repayments, mean monthly income, and mean monthly savings of condominium housing residents.

According to (stone,1993:1) ,affordability is the measure of adequate housing assured to all as a matter of right to secure the housing need and desire with the resources we have or can obtain. In line with this idea, to analyze the linkage between condominium housing affordability, it's accommodation for residential purposes and the capacity of the dwellers to pay for the housing units, it is important to analyze the relationship between types of housing

units, its mean area in meter square, mean monthly repayments for each types of housing unit, mean monthly income and savings of the household respondents. Therefore, the survey results of the findings are presented in the table blow with each characteristic of household respondents.

Table 4.23: Condominium housing area in m^2, mean monthly repayments, respondents mean monthly income and saving

No	Type of housing units	Mean area in m^2	Mean monthly repayment for housing units	Mean monthly income of respondents	Mean monthly saving	Frequency of respondents
1	studio	27.47	259.93	2367.75	536.75	6
2	One bedroom	47.70	561.75	2409.70	417.04	27
3	Two bedroom	66.92	900.07	2502.50	781.83	19
4	Three bedroom	81.77	1286.70	2553.95	468.00	8
	Total	55.82	739.01	2459.07	485.57	60

Source: own computation from survey data (2010)

Income plays an important role as a primary determinant of whether a household is in need of affordable housing or not. But, income also affects the price of housing in the market. Housing is a normal 'good' and, as incomes increase, we expect that more housing will be demanded, which in turn increases the average price of housing (www.calgary.ca/affordablehousing). In agree with this, as the survey result shown in the above table shows that, as the mean monthly income of household respondents increases, the number of housing rooms consumed by the beneficiaries are also increases. However, mean monthly saving of the household respondents are not directly related with their income. That is, when mean monthly income of household respondents increases with the number of housing rooms, house hold mean monthly savings shows increase decrease trends. When we related mean monthly respondent household savings and mean monthly repayments of each unit of housing prices, the finding shows that, only the studio unit of housing type is affordable for the households.

For example, a household who want to buy a two bed room condominium housing unit of mean monthly saving of birr 781.83 per month must pay 25320 Birr as down payment and requires an additional income of 118.17 Birr per month in order to pay monthly payments of 900 Birr. In the same token, households who buy a one bed room housing unit of monthly

payments of 561.75 and down payments of 17521 Birr on average should have an additional income of 144.71 birr per month on average to afford the required housing unit prices. The same is true for households of three bed room condominium housing resident respondents with mean monthly savings of 468 Birr per month and mean down payments of 31,539 Birr, should pay the required down payments and requires an additional income of 818 birr per month on average to afford for the housing unit.

Generally, the result of the finding shows that, based on the mean monthly income of household respondents, mean monthly savings, and mean monthly repayments for each housing units, only the studio types of housing units are affordable for the condominium housing sample household respondent residents.

4.12. Conclusion

In order to measure housing affordability, the analysis of the research focuses on mean monthly household income, households non shelter expenditure, household savings of condominium and non condominium housing residents as well as condominium housing prices, its down payments and monthly repayments to analyze the capacity of households whether they can afford or not for the existing condominium housing prices in the study area.

As the analysis of survey results of condominium and non condominium housing resident respondent households showed that, condominium housing resident household respondents are better off both in terms of mean monthly income and saving than the non condominium resident household respondents. According to the classification of income categories made by the municipality in 2008, there were 17.5 percent of sample household respondents in the low income categories where there were no sample household respondents in this income category from condominium housing resident household respondents. On the other hand, there are 83.3 percents of the respondents in the high income category where the respective figure of non condominium housing resident household respondents was 31.7 percent. Although, mean monthly saving of sample households after non shelter expenditure showed that, condominium housings are affordable only for few high income groups of households in the study area.

