URBAN RENTAL HOUSING MARKETS IN TANZANIA

THE CASE OF DAR ES SALAAM AND DODOMA

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EXECUTIVE SUMMARY

Rental is a significant form of tenure in major cities across Africa, and the Centre for Affordable Housing Finance in Africa (CAHF) seeks to stimulate investment in rental markets, believing that for investment in this sector to increase, there is need for better data and information. This would enable investors to better quantify the risk and the opportunity, and policymakers to channel intervention appropriately.

Despite being a significant housing sector on the continent, there is relatively little data available on key aspects of the rental market. In most cases there is limited published data available on demand profiles of tenants, rentals paid, or the quantity and quality of rental stock. Additionally, the operating models and profiles of landlords in various contexts remain undocumented. At the same time, it can be difficult to find information on the service or product offerings and operating models of finance providers, estate agents, credit bureaus and property management companies that typically support the sector. Information on enforced regulations, taxation and investment incentives is also often unavailable.

CAHF's rental housing program seeks to address this gap, supporting the data needs of investors and policy makers in rental housing. CAHF works to set an agenda for further research and interventions, both in terms of the financing of affordable rental across Africa and in its multiple forms, and key policy interventions that would support the sector's sustainable growth. Initial research in 2017-2018 developed a methodological framework for quantifying rental housing markets. Using this framework, the research identified, analysed, and presented several existing data sources that provide useful information to populate the various components of the rental framework in Tanzania, Uganda, Senegal, and Côte d'Ivoire.

This research seeks to deepen the previous rental research undertaken in Tanzania in 2018, by exploring the supply-side ecosystem of urban rental housing markets. The research focussed on the cities of Dar es Salaam and Dodoma. The study was carried out between October and November 2019, applying mixed methodologies to collect, analyse, and present data.

The project documented the scale and depth of rental housing supply in urban Tanzania, highlighting a diverse, and robust rental housing market. Some of the emerging findings from the research are summarised below:

- There has been a gradual stabilisation in rental housing markets in Tanzania, with the development of new quality housing. In the prime residential rental markets, this has resulted in declined rents. In the medium and low-end housing market however, shortage is yet to be balanced with requisite supply.

- Small scale landlords dominate the bulk of Tanzania's rental housing market. Small-scale landlords are prevalent in both formal and informal areas, providing over 85 percent of the market, while the remaining 15 percent is shared between large public housing developers (12 percent) and private developers (3 percent).

- Small scale landlords develop rental housing stock relying on individual labour or through hired local artisans (fundis). This provides ample employment, though housing is provided incrementally, with the resulting stock varying in quality and quantity.

- The relocation of central government functions to Dodoma has only caused a limited shift in Dodoma City's residential rental markets, with limited effects in Dar es Salaam. Contrary to expectations, there has been no evidence that the shift has significantly influenced rental housing markets in either of the cities.

- There is a shortage of reliable and consistent data on rental markets in Tanzania. A key challenge facing rental housing market in the case study is dearth of rental housing data. Other challenges include limited construction finance, high infrastructure costs, limited support for small-scale investors.

- There have been some concerted efforts by Government to ease credit supply for small scale landlords. Regularisation schemes aimed at upgrading informal settlements have also assisted in improving informality in housing supply and in rental market arrangements.

The study emphasises the need to recognise the significant role played by small scale landlords in supplying rental housing. There is need for the development of national strategies for supporting these suppliers of affordable housing. At policy and institutional levels, action is required to make planning standards and regulations more adaptable to the rental housing market needs.

Urban rental housing markets in Tanzania have the potential to unlock supply and demand side value chains and reduce the challenge of affordable housing in the country. This study also demonstrates that for detailed understanding of Tanzania's broader housing market, continued research is necessary. Additionally, expanded research needs to be undertaken to provide a more detailed picture of the performance of rental markets in other urban areas in the country, including the towns of Mwanza, Arusha, and Mbeya.

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ABBREVIATIONS

CDA	Capital Development Authority (CDA)
CCM	Chama Cha Mapinduzi
GDP	Gross Domestic Product
HMFF	Housing Microfinance Fund
LGCDG	Local Government Capital Development Grant (LGCDG)
MCB	Mkombozi Commercial Bank
MLHHSD	Ministry of Lands, Housing and Human Settlement Development
NBS	National Bureau of Statistics
NHBRA	National Housing and Building Research Agency
NHC	National Housing Corporation
TMRC	Tanzania Mortgage Refinance Company
TPDC	Tanzania Petroleum Development Corporation
UN-Habitat	United Nations Habitat
SWL	Salaried Workers Loan
VAT	Value Added Tax (VAT)
WHC	Watumishi Housing Company

GLOSSARY

Apartment: apartment means a room or suite or rooms, which are occupied, or which is intended or designed to be occupied by one family for living purpose.

Building permit: A written permit issued to a developer by a local government authority (municipal government) upon approval of architectural and structural engineering drawings and detailed specification for the construction of elements and services of building structures submitted by a developer on a plot of land within the jurisdiction of the authority with a good land title under the Urban Planning Act of 2007.

Chumba: this is a Swahili word for a 'sleeping room', all other rooms will be referred to with an adjective such as 'sebule' meaning a lounge or sitting room.

Formal real estate agents: these are registered estate agents usually with formal skills, they will include residential estate agency, letting and managing agents or property managers operating through business firms under the Business Activities Registration Act (Cap 208 of 2007) and Companies Act (Cap 212 of 2012) legislation governing real estate/ property managers.

Formal/planned areas: These are planned and surveyed lands by municipality or privately – with title deeds/certificate of right of occupancy. This can be for low, middle- and higher-income houses and earners.

Informal real estate agents: also referred to as 'Dalali' are agents that assist landlords with finding tenants. While 'dalalis' are recognised by local leaders, they are not part of a formal estate agency or system, they are purely commercially driven. Dalalis, however, are abreast with rental markets in their respective geographical areas as they are on the ground constantly. They operate within their own agreed spheres of influence normally a sub-ward (Mtaa), but occasionally forming a cartel within a ward.

Informal/unplanned areas: These are un-surveyed areas or unplanned land without residential license or with residential licenses. These areas are characterised by units made up of brick, block and cement structures and vary in terms of low, middle- and higher-income housing.

Owner: "owner" in relation to any premises means the person holding or deemed by any written law to be holding such premises under a granted right of occupancy or a customary right of occupancy or lease for a period of not less than twelve years. It also includes any person claiming or holding himself out as being the owner of the premises, or in the case where the owner of such premises cannot be found, the person in actual occupation of such premises[1]

Regularisation: In the context of the Land Act No. 4 of 1999, regularisation is a scheme that facilitates the recording, adjudication, classification and registration of the occupation and use of land by persons in an area that has been subsequently declared to be a planning area and the persons have no apparent lawful title to the use and occupation of the land.

Residential building: residential building means a building used or constructed or adopted to be used primarily for human habitation and it includes garages, and other out-building necessary for the normal use of the building as a residence.

Residential license: a form of land ownership certification given to a property owner in an unplanned area who has not fulfilled some of the conditions that would have qualified him or her for a grant of land title certificate (Certificate of Right of Occupancy).[2] A residential license (which is regularly renewable) is issued by the local municipality and entails information on property details, owner, term/duration of license, map of property and neighbourhood.

Small scale landlords: these are individual or legal persons who own and lease whole or part of residential buildings to supplement personal incomes or as a business but with neither requisite professional skills nor sufficient capital to enable them to fully operate on a commercial basis. Rental units owned may be room lettings or full dwelling units and invariably the maximum number of demised rental units would not be more than five.

Exchange rate used: 2 280 Tanzanian Shillings = 1 United States Dollar (November 2019).

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1   Gazette No. 80: 2018:80- Urban Planning Act of 2007.

2   Kusiluka and Chiwambo (2019).

1. INTRODUCTION

The challenge of affordable housing has continued to dominate national and global development agendas and remains a critical socio-economic issue in countries such as Tanzania.[3] The present and projected demographic trends in Tanzania indicate an existing and continually increasing demand for housing, particularly in the urban areas. Yet, the housing 'gap' has not been sufficiently quantified. Over the last 10 years, various official publications have noted a constant deficit of three million housing units with an annual increase of 200 000 units. These estimates were first provided by the National Housing Corporation (NHC) in 2010 and have since become the country's 'official statistic' on housing deficits. [4]

However sporadic patterns of housing provision in Tanzania have hampered access to housing. The capacity of urban authorities to supply housing is also undermined by the fact that old established urban areas are congested, existing housing stock in some areas is overcrowded, infrastructure is decayed, and rehabilitation costs are unattainable. As a result, peri-urban areas are increasingly being prone to informal housing development.

Whereas homeownership has typically been the desire of most households worldwide, the growing changes in lifestyles, urbanisation and general societal expectations have inspired rental housing as the most preferred tenure choice among the young.[5] Rental housing is a dominant tenure in urban Tanzania, accounting for more the majority of households in large cities and a large share in smaller towns. It is widely understood that not every family can build a house itself. Indeed, in some villages around Tanzania, it was a tradition for families to come together and build a house for one of their members, using locally and free available materials.

The benefiting member would reciprocate by offering local drinks at the end of the construction period. This tradition has been adopted in a modified manner in urban housing as noted by Coombs in 2017[6] and Jenny Watson in 2009.[7] As a result, the number of actors in Tanzania's housing sector has increased, bringing in new players such as housing financiers, intermediaries as housing sale and rental agents who operate mostly informally (commonly referred in Swahili as 'dalali'), estate/property management and the conventional buyers, sellers and renters. Similarly, the role of local leaders at sub-ward level ('Mtaa') is gradually being taken over by emerging needs for engaging attorneys in sale and renting transactions.

In the last decade, Tanzania's national housing market has also seen a major structural reorganisation, with shifts from restrictive regulatory policies to more liberal, market-led policies. These strategies have promoted large-scale housing schemes in contrast to small, individual private and incremental housing developments.[8] While traditionally, housing provision was provided either at an individual level or by the government through public rental or social housing, this trend has been changing. There is a growing trend towards commercialisation of housing as an investment. As observed by Beswick et al. (2016), a new breed of 'global corporate landlords' has emerged around the world to manage large-scale rental property portfolio. In Tanzania, this has manifested through a steady influx of foreign-owned real estate companies which have concentrated on the high-end rental housing markets.[9] There has however been an emergence of strong public housing sector involvement in Tanzania's housing market. New developments in the market include the growth of vacation rentals through platforms such as Airbnb.

3   Harrisa, Richard, and Godwin Ark. 2006. "Housing and economic development: The evolution of an idea since 1945." Habitat International Vol 30, Issue 4 (2006), pgs. 1007–1017.

4   National Housing Corporation (2010). NHC Corporate Strategic Plan 2010/11-2014/15. Dar Es Salaam: NHC.

5   Fuster, N., R. Arundel, and J. Susion. 2018. "From a culture of homeownership to generation rent: housing discourses of young adults in Spain." Journal of Youth Studies 22 (5): pgs. 585-603.

6   Coombes , Hashemi and Cruickshank (2017). http://www.zemch.org/yahoo_site_admin/assets/docs/ZEMCH_2016_International_Conference_Proceedings_10MB.56161853.pdf,accessed, (Accessed 23 March 2020).

7   Watson (2009). https://www.diva-portal.org/smash/get/diva2:290402/FULLTEXT01.pdf, (Accessed 23 March 2020).

8   United Republic of Tanzania (2015). Habitat III National Report Tanzania. Policy, Ministry of Lands, Housing and Human Settlement Development, Dar es Salaam: Government Press, http://habitat3.org/wp-content/uploads/Tanzania-HABITAT-III-NATIONAL-REPORT.pdf (Accessed 23 September 2019).

9   An example of foreign-owned housing conglomerate with presence in Dar es Salaam and planning growth to other cities, https://www.avictown.co.tz/news1.php.

1.1 PURPOSE, SCOPE AND METHODOLOGY

Yet despite its growing importance in the housing sector, rental housing in Tanzania has not been fully explored in the past. Subsequently, appropriate policy tools to address housing problems in these cities as well as in the whole of Tanzania have not been developed. This situation is similar to other African countries, where rental is a significant form of tenure in major cities across Africa, yet, there is relatively little data available on key aspects of the rental market. In most cases there is limited published data available on demand profiles of tenants, rentals paid, or the quantity and quality of rental stock. Additionally, the operating models and profiles of landlords in various contexts remain undocumented. At the same time, it can be difficult to find information on the service or product offerings and operating models of finance providers, estate agents, credit bureaus and property management companies that typically support the sector. Information on enforced regulations, taxation and investment incentives is also often unavailable.

CAHF's rental housing programme seeks to address this gap, supporting the data needs of investors and policy makers in rental housing.[10] CAHF works to set an agenda for further research and interventions, both in terms of the financing of affordable rental across Africa and in its multiple forms, and key policy interventions that would support the sector's sustainable growth. Initial research by CAHF in 2017-2018 developed a methodological framework for quantifying rental housing markets.[11] Using this framework, the research identified, analysed, and presented several existing data sources that provide useful information to populate the various components of the rental framework in Tanzania, Uganda, Senegal, and Côte d'Ivoire.

This current research seeks to deepen the previous rental research undertaken in Tanzania in 2018, by exploring the supply-side ecosystem of urban rental housing markets. This was based on an appreciation that rental housing markets are embedded in the country's broader frameworks of housing, housing finance, and land use planning and spatial development. This research focused on the cities of Dodoma and Dar es Salaam.

The study approach was largely based on CAHF's Rental Framework, shown in Figure 1 below, which sets out the inter-related factors which articulate and shape rental housing markets. These include:

- The overall macro-economic framework in which the rental sector exists, the policy and regulatory frameworks that regulate the sector, and demographic information that provides information on demand;

- The meso environment which includes the support organisations – the developers, finance providers, estate agents, credit bureaus and property managers – that together support landlords (micro environment) in delivering rental accommodation; and

- The micro environment, which comprises the landlords (whether institutional, small-scale or even household), the institutions and people who provide rental accommodation.

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10   For more information on the CAHF's rental housing research, see: http://housingfinanceafrica.org/projects/rental-housing-in-africa/

11   Melzer, Hayworth, Robey and Colli (2018).

Figure 1: Framework for understanding rental housing markets

DEMAND

MICRO

MESO

MACRO

LANDLORDS
Providers of rental in the market

TENANTS
Demanders of rental, includes both current and potential tenants

MACRO ENVIRONMENT & POPULATION
Macro economic conditions, population statistics as well as policy, regulation and legislation that affects the rental market

SUPPORT ORGANISATIONS
The organisations and institutions that help facilitate the development and operations of the rental market. Includes developers, financiers, credit bureaus and rental managers

MACRO ENVIRONMENT & POPULATION	SUPPORT ORGANISATIONS	LANDLORDS	TENANTS
Macro economy and population statistics ▪ Size and growth of the economy (GDP) ▪ Political risk and stability ▪ Median household incomes ▪ Unemployment rates (urban / rural) ▪ Labour market dynamics ▪ Population (people and households, urban and rural) ▪ Urban population & rate of urbanization **Policy, regulation and legislation** ▪ Housing policy and specific policies related to rental ▪ Subsidy and tax regimes ▪ Legal environment covering landlord-tenant relationships (e.g. deposits, rent setting and escalations, duration and termination of contract, maintenance and repairs, eviction etc.), building codes and land use, and so on ▪ Dispute resolution processes and institutions	**Developers, Finance providers, Estate Agents, Credit Bureaus and Property Managers** ▪ Number and size of participants (e.g. number and size of active developers / finance providers / estate agents / credit bureaus / property management companies etc.) ▪ Target market profile ▪ Scope of services / products offered and pricing basis ▪ Delivery models ▪ Profitability measures (e.g. margins, gross and net yields) ▪ Delinquency measures (e.g. arrears on loans)	**Landlords:** ▪ Number of landlords ▪ Type of landlords (small scale, institutional, employers, public, etc.) ▪ Typical portfolio size and profile ▪ Tenant target markets ▪ Sources of funding to develop stock ▪ Management practices (e.g. contracting arrangement, maintenance, eviction process, etc.) ▪ Performance measures (e.g. arrears levels, vacancy rates) ▪ Profitability measures (e.g. gross and net yields)	**Current housing situation** ▪ Characteristics of housing stock, housing delivery, construction cost and housing backlog ▪ Land ownership and tenure status ▪ Household characteristics **Tenants** ▪ Number of tenants ▪ Household characteristics ▪ Dwelling conditions (type of dwelling, access to services) ▪ Affordability – employment patterns, income levels and regularity, % of income spent on rent ▪ Motivations for renting and housing aspirations ▪ Perceptions of tenure security ▪ Relationship to landlord (related/ not-related)

Source: Melzer, Hayworth, Robey and Colli (2018).

This research focused on the supply ecosystem of rental housing markets in the two cities, concentrating on the micro and meso environment. Research was undertaken between October and November 2019, applying a variety of mixed methods. In as much as was possible, the study was aligned to CAHF research protocols and those of the Government of Tanzania. Figure 2 provides a summary of the steps undertaken in the research.

