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## **Affordable housing programmes in developing countries: The situation of low-income earners and owning houses in Burundi, Ethiopia, and South Africa**

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### **Abstract**

This paper aims to answer why affordable housing programmes implemented to assist low-income earners in selected countries (Burundi, Ethiopia, and South Africa) have not benefited low-income earners from owning housing in these programmes. The paper used a mixed research approach in data collection and analysis. The desk review, questionnaire, key informant interview (KII), and observation were used to collect primary and secondary data. Content and descriptive statistics were applied to analyse data. The findings show apart from South Africa where low-income earners can afford a house in affordable housing programmes, Burundi and Ethiopia programmes have served civil servants who are not low-income earners. Generally, Civil servants belong to medium- and high-income earners and can finance their housing using private financing. Public programmes for affordable housing have been benefiting those who were not in urgent need of housing. This has left low-income earners to live in horrible and miserable houses. The paper recommends that developing countries should well-define and determine who is low-income and prioritize low-income earners in public affordable housing programmes.

**Keywords:** Affordable housing, Burundi; Developing countries; Housing; Low-income

### **Introduction**

Providing affordable housing to low-income earners has been an agenda and objective of all governments all over the world (Wetzstein, 2017; Moore, 2019). The terminology ‘Housing’ has been used by some to mean having a unit of wall and roof under which people live whereas others see it as shelter and infrastructure around it (Moore, 2019). Safety, dignity, and privacy are important for any housing unit (AHA, 2022). Whatever the understanding, the problem remains to define and conceptualise ‘housing affordability’ to mean affordable ‘housing’ as a shelter for everyone. The affordability also is viewed in terms of rent and ownership by individuals. Wilson and Barton (2022) make it clear that housing costs, income levels, and other factors determine rent affordability and housing ownership. The other factors are encapsulated in residual income expression that allows households to meet the necessities such as food and clothes after paying their rent or mortgage. According to Padley et al. (2019), it is said that housing rent or mortgage is affordable if a household can afford to pay for its rent/mortgage and is capable of supplying the family with basic needs.

Moreover, OECD (2021) mentions that housing affordability should be viewed in trio-aspects of housing, price-to-income, and housing expenditure-to-income ratio measures. Then, Padley et al. (2019,p.13) put it in simplistic expression that ‘If families can afford to pay for their children's shelter, food, clothes, and school fees, it is assumed that there is a minimum income standard and that the housing is affordable’. The same, affordable housing can be understood by considering the housing price-to-income and expenditure-to-income; residual income, and housing quality (OECD,

2021). Additionally, Moyo (2004); and OECD (2019) disclose that housing affordability is achieved if households spend less than 40% of their income, and beyond that, it becomes a burden to households. However, this has to be checked for developing countries where prices of basic needs are unregulated. The issue of market forces, politics, and economic imbalances have implications for housing affordability (Ansell and Cansunar, 2021). Hegedüs et al. (2015) opined that strategies of households to afford houses have a triple imbalance such as housing demand, housing stock and costs, and policies in place. Likewise, Ofori (2020) explains that in countries where the demand is high and the supply is low, it has implications for housing costs to be unaffordable while policies are seen as ineffective in handling the issue.

However, the high demand for housing in developing countries has been a result of population growth and rapid urbanisation that is difficult to address immediately (UN-Habitat, 2011; Schlimmer, 2022). Both rural and urban areas are observing a population boom despite many efforts engaged by governments to control this increase (UNDESA, 2021). The rural-to-urban migration practiced by young and poor people to search for a better life has engendered rapid urbanisation (Tacoli, et al., 2015). All these have led to high and competitive demand for housing in countries with less supply, and ineffective housing and housing-related policies. Most public service servants find themselves incapable of supplying their families with basic needs when considering their residual income and opt to resist paying the housing rent (Adeleke, 2021; Adeleke & Olaleye, 2020).

However, there are countries such as Algeria, Egypt, Senegal, Morocco, South Africa, Mauritius, Eswatini... in developing countries that have been cited to offer the best practices in designing housing programmes that delivered affordable housing for low income. These countries are mostly located in North Africa except South Africa and Senegal (Center for Affordable Housing Finance in Africa, 2022). These countries are also highly urbanised with a low level of informal settlement due to affordable housing programmes that were designed to cater to the housing demand for their citizens. In other developing countries, it is acknowledged that similar programmes have been designed, but still, low-income earners are facing serious housing problems such as homeless, living in crowded housing units, low-quality houses, far away from their working places, and most people living informal settlement as well as in hazardous lands (Tadashi & Jonathan, 2015; Mohammed, 2017; UN-Habitat, 2011).