Analysis of the survey result also showed that, in order to get Bank loan to buy condominium housing, interested households should pay 20 percent of housing costs as down payment for residential housing and 40 percent of the total cost for commercial housing units in the study area. Even though, the construction costs of housing units per m^2 area for each housing units is the same for all types of housing units, its payment costs are vary with housing types. This is because it is aimed to cross subsidize the low income groups who buy studio and one bedroom housing units. As a result, the construction cost per meter square was 1797 Birr whereas payments are 1530.67, 1836.81, 1891.91, and 1928.65Birr for studio, one bedroom, two bedrooms, and three bedrooms housing units respectively. This variation between the construction cost and payment costs are due to cross subsidization of each others.

On average, monthly savings of sample households of both condominium and non condominium housing residents are 485 Birr and 196 Birr respectively. When these mean monthly households savings were compared with mean monthly payments of housing units (260, 562, 900 and 1286 Birr per month for studio, one bedroom, two bedrooms, and three bedrooms housing units respectively), it implies the difficulty for the respondents to afford for the monthly repayments of the existing condominium housing units.

However, the analysis of survey result showed that, statistically there is strong correlation between mean monthly income and savings of non condominium resident sample household respondents ($r = 0.732$, alpha = 0.01) which implies as mean monthly household increases mean monthly savings also increases. According to the findings, households with high income have the opportunity to afford condominium housing supplied than those with low income households in the study area. In addition, the analysis of survey results showed that, the highest mean monthly income is obtained from government employees where as the highest mean monthly saving was seen from employees of private firm household respondents. But both the lowest mean monthly income and saving is seen from unemployed household respondents.

Concerning the willingness of the respondents to be the owner of condominium housing, majority of the non condominium housing resident respondents (60 percent) have the willingness to be the owner and the remaining 40 percent show their opinion as they have no interest. Those interested groups provided their reason as because of the quality of the

condominium housing units in relation to the existing housing units, its accessibility for transportation, and services and utilities provided whereas the uninterested groups stated their opinion as because of lack of privacy, its burden of monthly payments and down payments as well as problems arises due to social life of different cultural groups. On the other hand, majority of the respondents desired to be the owner of condominium housing is for residential purposes. In addition, the respondents view their present and previous residential housing showed that, 71.1% of the condominium housing resident respondents respond as their present condominium housing are better than their previous housing units where 15% and 13.3% reported as the previous is better and no difference respectively.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusion

Housing is one of the human kinds most essential material needs, yet in no country in the world is the need for housing is in complete equilibrium with its supply (Balchin et.al, 2000:127). Even though housing is the basic necessity of people in many parts of the world, its affordability is one of the major challenges for both city dwellers and municipalities, especially in developing countries access to housing. Scholars recommended housing affordability according to the socio- economic situation of the given area / or society. Therefore, affordable housing is adequately suits the needs of low and middle income households at costs blow those generally found in the existing market. However, in most developing countries, urban housing is unaffordable either due to high cost of housing or low supply of the housing units. In order to solve these problems, condominium housing is mostly constructed by public sector to provide affordable and low cost housing for low and middle income groups. But, there is always lack of resources by public sector to provide large scale public sector housing schemes to satisfy the needs of low income households.

This study has been conducted with general objective of assessing the condominium housing supply and its affordability in Jimma town. It also attempted to identify the various factors affecting affordable condominium housing supply, factors affecting the low and middle income groups of the residents to afford for condominium housing, and the main objectives of undertaking this project in Jimma town, as well as the beneficiary groups of the project in the town. Therefore, from the survey result analyzed in the previous chapters, it is possible to draw different conclusions based on the objectives of this study.

Condominium housing projects are undertaken in Jimma town with the main objectives of solving urban housing problems of the low and middle income groups, to regenerate the slum area of the inner city, to reduce unemployment rate, to enhance income generating capacity of the residents, and to build the capacity of the town by strengthen the construction industry and wealth redistribution. Even though, the project achieved its intended goals of creations of

job opportunity, capacity building, and slum upgrading in the town to some extents, supplying low cost housing for low and middle income groups are constrained by different factors like: high cost of local constructional materials; like sand and gravel which obtained from far distances as a result of which transportation costs are increasing, low level of income of the majority of the residents, high housing costs, and low capacity of the majority of the residents to afford for condominium housing units in the town. Due to these facts, the beneficiaries are relatively high income groups of the town residents who have previously better housing units than the low and middle income groups.