Figure 2: Research process design

Research Output 1: Process		Methodology

Overview of the rental housing market in Tanzania

- Regulatory and policy overview
- Spatial analysis
- Macro and micro economic analysis
- Demographic and rental demand analysis

Secondary/desktop research:
- Literature review of existing documentation on rental housing market in Tanzania
- Internet search
- Statistical analysis and review of data related to rental housing in Tanzania

Overview of Rental Housing Supply in Dodoma and Dar es Salaam

- Market analysis of landlords, developers, investors, financiers, property managers etc. supplying rental housing
- Key market supply characteristics such as target markets profile and preferences, profitability and performance measures, vacancy and take up rates
- Key rental market supplier analysis in terms of approaches to development and delivery models, financing options, key risks and challenges and limitations to rental housing supply etc.

Primary research:
- Stakeholder identification
- Key informant interviews
- Online and face to face or telephonic surveys
- Stakeholder information sharing workshop

Analysis of supply and demand of rental housing in Dodoma and Dar es Salaam, Tanzania

- Trend analysis of rental housing in Tanzania
- Implications of current rental housing market practice
- Gap analysis and challenges and opportunities identified for rental housing in Tanzania
- Targeted interventions to respond to gap analysis

Research output 2

Supporting data
- Interview data
- Stakeholder map
- Key developments and details thereof

The research included three distinct phases. The first phase was an overall desktop and secondary analysis of the macro economic environment, including a review of the existing regulatory framework governing the rental housing sector in Tanzania and a socio-economic and demographic analysis to understand rental housing market demand. This provided baseline data underpinning the rental housing sector and rental market profile, market segmentation and affordability analysis. Results from this phase provides an overview of the current housing market – key typologies and tenure in Dodoma and Dar es Salaam.

The second phase focused on the supply of rental housing in Dodoma and Dar es Salaam that characterises the rental housing stock. This phase entailed a detailed study of the rental housing supply market in urban Tanzania on a broader level, looking at the key challenges and opportunities, and also identified the key categories of landlords, supporting organisations and to a lesser extent tenants active in the rental market. The output was a profile of public and private developers, financiers, private landlords and support organisations which enabling better understanding of the vetting processes, development and management models, and finance options available for developing rental housing and profiling the current market being supplied.

The third phase was the analysis phase aimed at consolidating the key finding in terms of opportunities and challenges in the supply of rental housing in Dodoma and Dar es Salaam. Recommendations to grow the rental housing sector in Tanzania were also developed based on the study findings.

The methodology used to achieve the scope of this research thus included both primary and secondary data collection and analysis:

1. Secondary data in the form of existing literature, policies, regulations, strategies, statistics from both local and international sources.

2. Primary data in the form of key informant interviews, surveys with identified stakeholders—both online (including mobile surveys) and face-to-face interviews, based on preference—to collect both qualitative and quantitative data. Figure 2 above summarises the types of primary data utilised.

3. At a micro level, mobile surveys were limited to households or very small-scale formal/informal landlords in Dar es Salaam and Dodoma and were highly dependent on the availability/willingness to participate within specified time frames and budget.

2. CONTEXTUALIZING RENTAL HOUSING ECOSYSTEMS

2.1 THE HOUSING MARKET IN A MACRO CONTEXT

Tanzania consists of roughly 60 million people and nearly 12.2 million households. In the past two decades (2000-2019) the share of Tanzania's urban population grew from 23.1 percent in 2002 to 33.6 percent in 2018. It is projected that by 2030, at urban growth rates of nearly 4 percent per annum, nearly 50 percent of the country's population will be urban.[12] It is estimated that nearly 17.4 percent of Tanzania's total households live in privately rented households in both urban and rural areas. As shown in Figure 3, Tanzania has six large cities, and over 200 towns and urban areas. The county's main cities include Dar es Salaam, a metropolitan area comprising of five municipalities with a combined population of 5.78 million residents; the City of Dodoma, with a population of 456 000; Mwanza, which has two municipalities, and a population of 820 000; Mbeya which has a population of 435 000; Arusha with a population of 477 600, and Tanga, which has a population of 305 584.[13]

Figure 3: Tanzania location and context

Tanzania's population structure reveals a growing youth bulge, with individuals aged between 15 and 39 accounting for half of the general population. Youth of prime working age (25-54) increased from 32.3 percent (2002) to 33 percent in 2012, dropping to 30.02 percent in 2018.[14] Mortality rates in the country have also declined between 2012 and 2018. Life expectancy has improved steadily over the last 20 years from a low of 45 years to 67 years in 2018.[15]

The National Bureau of Statistics indicates that Tanzania's economy has been on a steady growth path for the last decade. In 2017, Tanzania's Gross Domestic Product (GDP) was US$53 326 billion (TSh118 844 trillion), and the GDP

12   World Bank- the Human Capital Index (HCI) database: https://data.worldbank.org/country/tanzania, (Accessed 22 November 2019).

13   Worrall, L., Colenbrander, S., Palmer, I., Makene, F., Mushi, D., Mwijage, J., Martine, M., and Godfrey, N (2017). Better Urban Growth in Tanzania: Preliminary Exploration of the Opportunities and Challenges. Coalition for Urban Transitions, London and Washington, DC: http://newclimateeconomy.net/content/cities-working-papers, (Accessed 11 August 2020).

14   CIA (2020). The World Factbook, Tanzania, https://www.cia.gov/library/publications/the-world-factbook/geos/tz.html. (Accessed 12 January 2020).

15   ESRB (2018). Tanzania Human Development Report 2017- Social Policy in the Context of Economic Transformation. Dar es Salaam: Jamana Printers, http://hdr.undp.org/sites/default/files/thdr2017launch.pdf (Accessed 28 November 2019).

per capita rose from US$708 in 2008 to US$1 090 in June 2019.[16] The minimum urban wage grew from TSh65 000 (US$45) in 2005, to TSh450 000 (US$197) in 2018, while general income levels increased from TSh 1 025 038 per capita in 2012 to TSh3 035 543 per capita in 2015. Real GDP growth rate (constant prices- 2015) reached its highest at 7.7 percent in 2011 and hit its lowest in the following year at 4.5 percent. The annual percentage change of inflation slowed down from 16 percent in 2012 to 3.5 in 2018.[17]

The housing sector's economic performance is however not distinctly tracked and documented in national economic outputs. Data on housing investment and consumption is hidden within data on the construction and real estate sectors. From these indicators, the construction industry recorded the highest growth rate during 2019 at 19.6 percent, up from 12.9 percent in 2018, while real estate activities (sales and renting) recorded a growth rate of 4.5 percent in 2019 compared to 4.4 percent the previous year.[18] This has mainly been a result of massive investments made in infrastructure projects.

Tanzania's financial and economic environment has been favourable for the housing sector. The number of mortgage market players in Tanzania has steadily increased from 3 in 2010 to 32 in 2019.[19] Four new cement plants were launched between 2014 and 2016[20] which have improved incomes through job creation while also balancing the supply and demand for building materials in Tanzania. For 60 percent of the urban population, the share of household consumption spent on housing is 25-35 percent. Available data on consumption however varies across the country. Dar es Salaam has the lowest proportion of households with consumption below the basic needs' poverty line.[21] The national average figures for monthly household consumption in urban areas is TSh 534 614 (USD 230,93), while for Dar es Salaam it is TSh 720 946 (USD 311,42) and TSh 346 357 (USD 149,61) for Dodoma.[22]

Tanzania has also attracted foreign direct investment (FDI) in the past, evidenced by the presence of an expatriate community which requires housing in the high-end market segments, particularly in the cities of Dar es Salaam and Dodoma. House rents in prime locations in Dodoma are often relatively higher than the comparable housing units in the other capital cities within the East African region. Market research however also indicated falling rental prices in prime areas of Dar es Salaam.[23] This could be related to inadequate data and statistics on the sector, though interviews with local real estate actors confirmed this steady decline in rental prices. Experts observed that the decline of prices in Dar es Salaam was indicative of price adjustment due to increased supply of high-end residential property. The declining demand for high-end rental could also be explained by dwindling FDI inflows into Tanzania.

2.2 ADMINISTRATION AND REGULATION OF RENTAL HOUSING MARKETS

In the period following 1967,[24] the mass provision of rental housing was limited to public housing companies (which included parastatal organisations and pension funds) as large landlords. Private rental housing was still provided by individuals who either rented out part of their dwelling, a small extension to their unit, or a complete unit. With the adoption of liberal policies in the 1980s and the development of a pluralistic democracy in Tanzania in the 1990s, large private sector developers with specialised real estate skills, some of whom are foreign, entered the housing market.

Over the decades, the role of Government in rental housing has therefore shifted from one of direct provision to an enabling role, with government facilitating housing supply through liberal market systems. Traditional public sector housing companies have, in this period,

16   United Republic of Tanzania (2019). Speech by the Minister for Finance and Planning, Hon. Dr. Philip I. Mpango (MP) Presenting to the National Assembly, the estimates of Government revenue and expenditure for 2019/20, https://mof.go.tz/docs/news/BUDGET%20FINAL%20JUNE%2012%202019%20ENGLISH.pdf. p.21. (Accessed 20 May 2020).

17   National Bureau of Statistics (2019). Tanzania in Figures 2018. National Statistics, Dodoma: Government Printer.

18   Ibid.

19   Tanzania Mortgage Refinance Company. (2019). Tanzania Mortgage Market Update 30 June 2019. Dar Es Salaam: TMRC, https://www.bot.go.tz/Adverts/PressRelease/en/20200610213039157.pdf

20   New cement factories (Dang'ote Group in Mtwara, Rhino (Coast) Lake/Nyati Cement (Tanga) and Sinoma and Hengya Cement (Tanga) greatly boosted cement production, pushing down cement prices.

21   ESRB (2018). Tanzania Human Development Report 2017- Social Policy in the Context of Economic Transformation.

22   NBS (2018). Tanzania in Figures, https://www.nbs.go.tz/nbs/takwimu/census2012/Projection-Report-20132035.pdf

23   Knight Frank (2018). Africa Report (2017/18) Real Estate Markets in a continent of growth and opportunity, https://content.knightfrank.com/research/155/documents/en/africa-report-201718-4576.pdf. Pg.39.

24   In 1967, Tanzania adopted the Arusha Declaration which introduced centralised socialist administration of the country, effectively transferring all means of production to the government. The Arusha Declaration has undergone several reforms allowing liberal market environment since 1984 and more so in the post 1992 adoption of multi-party democracy.

strengthened their position in the rental housing market, extending this role to development of housing for sale. These agencies include: the National Housing Corporation, public sector parastatals, and pension funds (including the National Social Security Fund and the Public Service Social Security Fund),[25] and insurance and other public companies such as government-owned banks.

Presently, urban housing development in Tanzania is to a large extent supplied by private sector companies and individual investments through personal savings. According to a 2016 study by the Bank of Tanzania for the Ministry of Lands, real estate activities in Tanzania registered significant growth during 2005-2015. This was both through housing production and commercial development; over 15 000 housing units were produced alongside office space in major cities. Similarly, residential mortgage lending recorded steady expansion from a mere TSh 83.074 billion in 2005 to over TSh 114.872 billion in 2009 and TSh 481.6 billion in June 2016.[26]

This increase in real estate activities is the result of policy reforms and supportive legislation in land and housing finance, as well as shifting and favourable macroeconomic developments in the country. These have been evidenced through GDP growth, improved infrastructure, settlement planning, changing demographics with a bulging middle-class population mainly of youth and graduates, and growing investment security assurance. Between 2005 and 2019, there has been notable increased investments and developments in housing in all major cities which include quality and high-rise apartments by the private sector, low to mid-income modular housing, and gated compounds of varying intensities. Some of the new projects have taken the form of 'new towns' as satellite cities in parts of Dar es Salaam, Dodoma and other cities such as Arusha, Mwanza and Mbeya. Public sector agencies nonetheless remain active in the housing sector.

The development of rental markets in Tanzania has been underpinned by government efforts and initiatives to facilitate housing development through land use planning, regulation and titling, financing, and building materials production. In the last decade, 2010 to 2019, the government through the Ministry of Lands Housing and Human Settlement (MLHHSD) in collaboration with the Ministry responsible for Regional Administration and Local Government (PO-RALG) has issued several directives and guidelines aimed towards increasing efficiency and transparency, governance and participation in the planning processes. Annexure 1 presents the historical evolution of policy, regulatory, and legislative shifts in the country, highlighting their implications for rental housing markets.

Figure 4 presents the administrative structure of Tanzania, which is critical to understanding rental housing and related procedures and transactions. It highlights the important role played by administrative actors at the local government level. When disputes arise between tenants and landlords in the informal market, for instance, the leader at the local sub-ward level acts as mediator. If issues are not resolved at this level, they are referred to the land and housing tribunal at the ward level.

25   The Public Service Social Security Fund (PSSSF) is an amalgamation of the former public sector pension fund schemes (PSPF, PPF and GePF) formed in 2018.

26   Kombe, Wilbard, and Felician Komu (2017). "Options to Enhance Operational Efficiency – Real Estate Business Sector." Unpublished Research Project, Bank of Tanzania, Dar Es Salaam.

Figure 4: Tanzania Administrative Structure

TANZANIA NATIONAL GOVERNMENT MINISTRIES

- Ministry of Home Affairs
- Ministry of Health and Social Welfare
- Ministry of Foreign Affairs and International Co-operations
- Ministry of Industry, Trade and Marketing
- Ministry of Information, Youth, Culture and Sports
- Ministry of Works
- Ministry of Communication, Science and Technology
- Ministry of Justice and Constitution Affairs
- Ministry of Labour and Employment
- Ministry of Lands, Housing and Human Settlements Developments

- Ministry of Livestock and Fisheris Development
- Ministry of Natural Resources and Tourism
- Ministry of Water
- Ministry of Agriculture, Food Security and Co-operatives
- Ministry of Community Development, Gender and Children
- Ministry of Defense and National Service
- Ministry of East African Co-operation
- Ministry of Education and Vocational Training
- Ministry of Transport
- Ministry of Finance

Municipalities/Districts at regional level
All ministries at national government are represented at this level

Each ward has a local leader or Executive Officer who is employed by National government and represented by volunteers that act as:

- Police/security officer
- Health office
- Agricultural officer – Agrovet

- Land and housing tribunal
- Business licensing enforcement
- General admin

Ward

Sub - ward **Sub - ward**   **Street**

Each sub-ward has a local leader or Executive Officer who is employed by National government. Each sub-ward has a locally elected chairperson who is conversant with local area residents, new construction in their local areas, renters and owners of housing etc. Data and records are kept at this level in paper form which the chairperson is responsible for. Information recorded includes, number of households, population, in-migration, number of rental and sale transactions.

2.3 BACKGROUND TO DAR ES SALAAM AND DODOMA
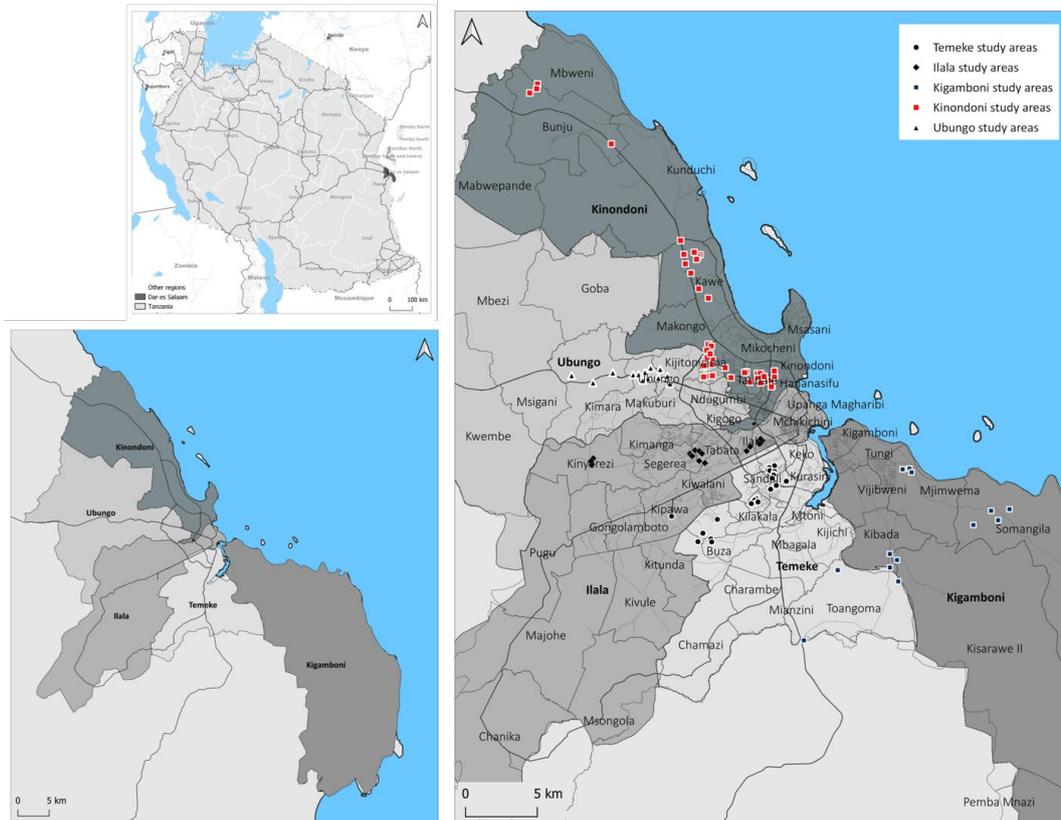
2.3.1 DAR ES SALAAM

Dar es Salaam is the largest and primary commercial city of Tanzania with a population of over 5.8 million. As shown in Figure 5, Dar es Salaam comprises of five municipalities within an area of approximately 1 500 square kilometres. Each municipality is administered by its own local planning authority. Kinondoni is the largest municipality with over 1.7 million people and the most affluent housing areas, followed by Temeke with 1.6 million, Ilala with 1.5 million, Ubungo with 1 million, and Kigamboni, with 0.3 million.