Therefore, this study aims to answer the question of why affordable housing programmes implemented to assist low-income earners in selected countries (Burundi, Ethiopia, and South Africa) have not been beneficial to them and propose what can be done in countries where low-income earners are not served by these programmes. The study documents the causes of low-income earners finding themselves in poor housing and homelessness despite the existence of affordable housing programmes. The study has the purpose of using the findings in proposing alternatives that affordable housing programmes can benefit low-income earners in cases countries and other countries of the same context.

## Understanding the housing problem in Africa

Many African countries are facing the challenges of inadequate and poor housing (Moore, 2019). According to UNCHS (1998), the inadequacy is expressed in terms of minimum privacy, occupancy ratio, physical accessibility, security of dwellers, durability, lighting, heating, ventilation, and basic social infrastructural services. with 50% of the population that lives in urban areas, it is estimated that 75% of Africans in urban areas live in informal housing with some inadequacies (Fekade, 2000; Kironde, 2016; Udessa et al., 2023). Furthermore, deficits in housing production for many African countries are alarming which goes even to a million house units per year (Addae-dapaah, 2021). Affordability in terms of income is also a problem in countries where their citizen cannot afford to pay the cost of the cheapest newly built house.

Table 1: Summary of some countries in Africa with cost the cheapest newly built house and percent of urban households who can afford this house.

Countries	Cost of the cheapest newly built house in an urban area: Currency in US\$	Per cent of urban households who can afford the cheapest newly built house, at US\$ 8040 house (2021)	GDP/per capita: Estimated in US\$
Liberia	39 998	0.15	673
Mozambique	9 706	2.81	500
Madagascar	22074	4.44	515
Zambia	34 690	4.74	1 123
Burundi	26 717	10.46	237
Tanzania	49 512	31.85	1 136
Ethiopia	17 319	25.00	945
Somalia	37 936	100	446
Algeria	48394	99.68	3765
Egypt	23933	99.82	3 876
South Africa	41373	67.11	6 994

Source: Adapted from (CAHF, 2022)

The GDP per capita for some countries explains the capacity of people to afford to buy the cheapest newly built house in their countries. However, the GDP per capita is not the sole determinant of affordability to buy new cheap houses. Given that there are countries like Somalia that have low GDP per capita but with 100% of urban dwellers to afford to buy the cheapest newly built house. It is acknowledged that housing policies and other land-related policies affect significantly housing affordability, both renting and owning (Komu and Ramparsad, 2022). Also, Bakhtyar *et al.* (2013), Bredenoord (2016), and Adesanya et al.,(2017) disclosed the importance of regulating building materials availability and prices to address housing affordability. From Table (1), we can conclude that all these parameters contributed to the differences observed in GDP per capita, housing affordability percentage for urban dwellers and the cost of the cheapest newly constructed house in corresponding countries. It is indicated that some African countries may have less than 1% that can afford the cheapest newly built houses. However, it does not mean that there are no new houses produced.

Except for informal settlements which may have informal dwellings<sup>5</sup>, some houses are slums and are not suitable for human beings to live in (UN-Habitat, 2011b). With the use of local materials that are cheap and non-durable, and affordable at low cost or for free (Bakhtyar *et al.*, 2013), people become owners of houses that are of poor quality according to meaning by Rust (2022). Furthermore, the use of second-hand building materials and constructed with traditional and outdated technologies (Plate 5&6 and Plate 7&8) are some houses you may find in some informal and formal neighbourhoods for low-income earners (Bredenoord, 2016; Adesanya, Kolawole and Olugboyega, 2017). The existence of such types of houses may convey the message that there are no affordable housing programmes that are designed to assist these people. The other message may be that supply is below the demand.

Other problems relate to overcrowding with more than two people of the same gender in one room, having children over 12 years of different sex living in one room (Amoako and Boamah, 2017; Moore, 2019; OECD, 2019). The problem of the housing extends to having people who are homeless and others living in accommodations that are in unsafe conditions (Vuyokazi, 2010). We notice that the housing problem in Africa is not only about affordability, but the quality is another issue. The issue of lacking decent accommodation is at its peak summit and needs to be addressed in an urban and rural areas.