The supply of affordable housing let at a discount to local market rents, taking in to account household income and capacity to pay. Accordingly, in Jimma town, lands with its basic infrastructures like roads, electricity, water lines, etc for condominium housing development is provided by the municipality without fee charges in order to provide low cost housing for low and middle income households in need of housing. But, building materials were obtained from a distant place as a result of which transportation cost is very high even above the planned material costs. This escalating condominium housing prices and cause affordability problems for low and middle income groups. As a result, condominium housing is sold to high income groups who can afford the existing prices in Jimma town by leaving aside one of its main objective to providing affordable low cost housing for low and middle income groups.

Based on condominium housing resident responses, the inadequacy of condominium housing for the residential purpose are the other problems in addition to its affordability. The result of the findings shows that, most of the sample household respondents are complaining the inadequacy of the housing units for residential purposes especially those with large family members. However, in relation to their previous housing units the respondents were more satisfied with basic services and housing facilities in the condominium housing than the previous. About 58.4 percent of the respondents either highly satisfied or satisfied with basic services and housing facilities; such as toilet services, kitchen, electricity supply, water supply, road accessibility, market accessibility etc. at the condominium housing. But, the problem lies in the area of housing cost of its down payments and monthly repayments of the

housing units when the households starting to pay the housing prices and costs of the services provided.

Concerning the employment status of the respondents 89.2 percents are employed households and 10.8 percent are unemployed household respondents from both condominium and non condominium resident respondents. Those employed households are employees of different sectors; like government, formal and informal self employed, private firm employee, and employees of NGOs.

Based on survey result, respondents of condominium housing residents are better off in terms of mean monthly income and saving than the non condominium housing respondents which shows variations on average 1075 Birr and 289.53 Birr per month respectively. In addition to this, according to the income category classification of the residents, the percentage of respondents categorized under each income categories were 0 percent, 17.5 percent, and 82.5 of the respondents are low, middle and high income group categories from the condominium housing resident respondent households. On the other hand, 17.5 percent, 50.8 percent, and 31.7 percent of the non condominium housing residents are categories of low, middle, and high income groups. We can conclude from these findings that, condominium housing is affordable for mostly high income categories of the town residents. In terms of their monthly saving, 25 percents of the respondents of non condominium residents are households with no monthly saving where as there is no respondents in this categories from condominium residents.

Even though, the amount of monthly payments and down payments of the condominium housing units varies with types and area of the housing units, households should pay 20 percent of the cost of each unit in order to buy condominium housing and get Bank loan to buy the housing units. Therefore, a household have to pay on average 8,410 Birr for studio and 31,539 Birr for three bed room housing unit as d own payment. This cost takes three and half years to save on average for non condominium housing residents respondents to pay for studio and 13 years to pay for three bedroom housing units based on their monthly savings. But the respective time for condominium housing to afford is 1.4 years and 5.4 years to afford respectively. This showed that, there is great variation in monthly saving between condominium and non condominium resident sample households.

Beneficiaries of studio and one bed rooms are cross subsidized from those two and three bed room housing units beneficiaries. On average the studio housing units are cross subsidized 267 Birr per meter square. This was to subsidize low income households to be the owner of condominium housing. Even if there is such kind of subsidies, those low income categories are unable to afford for monthly repayments of any type of housing units based on their mean monthly income, savings, and housing cost per meter or per housing units.

Household minimum monthly savings of 40 Birr per month have to have an additional income of 220 birr per month in order to afford the lowest housing unit of studio with monthly repayments of 260 birr. On average, as the finding reveals that, the household monthly saving cannot afford for monthly payments of the housing units. Except the mean monthly savings of the condominium residents can afford for monthly payments of studio housing units. The findings of the survey results of the sample households' monthly income, non shelter expenditure and monthly savings of non condominium residents shows that the average monthly household savings is not sufficient to cover the monthly costs of even the minimum studio housing units.