Dar es Salaam's five municipalities contain a total of 102 wards. Door-to-door in-person interviews for this research were carried out within 23 wards across all five municipalities of Kinondoni, Ilala, Temeke, Ubungo and Kigamboni Municipality, as shown in Figure 6.

Figure 5: Dar es Salaam municipal and ward boundaries

Figure 6: Research survey areas in Dar es Salaam

The City of Dar es Salaam has the largest number of public rental housing units in the country, developed and managed by government-owned agencies and corporations such as the National Housing Corporation (NHC), Tanzania Building Agency (TBA) and National Pension Funds and National Insurance Corporation. While the majority of these housing units were developed to house their own employees, many parastatals have released excess stock to the market. Some of these agencies include the Tanzania Petroleum Development Corporation (TPDC) and the Tanzania Cigarette Company (TCC). Public rental housing however only accounts for less than 10 percent of rental stock in the city, and is only available in prime locations, with access to infrastructure and basic amenities.

Housing conditions in the city of Dar es Salaam vary immensely from one neighbourhood to another and even within each neighbourhood. Within each of the municipalities, there are distinct high-end and low-end residential zones with diverse housing typologies. In recent years, Dar es Salaam has grown spatially, leading to a mushrooming of large informal settlements for the immigrant rural population. There are however high levels of informality in the city, with over 70 percent of residents living in informal settlements.[27] Housing conditions in informal areas are mostly sub-standard but expensive relative to household incomes. Residents of informal areas also largely rely on informal sources of income.

Dar es Salaam has higher levels of income inequality compared to Dodoma and the other urban areas in the country. The Gini Coefficient in Dar es Salaam is 0.42 compared to Tanzania's overall Gini Coefficient, which is 0.38.

2.3.2 DODOMA CITY – TANZANIA'S NEW CAPITAL

Dodoma City is the capital city of Tanzania, extending over an area of 6 325 square kilometres. The city has one municipality, Mjini Municipality, which has 41 wards.

The 2012 Population and Housing Census indicates that the Dodoma region had 453 844 households, and a population of just over 2 million. The city's population was reported to be growing at an average annual rate of 2.1 percent over the period 2002 – 2012. Though this was slightly lower than the average for mainland Tanzania at 2.7 percent, Dodoma's population is projected to continue growing, particularly because of the transfer of Government functions. Dodoma is a sparsely populated city, with a density of 50 people per square kilometre.[28]

This is much lower than Dar es Salaam, which has a density of 3 133 people per square kilometre.

Dodoma City was declared the capital city of Tanzania in 1973, through a decision to transfer the national capital of the United Republic of Tanzania from Dar es Salaam. Dodoma was selected as it was more central, and easily accessible from all parts of the country. When Dodoma was declared the capital city of Tanzania, a Capital Development Authority (CDA) was formed to oversee the development of the then dry, poorly-serviced, and sparsely populated Dodoma town to an ultra-modern city. The CDA was the planning authority for the new capital city but also worked together with the Dodoma Municipal Council. The CDA was granted a long lease over the envisaged capital city area, and developed master plans for the city's development. The plans were developed and adopted in 1976 and have been considered as the best in the country.

The CDA plans were however not realised within the planned timeframe, particularly for those projects in which private sector participation was anticipated. However, national monuments such as the National Assembly were developed. Additionally, some government ministries (Local Government) and pension funds managed to erect their own offices and relocate to Dodoma. Additional reasons for the limited realisation of the CDA plans were economic challenges that Tanzania underwent, because of the 1979 war with Uganda and the 1970's Oil Crisis.

The development of Dodoma as the new capital city has therefore been very gradual over the past 40 years. In July 2016 Tanzania's President, John Magufuli issued a decree announcing that the 'long-awaited' move from Dar es Salaam to Dodoma would take place. As part of this decree, the CDA was also abolished, and the Dodoma Municipality elevated to City status. This move started in September 2016, and between 2016 and 2019, there have been concerted efforts to drive the relocation from Dar Es Salaam to Dodoma. Most of the Government Ministries have officially moved to Dodoma, leading to an increased perception that the capital shift has attracted more investment into Dodoma, creating increased pressure on the existing housing stock.

The now-abolished Capital Development Authority had laid out several strategies to incentivise investors in the past. These included easy access to land, the establishment of special investment areas, and corridors. In the last ten years, Dodoma has recorded a high number of new real estate development projects, including developments in the University of Dodoma and the revival of the Dry Port through the Tanzania Port Authority. More

27   Makoye, K. (2019). On solid ground: armed with land titles, Tanzania's slum dwellers tackle poverty. https://www.reuters.com/article/us-tanzania-landrights-title/on-solid-ground-armed-with-land-titles-tanzanias-slum-dwellers-tackle-poverty-idUSKCN1PV0JY. (Accessed 13 September 2019).

28   Tanzania National Bureau of Statistics (2013). 2012 Population and Housing Census. http://www.tzdpg.or.tz/fileadmin/documents/dpg_internal/dpg_working_groups_clusters/cluster_2/water/WSDP/Background_information/2012_Census_General_Report.pdf.

recently, Dodoma city has been a beneficiary of the Tanzania Strategic Cities Project, a World Bank funded project that sought to improve urban infrastructure. There have also been investments in real estate in Dodoma, including housing for the civil and public servants being transferred from Dar es Salaam to Dodoma.

The level of informal settlement in Dodoma is less extensive compared to Dar es Salaam, mainly on account of the City's urban planning history, through the efforts of the CDA.

Figure 7 shows the larger Dodoma region, which is one of Tanzania's 31 administrative regions. Dodoma region contains seven districts, of which one is Dodoma Urban district, where the regional capital, Dodoma City, is located. The airport is situated in the centre of Dodoma Urban district, which is divided administratively into 41 wards, as shown in Figure 8. Out of these wards, four wards were selected for in-person interviews for this research. Figure 9 shows the wards and streets that were surveyed.
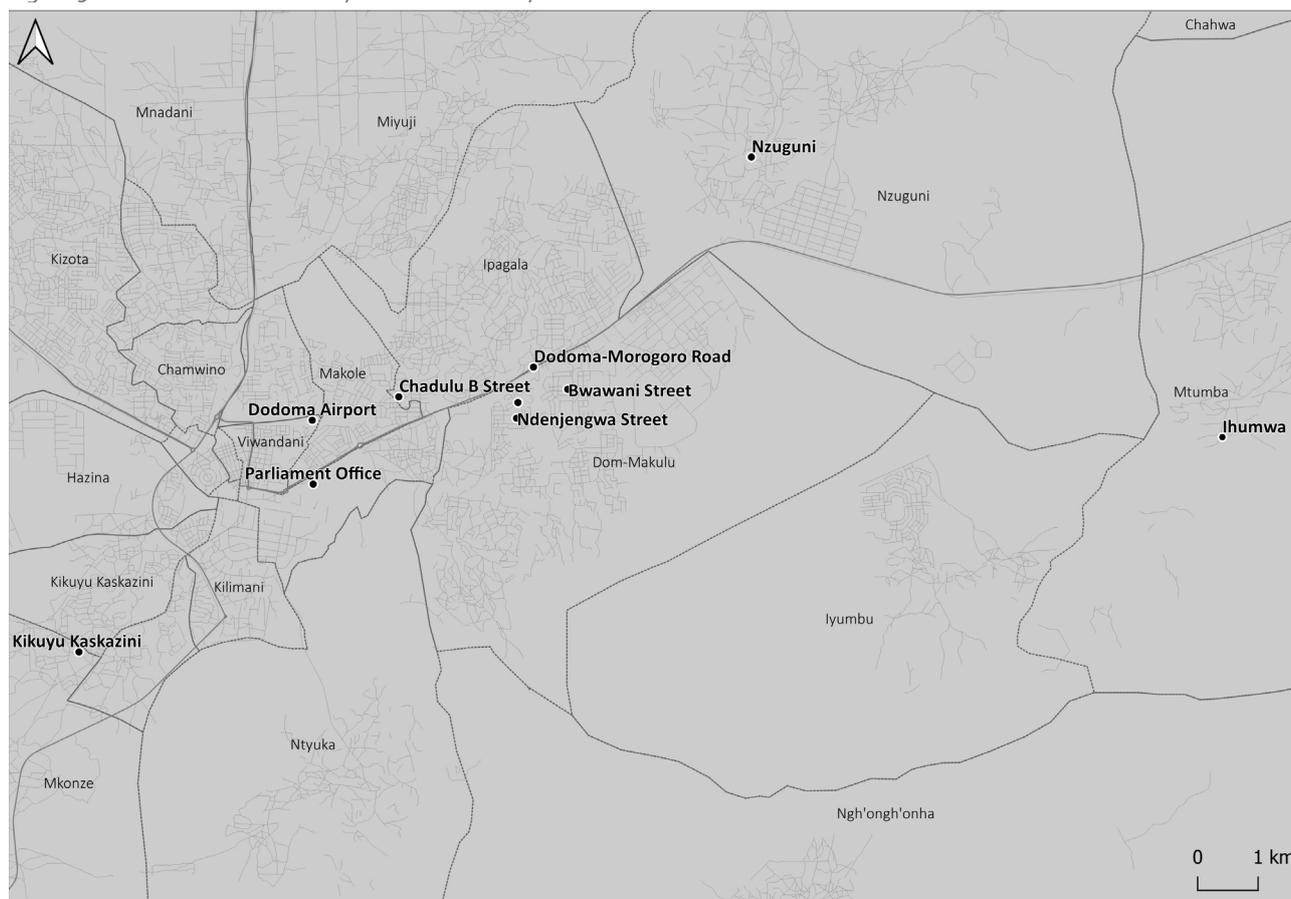
Figure 7: Dodoma Region location and context

Figure 8: Dodoma City ward boundaries

Figure 9: Wards and Streets Surveyed in Dodoma City

2.4 ACCESSING RENTAL HOUSING DATA

There is no data that provides specific information on the performance of the overall housing market in Tanzania. In the 1980s, the National Housing and Building Research Unit undertook surveys and published reports on housing conditions in Tanzania. With time, however, the unit has focused more on publishing information on construction materials. A more comprehensive survey of Tanzania's housing sector was done by Hoek-Smit for the World Bank in 1991.[29] However housing information is often contained within construction data, or in real estate data, and not clearly disaggregated, thus not enabling sufficient treatment and analysis of the housing sector. Consequently, the contribution of housing sector investment to the national economy has remained largely unquantified.

Available demographic data however has been used to estimate the housing gap in the country. With an estimated national population of close to 60 million and an average household size of 4.6, Tanzania would ideally need about 13 million dwelling units for its population.

Although clear identification of the quantity and quality of the existing housing stock is not readily available, it is evident that the country's housing stock is inadequate, both in quantity and quality. In 2010, the National Housing Corporation estimated that the national housing deficit was 3 000 000 units. This figure has not been contested and is a likely reflection of Tanzania's housing situation.

The Household Budget Surveys (HBS) published by the National Bureau of Statistics provides some valuable information. Introduced in 1991, the HBS have been undertaken every 5 years, in between the National Population and Housing Census. As the primary objective of the HBS is to provide information for the estimation of poverty and its associated characteristics, the main data provided from this survey is on household consumption patterns, house characteristics and amenities. The survey offers little estimation of national or regional housing needs, or the nature of housing stock.

New stock entering the market would have been simple to track if all housing developments and transactions were registered through local planning authorities responsible for granting of building permits, and for

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29   Hoek-Smit, Marja. (1991). The Urban Housing Sector in Tanzania: Analysis of the Urban Housing Survey. Research Report, Washington DC: World Bank.

issuing occupation certificates. However, the majority of new housing stock in both planned and unplanned settlements is processed and developed through informal processes. As an example, out of close to 1 010 plots that were planned, surveyed and title during 2002-2004 in Dar es Salaam under the popular 20 000 Plots Delivery Project, less than 100 had applied and obtained building permits and none applied for certificate of completion.[30] This high rate of informal development in the country implies that little housing data is collected by official regulating authorities.

Information on the country's economic performance and the development of the overall mortgage market is published by relevant authorities. This enables a general understanding of some indicators relating to housing. Some of these data providers include:

- The National Bureau of Statistics (NBS) and Bank of Tanzania (BoT) which publish national economic statistics from national surveys and research;

- The Bank of Tanzania (BOT) which publishes a Financial Stability Report (bi-annually) since 2015 in addition to the Bank's Monthly Economic Review;

- The National Bureau of Statistics which publishes quarterly highlights on the national Gross Domestic Product and economic statistics through the 'Tanzania in Figures' annual reports, as well as National Account data; and

- The Tanzania Mortgage Refinance Company (TMRC) which publishes bi-annual updates on the performance of Tanzania's mortgage markets.

The Ministry of Lands, Housing and Settlements Development (MLHSD) is in the process of developing a dedicated centre for housing information. During 2017/18, entries to the housing database included 34 housing cooperatives identified throughout the country. Out of these, 16 housing cooperatives had built a total of 1 000 houses for their members, and 130 housing developers had produced a total of 24 870 houses.

Existing information on the rental housing market in Tanzania is biased towards public rental housing which only accounts for less than 10 percent of the national housing stock. A largely undocumented and unquantified private rental housing sector however exists across the country, comprising of a myriad of small-scale rental units mostly found in unplanned urban areas. It is estimated that small-scale landlords supply nearly 60 percent of the housing stock in urban areas, but less than 5 percent in rural areas.

A key feature of the rental housing market in Tanzania is its dynamism in response to the acute housing deficit problem. The rental housing market is fairly responsive to local demand and user needs, best exemplified by room lettings, that are provided in various forms across urban areas. Individuals entering the housing market in their early employment years are likely to seek a room letting with a landlord and later move to a room with access to a verandah and/or a living room. However information on the private rental housing stock and respective prices in the public domain is scarce.

In our research, we identified key sources of rental housing information at the local sub-ward (mtaa) level. These area local leaders at the mtaa level, and local informal agents, commonly known as dalali. Information on housing supply initiatives by the Government is also available online and in government-sponsored research projects. Research reports are however not always published or available, and this makes the quantification of rental housing markets challenging.

The following chapter presents some of the key indicators on the status and performance of rental housing markets, as emerged from our own research in the submarkets of Dar es Salaam and Dodoma.

3. RENTAL HOUSING MARKETS IN DAR ES SALAAM AND DODOMA

This chapter presents the key themes emerging from the exploration of housing supply ecosystems in Dar es Salaam and Dodoma. As outlined in the introduction, data on the meso and microenvironments of rental housing supply was collected through a hybrid of methods. The findings are presented thematically, beginning with the typologies of settlements and rental housing units in the two cities, the different actors involved in rental housing supply, the performance of rental housing markets, and lastly, challenges and key emerging issues from the research, and potential areas for intervention in the sector.

3.1 BROAD SETTLEMENT TYPOLOGIES

Urban rental housing in Tanzania generally falls into two major categories: housing that is found in planned settlements, and housing developed in unplanned settlements. Formal settlements refer to urban areas where land has been planned, surveyed, and titled; where developments are approved through local planning authorities; and where housing transactions are handled within a legal framework. Informal settlements would be those that do not meet the above conditions. There are however divergent opinions on what constitutes informality, and to how policy should respond to them.

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30   From interviews with the Planning Unit, Kinondoni Municipal Planner, October 2019.

In Tanzania, informal settlements are perceived from this urban planning lens, viewing them as undesirable, overcrowded areas rife with squalor, poor housing and susceptible to hazards. As a result, policy approaches have sought to reduce the 'informality', or to reconstruct and remove disorderly developments.

Common assumptions are that rental housing in informal settlements is of poor quality, or offering indecent or poor living conditions, and that formal settlements offer units that are decent, and of a higher quality. Bearing in mind that most of the urban housing found in Tanzania is in unplanned, 'informal' areas,[31] it is assumed that tenants live in poor conditions. This is not always the case, as observed by Shubira & Eckard (2016) who introduced the concept of 'mixed informal settlement'(MIS).[32] A mixed informal settlement is a settlement that features a combination of well-to-do and low-income socio-economic residents. The housing typologies in these areas is also mixed, featuring both large and small dwelling spaces.

Nonetheless, rental housing typologies in formal and informal settlements in the two cities was similar. This is mainly due to the fact that most housing has been developed in urban areas in defiance of urban development conditions. The only distinction is in the case of large-scale housing schemes undertaken by large-scale developers, which feature uniform and standard ranges of housing types and sizes.[33]

In CAHF's 2017 study on rental housing markets, rental housing in Tanzania was considered along the lines of whether it was urban or rural, and whether it was privately or public rented.[34] The methodology applied in the 2017 research was deepened in this research, therefore presenting a greater understanding of local rental housing markets in the country.