Ofori (2020) highlighted that due to urbanisation and population growth, governments in developing countries find themselves in difficulties meeting the demand for housing. Moyo (2004) and Huchzermeyer (2001) showed that governments, development partners, NGOs, and other private companies have conjugated their efforts to assist low-income earners in affording decent accommodation. However, the authors cited those challenges related to interpreting housing affordability in monetary terms, perceiving affordability through the socio-political lens, the commodification of housing, and ignoring people-centred housing projects that affected low-income earners from accessing affordable housing.

### **Root Causes of housing shortage in Africa**

Combating the housing shortage starts with making land available to all layers of the population in the country. Unregulated land access, tenure security, land transfer, and land rights all are problems that hamper poor people from affording housing (Nagya & Udoekanem, 2022; UN-Habitat, 2021).

Moreover, the socio-political problem even though has not been echoed among other problems by many researchers, is among the problems that make some developing countries be in shortage of affordable housing. Political issues include instability and lack of continuum housing programmes, favouritism coupled with corruption make housing programmes monopolised by one political movement. Social issues include inequalities related to wealth, segregation linked to ethics, and regional and race groups among citizens that have been neglected and this affects housing affordability (Ansell and Cansunar, 2021). Given that it is rare to find a country in Sub-Saharan African countries that do not have a history of segregation either based on race (colour), ethnic group, or region, it is worthy of mentioning it as another cause of housing shortage. The research

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<sup>5</sup> A house with one of the materials used in its construction is not finished and Households without access to flush sanitation have no waterborne sewage disposal. (Rust, 2022 cited in )

(Vuyokazi, 2010) shows that Blacks in South Africa are placed still in Ghettos that are outside the cities and towns where no jobs or other economic opportunities. Many stories on South Africa have accounted for the apartheid regime abolished in 1994 but with sequels observed on low-income earners to afford to house.

For Ethiopia, the segregation is observed in state hegemony where from 1991 when the Ethiopian People's Revolutionary Democratic Front (EPRDF) instituted regional administrations that resulted in dividing Ethiopia into states and segregating Ethiopians among ethnic groups based on the states. This division was accompanied by allocating and improving housing conditions and other related infrastructure for some regions while at the same time leaving behind other regions lagging (Lie and Mesfin, 2018). There was political and economic empowerment to the junta and the allies which benefited from the federal budget to the detriment of others (Young, 2004). One of the problems that are echoed at regional and international discussions as an internal factor according to Aregawi (2001) is 'an elite, which is fragmented on – ethnic divides. The author does not ignore 'The leadership, which in most cases is authoritarian, lacks accountability and transparency and is entrenched in corruption.

In Burundi, ethnicity and regionalism have been practised since 1972 when the massacre of Hutu was planned and implemented by a group of Tutsi to kill all educated businessmen (Greenland, 1976). The subsequent years were marked by denying education and other opportunities to Hutu and Twa so that they could not afford housing in all forms. It is said that there was even an agenda to sweep out hutus in urban areas and form a kind of apartheid based on ethnic groups. That is why you find some Neighbourhoods that are dominated by one ethnic group (Tutsi). The housing projects were also located in such Neighbourhoods.

### **Low-income earners in developing countries and affordable housing**

Low income is measured by using the low-income cut-off line as it is for measuring poverty where the poverty- line is used (Adeleke, 2021). Poverty and low income are terms that explain each other but do not have the same meaning. This means that being a low-income earner does not mean that you are a poor person. The relative approach and ignoring the absolute approach to define low income, are concerned with defining incomes as low by considering the incomes of the population as a whole where a low-income line is set at a certain percentile of the income distribution (Forster, 1994). What we can underscore here, is that every country has its way of determining low-income line in considering the specific basic needs. Most developing countries (23/54 in Africa) are known as low-income economies (Yeboua & Jobarteh, 2023). Whereas the meaning and characteristics of low income may differ in developed to developing countries, In the African context, the low-income earner extends hyperbolically to those who cannot afford basic needs such as food, clothes, and shelter. If afforded, they may be of critical quality which this study is coined to reveal for the housing aspect of it.