The statistical tests of household income and saving as well as non shelter expenditure show strong relation between them. We can conclude from this statistical test that, in order to increase households' savings and affordability for housing, household income must increases. In terms of their employment categories households of informal and formal self employed are better than the other employment categories in terms of their monthly income and saving. As a result of this, households of government employees with fixed monthly income and unemployed poor households and employees of private firms with low mean monthly income and saving need special consideration in order to be the owner of condominium housing.

Concerning the number of rooms of condominium housing as the number of rooms of housing units increases the mean monthly income of household's also increases. This tells us that, as income increases, we expect that more housing will be demanded. Therefore income plays an important role as a primary determinant of whether a household is n need of affordable housing or not.

6.2 Recommendations

Based on the research findings and conclusion of the study, the following recommendations are worth making.

- ✓ Even though relatively large proportion of the residents in the study area desired to be the owner of condominium housing units, most of the low and middle income groups cannot afford the existing housing prices. Therefore, a lot has to be done to encourage low and middle income groups by providing special housing subsidies and participating them in income generating activities by the local administrators in housing provision sector.
- ✓ Most of the residents who have benefited from the condominium housing projects in the study area in terms of housing ownership were relatively those households who were in high income categories. Therefore, special attention should be given to those who are in housing need, and low and middle income groups of homeless peoples by the municipality and regional government as well as Non Governmental Organizations involved in the housing provision sector in supplying of condominium and other urban housing services.
- ✓ Some of the major constraints to provide affordable condominium housing by the municipality in the study area were high cost of constructional materials, lack of well trained human power in the construction sector, and qualified contractors to complete the construction process on time and low financial resources allocated to subsidize the project. On the other hand, constraints for residents to afford were lack of access to housing finance and low level of their monthly income. Therefore, due attention should be given in the provision of affordable housing. In addition, socio-economic conditions of the residents should be studied before implementation of such kind public project to determine whether this public project is affordable or not for the intended social groups.

- ✓ The overall findings of this study showed that, condominium housing development program in the study area has been part of the regional government housing development programs which financed by the regional government (finance for construction of housing) as a whole and that it did not consider local residents capacity to afford and also their housing need. However, due to variations in the level of development and per capita income across different regions, housing affordability varies according to the socio economic situation of a given area/ or society. Therefore, housing developers should take into consideration when they implement the housing project the spatial variation of housing costs, residential land values, and housing needs in different places of urban areas rather than implementing simply as a quota system. As a result of this, in order to provide housing for low and middle income groups in the study area, the project should be run by the municipality/ or local government starting from its feasibility study to full scale implementation of the project. Subsidies should also given by the government based on the capacity of specific area.
- ✓ The much demanded and supported objective of providing 60 percent of the condominium housing unit for low and middle income groups and 30 percent for female headed household has left a lot to meet the objective in the study area despite the presence of the majority of low income residents in the study area. Therefore, efforts have to be made to provide the low and middle income groups with affordable standard housing in the study area. In addition, since there is no residential land scarcity especially in the study area like the capital city, Addis Ababa, it is better to provide row land for low and middle income groups to construct their own residential units rather than constructing condominium housing which is not affordable for low and middle income groups
- ✓ Condominium housing project in Jimma town is fully implemented by government. However, in order to help low income households to obtain affordable housing the government also stimulates housing supply by creating new methods and institutions for building and delivering housing services for the urban poor.

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Appendix-1

Table1 Age category of household respondents

Age groups	Frequency	percentage
20-30	61	34
31-40	48	27
41-50	33	18
51-60	20	11
60+	18	10
Total	180	100

Source: Field survey result (2010)

Table.2 sex of sample household respondents.