3.1.1 FORMAL SETTLEMENTS

Formal settlements are, by definition, planned areas within which development is subject to planning and zoning regulations, and it is often assumed that rental units provided in formal settlements are standard in quality and service access. From our fieldwork, however, this was not the case.

The key planning and legal provisions governing housing development in formal settlements are those under the Urban Planning Act of 2007 and Use Class Regulations gazetted in May 2018. These categorise all land and buildings into groups and classes based on use, requiring a developer (who must have a valid land title) to apply and obtain building permits prior to construction.[35] A general observation has been that the grant of residential land is made with the expectation that the applicant will develop the land for his/her own accommodation and therefore development conditions attached are those under Group 'A' Use Class (a) which restricts the use for a dwelling by a single family. Should a landowner at a future date wish to extend the development, or add another dwelling unit(s), he/she will have to apply for change of use which takes a long time. As a result, rental housing in formal settlement areas is developed the same way as in informal settlements, often without relying on such permits.

Some of the rental housing in formal settlements has been subdivided to cater for more than one family, some are availed with backyard units, and others have been vertically extended. Unlike in informal settlement areas, rental housing types in formal settlements are of relatively uniform standard type and sizes. Furnished rental housing units are more common in this sector, and range from stand-alone houses, to various types of apartment blocks. More recently, vacation rental options have been developed in this category. A much more recent development is the advent of Airbnb in the local housing market, whereby rental housing falling vacant in these formal settlements is turned into vacation rentals. These different types are discussed below.

Stand-alone houses

Standalone houses (villas and bungalows) are often provided within a private fenced compound. Sizes vary from two bedrooms to eight bedrooms. In upper-end housing areas such as Msasani in Dar es Salaam, housing rents ranged between TSh9 264 000 (US$4 000) and TSh18 528 000 (US$8 000) in 2019. This is a decline from 2012, when rentals ranged from TSh13 896 000 (US$6 000) to TSh23 160 000 (US$10 000).

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31 National Audit Office (2019). Performance Audit Report on Monitoring of Building Works in Urban Areas. Audit Performance

32 Shubira and Eckard (2016). Coexistence and its challenges- lessons from Mixed Informal Settlements in Dar Es Salaam.

33 See Section 3.3 below.

34 Melzer et al. (2018). Understanding and Quantifying Rental Markets in Africa: Tanzania, http://housingfinanceafrica.org/documents/understanding-quantifying-rental-markets-in-africa-tanzania/

35 In formal settlements, land ownership is through a granted certificate of title (Right of Occupancy) which is issued under the Land Act No 4 of 1999. The title is annexed with development conditions specifying Use Group(s) and Use Classes for the proposed development.

Figure 10: AVIC Town Rental Villas in Kigamboni, Dar es Salaam

Source: AVIC Town.

Figure 11: new housing in mbezi beach, dar es salaam

Source: Field study visit (November 2019).

Apartment blocks

Investment in apartment blocks is a recent phenomenon in Tanzania. Apartment blocks are increasingly characterising the urban landscape of old neighbourhoods through redevelopment, as well as new emerging condominium developments, and were evident in both Dar es Salaam and Dodoma. Apartment blocks are usually developed in mixed-use developments featuring both commercial and residential uses.

Figure 12: Sunrise Apartments in Msasani, Dar Es Salaam

Figure 13: Group 4 Holdings Condos in Msasani, Dar

Source: Group 4 Holdings http://www.group4holdings. com/images/project-img/Sunrise-6.jpg and http://www. group4holdings.com/projects-page.html.

Airbnb and vacation rentals

Vacation rentals is another class of rental housing that is gaining ground in Tanzania. While none of the rental house owners contacted seemed to be familiar with the concept of Airbnb, there is evidence of a number of property owners converting their rental housing to vacation rentals. Vacation rentals provide an alternative rental income to property owners. A dedicated website for Airbnb Tanzania is already in use and operational with a number of listings for Dar es Salaam and Dodoma.[36] Some of these were licensed properties, functioning as guest houses or hotels.

3.1.2 INFORMAL SETTLEMENTS

Our research identified at least 115 informal urban settlements in Dar es Salaam, with over 500 000 families, or three million residents. Majority of these were low-income residents in the City, representing nearly 65 percent of its population. Residents in informal settlements often rent small rooms, offered on a per-room rental model, with shared toilet facilities in an external outbuilding. There are characteristically two types of informal settlements in Tanzania cities, those in peri-urban aeras, and informal settlements within planned areas.

Peri-urban informal settlements

Local Government Authorities (LGA) must officially designate areas for urban expansion in their physical land use plans. However, LGAs often delay the formulation of new planning regulations in these areas, due to high cost involved in providing infrastructure, and additional costs of compensation for third-party rights over the land. Residential developments that emerge in such areas are therefore informal, although the character and typologies of housing provided in these could be high-income, and of good quality.

36   Airbnb Tanzania website https://www.airbnb.com/s/Dodoma-Region--Tanzania

In the city of Dar es Salaam, such unplanned areas initially attracted senior civil servants and business persons who developed housing in addition to undertaking urban farming. Over time, however, these peri-urban areas have developed into residential areas ranging in quality from modest housing to very high-end housing. An example of these settlements in Dar es Salaam is the Makongo area north of Dar es Salaam, which features high-income housing characterised by large plots and expensive units as well as rental apartments and detached units that are rented out as student accommodation (hostels). These areas also feature pockets of overcrowding, limited road and infrastructure facilities, and no piped water. Developments are often uncoordinated from one property to the next, as indicated in Figure 14.

Figure 14: An overview of Part of Makongo 'Mixed' Informal Settlement in Dar es Salaam

Source: Google Earth Maps (extracted 17 February 2020).

Figure 15: Expensive Housing without Vehicular Access

Figure 16: High Income Housing accessed via unpaved road

Source: Shubira & Eckard (2016).

Informal settlements in planned areas

These are basically squatter settlements where current occupiers settled and built on lands that were already planned and reserved as recreational open public space. At times, housing is developed in areas designated as hazardous. Housing in these areas is generally of inferior quality both in materials and design, and unlike in peri-urban informal settlements, these developments are congested, with little or no drainage, prone to floods and harsh living conditions. A large part of planned Buguruni ward in Dar es Salaam, outlined in Figure 17 below, is a good example of such areas. The ten units in the building shown in Figure 18 are rented at Tsh45 000 per month (US$197).

Figure 17: An aerial view of buguruni Planned Settlement with informal housing, Dar es Salaam
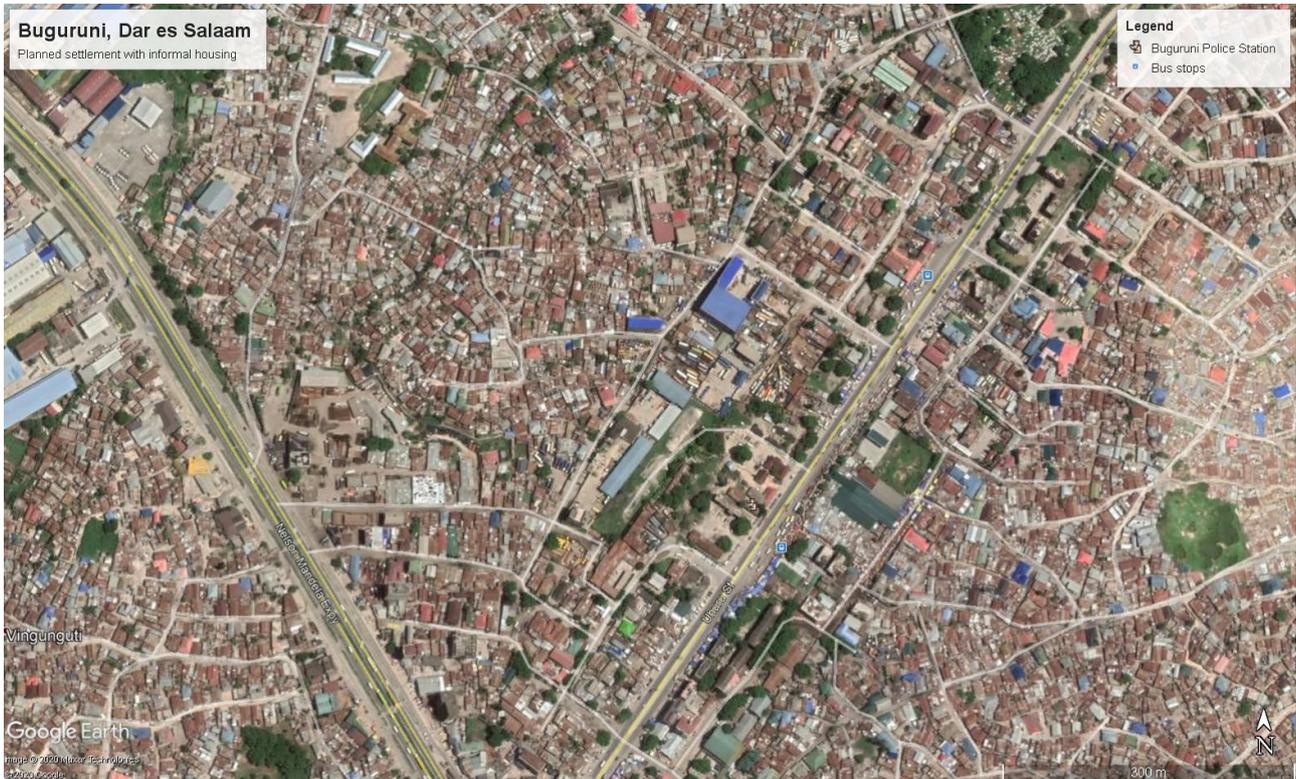
Source: Google Maps (extracted 29 June 2020).

Figure 18: typical informal housing msewe, tandika in dar es salaam

Source: Field study visit (November 2019).

3.2 SPECIFICATIONS AND CHARACTERISTICS OF DWELLING TYPES

As mentioned in the previous section, rental housing characteristics vary depending on the type and context of area within which housing is found (formal or informal land and housing markets) and depending on the type of supplier involved. Table 1 presents an overview of the different typologies of rental housing based on these characteristics.

Table 1: General characteristics of rental housing in urban Tanzania by Supplier

Characteristic	Private small-scale landlords	Private large-scale landlords	Employer based	Public institutions
Size	Sleeping room lettings range between 9m²and 16m² within detached house(s) with central corridor and shared toilet in the backyard	One-bedroom unit (Bed-sitter) of between 20m² and 36m²	One-bedroom unit (Bed-sitter) of between 25m² and 40m²	One-bedroom unit (Bed-sitter) of between 25m² and 40m²
	Two rooms-lettings, sleeping room between 9m² and 12m² and a living room of between 6m² and 10m²	Two-bedroom units of between 39m² and 45m²	Two-bedroom units of between 45m² and 50m²	Two-bedroom units of between 45m² and 50m²
	Split Dwelling Unit forming two lettings on either side of the unit, each between 12m² and 16m²	Larger houses – three to four -bedrooms units of between 60m² and 82m²	Larger houses – three to four -bedrooms units of between 60m² and 105m²	Larger houses – three to four -bedrooms units of between 60m² and 105m²
Type	Detached units, rooms with shared facilities	Flats, town houses, apartments, villas	Flats, detached, semi-detached	Flats, detached, semi-detached, townhouses, apartments, villas
Rent	Affordable to high rents	Mostly high rents	Subsidized to rent-free	Low rents (25% off market rents)
Income	Low to middle	Middle to high income	All income groups	Middle to high
Tenant-landlord relationship	Informal to formal	Formal	Formal	Formal
Area context	Urban areas, peri-urban areas, informal and formal housing areas	Urban, informal and formal housing areas	Urban, formal housing areas only. Government or semi-government land areas	Urban, formal residential areas only

Source: Extracts from several reports and national census reports.

For purposes of this research, we observed that although the dwelling units provided in both formal and informal areas were diverse, they could be categorised into six main groups. Each dwelling type has a few variations which are also reported. The typologies have further variations, which were grouped into sub-categories—as set out in Table 2. The typology names are in the local language, Kiswahili. A key feature in all these dwelling types is the attempt by the landlords (landowners) to maximise land utilisation of their land lots.

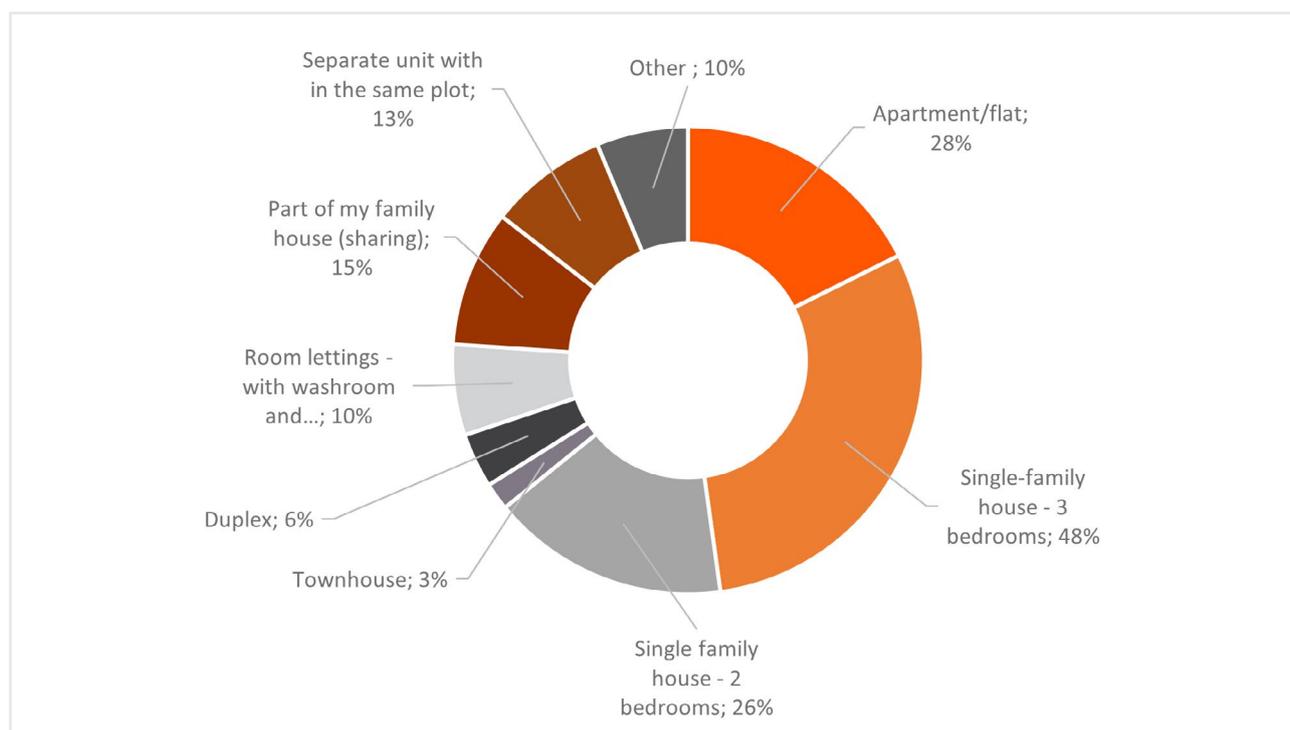Table 2: Observed rental housing typologies in dar es salaam and dodoma

	Sub-codes	Local Name	Image	Housing Unit Types
1	1a	Nyumba Nzima/free-standing house Detached/free standing dwelling unit.		≥3BDR house, modern, gated, with garage, Water Public Mains (P/M), Electricity
	1b			≥3BDR house, ordinary, gated, parking space, Water P/M, Electricity
	1c			3BDR house, modern, gated, parking space, Water P/M, Electricity
	1d			3BDR house, modern, gated, parking space, Water P/M, Electricity (whole house & servants' quarter)

	Sub-codes	Local Name	Image	Housing Unit Types
2	2a	Nyumba Upande Kubwa/semi-detached for two households		3BDR apartment, gated, with parking, Water P/M, Electricity
	2b	Semi-detached house consisting of two dwelling units, each of three bedrooms or more. There was no instance of terraced houses (rows of houses) in the study areas.		3BDR apartment, gated, limited parking, Water P/M, Electricity
	2c			3BDR apartment, ordinary, Water P/M, Electricity
	2d			3BDR apartment, ordinary, gated, Water P/M, Electricity
3	3a	Nyumba Upande / Ndogo/ One house partitioned into two or more rental units, may include a backyard unit.		2BDR unit, gated, with parking, Water P/M, Electricity
	3b			2BDR unit, NO parking, Water from public mains, Electricity shared
	3c	Semi-detached house consisting of two dwelling units, but these are two-bedroom dwelling units. Some of the sub-categories of these units are initially designed as a single dwelling unit, but can be conveniently partitioned to form two or more dwelling units for rental purposes, generally within a fenced compound. In some instances these are backyard units.		2BDR unit, gated, with parking, Water P/M, Electricity, backyard unit
	3d			2BDR unit, ordinary with no parking, Electricity shared
4	4a	Chumba pekee/ Room letting, just a sleeping room within a house, shared services. Landlord may be resident in one of the rooms. These refer to room lettings that only provide a single room for sleeping. Room sizes range between 9-15 square meters. Living and washroom areas are shared, with a shared toilet in an external outbuilding.		1BDR/large sleeping room, modern, gated, spacious compound, Water P/M, Electricity shared
	4b	Ordinary - lower standard building materials		1BDR/studio, ordinary, gated, limited space, Water P/M, Electricity shared
	4c	Modern - newer building materials/ finishing		1BDR/studio, modern, gated, spacious compound, Water P/M, Electricity independent
	4d	Chumba veranda/ Gaining popularity, a room with private access to a verandah/patio		1BDR/spacious, Swahili unit, with veranda, Water P/M, Electricity shared
	4e	Chumba/Just a room on either side of central corridor of house (Swahili design) common in informal settlements		1BDR/spacious, Swahili unit, without veranda, Water P/M, Electricity shared