### **Housing finance and low-income earners**

The problem related to housing, the shortage of housing, and the non-affordability of housing by low-income earners are related to the financial problem. For developing countries, housing finance has been discussed for two decades and it is persisting (Datta and Jones, 2002). The strategies for

housing finance that include public housing finance and self-finance have shown together a failure to address housing issues that include overpopulation, homelessness; and low quality house acquisition (slums and informal building) (UN-Habitat, 2008). The area of failure first of all on land access (Arjjumend & Seid, 2018); policies that are not implemented despite their adoption (Hudson, et al., 2019; Turimubumwe, Adam and Alemie, 2022); and poor land governance (García-Morán et al., 2021); governments that prioritise other projects rather than housing for the poor (Bakhtyar *et al.*, 2013); and low-income earnings that lead to low savings (Bakhtyar et al., 2013). Whereas self-finance is the only way that easily makes households access land and build their own houses, financial institutions are known as facilitators to support these people through home loans (UN-Habitat, 2008). However, some countries like Liberia, Zambia, and Mozambique do not have these financial institutions, and where they exist, do not use them due to unregulated interest rates for loans for housing.

### **Research Material and Methods**

This paper aims to answer the question of why low-income earners have not benefited from affordable housing programmes implemented in developing countries in Africa like Burundi, Ethiopia, and Tanzania. The paper applies a mixed research approach to collect qualitative and quantitative data. Qualitative data collection methods through desk review and key informant interviews were applied to the case of South Africa and Ethiopia. The paper also applied questionnaires, Key Informant interviews, and interviews for the case of Burundi. For all cases, the observation was applied to confirm and support some findings in desk review, KII, and interview.

The desk review concerned the collection of secondary data that are in published articles, books, reports of different financial and housing institutions, and legal texts such as policies, proclamations, and regulations. The desk review is one of the methods useful in collecting data remotely and others that relate to the past performance of institutions (Dawadi et al., 2021; Walliman, 2011). The desk review results were also useful to set the scene of the paper conceptualise, and locate it within the existing knowledge.

The interview and KII were used to collect data from individuals and influential persons within the community (Burundi). The interview was applied because it gives chance to researcher to ask any questions that are judged to respond to the research question (Macdonald and Headlam, 2008). The interview participants were selected by using a purposive sampling technique where 98 respondents from different occupations participated in the study. Key informant interview, Six participants were contacted; three in Cape Town, and three in Bahir Dar.

The questionnaire was also applied in Burundi and participants were selected using systematic random sampling. The selection of the case study area was purposive sampling. Therefore, Gahahe and Ngagara IX in Bujumbura were selected given that one is a place where social housing was implemented in the past years ago, and Gahahe is the new neighbourhood where the majority of people are homeowners. The participants were selected by applying the 5<sup>th</sup> and 12<sup>th</sup> house intervals respectively. Then, 50 households in Ngagara IX and 80 in Gahahe shared their data in this study. This helped the researcher to understand how low-income earners were not considered in projects implemented in Burundi for affordable housing. The questionnaire results also assisted the researcher in knowing why low-income earners cannot afford to own a house or pay for rent.

Finally, a mixed data analysis technique is used in this paper. Merriam (1998) and Bernard (2000) acknowledge that qualitative and quantitative data are analysed differently with different techniques in the mixed data analysis method. Therefore, qualitative data are analysed by using a content analysis approach. Bryman (2012, p. 289) defined content analysis as ‘an approach to the analysis of documents and texts that seeks to quantify content in terms of predetermined categories and a systematic as well as replicable manner. The process involves data interpretation, comparison, and contrast to prove their validity and accuracy in responding to the research objective. For quantitative data, a descriptive approach is engaged where statistics using percentages and graphs are used to present the numerical information. LeCompte and Schensul (1999) underline that the descriptive data analysis technique tries to help data make sense, interpret, and generate findings from data and facts that have been collected. The information is presented in text and table format to assure readability and presentability.

## **Findings and discussion**

In Africa, housing programmes have been designed and implemented by governments and development partners under the umbrella of providing affordable housing to low and middle-income. Some countries have even embellished the projects as low-cost housing to emphasize and even maybe call on attention to funders. However, the naming of projects as low cost or affordable has remained in papers given that the number of homeless and crowding in one room, informal homes, and informal settlements are observed in almost all countries.