Sex of household heads	Frequency	percentage	Cumulative frequency
Male	124	69	69
Female	56	31	100
Total	180	100	

Source: Field survey result (2010)

Table.3 Educational status of respondents

Educational status	Frequency	Percentage	Cumulative percentage
Illiterate	8	5	5
Read and write	6	3	8
1 - 6	18	10	18
7-8	15	8	26
9-10	11	6	32
11-12	37	21	53
Certificate	40	22	75
Diploma	29	16	91
Degree and above	16	9	100
Total	180	100	

Source: Field survey result (2010)

Table.4. Marital statuses of Household head respondents

Marital status	Frequency	Percentage	Cumulative percentage
Single	52	29	29
Married	109	60	89
Divorced	14	8	97
Widowed	5	3	100
Total	180	100	

Source: Field survey result (2010)

Table.5 Religious composition of household head respondents

Religious group	Frequency	Percentage	Cumulative percentage
Orthodox	67	37.2	37.2
Muslim	57	31.7	68.9
Protestant	39	21.7	90.6
Traditional	12	6.7	97.2
Catholic	1	0.6	97.8
Jehovah	3	1.7	99.4
Others	1	0.6	100
Total	180	100	

Source: Field survey (2010)

Table.6: sample house hold size

Household size	Frequency	Percentage	Cumulative percentage
1	35	19.4	19.4
2	29	16.1	35.6
3	33	18.3	53.9
4	20	11.1	65
5	38	21.1	86.1
7	13	7.2	93.3
8	7	3.9	97.2
9	1	0.6	97.8
10	2	1.1	98.9
11	2	1.1	100
Total	180	100	

Table7: condominium housing area in m2 and its payments and repayments of housing costs.

Type of housing unit	**Area(m^2)**	**Unit price**	**Total price**	**Down payment**	**Loan**	**Monthly Repayment**
Studio with 20% down payment	23.04	1530.67	35266.64	7053.33	28213.31	229.96
	26.18	1530.67	40072.94	8014.59	32058.35	261.3
	29.03	1530.67	44435.35	8887.07	35548.28	289.75
	31.64	1530.67	48430.4	9686.08	38744.32	315.8
One bedroom with 20% down payment	40.51	1836.81	74409.17	14881.83	59527.34	527.08
	41.68	1836.81	76558.24	15311.65	61246.59	542.31
	45.44	1836.81	83464.65	16692.93	66771.72	591.23
	46.84	1836.81	86036.18	17207.24	68828.94	609.44

	49.51	1836.81	90940.46	18188.09	72752.37	644.18
	53.97	1836.81	99132.64	19826.53	79306.11	702.21
	55.92	1836.81	102714.42	20542.88	82171.53	727.58
Two bedroom with 20% down payment	52.82	1891.91	99930.69	19986.14	79944.55	707.87
	56.75	1891.91	107365.89	21473.18	85892.71	760.53
	57.6	1891.91	108974.02	21794.8	87179.21	771.92
	61.86	1891.91	117033.55	23406.71	93626.84	829.01
	79.56	1891.91	150520.36	30104.07	120416.3	1066.22
	92.91	1891.91	175777.36	35155.47	140621.9	1245.13
Three bedroom with 20% down payment	72.56	1928.65	139942.84	27988.57	111954.3	1141.84
	74.48	1928.65	143645.85	28729.17	114916.7	1172.06
	79.1	1928.65	152556.22	30511.24	122045	1244.76
	100.92	1928.65	194639.36	38927.87	155711.5	1588.13
Source: Jimma town municipality housing transfer processing team office						

Table .8: Income categories of household respondents

Income category	**Residential types**			
	Condominium resident respondents		Non condominium resident respondents	
	Frequency	percentage	Frequency	percentage
Low (<600 Birr)	0	0%	21	17.5%
Middle (601-1500)	10	16.7%	61	50.8%
High (>1500 Birr)	50	83.3%	38	31.7%
Total	60	100%	120	100%

Source: field survey result

Appendix 2

Addis Ababa University

School of Graduate studies

College of Development Studies

Institute of Regional and Local Development Studies (RLDS)

Questionnaire for sample house hold respondents

Dear respondents: The objective of this questionnaire is to get information about the condominium Housing supply and Affordability in your town .The information you are going to give will help me to assess the affordability of condominium houses and suggest possible solutions. As such the quality of this study highly depends on the information provided by you. Please use ''X'' in the box provided. Whatever information you provide me will be kept strictly confidential and will not be shown to other person. For your valuable cooperation thank you in advance.