	Sub-codes	Local Name	Image	Housing Unit Types
5	5a	Chumba master/ A room letting but with an en-suite washroom		1BDR/studio, self-contained, gated, with parking space, Water P/M, Electricity shared
	5b	Often referred to as a self-contained room, this is a room letting similar to chumba pekee above, but which has ensuite washroom and living facilities. In some instances, this refers to a backyard house that has been redesigned to provide small units/studio for rent.		1BDR/studio, self-contained, gated, NO parking space, Water P/M, Electricity Independent
	5c			1BDR/studio, self-contained, gated, with parking space, Water P/M, Electricity within family house
	5d	Nyumba ya uani/A backyard unit, usually as an add-on		1BDR/studio, self-contained, gated, with parking space, Water P/M, Electricity backyard unit
6	6a	Chumba_Sebule/Bedroom with sitting room		1BDR & sitting, gated, NO parking, Water P/M, Electricity shared
	6b	A unit that comprises a sleeping room plus a living room. In most cases, for rent charging purposes, it is considered two rooms, and, in a few cases, the renter may have ensuite washroom or exclusive right to a designated toilet room in a separate building within the compound.		1BDR & sitting, gated, with parking, Water P/M, Electricity independent
	6c			1BDR & sitting, self-contained, gated, NO parking, Water P/M, Electricity shared
	6d			1BDR & sitting, self-contained, gated, with parking, Water P/M, Electricity independent
	6e			1BDR & sitting, Swahili unit, with veranda, Water P/M, Electricity shared
	6f			1BDR & sitting, Swahili unit, no veranda, Water P/M, Electricity shared
	6g			1BDR & sitting, self-contained, gated, with parking, Water P/M, Electricity shared

From our field surveys, we observed that the most prominent type of housing being rented out in both cities is a three-bedroom house (48 percent), followed by apartments (28 percent) and two-bedroom family homes (26 percent). Interestingly, 15 percent of rented units are family homes shared with tenants and 13 percent of the rental houses were either backyard units or separate units within the same plot of land (Figure 19).

Figure 19: Types of housing being rented out

Separate unit with in the same plot; 13%

Other ; 10%

Apartment/flat; 28%

Part of my family house (sharing); 15%

Room lettings - with washroom and...; 10%

Duplex; 6%

Townhouse; 3%

Single-family house - 3 bedrooms; 48%

Single family house - 2 bedrooms; 26%

Source: Field surveys (October 2019).

3.3 ACTORS IN THE RENTAL SECTOR

3.3.1 MICRO LEVEL ACTORS: DEVELOPERS AND LANDLORDS

At the micro-level, this research identified two key categories of developers: public sector developers, and private sector developers, who range from professional rental suppliers to amateur, small-scale landlords. The share of public sector developers in the market is 12.6 percent of the total supply while for the private sectors is 3.9 percent.[37] The nature of housing units provided is similar in all physical attributes. Both public sector and private sector developers engage property management professionals either as in-house staff or outsourced. The key differences between the two are the following:

1. Sources of finance: Private housing companies fund their developments through equity often working with primary mortgage banks to build up equity offerings.[38] However they rely more on debt financing for their housing projects. Public housing companies such as pension funds, the National Housing Corporation, and the Tanzania Building Agency are accredited investors with guarantee of equity financing and higher levels of assurance for any equity offerings they might consider in raising development capital.

2. Consumer population target: Public sector housing is mainly targeted at civil servants and public sector officials. Pricing of the rental units has been influenced by the level of rent supports extended to tenants in publicly-owned housing estates.[39]

3. Dynamism with response to market changes: The different financing models adopted by private and public sector actors implies that private sector housing suppliers have greater flexibility in adjusting rental prices in the case of a market downturn, rather than risking vacancy and subsequent failure to meet their long-term credit financing obligations. Private landlords are more likely to accept lower rent levels for their units. As an example, areas in Dar es Salaam that were renting for TSh13 896 000 (Us$6 000) per month in 2012 dropped to TSh3 474 000 (US$1 500) in 2019. Public sector suppliers are less flexible and take longer periods to adjust their rental prices to the market. This may be because a decision to lower rents would rest with the Chief Executive Office of a private housing company whereas, in a public sector company, such a decision would rest with a Board of Directors which may be delayed.

37   Research report by the Nairobi-based Cytonn, https://www.nairobibusinessmonthly.com/dar-es-salaam-real-estate-investment-opportunity/, (Accessed 12 February 2020).

38   The number of commercial banks serving housing developers and/or financing home purchase has increased from 3 in 2009 to 32 in 2019 (TMRC, 2019).

39   Conversely, public sector housing authorities have suffered higher rent arrears than the private sector landlords.

Within the public sector, we identified three sub-categories of investors: institutional developers, public housing companies, and parastatal organisations that mainly develop employee housing. In addition, there are Private sector investors and small-scale landlords. Each category is further described below.

Institutional developers

Institutional investors are all those whose core business is not in real estate, but whose investment portfolio has included real estate, including residential housing. This subcategory includes public pension funds, national insurance corporation and others such as the Arusha International Conference Centre which owns 654 rental units in Arusha.

Pension funds in Tanzania have played a significant role in housing supply for both high and medium income groups around the country.[40] There are several affordable schemes by pension funds in Dar es Salaam, Arusha, Mwanza, and Dodoma. Affordable housing stock delivered by institutional housing investors during the last 10 years (2010-2019) totalled 10 000 units, most of which was by the National Social Security Fund and the least from the Government Employee Pension Fund (GEPF) with 750 units.

The Public Servants Social Security Fund (PSSSF)[41] undertook construction of 641 low-cost housing units in five towns across Tanzania which included 491 houses in Dar es Salaam and the rest in Mtwara, Tabora, Shinyanga and Morogoro. The houses in Dar es Salaam are located within the Ilala district in Dar es Salaam, in a fenced and fully serviced compound in Bunyuni that features four housing typologies sold under a tenant-purchase scheme at monthly instalments (rents). The development also has a large water reservoir.

Public housing companies

The number of public housing companies in Tanzania is quite small. Between 1990 and 2013, the only housing company was the National Housing Corporation (NHC) which was set up in 1962 but restructured in 1990 in a merger with the then Registrar of Buildings.[42] The Tanzania Building Agency (TBA) evolved from a government unit responsible for managing and maintaining government buildings, into a government agency responsible for developing and managing government buildings and housing for civil servants in 2002.

The year 2005 was a landmark year in Tanzania, as it relieved public and private housing companies and developers from rent control legislation.[43] Through the same Act, the NHC's mandate was changed, with the corporation no longer restricted to providing low income housing. The NHC was granted the authority to operate on commercial principles. NHC has three strategic business streams: improving existing housing stock, delivering affordable and quality housing, and promoting satellite cities as a 'master developer'.

With the setting up of Watumishi Housing Company (WHC) in 2013, the number of public housing companies was increased to three: the National Housing Corporation, which was the oldest with a large and diverse housing portfolio, Tanzania Building Agency (TBA), which had a portfolio comprising civil servants; and Watumishi Housing Company (WHC), which was the newest, with a growing housing portfolio in five towns. WHC also develops housing for public servants.

In the decade between 2010 and 2019, these three public housing companies have added approximately 40 000 units of housing into the market. The bulk of this was supplied by the NHC which supplied 15 000 units, of which 5 000 were for the low-income bracket. Both Watumishi Housing Company and Tanzania Building Agency had intended to produce 10 000 units each during the period.

Parastatal organisations

Employer-provided housing was mandatory in the socialist decades between the 1960s and the 1990s. At this time, the main employer was the public sector which comprised of over 500 parastatal organisations. Each of these public organisations was granted land on which to develop housing estates for their employees. In the mid-1990s with increased public sector reforms, restructuring and privatisation, the residential portfolio of most of these organisations were disposed to the private sector. Some parastatal organisations were however able to retain their housing stock. The Tanzania Petroleum Development Corporation (TPDC) and the National Development Corporation (NDC) are two examples of these companies.

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40 Pension Funds are obligated to invest not more than 30% of their funds in real estate. See http://www.ssra.go.tz/publications/guidelines/

41 PSSSF was set up in 2018 as a merger of the Parastatal Pension Fund (PPF), Government Employees Pension Funds (GePF), Local Government Pension Fund (LAPF) and Public Servants Pension Funds (PPF).

42 The Registrar of Buildings was created in 1971 under the Acquisition of Buildings Act to manage buildings acquired from private landlords in a nationalization programme. Some of the acquired stock was residential then valued at $20,000 and above which was at the time quite a substantial sum and high value properties.

43 The Rent Restriction Act of 1984 was repealed under S. 30 of Act No. 11 of 2005. Following this, house rent could be determined by market forces, and defaulting tenants could be evicted without seeking court order.

Box 1: Tanzania Petroleum Development Corporation (TPDC)

In 1996, the government privatised the oil and gas sectors which forced TPDC to find other sources of income. This led TPDC to rent out most of its residential buildings to remain operational between 1998 and 2007. TPDC engaged private property management firms to market and manage the housing units. The property management firms were also responsible for rent collection and their fee was between 25 and 35 percent of rent collected.

During the latter part of 2000, TPDC regained its lost lead in oil and gas business, greatly improving its business and expanding its workforce to 400 employees. Out of these, 101 employees are housed in TPDC owned houses within the city of Dar es Salaam. TPDC however has no plans of constructing any other housing facilities. Instead, TPDC runs a housing revolving fund for its workers to help them construct their own houses.

With regards to their move to Dodoma, TPDC is hoping the Dodoma City Council will offer land for TPDC to enable its employees to develop their own individual houses.

TPDC has a current housing stock of 101 units in Dar es Salaam, having disposed of eight stand-alone units that it identified as being too costly to run. The stock includes:

1. 18 units 4-bedroom houses
2. 34 units 3-bedroom houses
3. 49 units 2-bedroom houses

All 101 units are occupied by TPDC staff at subsidised rates directly deducted from their monthly salaries on the following scales:

- Management staff pays TSh160 000 per month
- Other staff pay TSh80 000 per month
- Support staff (2 of them) pay TSh30 000 per month

The top executives are entitled to free housing and therefore do not pay rent.

Although TPDC was initially renting out the houses for income generation, in those difficult times it was not permitted to review rents.[44] The rent during this period was TSh200 000 for a four-bedroom house in the affluent areas of Oyster-Bay and Masaki, which was relatively inexpensive at the time.

TPDC considers retaining housing for its employees as a necessary business strategy to boost work morale of its staff. The high cost of repair and maintenance of the units compared with low rental income (from employees' salary) is not prohibitive to the TPDC business. The TPDC has a few investments in Dar es Salaam, analysed in Table 3 below—all these sites were currently occupied by employees not paying market rent.

Table 3: TPDC housing investments in Dar es salaam

S/N	STREET	HOUSING TYPE	NO. OF UNITS	NO. OF BEDROOMS	RENT 2005-2010
1	Kambarage and Viwandani Mikocheni B	Flats/apartments	16	4	300 000/= per month
2	Kambarage and Viwandani Mikocheni B	Flats/apartments	34	3	1750000/= per month
3	Kambarage and Viwandani Mikocheni B	Flats/apartments	18	2	125 000/= per month
4	Ngorongoro, Mikocheni B	Flats/apartments	8	3	175 000/= per month
5	Baobab, Masaki	Bungalow	5	4	200 000/= per month
6	Baobab, Masaki	Maisonettes	3	4	200 000/= per month
7	Msasani/ Oysterbay police	Flats	2	3	200 000/= per month
8	Msasani/ Oysterbay police	Flats	2	2	125 000/= per month

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44   TPDC was bound by provision of the Rent Restriction Act of 1984 which was to be repealed in 2005.

Private sector investors and small-scale landlords

Rental housing in formal settlements is provided either by professional landlords, or small-scale/amateur landlords. In this report, professional landlords refer to suppliers who operate rental housing as their primary business, invariably backed with professional and business skills. The amateur landlords invest in rental housing supply to supplement personal incomes, or as a business, but lack the requisite professional skills or sufficient capital to fully operate on a commercial basis. Professional landlords are individuals or legal persons (companies) with portfolios that range from five units to the larger portfolios held by large housing developers (LHD). Rental housing is ordinarily developed on land that is surveyed, and that has title.[45] The rental development would have standard types of housing, or a mixed typology of dwelling units. Some may be developed inside housing estates, or gated compounds. These housing typologies include stand-alone houses, apartments or a block of apartments, detached houses, villas, bungalows, or semi-detached units and row houses/town houses.

In response to policy and legislative reforms, there has been a significant increase of large housing estates developed by real estate business companies around the major cities between 2010 and 2019. Dar es Salaam has the highest number of large housing developers (LHD) followed by Arusha and Mwanza. Following the decision in 2016 to relocate government functions to the capital in Dodoma, the City of Dodoma has also witnessed a rush of large housing developers.

Small-scale investors are generally all those individuals who own and lease either a whole or part of a dwelling unit in an area. They are essentially private individuals, but it is possible to have a legal person (registered firm of individuals) who could be categorised as a small-scale landlord. For the sake of the rental housing market in Tanzania, all those individuals whose rental portfolio is less than five units and is self-managed, have been considered as 'small-scale landlords'.

Small-scale investors are major actors in fuelling housing transformation in terms of changing architectural layout design, extensions, and additions. They respond much faster to a change in housing demand than large-scale landlords. They are not well-capitalised and often do most of the housebuilding through 'do-it-yourself' schemes. It is estimated that small-scale landlords are responsible for more than 70 percent of current rental housing stock in urban Tanzania. They are the largest employers of estate agents ('dalalis'). Unlike their counterparts, large landlords, they do not rely on credit financing for their new stock.

In the course of the field surveys, 23 case studies were carried out with small-scale landlords, 20 in Dar es Salaam and three in Dodoma. Interviews were undertaken with willing participants only. Interviews with small-scale landlords reveal that their circumstances and motivations vary:

- Some small-scale landlords are employees (either in private or public sector) who chose to invest in rental housing out of the need for additional income to meet domestic expenses. These landlords spend their monthly earnings and savings towards purchasing a plot of land and undertook construction over a five-year period through a local masonry (fundi). Rental income from the first unit is set aside for construction of the next unit. In the process, prospecting landlords may face land disputes over the land they purchased.

- Some small-scale landlords are retail businessmen who spend part of their business proceedings in real estate investment.

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45   It is possible to have titled land within unplanned areas. Individuals can make a request for cadaster survey of his/her land through LGAs.

- Small-scale landlords may be heirs of properties bequeathed to them by deceased parents, often a dwelling unit which the heir rents out and the proceeds are ploughed back into construction of another rental unit. Some will have inherited funds that subsequently motivated them to invest in rental housing.

- Small-scale landlords may be previous tenants who were bothered or frustrated by their previous landlords.

- Some small-scale landlords share the dwelling or plot with their tenants.

On average, the housing stock let by small-scale landlords ranges from 2 to 6 units. The typical number of rooms for rental housing with shared facilities is ten.

Small-scale landlords negotiate directly with new tenants, however there is an increasing tendency to rely on estate agents (dalalis) as the agents shield off prospecting tenants from landlords. Tenants for small-scale landlords are mostly young employees working in government but also in the private sector.

In interviews, small-scale landlords in Dodoma were hopeful with the shift of capital to Dodoma, believing it will not only boost their earnings but will generally revitalise their neighbourhoods.

In interviews, small-scale landlords recognised the importance of owning titled land and expressed support for land regularisation schemes on-going in the country. However, for those who have been able to organise and have their land surveyed and titled, there are concerns that the development conditions attached to their new titles disregard the fact that more than one unit needs to be developed on the land.[46]

Challenges faced by landlords and developers

Interviewed landlords highlighted some of the challenges they experienced. These ranged from their decisions on housing development, operations, and management to tenant relationships. The challenges they face varied somewhat with the type of investor but generally were commonly experienced, as shown in Table 4 below.