### **South Africa**

In South Africa, the quality of housing reflects income earnings and social belonging<sup>6</sup>. The programmes for housing also differ from province to province, town to town, and city to suburb. The prices also depend on location within the city or town. South Africa is among the African countries that are ranked among successful countries in providing affordable housing to low-income earners the reports show that 83% 2021 of South Africans live in formal dwellings, 15% live in informal settlements, and 4.3% are found in traditional homes in rural villages. The statistics again show that 69.7% of households own homes, 7.7 % are still paying off their mortgages whereas 18.7% are renters and others live free of charge (CAHF, 2022). Even though the statistics give hope, the observations in some cities like Johannesburg and Cape Town show that there are still people who live in decayed houses made of iron sheets on willing and roofing around multistorey buildings and villas (Plates 1&2). Also, there is a mushrooming of informal settlements along wetlands, arterial and collector roads as well as in open spaces especially in Cape Town. The interview with local leaders and social movements reveals that every South African has the right to acquire property and even those we see in the informal settlements are encroachers who before had their own houses and have rented them to newcomers (migrants). The KII informants’ results revealed that the source of the informal settlement is related to political, economic, and social freedom that is respected in South Africa. They mention one of the freedoms as prescribed in the Constitution Article 19 on a residence, Article 26 on economic activity, and 28 on property. People

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<sup>6</sup> For example, in Cape Town, good houses are located along the sea or in rural areas without public transport which allows only high income to live there

encroach on open space and term it as 'home'. To evict them, there must be a court decision. They use their rights in the wrong way when it comes to property rights given that the consequences have resulted in informal settlements in cities. The encroachment of public lands like wetlands, open spaces, and hazardous land affects the built urban environment as well as the image of the city.



Plate 1: Informal dwelling in informal settlements

Plate 2: Informal dwelling around a multistorey



Source: Author's photograph, March 2023

### ***Affordable Housing for low-income earners in South Africa***

With the support of the government of South Africa in subsidizing housing supply for all native citizens, South Africa offers the opportunity to low-income earners to finance their housing through channels and schemes offered by the government. With its largest economic growth in Africa with an estimation of a GDP of US\$418 billion) and a population of 60 million (US\$6966/capita), The low-income earner in South Africa can be assisted by the government with affordable housing through government schemes. There are social housing institutions that advocate and manage housing projects for low-income earners. Those are citizens who earn a monthly gross income of R1850 (US\$97,97) and R22 000 (US\$ 1,167,72). They get subsidies to access housing according to their income through social housing institutions where a project can be supported from 60-70% of the total project cost. There is also Social Housing Regulatory that legalises the affordability of housing by law income and guideline for rent setting. The rent to pay should not exceed 31.5% of total monthly income which is below the 40% of globally suggested to be a burden to renter (Ansell and Cansunar, 2021).

There are also banks and other financial institutions that play a key role in financing housing indirectly. It is estimated that middle- and high-income earners have contracted loans and build backyard houses that are rented to young people and others who want to stay near their workplaces. Due to population growth and migration, the government has now failed to cope with this sharp increase in housing demand (CAHF, 2022). This has given birth to social movements reclaiming land and housing in Cape Town and other cities of South Africa (Plate 3&4). However, the interview with local leaders and influential people revealed that people have rented out their houses or their fathers have denied them a room in affordable housing acquired in past projects.

**Plate 3&4:** A Cissie Gool House (CGH) sheltering land movements



**Source:** Author's photograph, 2022

## Ethiopia

The report on housing shows that there is an estimated 471,000 that need to be supplied to meet the annual demand for housing. At the same time, there is another burden to address related to maintaining the existing housing stock. Since 2004, Ethiopia has designed an Integrated Housing Development Programme (IHDP) and supplied 2016 a total of 280,000 subsidized condominium units. The programme provided 2% of the demand which made the competition high and prices increased from 200 to 300% for the houses supplied in the programme. The recent programme of IHDP is planning to construct new condominiums in Addis Ababa and urban centres with a total of 750,000 new residential housing units which are estimated to cater to the demand at 30% by 2020. Furthermore, the programme will rehabilitate 25 % of the existing housing stock (CAHF, 2022).

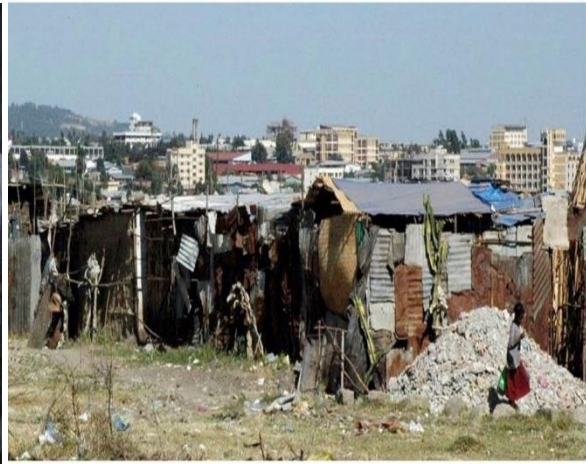
The other initiative related to housing affordability was to reduce the informal settlements by 20% which was successful through upgrading slums and informal settlements coupled with formalisation in Addis Ababa, and other major Cities. However, the remaining informal settlements in small towns have expanded, and new ones were formed due to the failure of IHDP to provide the expected new houses in Addis Ababa and other cities and urban centres of Ethiopia. It is estimated that there were 800,000 registered in the IHDP's lottery system on the waiting list up to 2013 when it closed. It is reported that some projects have been put on hold. From that period, the only way to afford to house was to pass through cooperatives and individual initiatives that have not satisfied the market. Not only the satisfaction, but these strategies are in favour of high-income earners. Now Ethiopia is among the countries that have a low level of housing affordability in urban areas with a dominant rental market and with owner-occupied units at only 32.6%.