Part I. Personal information about the respondent

1. Sex: male---------- ☐ Female---------- ☐
2. Age: _____
3. marital status: single---------- ☐ Married---------- ☐
   Divorce---------- ☐ widowed---------- ☐
4. Religion: Orthodox ---------- ☐ protestant---------- ☐
   Traditional---------- ☐
   Muslim---------- ☐ Jova---------- ☐
   Catholic---------- ☐ Other_____
5. Educational status: Illiterate-------- ☐ 11-12---------- ☐
   Read& write-------- ☐ Certificate---------- ☐
   1-6 ---------- ☐ Diplomas---------- ☐
   7-8 ---------- ☐
   Degree& above---------- ☐
   9-10---------- ☐
6. Ethnic group :Oromo---------- ☐
   Amhara---------- ☐
   Tigray---------- ☐
   Guraghe---------- ☐
   Other, specify_____
7. Total number of household members: _____

Part II: Questions used to assess Socio- economic conditions of the sample households of selected kebele Respondents and factors affecting the respondents to afford for condominium housing.

1. Monthly income of the household in Birr:_____

2. Type of employment of household head.

   a. Government ----------☐
   b. Formal self employed------☐
   c. Informal self employed----☐
   d. private firm----------☐
   e. NGOs----------☐
   f. Unemployed----------☐
   g. other, specify_____

3. Number of productive family members.

   a. No---------- ☐
   b. 1-2 ----------☐
   c. 3-4 ----------☐
   d. more than 4----------☐

4. Average monthly income of household head in (Birr) _____

5. Average monthly non shelter expense of household in Birr_____

6. How much did you pay for your housing unit, if you are not owner occupy?

   a. Less than 10% of monthly income----------☐
   b. 10 -20% of monthly income----------☐
   c. 20-25% of monthly income ----------☐
   d. 25-30% of monthly income ----------☐
   e. If more than 30% specify_____

7. Ownership status of the house you are living in

   a. Own ----------☐
   b. Public (kebele or public rental)--------☐
   c. Rented from private owner ----------☐
   d. co resident----------☐
   e. if others specify_____

8. Is your housing enough to accommodate your family?

   a. Yes ----------☐
   b. No. ----------☐

8. If your answer for question number "8' is no, why you are enforced to live in? specify,_____

_____

_____

10. Do you have an access to housing finance?
    a. Yes----------☐ b. No.----------☐

11. If yes for question number ''10'' what is your source of finance? Specify

_____

12. If No for question number "10" above, why? _____
13. Is there any subsidies given to you in order to be home ownership?
    a. Yes----------☐ b. No----------☐

14. If yes for question No. 13 above. What kind of subsidies given to you? State/explain it _____
15. If not for question number "13" why?

_____.

16. In your opinion, is the condominium housing provided with fair prices?
    a. Yes----------☐

    b. No----------☐

17. If your answer for question no '16' is not, what is your suggestion?
    a. Over valued----------☐

    b. Undervalued ----------☐

    c. If other specify _____

18. Do you like to be the owner of condominium housing?
    a. Yes ----------☐

    b. No ----------☐

19. If yes for question No. ''18'' above what is your reason?
    a. Because its fair prices----------☐

    b. Due to its appropriate location----------☐

    c. Because its service provision----------☐

    d. Because the quality of the housing----------☐

    e. If others, specify_____

20. If not for question no. 18 above, what is the problem with?
    a. Due to its high prices.----------☐
    b. Lack of enough financial resources for down payments and repayments of the loan ----------☐
    c. Because it's inappropriate location for residential purpose? ------.. ☐
    d. Lack of enough services----------☐
    e. Low quality of the housing ----------☐
    f. Lack of privacy----------☐
    g. If other, specify _____

21. If you get the chance of condominium housing for what purpose you are using?
    a. Residential purpose ----------☐
    b. Residential and commerce----------☐
    c. Residency and part of it renting ----------☐
    d. Other use specify _____