Table 4: common challenges faced by Landlords and Developers

	Challenge	Institutional Investors	Public Housing Companies	Employers	Small-scale Landlords
1	Development cost	Pre-known, budgeted for, high cost of infrastructure provision. High cost of land; bureaucracy in land title registration and building permit	Pre-known, high cost of land, limited access to land; bureaucracy in land title registration and building permit	Limited budget, bureaucracy in land title registration and building permit	High cost, long completion time
2	Tax liability	High taxes - VAT, property tax and capital gains	High taxes - VAT, property tax and capital gains	No VAT, no capital gains tax,	Not exempted but not compliant
3	Funding arrangement	Equity capital and joint venture scheme	Equity and commercial loans	Government bursary and reinvestment of profits	Own savings
4	Project management	Structured professional tasks	Structured professional tasks	Structured professional tasks	Not applicable
5	Security and safety	High cost of securing completed un-occupied housing	Incidence of un-occupied housing limited	High cost for housing falling vacant	Not applicable
6	Housing management	High vacancy levels, vandalism, overgrown gardens	Scarcity of qualified personnel	Scarcity of qualified personnel	Not applicable
7	Targeted population	Remoteness of project	Low and medium not realized	Not applicable	Not applicable
8	Enforcing lease terms	Rent defaulting (arrears)	Rent defaulting (arrears)	Upkeep of housing surrounds	Difficult tenants
9	Rental income	Regular but limited rent reviews	Regular but limited rent reviews	Not applicable	Difficult tenants

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46   A grant of Certificate of Title is subject to development terms, one of which relates to permitted number of units on the land. Class A for a single dwelling is normally what is given in areas which had been declared planning area, instead of Class B which is for multi-unit developments.

10	Managing old stock	Not a serious challenge	NHC has the largest number of old stock in poor repairs and maintenance	Old housing stock requiring expensive repairs with limited earnings	Not applicable
11	Letting and marketing	Limited options for promotion	Unreliable outsourced agency services	Not applicable	Vulnerable to local estate agency cartels
12	Evictions and transfers	Disputes with tenants common	High tenant immobility and small tenants' turnover limits re-letting	Civil servants' transfers lead to high vacancies (voids)	Not applicable
13	Meeting new housing demand	Slow response	Subject to Management Board's decision	Subject to central government approval	Quick decision-making

Surveys with small-scale landlords also highlighted challenges that affect them in the day-to-day operation and management of rental investments. Some of the main challenges highlighted and ranked in terms of severity are shown in Figure 20. The primary challenges—experienced by nearly half of all respondents—were the inability of tenants to pay rent and insufficient funds to carry out repairs and maintenance. Over a third of respondents also reported that lack of market information on house rents was a challenge, as well as the quarrels and disputes amongst tenants.

Figure 20: Challenges faced by landlords- Dodoma and dar es salaam
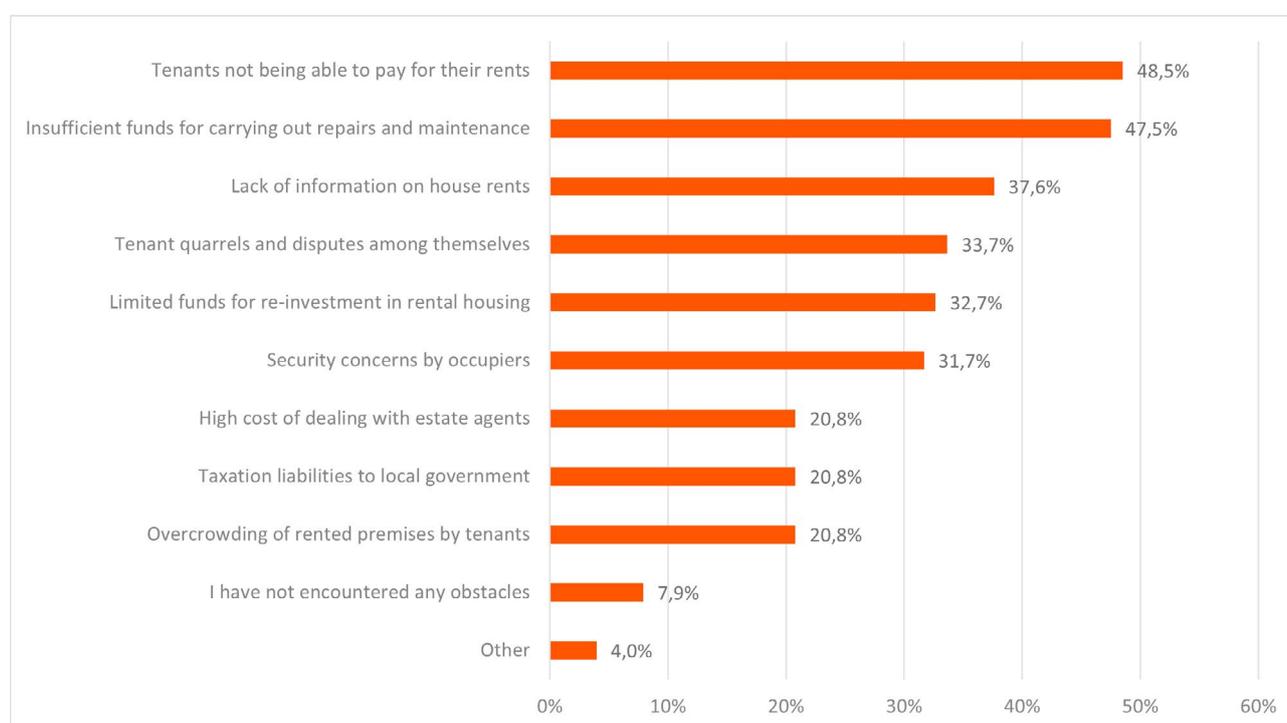
Source: Field interviews (October – November 2019).

3.3.2 MESO LEVEL ACTORS

We identified three types of meso-level actors involved in rental housing supply in the cities of Dar es Salaam and Dodoma: un-registered local estate agents commonly known as dalalis, formally registered estate agents, and financial investors. These are discussed below.

Dalalis- non-registered agents

Non-registered estate agents, locally referred to as dalalis, are individuals who participate in the sale and leasing of properties for gain. Dalalis are abreast with house prices and rents trends in their areas and are relied upon by potential buyers and sellers for advice and market offers.

Dalalis usually operate at the local sub-ward mtaa level and are mainly found in urban Tanzania. They are often unlicensed, and do not have official business premises, and frequently operate as individuals in a non-competitive manner. Each dalali has his/her own designated area of operations ('sphere of influence') and would readily refer a buyer or tenant to a relevant dalali in case the property being sought is not available in his/her area. However within their own area, dalalis are very protective and dislike competition.

There are no entry qualification/requirements for dalalis to operate in a sub-ward. Their educational background is mostly primary school education. They are primarily in the 25-45 year age group and the majority are male.

Dalalis occupy a quasi-formal space in the regulation of rental markets, as they operate through both formal and informal means when connecting tenants and landlords. However their function is also recognised by local leaders, including the sub-ward chair and sub-ward executive officials. Local leaders are well-aware of their presence in their respective areas, but do not keep official records of the dalalis operating in their area. Local leaders do maintain records of the transactions upon the parties' payment of a commission to sub-ward offices (normally 10 percent of the monthly transaction). The charging of 10 percent commission to the local Mtaa office is however more popular with sale than with rental housing deals.

Dalalis are also involved in dispute resolution, as they are often engaged as witnesses in cases of land and housing disputes. They operate on a dual agent-model, collecting commission from both parties (landlord and tenant), or buyer and seller, in the case of a property sale. The procedures for procuring services of a Dalali are also uniform and are summed up as in Figure 21, using a case of rental housing.

Figure 21: leasing procedures with aid of dalali
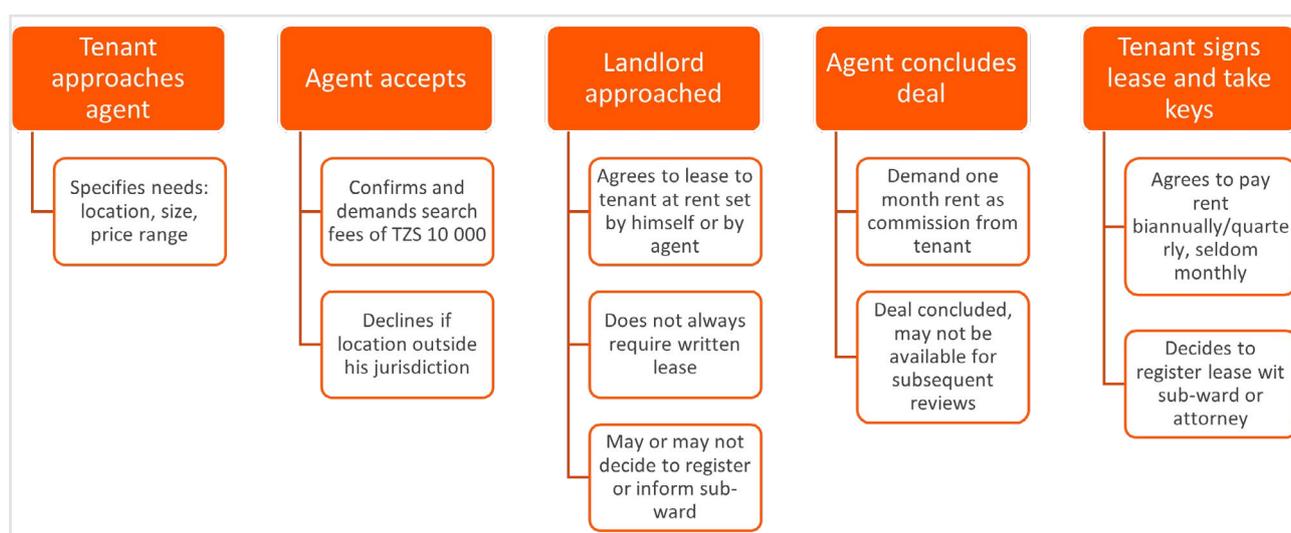
The Central Government (Ministry of Lands, Housing and Human Settlement Development) has not been happy with dalalis as there are claims that they deliberately inflate house rents and prices in pursuit of high commissions. As a result, the Ministry has plans to regulate real estate agencies and may consider running some tailor-made training for this group.

Registered real estate agents

Real estate agents are those who are registered and licensed either by the Business Registration and Licencing Authority (BRELA) or Local Government Authorities (LGA) through the Regional Trade Officer. Some of these agents are additionally registered with the respective professional association or registration boards such as the then National Council of Professional Surveyors for those with qualification in land economy surveying or under the Business Licencing Act of 1972.

There are over 50 registered real estate and property management firms in Tanzania under these two categories. The majority of these are licensed agency firms, some of them law firms with diverse portfolios and specialist real estate professionals registered with the National Council of Professional Surveyors or related international real estate professional boards such as the Royal Institution of Chartered Surveyors of the UK (in which case they need a work permit to practice in Tanzania). These firms offer specialised professional skills in the disciplines of real estate/property management, portfolio management, real estate valuation, land management and estate agency. Out of these estate

agents, interviews were held either with the owners of the companies or their senior representatives during October- November 2019.

Apart from letting and managing agency services, these agents offer advice to investors on the viability of their proposed housing/rental development and redevelopment projects. They also advise on outsourcing levels that investors should strive for in the operations and management of their portfolio. Some of the key issues and challenges identified by formal letting and marketing actors in relation to the rental submarkets of Dar es Salaam and Dodoma are presented below:

- Lowered fees: Until about 2015, estate agency was a booming business with only a few agents and fees charged at 6-10 percent of sale or one-month rent. However since then the market has become extremely competitive with an influx of informal agents bringing down fees to 3-5 percent, or even 2 percent.

- Limited opportunities: There are increasingly limited transactions; in one case, the agent reported not having gotten an agency job for almost two months.

- Vacancies: Vacancy rates are increasing, especially in the high-end housing areas, and are estimated at between 20 – 40 percent in Dar es Salaam. Furthermore, reletting takes a long time. Incidentally, vacancies are also high in Dodoma—10 to 35 percent—based on based on local agent interviews. Two-bedroom units in Dodoma sell quicker than four-bedroom units. Agents indicated that there has been a general increase in rentals paid in Dodoma; with new rental properties being developed, demand has increased, and the rental market has expanded.

- Landlords' apathy: Some landlords seldom pay for maintenance of dwelling units, despite tenant demands.

- Increasing costs: Agents report high costs for services (electricity and water), security and VAT on rental incomes from 2012/13.

Financial investors

The main financial investors active in supporting rental housing markets are commercial banks, which fund rental housing investments and operate in all major towns and cities across Tanzania. There are over 50 commercial banks operating in Tanzania, out of which around 32 are involved in credit financing of real estate projects. During the last five years, a specialised financial institution, the First Housing Finance Company (FHFC) was established. For this research, we identified five banks for review in the two cities: CRDB Bank Plc, National Microfinance Bank NMB Bank Plc, the Mkombozi Commercial Bank (MCB), Azania Commercial Bank (AZB), and FHFC.

The shift to Dodoma as Tanzania's capital city has had some positive impacts on financial investors. Interviewed bank respondents however conceded that the market was a developers' market, following the shift of government employees to Dodoma. The shift to Dodoma has exerted demand pressure in Dodoma's housing market, which has been slow to respond. All commercial banks involved in housing loans have a variant of loan product for their respective customers' needs.

Borrowers can be either developers or small-scale landlords depending on whether the borrower applies as a company or as an individual. The loan application process takes between three and four weeks to be approved or rejected. Credit terms vary. Required deposits range from 20 to 40 percent, with a larger deposit required when stock is being constructed rather than purchased. The maximum loan terms are 25 years for developer finance and three to five years for business loans. However, loan terms are generally between five to ten years. Borrowers can opt for early loan repayments, although this triggers an additional charge of around five percent of the repaid amount to compensate the bank for the lost interest payments.

One of the challenges is low borrower affordability: interest rates charged of 11-17 percent are considered high by borrowers. The need for an interest-only grace period of between three and six months by the banks has been acknowledged, but is largely subject to the source of repayment.

Approval rates for developer finance are between 40 – 60 percent. The main reasons for rejection are: unverifiable income sources; security for loan not in good condition with respect to repair and maintenance; default in other banks which can be traced through credit reference bureau (CRB); incorrect or misleading information in the loan application; poor documentation of required information; bank account history (the account must be operating for at least three months); and insufficient contributions by developers (they are required to contribute an amount based on the value of the property or cost of the construction).

NMB Bank Plc has a credit facility for government employees called the Salaried Worker Loan (SWL). Under this scheme, an employee receives a lump sum loan with the same interest rate (17 percent) as a mortgage loan but with less procedures and costs, so as to facilitate construction of their homes whether for dwelling or rental purposes as they move to Dodoma. However many government employees were already heavily indebted from other schemes against their salaries. This has limited potential beneficiaries of the SWL product that would have boosted housing supply in Dodoma for the homeownership and rental housing markets. The respondent from CRDB Bank Plc also observed an increase in the loan repayment rate for Dodoma branches especially amongst building contractors and business owners.

The First Housing Finance Company (FHFC) was licensed in 2017 but has only been able to finance six customers in the last three years. Interviewees from the FHFC observed that this could be related to the fact that the FHFC has been incorrectly perceived by the public as a housing company that sells houses. FHFC however advances home loans for home improvement, home purchase and home extensions. The maximum limit on single loans is TSh500 million (US$200 000).

> *Rental housing is important, but the national priority is home ownership and every effort is being directed to making as much land as possible surveyed, titled and individuals encouraged to access home loans.*
>
> *(Chief Valuer, November 2019 Interviews).*

With the exception of the CRDB Bank Plc and Azania Commercial Bank, lenders do not have specific financial products for the development of rental housing in either Dar es Salaam, or Dodoma. It is however expected, with the developing opportunities in Dodoma, that demand for rental housing will be sustained and attract funding from the banks. Demand for construction finance for rental units has been growing steadily over the past three to five years in Dodoma. However lenders face a challenge developing new loan products for the Dodoma housing amidst other loan schemes.

3.3.3 MACRO LEVEL ACTORS

The main macro-level actors identified for this research was the Ministry of Lands, Housing and Human Settlement Development (MLHHSD). The MLHHSD is the key policy maker for all matters pertaining to land and housing and is responsible for monitoring the implementation of laws. In the past decade, the Ministry has formulated and reviewed its policies on human settlements. The Human Settlements Development Policy of 2000 is currently being reviewed by the MLHSD with the aim of establishing two separate policy documents (i) Human Settlement Policy and (ii) Housing Policy. The focus is on strategies for promoting and enhancing the national housing sector, and creating enabling and sustainable environment for affordable housing through finance and alternative housing building technology.

One of the key issues raised by interviewed officials was the shortage of human resources required to ensure improved public services through local government. All land and housing professionals are now directly responsible to the central government through Ministry of Lands.

There is also special attention on Dodoma City, with the Ministry focused on ensuring that no informal settlements emerge in the area, while acknowledging

the critical challenge of informality in Dar es Salaam. To guard against informal development in Dodoma, the Minister for Lands issued a directive to deploy land rangers in all sub-wards in the city, including unplanned areas. Any developer who attempts to build without a permit is to be fined.

Politicians such as members of Parliament play a significant role in shaping policy and laws in the various sectors. Key observations from the discussion with political representatives include:

The National Assembly (parliament), the Ministry of Regional Administration and Local Government (TAMISEMI), and the Ruling Party CCM were headquartered in Dodoma since 1996. Their location had already attracted real estate investments to Dodoma and laid a strong foundation for the implementation of the decision to relocate the capital city from Dar es Salaam to Dodoma in 2016.