The observation and KII discovered that the issue of quality is also a problem for some houses individually acquired (Plate 5&6). Houses built in wood/poles and mud as walling materials with roofing in grasses and or plastic sheeting with dirty floors, lacking sanitation, and other services are observed in some urban areas.

**Plate 5:** Informal dwelling in informal settlements



**Plate 6:** Informal dwelling around multistorey



**Source:** Author's photograph

All these homeowners are grouped in 32.6% whereas these houses belong to informal buildings. The major problems of housing programmes and initiatives to fail are summarised as land management issues, insufficient systems of housing delivery, a housing construction industry that is not robust and affordable, and the absence of a diversified housing financing system. The social and political instability came to exacerbate the situation where most of the policies and financial initiatives are concentrated on these issues.

### ***Affordable housing for low-income earners in Ethiopia***

With a low urbanisation level of under 20%, but with a high urbanisation rate of around 5%, and 65% of informal settlements dominated by slums, all these make Ethiopia among the countries where affordable housing becomes a problem. Furthermore, the small GDP per capita of US\$945 can, but is not mandatory an indicator of low-income earners in urban areas to face challenges in affording quality housing. Whereas the new cheapest newly built house is estimated to cost US\$ 17 319, this implies that low-income earners cannot afford this house. Also, a study by CAHF (2022) and (Adeleke and Olaleye, 2020) disclose that a police officer and a teacher can only afford to build a house for less than US\$ 10000 in their career lifetime. Police officers and teachers are among middle-income earners in Ethiopia and what about a typical low-income earner? The government initiatives in affordable housing supply have also been supporting public servants in their projects. The projects for affordable housing supply have been taking place in big cities and big towns (Tadashi and Jonathan, 2015; CAHF, 2020). Rural people are left behind struggling with their means dominated by traditional technologies. Also, these low-income earners have no chance to contract loans from the existing financial institution system (Fekade, 2000; CAHF, 2020). The report by CAHF (2022) and study by (Tadashi and Jonathan, 2015) shows that housing finance in Ethiopia is undeveloped where a big number (more than half) of the housing market is financed informally. The main sources of housing finance are relatives, friends, and savings groups, and mortgage rates of 23%. The desk review shows that low mortgage uptake is linked to high-interest rates, regulatory controls, low incomes, credit risk, inadequate supply of affordable housing, and low financial literacy (Mohammed, 2017; CAHF, 2022).