22. How many rooms your housing have other than kitchen and toilet?
    a. One ----------☐ c. four ----------☐
    b. Two ----------☐ d. more than four----------☐
    c. Three ----------☐

23. Accommodation of the house to your family?
    a. More than enough----------☐
    b. Enough----------☐
    c. Not enough----------☐

24. If your answer for question no ''23'' above is not enough, what is your option to obtain enough accommodation?
    a. Constructing own house-------☐ b. To get condominium housing-----☐
    c. To have rental housing ---------☐ d. If other specify_____

25. If you choose one of the alternatives in the above why? State your reason
    _____

26. In your opinion, is there any discrimination in the process of condominium housing provision?

a).yes----------☐ b).no----------☐

27. If yes for question No 26, what kind of discrimination you observe?

State_____

_____

Part III. Questions for Housing condition Assessment and facilities provided by condominium housing for condominium housing residents sample respondents.

1. Monthly income of the household in Birr_____
2. Average monthly non shelter expense of household in Birr_____

What is your level of satisfaction in the condominium site of infrastructure (Services) provision? (Tick in the box you want to indicate)

Infrastructure/services provided	**Levels of satisfaction.**				
	Highly satisfied	**Satisfied**	**Uncertain**	**Dissatisfied**	**Highly dissatisfie**
3.Water provision					
4.Electricity					
5.Drainage system					
6.Swerage system					
7.Transport services					
8. Health services					
9. Peace and security					
10.Open space					
11. kitchen					
12.Job opportunity					
13. Bathing facility					
14. Toilet facility					
15. Neighborhood relation					
16. Market center					
17. Education service					
18. Traditional institutions					
19. Income generating opportunity.					
20. Neatness.					

21. Type of employment of household head.

a. Government ----------☐ c. private firm----------☐

b. Formal self employed------☐ d. NGOs----------☐

d. Informal self employed----☐ f. Unemployed----------☐

22. What is your water source?
    a. Own tap----------☐
    b. Shared public taps-----☐
    .....
    c. purchased from private taps -----☐
    d. stream and wells--------☐
    e.
    Others_____

23. What is your source of energy for cooking?
    a. Electricity----------☐
    b. Fire wood----------☐
    c. Kerosene ----------☐
    d. all----------☐
    e. Other_____

24. What is the typology of your housing unit?

    a. Studio ----------☐
    b. One bed room----------☐
    c. Two bed room----------☐
    d. Three bed room----------☐

25. Does your dwelling unit enough space to live in?

    a. Yes----------☐
    b. No----------☐
    c. Moderate ----------☐
    d. other, specify_____

26. If your answer for question No. 22 is no, why did you buy it.

    a. Because lack of enough money----------☐
    b. Because lack of opportunity for others----------☐
    c. To rent it for others----------☐
    d. Other specify_____

27. Do you have individually owned toilet and Bath room?

    a. Yes----------☐
    b. No----------☐

28. If your answer for question No 24 above is no how many housing unit have toilet and Bath room in common?

    a. 1-2----------☐
    b. 3-4----------☐
    c. 5-6-------☐
    d. 7-8-------☐
    e. 9-10----------☐
    f. more than 10---------☐

29. Is there any sewer problem in the site?

    a. Yes----------☐
    b. No----------☐

30. If your answer for question No. 26 above is yes, what are the major problems?

a. Lack of appropriate sewer lines----------☐

b. Inappropriateness of the site for sewer lines----------☐

c. Others specify_____

31. In your opinion, is the site appropriate for residential housing?

a. Yes----------☐

b.No----------☐

32. If your answer for question No.28 is no, what problem does the site have?

a. Problem of flooding----------☐ b. Problem of access----------☐

c. problem of enough space for play ground----------☐

d. Drainage problem----------☐

e. Other, specify _____

33. How can you evaluate your present housing unit with that of your previous one?

a. The present is better----------☐

b. The previous is better----------☐

c. They are equal----------☐

d. Other, specify_____

Part IV. Key informant interview guide with town condominium housing transfer processing team officials.