Parliamentarians (MPs) who are entitled to a housing allowance (per diem) have either been renting housing from individuals on a long-term (annual) basis, or built their own housing. In 2018/19, MPs who chose to rent were paying between TSh250 000 - 400 000 per month for a modest three-bedroom house in locations considered safe and secure within Dodoma. Interviewees called for the need to provide MPs with housing units in designated estates that are paid for by the Parliament.

The decision to relocate the capital city to Dodoma has accelerated the rate at which Dodoma Urban District was growing especially in improving infrastructure such as roads, the revival of Msalato International Airport, water and drainage as well as opening up new urban centres in Dodoma. The new centres emerging in the area are Ihumwa, which is the site of the future Government City, Njedengwa which is a special investment zone, and Kisasa Central Market. These are all attracting new real estate developers to Dodoma.

3.4 PERFORMANCE OF RENTAL MARKETS

3.4.1 RENTAL HOUSING DEMAND

House rents in Dar es Salaam have been declining in all locations over the last five years, although the extent to which rents have dropped varies.[47] A significant decline in rent prices has been observed in the high-end residential areas, where rents have declined, and re-letting houses takes much longer than it used to.

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47   Interview with staff in the Chief Government Valuers Office, 17 October 2019.

In many cases, it takes more than six months to find a new tenant, and even then, previous rent levels are difficult to achieve. From our research, we came across an example where a house in Mbezi Beach, Dar es Salaam fell vacant in 2018, and it took eight months to get a new tenant but at TSh1 159 000 (US$500) per month, considerably less than the previous rent of TSh3 477 000 (US$1 500). To overcome these re-letting challenges, some landlords have renegotiated with incumbent tenants to stay on at a reduced rent. Others have considered partitioning their big houses so that they can rent them out as smaller, more affordable units.

In contrast, between 2016 and 2019, house rents in Dodoma have registered a consistent but slight increase. This could be a response to the government's efforts to lure investors to Dodoma in realisation of the desire to support the shift of the national executive to Dodoma. It is expected that over the next five to ten years Dodoma will have an improved urban infrastructure that is more likely to attract even more investment.

3.4.2 RENTAL PRICE TRENDS

Rental price trends varied depending on housing types. Generally, rental prices had improved minimally for the smallest rental units, irrespective of the geographic locations. Similarly, there was little change for rents charged for dwelling units in less prime housing areas. In the case of prime and high-income housing areas, rents were declining.

Small rental units

In Dodoma, single room lettings in their various forms registered accumulated growth of about 63 percent during the last 10 years (2010-2019) or annual growth rate of 6.8 percent in the case of Dodoma. This was also consistent with rental data of a similar size in the case of Dar es Salaam which was however proportionately low (3.5 percent per annum). As shown in Figure 22, according to surveys of landlords, average rental prices for small rental units (Chumba Pekee) in Dodoma increased from TSh24 545 (US$11) per month in 2010 to TSh39 911 (US$18) in 2019.[48] In the case of Dar es Salaam, rental prices for single room lettings increased slightly more, from an average of TSh28 500 (US$13) in 2010, to TSh90 500 (US$40) in 2019.

Figure 22: Average rental prices for small rental units in Dar es Salaam and Dodoma
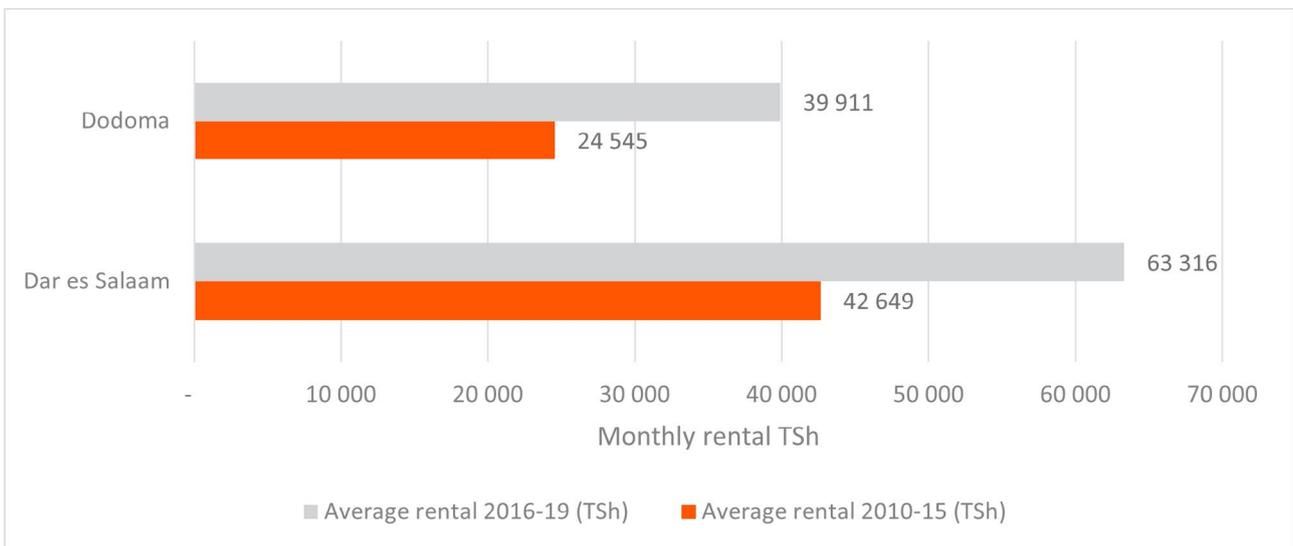
Source: Field surveys (November 2019).

Studios and one-bedroom units

Single bedroom units rented at monthly averages of between TSh104 000 (US$46) and TSh130 000 (US$57) in 2010 and 2019 respectively in the case of Dar es Salaam. In the case of Dodoma, studio rental prices increased from TSh90 000 (US$39) in the 2010-2015 period to TSh119 580 (US$52) in 2016-2019 period, as shown in Figure 23.

48   Adjusted for inflation and passage of time to 2019 prices.

Figure 23: Average rental prices for Bedrooms with sitting rooms in Dar es Salaam and Dodoma
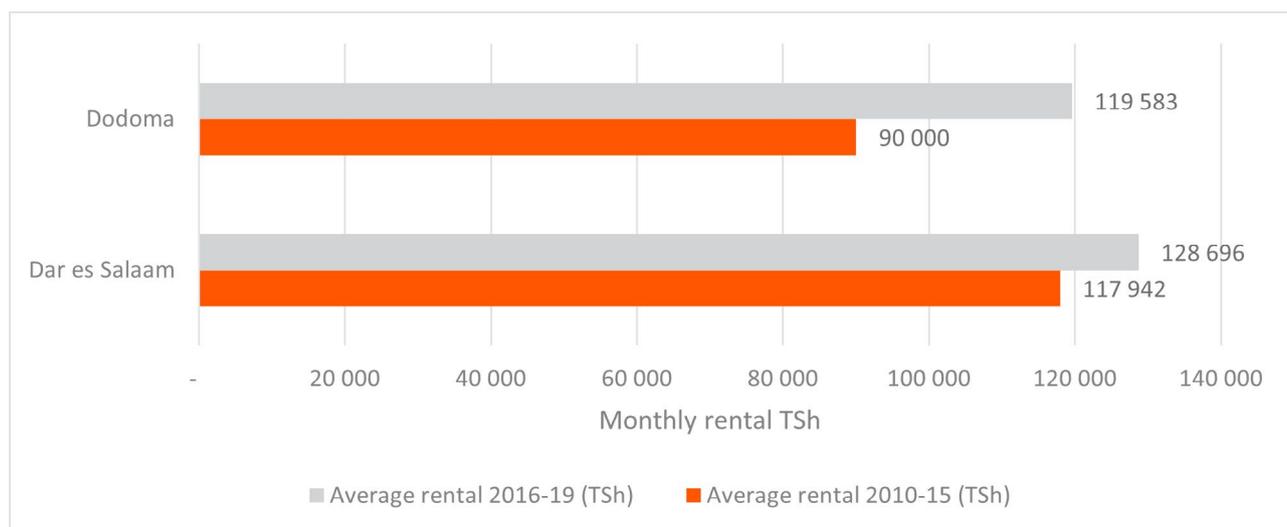
Free-standing houses (Nyumba Nzima)

As shown in Figure 24, In Dar es Salaam, the average rental price of a free-standing house (Nyumba Nzima)was TSh190 000 (US$83) for the period 2010-2015, rising to TSh300 000 (US$1352) for the period 2016-2019. The corresponding figures for Dodoma were averages of TSh162 500 (US$71) for 2010-2015 and TSh246 875 (US$108) per month for 2016-2019.

Figure 24: average monthly rental trend for Nyumba Nzima/free standing house IN dar es salaam from 2010 – 2019

Source: Field surveys (October 2019).

Semi-detached houses

Average monthly rentals for standalone detached houses (Nyumba Upande Kubwa) were TSh253 000 (US$111) in 2010 and TSh360 000 (US$158) in 2019 in the case of Dar es Salaam, while for Dodoma rentals were lower, between TSh187 500 (US$82) and TSh232 500 (US$102). Within this group there were houses that were letting at over TSh400 000 (US$175) per month in both Dodoma and Dar es Salaam. Dodoma rental housing units were letting consistently at slightly lower figures.

High end rental units

A key trend from 2015 to 2019 is the drop in rental prices at the high-end of the market as well as vacancies, forcing landlords to opt for the Airbnb option to let out property daily. Rental prices are normally reviewed every two to three years and can either go up or down, with the landlord generally determining the rental price. The net yield on properties was indicated to be 8 percent.

Emerging issues on rental price trends

The following key issues emerged from our analysis of rental price trends in the cities of Dar es Salaam and Dodoma.

- Overall, there has been a general increase in rental charges in all housing categories. Except for room lettings in Dar es Salaam which grew less than 4 percent per annum, the rest of the categories indicate a comfortable rental growth of over 6 percent in each of the cities. This presents an incentive for investors in each of the categories.

- Rental housing leasing terms are varied, depending on area and housing environments. In both formal and informal rental housing environments, landlords exercise the options of charging rent on varied terms. Most landlords charge rent monthly, while others charge on a quarterly, semi-annual or even annual basis. In all situations, landlords will ask for a security deposit or key money, typically equivalent to three months' rent. These terms are not consistently applied and are a potential source of conflict in landlord and tenant relationships. It is observed that lease agreements either written or oral include the following clauses:

- Tenants are required to pay rent monthly in advance and at the beginning of the lease, they must deposit up to three months equivalent of rent as security.

- Tenants must pay a sum of money in addition to rent as a service charge for maintenance and operation of common areas.

- Tenants are responsible for interior repairs and upkeep of the demised premises.

- Tenants who wish to vacate must give one-month notice to the landlord.

- When a tenant defaults, the eviction notice period is 30-day notice to pay, followed by 14-day notice to pay and then a 7-day notice to pay. If this is not done, then the tenant is locked out and accounts are settled. Otherwise, the case is handed over to an attorney or licensed auctioneer or broker.

3.4.3 FUNDING SOURCES FOR HOUSE CONSTRUCTION

Over 42 percent of rental housing in Dodoma and Dar es Salaam is funded through the owners' personal savings. The rest is either funded through loans from banks and financial institutions (37 percent), pension/retirement benefits (2 percent), (8 percent) sale of other assets (such as land, buildings or vehicles) and about 2 percent is funded from inheritance funds. There are also instances where family and relatives contribute towards funding a house, especially in the cases of low income households.

Financial investors have tailored products for housing finance. As mentioned earlier, NMB Bank and CRDB Bank both have loan schemes that government employees may benefit from. A challenge faced by these lenders was that many government employees were already indebted and could therefore not access these products.

As shown in Figure 25, the majority of small-scale landlords who responded to the online interviews indicated that they used their own savings to finance the construction of their house, followed by 37 percent of respondents who borrowed from banks/financial institutions. Only two percent used their pension fund and three percent borrowed from friends and family.

Figure 25: Funding sources to finance house construction by Small-scale Landlords
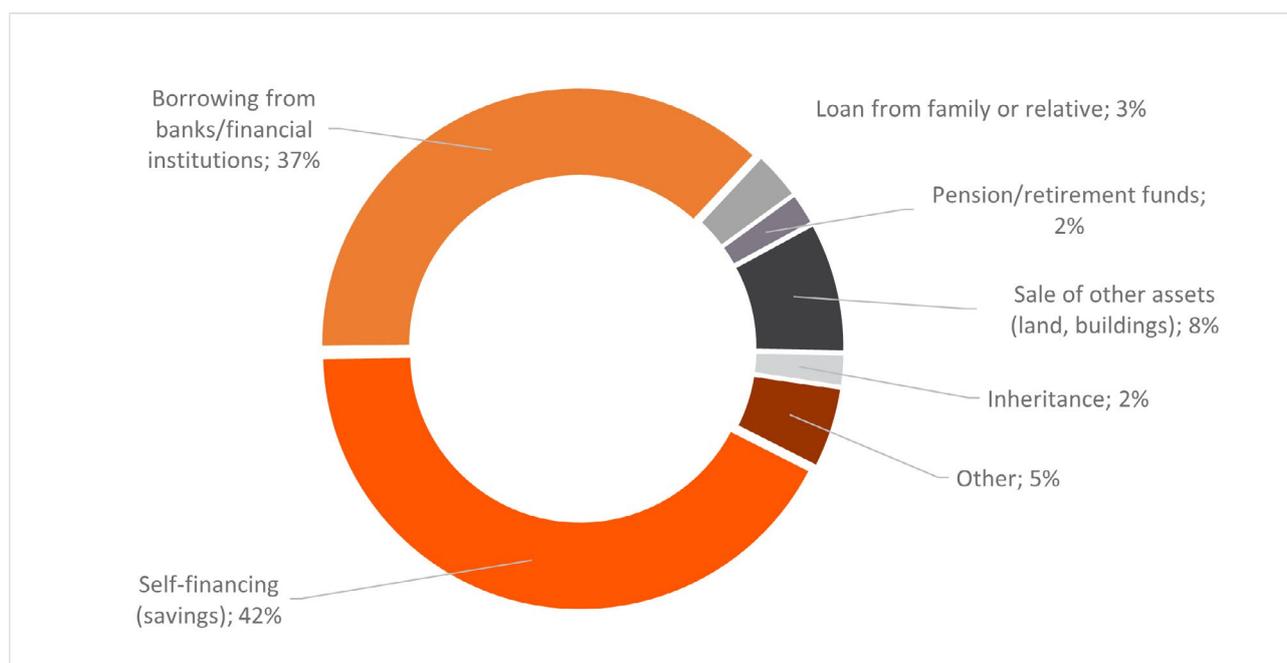
Source: Field surveys (October 2019).

3.4.4 RENTAL HOUSING YIELD ANALYSIS

The estimated value of the different housing typologies was based on 2019 valuation figures from several sources of practicing valuers. Adjustments were made on transaction times, location, and size to arrive at an average sum for each of the typologies in each of the two cities. A list of operational expenses was generated to arrive at the total annual outgoings and therefore establish the average net rental income. Operational expenses incorporate taxes which landlords are required to pay on rental housing owned, including: a withholding tax of 10 percent of rental income to Tanzania Revenue Authority (TRA) under provision of the Income Tax Act CAP. 332 R.E 2017 Section 81; and property tax paid to the TRA which is about US$5 per annum. From 2018, property tax charged is a flat rate of TSh10 000 for all properties per plot. This varies with locations but generally at between TSh21-40 per square metre. By comparing the estimated value and the net rental income, the estimated yield for each of the typologies was computed.

The basic assumptions were as follows:

1. High-end housing was excluded from the computation mainly because high-end housing is much more diverse in terms of location and complexity.

2. Six unit types representing the six studied typologies (as listed in Table 2 above) were considered and their standard sizes were determined from the field data. In the case a rental house whose letting is on a room-basis, the lettable space is the sum of the room sizes, thus:

i. Room only letting- average size of 10 square metres and 10 rooms (hence 100m²)

ii. Bedroom with ensuite WC (single bed) - average size of 15 square metres and 6 rooms (hence 90 m²)

iii. One-bedroom unit (bedsitter) - average size of 25 square metres, and 4 units (hence 100 m²).

The outcome of the yield analysis is presented in Table 5 and Table 6. For Dar es Salaam, the data indicates investment return for small-scale landlords are consistently high in the case of room lettings while for a large standalone house, the yield is low (4.4 percent). Yields for one-bedroom apartments and studio (bedsitter) appear to be at par, mainly because in the case of a bedsitter the low rent charged is compensated by the number of units per house.

The unit cost and eventual price of an apartment in a multi-unit block is relatively cheaper than standalone units with a resulting yield of between 7.4 percent and 9.6 percent in the city of Dar es Salaam. In the case of Dodoma, corresponding yield is between 3.2 percent and 6.9 percent (Table 6).

As shown in Figure 26, yields for standalone housing stock are low at between 4.4 percent and 4.5 percent in the case of Dar es Salaam and much less at between 2.3 percent and 2.4 percent in Dodoma. Large housing units including maisonettes and villas have higher development costs and fetch relatively low unit rentals; consequently, yields for this class is low in the city of Dar es Salaam at less than 5 percent (4.5 percent) while in Dodoma it is even lower at 2.3 percent.