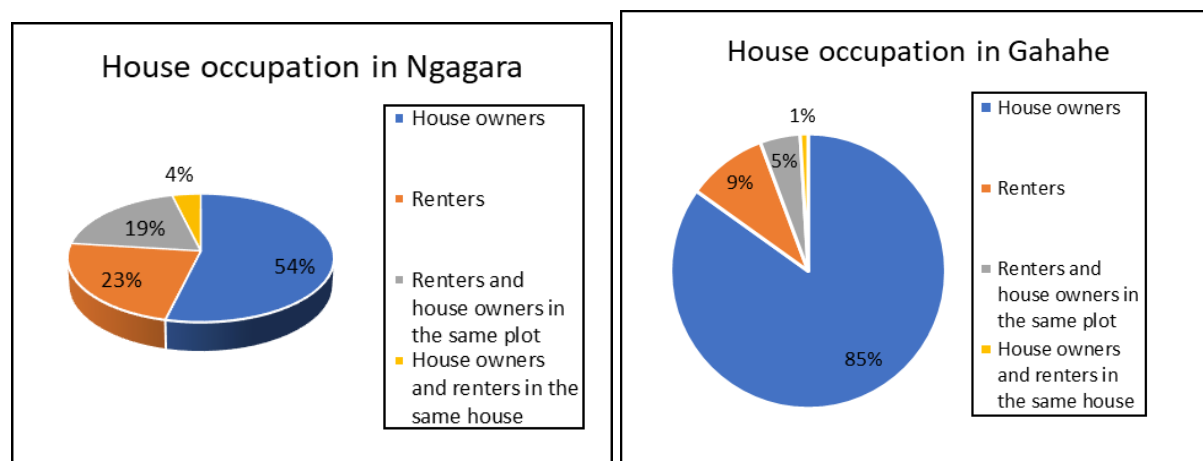


Also, the issue of land which is still a non-commoditised property according to the constitution<sup>7</sup> makes low-income earners miss the opportunity to access land for housing and funds through selling and buying. This is one of the strategies many landowners in some countries especially in urban peripheries where land prices are high use to afford housing finance.

## Burundi

The housing programmes in Burundi are solely undertaken by the private sector. There is no recent record of public housing programmes from four decades ago. The last government programme was in the 1980s when the then government designed projects for affordable housing for civil servants. This programme was designed after the mass massacre of Hutus where the created neighbourhoods were purely mono-ethnic (Tutsi) and those who were public servants. This programme covered also the construction of maisonettes for soldiers and police which until today exist. It has to be noted that the programme was not even for low-income earners perse, but for those who are working in public services. The issues of housing supplies were left in the hands of private companies and individuals with no support from the government. The report by Kayiira (2022) and Sabuhungu (2015) show also no record of housing programmes in recent years.

Additionally, the effectiveness and efficiency of private companies in providing affordable housing are limited to middle and high-income living low income in the dilemma of poor-quality housing, crowded rooms, and homeless. It was also found that there is no data about housing in terms of statistics on housing ownership and renting. However, the questionnaire results from Ngagara and Gahahe show that you find house owners and renters, renters and owners living in the same plot or even in the same house (chart 1). The same findings show that these two neighbourhoods are settled by middle- and high-income earners dominated by public servants and merchants. Low-income earners are those who are renters and some are living in buildings that are under construction.



<sup>7</sup> Land and other natural resources belong to the state and peoples of Ethiopia. The land is a common property and should not be sold or exchanged by any means Art.40, Sect.3 (FDRE, 1995)

### *Affordable housing for low-income earners*

Burundi is among the poor countries with US\$250 as a GDP per capita in 2022. The urbanisation level is at 14%, with an urbanisation rate of 5.5% and an informal settlement of 47.7%. The GDP per capita is an indicator that the purchasing power of low-income earners is too low. It is disclosed that to afford the cheapest newly built house you need U\$26 717. Considering the GDP per capita in Burundi, you find that a low-income earner is not capable of collecting such an amount for housing. It is also shown that a teacher and police officer can only afford a house of less than US\$ 10000 and are ranked in the middle income in Burundi. What about low-income earners in Burundi? However, the findings show that around 65% of Burundians live in their houses in urban areas whereas in rural areas we have 98%. Furthermore, social housing covers only 5% of urban areas whereas in rural areas there are no such houses.

Housing finance in Burundi is dominated by private companies and individuals. The public servants have got chance to contract loans from different financial institutions to finance their project of choice. Housing projects have been the priorities where according to the interview and questionnaire in Gahahe Neighbourhood 95% of homeowners contracted loans from different financial institutions, and 65% used loans to renovate their houses four decades ago. This shows that financial institutions play key roles in supporting housing finance in Burundi. The remaining 5% who did not use loans to construct their houses belong to merchants and natives of Bujumbura. The natives 2/5 have sold a piece of land and constructed a modern house in Gahahe when the price of one acre attained 5 million (US\$1500).

The low-income earners are mostly concentrated in rural areas where the price of land does not allow them to acquire a modern house. They are also not able to pay rent for a quality house in urban areas and their income does not allow them to bills in urban areas. In countries like Burundi, low-income earners are found in horrible houses (plates 7&8). All initiatives for supplying affordable housing are designed for city and town dwellers where infrastructure allows.