1. Do you think that the condominium housing provided is affordable for low and middle income groups?
2. If your answer for question No. ''1'' is no, why?
3. If your answer for question No ''1''is yes, how? Explain it
4. Was the construction cost affordable?
5. If your answer is no for question No. 4, why? Explain.
6. Is there any gap between affordable condominium housing need and supply?
7. If yes how? And if No why? Explain.
8. In the process of housing transferring, is there any subsidies given to the project from the municipality?
9. If yes, what kinds of subsidies are given? State it.

10. How much money (in Birr) is required to pay monthly for each type of housing units?
13. How much money (in Birr) is required to pay down payment for each housing units?
14. How much money in Birr is required to pay for an area of (M^2)
15. What are the sources of finance for construction of condominium housing? Explain it.
16. Are there any private organization/ NGOs providing low cost housing in the town?
17. If yes, what kind of organization? What about its affordability? Explain

Part V. Key informant interview guide with Jimma town condominium housing development project officials.

1. What was the main objective of undertaking the condominium housing project in this town?
2. When the implementation program started?
3. When the program will be completed?
4. For how many beneficiaries it was designed?
5. How many beneficiaries benefited from the condominium housing project?
6. Was there any survey or research done on socio-economic status of the community in the town before implementation of the project?
7. If not for question No. 6 why? If yes, what was the result of the study concerning housing condition of the community?
8. Is the condominium housing affordable to low and middle income households? How? And why?
9. What support was made by the municipality for the project implementation?
10. Are there municipal regulations that promote low income groups housing ownership? How?
11. How do you think housing problem of low and middle income households in the town is solved through condominium housing?
12. Is the cost of housing is directly related with its construction costs?
13. If the cost of the housing is directly related with its construction cost; what do you think about its affordability for low and middle income groups?
14. What benefits do you think the condominium housing project beneficiates did get?
15. What challenges you face at the time of condominium housing project implementation in Jimma town?
16. How did the land acquired for the project site?
17. What services are provided at the site? How provided?
18. Who are the condominium housing project target population?
19. What are the Mechanisms of addressing target population?

20. What were the role and responsibilities of the target population?
21. What Mechanisms your Organization used in order to meet housing needs of the target population?
22. What was the source of housing construction finance? And who pay the cost and how?
23. How did you solve financial problems of low income groups?
24. How do you identify affordability of beneficiaries for loan repayment, period and amount of payment?
25. What is going to be done for homeless low and middle income groups who can't afford for the down payments and repayments of the loan?

Part VI. Focus group discussion with the condominium beneficiaries /residents

1. How did you become the beneficiary of condominium housing?
2. What were the criteria to be the owner of condominium housing?
3. What benefits did you acquire from condominium house that you didn't get from the previous resident?
4. What kinds of services were provided in the condominium housing that didn't provided in the previous residents?
5. Who provide these services?
6. How do you see condominium housing provision interims of benefits you obtain?
7. What is your opinion on the down payments and repayments of condominium housing cost?
8. How do you think the affordability of the housing cost for low and middle income groups?
9. Did the condominium housing providers promoted gender equality with respect to female headed housing provision?
10. Do you think that condominium housing is affordable for low and middle income group of the town residents?
11. Is there any assistance given for you form the government in order to be the owner of the condominium housing? If yes what kind of assistance?
12. What were the most challenging problems to be the owner of condominium housing?
13. Is there any problem you faced in utilizing the common properties owned in condominium housing?
14. In your opinion, is there any discrimination in the process of provision?
15. Why you prefer to live in condominium housing?
16. What can you suggest about accessibility, habitability, suitability, and affordability of condominium housing?

Declaration

I declare that "**An assessment of urban housing supply and affordability with special reference to condominium housing in Joimma town**" is my original work and has not been presented for any degree in any University and that all the sources used have been duly acknowledged.

Name: Habte Alemu

June, 2010

Confirmation

This thesis has been submitted for examination with my approval as a University advisor

Mulugeta Abebe (PhD)

June, 2010