**Plate 7&8:** Housing quality for a typical low-income earner in a rural area of Burundi



**Source:** Author's photograph, 2022

Addressing issues of affordable housing for low-income earners in developing countries has to be contextualised country by country. A low-income earner in South Africa is not the same as in Burundi and Ethiopia when you look at their income. The difference in GDPs per capita is an

indicator that low-income earners are not the same as Yeboua and Jobarteh (2023) generalise. South Africa attests that its big GDP per Capita can contribute to affordable housing. Low-income income who cannot afford the cheapest newly built house can benefit from the social housing institutions that are publicly financed. Looking at the statistics, South Africa has afforded to provide quality houses to preserve the dignity and privacy of South Africans as highlighted by (Ofori, 2020; and AHA, 2022). However, the government failed to revise some legal texts that support encroachers of public lands like wetlands and open spaces. This was also highlighted by Turimubumwe et al. (2022), Nagya and Udoekanem (2022), and UN-Habitat (2011a) in different times and work how governments have been neglecting land management and resulting in encroachment and then informal settlement.

Housing quality for low-income earners is also a problem that is shared by all cases. Issues of housing cost, income, and other factors have been affecting the low-quality that shelter low-income earners as disclosed by (OECD, 2021; and Wilson & Barton, 2022). In South Africa, Ethiopia, and Burundi, low-income earners are living in poor-quality housing in urban and rural areas. In Ethiopia and Burundi, the case is terrible in such a way it is beyond the imagination that there are human beings that can live in such kinds of houses. Governments are there but they have concentrated on other projects of their priority, living behind social housing projects. This supports the conclusions made by Bakhtyar et al. (2013) who for a decade ago saw it. In South Africa, the issue of social housing has been somehow decentralised by delegation where the state agencies are responsible for these projects, but they always underline that the financial support from the government is too low to supply housing according to the supply. In Ethiopia and Burundi, housing programmes have overlapped by financing peace stability and economic reconstruction due to repetitive civil wars or internal security instability. This comes to add up to the history of these countries being shaken by racism, ethnicity, and regionalism that in one way or another still manifest in another image that affects the housing supply as Ansell and Cansunar (2021) showed in some cases; Greenland (1976) in Burundi, Lie and Mesfin (2018) in Ethiopia, and Vuyokazi (2010) in South Africa. Throughout history, low-income earners had not been assisted to afford housing either due to their color, ethnic group, or region.

The last observation is how financial institutions have been not helpful to low-income earners in Ethiopia and Burundi due to their income that does not allow them to pay back the contracted loans. In Ethiopia, with a low level of urbanisation, low-income earners are concentrated in rural areas where the only tangible property they own is the land. Land in Ethiopia is a constitutional issue and no one is allowed to sell it. In another term 'a dead capital' as de Soto (2000) discloses. Due to the low level of certification of such land, a small number of financial institutions do not accept land as collateral. This is not the case in Burundi. People can sell land and engage in other income-generating activities including shelter acquisition. This is even a dominant way of acquiring housing in Burundi specifically in the urban fringe and other small towns. However, the self-finance in Burundi has been criticised as a source of informal settlement and haphazard urban expansion. In a few words, self-finance is the only way that low, middle, and high income are left to finance housing. This affirmation is confirmed by Bakhtyar et al. (2013), UN-Habitat (2008), and CAHF (2022) as the only mechanism to acquire affordable housing. For low-income earners, it becomes again a challenge to them to afford quality housing in terms of type and location. They

find themselves in informal dwellings and informal settlements for those in urban areas. Those in rural areas, find themselves in poor-quality housing that does not give them dignity and privacy.

### **Conclusion and recommendation**

The affordable housing problem for low-income earners is a serious problem that needs to be contextualised rather than generalised. This study has shown that the low-income earner in South Africa does not suffer the same as a low income in Burundi or Ethiopia. In South Africa, the government has given priority to low-income earners to access affordable housing through social housing projects. This was not in Burundi and Ethiopia cases. The governments in Burundi and Ethiopia did not afford to provide affordable housing for low-income earners but civil servants who could afford to pay have been served by the existing private housing finance mechanisms. Furthermore, the low level of urbanisation in Burundi and Ethiopia coupled with civil wars are presented as a problem to support low-income earners to access affordable housing. Projects related to peacebuilding and socio-economic reconstruction projects are given priority to the detriment of housing projects.

This paper finalises by recommending that developing countries adopt the South African model in providing affordable housing to low-income earners where every citizen is entitled to have shelter. However, it has a strong land administration system and legal texts that prohibit encroachment. Low-income earners as those we observed in Burundi and Ethiopia should be given priority in affordable housing projects. Middle- and high-income earners should be supported by financial institutions and cooperatives for housing finance.

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### **Declaration of Interest statement**

The authors report that there are no competing interests to declare.

### **Notes on Contributors**

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