Table 5: Yield Analysis per House Type Dar Es Salaam

| Typology	Area (m²)	Price (m²)	Rent pm	Rent per annum	Outgoings per annum	Net Rent	Price	Yield %
D-3 BDR	230	950	1 150	13 800	4 140	9 660	218 500	4.4
D-2 BDR	175	950	900	10 800	3 240	7 560	166 250	4.5
APT-3 BDR	120	800	800	9 600	1 920	7 680	96 000	8.0
APT-2 BDR	75	800	500	6 000	1 200	4 800	60 000	8.0
APT-1 BDR	50	650	250	3 000	600	2 400	32 500	7.4
Single Bedroom (WC)	90	250	240	2 880	864	2 016	22 500	9.0
Room Only	100	200	200	2 400	480	1 920	20 000	9.6
Bedsitter	100	300	280	3 360	1 008	2 352	30 000	7.8

Table 6: Yield Analysis per House Type Dodoma

Typology	Area (m²)	Price (m²)	Rent pm	Rent per annum	Outgoings per annum	Net Rent	Price	Yield %
D-3 BDR	175	500	220	2 640	528	2 112	87 500	2.4
D-2 BDR	150	500	180	2 160	432	1 728	75 000	2.3
APT-3 BDR	110	300	110	1 320	264	1 056	33 000	3.2
APT-2 BDR	75	300	100	1 200	240	960	22 500	4.3
APT-1 BDR	50	250	75	900	180	720	12 500	5.8
Single Bedroom (WC)	90	250	120	1 440	288	1 152	22 500	5.1
Room Only	100	250	180	2 160	432	1 728	25 000	6.9
Bedsitter	100	300	208	2 496	499	1 997	30 000	6.7

NB:

- D-3 BDR: is a freestanding, three-bedroom house i.e. rental House Type 1 as defined in Table 2.

- D-2 BDR: is a freestanding, two-bedroom house, which is also rental House Type 1.

- APT-3 BDR: is a three-bedroom apartment, which in this report refers to rental House Type 2.

- APT-2 BDR: is a two-bedroom apartment, which in this report refers to rental House Type 3.

- APT-1 BDR: is a one-bedroom apartment, which in this report refers to rental House Type 3.

- Single Bedroom (WC): is a room-letting but with an ensuite washroom, which in this report refers to rental House Type 5.

- Room Only: is just a sleeping room within a house with shared services, which in this report refers to rental House Type 4.

- Bedsitter: is a rental unit with a room and a lounge/sitting room and may have an ensuite washroom, which in this report refers to rental House Type 6.

Figure 26: Rental Yields per Unit Type, Dar es Salaam and Dodoma
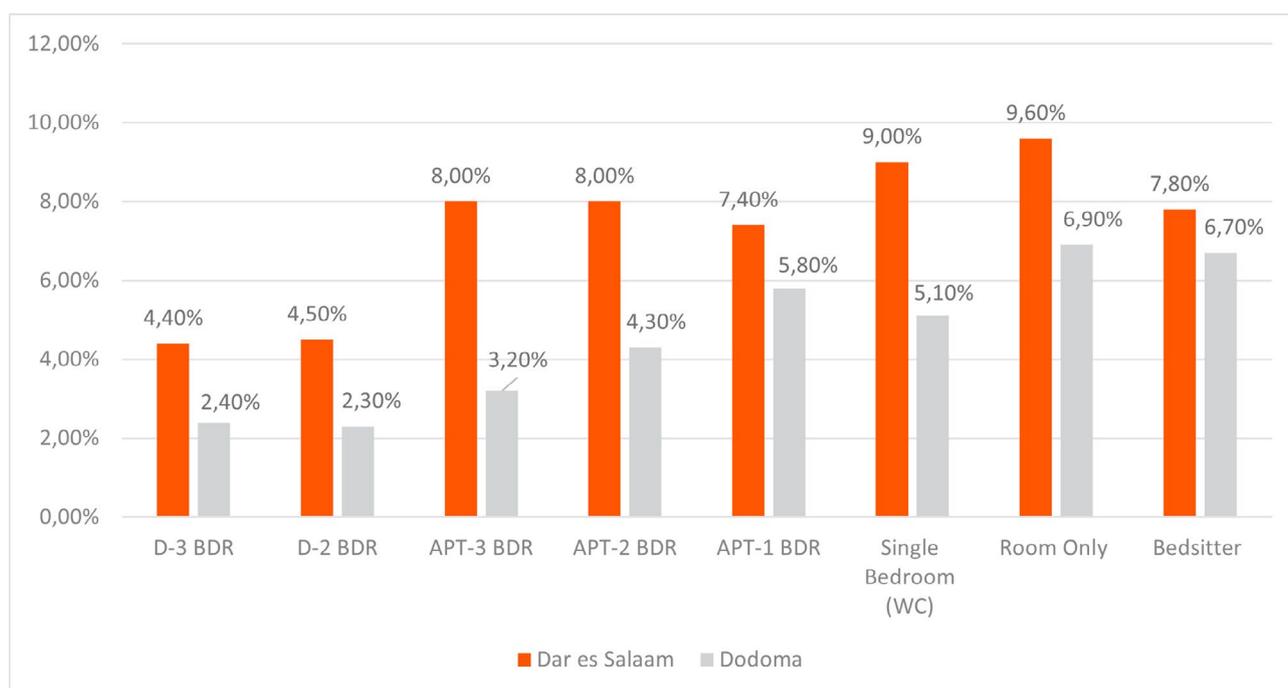
The above yields are relatively competitive, in comparison to other residential and real estate submarkets. Comparative yields in the rest of the sector are as follows: high end real estate in Dar es Salaam is between five and nine percent; apartments, 7.8 percent; and detached houses, 3.5 percent. commercial real estate (retail) has an average yield of seven percent (ranges between 6.5 percent and 10.9 percent) and Grade A office space yields an average of 6.4 percent, or as high as 8.6 percent.

Box 3: CALCULATING RENTAL YIELDS

The rental yield figures presented in the above section were calculated by dividing the net annual rental income by the house price and expressing this figure as a percentage.

General assumptions:

a) Average house price within a housing category over a 4-year period (2015-2019). House price estimate are based on averages of transactions (from estate agents)

b) Gross rental income for individual houses averaged within a housing category and remain constant over the year.

c) Operational and maintenance expenses over the rental period can be averaged across the housing category.

d) Dividing the net rental income by the average price.

Terms used:

- Typology: classification of housing units on a criterion based on size and room layout of units identified

- Area (m²): metric floor area of a housing unit measured externally

- Price (m²): Price of a house divided by area of the house expressed in square meters

- Rent pm: rent payable per month

- Rent per annum: rent payable per year

- Outgoings: operational and management expenses incidental to owning/occupying a house. These include electricity and water bills, drainage, repair and maintenance, cleaning, gardening and in large housing estates may include property management fees

- Net Rent: the rental income received less all outgoings

- Price: amount of money for which a house exchange hands from a seller to a buyer

- Yield %: a percentage return on an amount of money invested, or the interest rate earned on an investment

3.5 LANDLORD-TENANT RELATIONS AND OPERATIONS OF THE MARKET

3.5.1 RESIDENTIAL LETTING AND MANAGEMENT

Of those surveyed, the majority of landlords (66 percent) rely on Dalalis to advertise their properties and a minority of 31 percent will have their properties marketed through friends and relatives and local advertising in the press. It normally takes a minimum of one month for a landlord to get a new tenant. There are however instances where it takes less than a month. This is in old housing areas with a mix of commercial land uses. In new housing areas such as those developed by public housing companies (for example, Kigamboni-Mwongozo and Toangoma in Dar es Salaam), it may take between six and twelve months to get a tenant. Generally, the time it takes to get a new tenant depends on the housing typology, as indicated in Table 7.

Table 7: Marketing Duration per Dwelling Type

| Dwelling type	Number of bedrooms	Length of marketing period (shortest)
Room in house	0 (studio / bachelor)	1 day
Room in backyard of another dwelling	1	1 - 2 days
Flat in block of flats	2	3 - 6 days
Detached house	3	1 - 2 weeks
Free-standing house	4+	3 - 4 weeks

Source: Field interviews (November 2019).

Incidences of vacancy have been common in affordable housing schemes built in remote areas of Dar es Salaam and less so in Dodoma. This has been because the house owners bought the houses with a view of renting them out at a future date when the areas get more established with infrastructure and residents in place.

3.5.2 DEFAULTING TENANTS

Rent payment defaulting is a fast disappearing problem mainly in response to the repeal of the Rent Restriction Act of 1984 by Act No. 11 of 2005. Landlords are empowered to evict a tenant who is in arrears for a month. In practice, landlords require a three-month rent security which is forfeited in case of delayed rent payment. The landlords surveyed reported that the main reasons for rent defaulting are: change in tenants' income, loss of employment, transfers or illness which reduce their ability to pay. Procedures for evicting defaulting tenants include a written warning usually giving 14 days' notice, failure of which security deposit will be forfeited. Landlords might inform sub-ward leaders of their intention to evict tenants. Some landlords take more stringent actions such as switching off power, electricity or even forcibly removing tenants from the premises. Figure 27 shows the typical procedure used in dealing with defaulting tenants.

Figure 27: Procedure followed by landlords with defaulting tenants
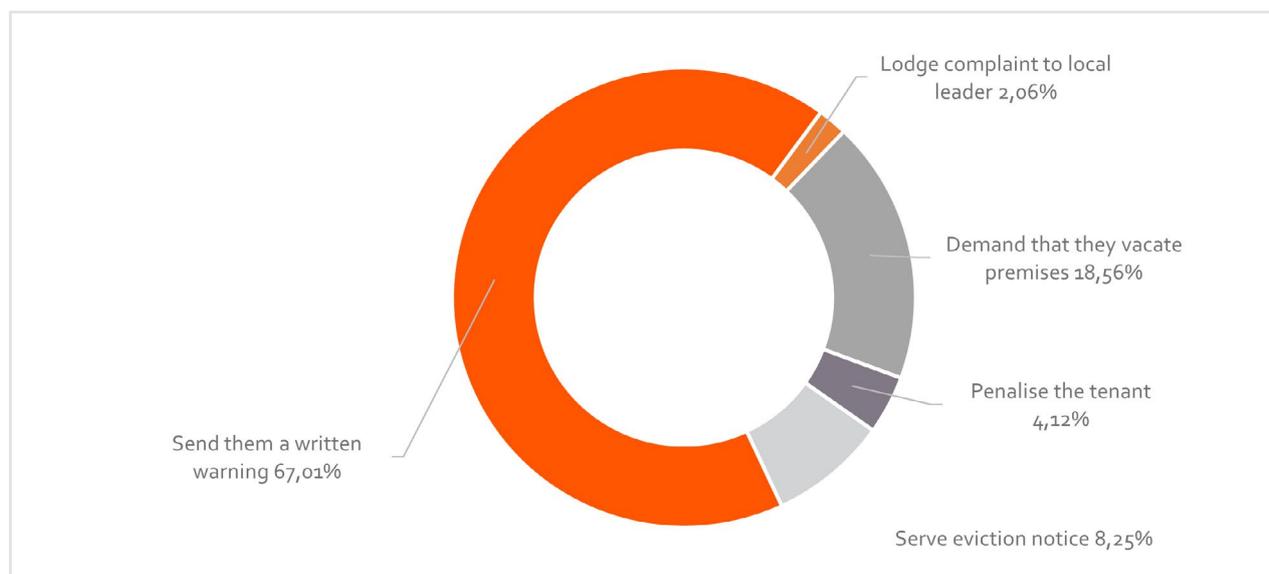
Source: Field interviews (November 2019).

3.5.3 LEASE AGREEMENTS

Lease agreements were prevalent in the formal rental housing sector. From interviews with real estate agents, the following are some of the conditions stipulated in lease agreements:

- Tenants are required to pay rent monthly in advance and they must deposit up to three months equivalent of rent as security at the beginning of the lease.

- Tenants must pay a sum of money in addition to rent as service charge for maintenance and operation of common areas.

- Tenants are responsible for interior repairs and upkeep of the leased premises.

- Tenants who wish to vacate must give one-month notice to the landlord.

- When a tenant defaults, the eviction notice period is 30-day notice to pay, followed by 14-day notice to pay and then a 7-day notice to pay. If payment is not made, then the tenant is locked out and accounts are settled. Otherwise, the case is handed over to an attorney, licensed auctioneer or broker.

3.5.4 VACANCY RATES

Data from real estate agents provided insights on monthly incomes acquired from letting property, market characteristics, and vacancy rates. Table 8 below provides an overview per rental category as defined by property professionals, respective income brackets, perceived vacancies and key characteristics per rental category.

Table 8: House Trends as per Real Estate Agents in Dar es Salaam

Rental category (per month)	Income earned (per month)	Vacancy	Characteristics
US$10 – US$50 (TSh22 800-114 000)	US$60-120 (TSh136 800-273 600)	0%	Stable market, limited changes to prices and generally inherited property. Oral or written agreements used, generally 1 room with sitting room. High demand.
US$50–200 (TSh114 000-456 000)	US$300 (TSh1 368 000)	<5%	High demand with properties found in less than one month. Stable market characterised by young professionals.
US$200-400 (TSh456 000-912 000)	US$600 (TSh684 000)	<10%	Pressure to be competitive in pricing, characterised by young professionals and small families. It takes less than 6 months to find new tenants.
US$400->1 000 (TSh912 000- 2 280 000)	>US$600 >(TSh684 000)	20%	Foreign expatriate dominated; fast shrinking with dwindling number of expatriates during 2015-2019; high vacancies suffered; re-lets to senior civil servants offered temporal relief; most impacted by the shift of capital to Dodoma; takes up to 6 months to get a new tenant in this category.

Note: Exchange rate used US$1 = TSh2 300.

3.6 IMPACTS OF THE SHIFT OF NATIONAL EXECUTIVE ON RENTAL HOUSING MARKET

From this research, it appears that the relocation of central government functions from Dar es Salaam to Dodoma at the end of 2016 has not significantly impacted rental prices in either of the two cities. The average annual rate of change in rent is a weak 5 percent which is likely attributable to general economic and financial changes over the years. Even by looking at rental prices for houses rented out at the end of 2016 and 2017, there is no significant change that could be considered as a direct result of the transfer of central government functions to Dodoma. However it should be noted that the study excluded high-end[49] rental housing (not considered in the affordable housing terminology). Had this been included in the study, it could well be rents in this housing group will have been impacted more than those studied, the reason being that the calibre of civil servants relocated is much more likely to have required housing in the high-end class.

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49   High-end meaning 'expensive housing' also 'high-income housing areas' such as those in Kisasa (new planning district) and the old Uzunguni/Kilimani areas whose current rents range between TSh400 000 and 500 000 per month and Areas C & D and Mlima West where senior government employees live.

Records from Ward Executive Offices in Dodoma indicated that the number of rental units remained the same between 2017 and 2019. There were however some impacts on landlords and tenants in the following contexts:

1. Tenants who had to move to Dodoma vacated their rented homes in Dar es Salaam and it took landlords at least six months to get a new tenant.

2. Tenants who moved out to Dodoma but retained their rental units and continued to pay rent.

3. Tenants who surrendered their rental units which permitted landlords to get new tenants and subsequently negotiate for a higher rent (market rent).

On the other hand, it is evident that the relocation of the capital city to Dodoma has had tremendous impact on infrastructure and real estate activities in Dodoma. Affordable housing schemes by large public and private estate developers as well as micro-financing housing institutions have gained momentum. About 1 300 housing units have been developed in Dodoma by three public housing companies, the National Housing Corporation (300 units), Tanzania Building Agency (650 units) and Watumishi Housing Company (340 units). Furthermore Government investment in infrastructure improvement and new construction in Dodoma has been phenomenal during 2016-2019. This has attracted some private developers to Dodoma. At least 30 contractors/builders entered the market during 2015-2016 among whom were two Class 1 Contractors and three in Class 2.[50] Government also made it easy for foreign missions and business organisations to access land for development in Dodoma. Consequently, there has been a steady increase retail and office space development especially in the new designated development areas- special economic zones such as Ihumwa and Iyungu. The Government of Tanzania has encouraged housing investments in Dodoma by making development land easily available to institutional investors, diplomatic missions, and private companies. Implementation of the Dodoma City Master Plan has been hastened which included developing 12 000 ha of land devoted to 'Government City' at Ihumwa, some 12kms from central Dodoma. Through the Tanzania Investment Centre, a total of 22 investment projects, including some real estate components, are underway, totalling US$ 232.51 million.

The number of applications for building permits in the city of Dodoma has also been increasing from less than 50 per month before August 2016 to 278 in January 2019. New distant residential areas outside the central Dodoma (between 15 -37 kilometres) such as Chamwino

(State House) and the Ihumwa Satellite Site relieved the immediate demand pressure on Dodoma City. The city's capacity to deal with issuance of building permits has also improved resulting from the empowerment of Dodoma with granting of city status in 2018.

4. EMERGING ISSUES FROM DAR ES SALAAM AND DODOMA

4.1 KEY THEMATIC ISSUES

The preceding chapter has presented the main empirical issues that emerged through fieldwork and data collection in the cities of Dar es Salaam and Dodoma. In the following sections, we identify the key emerging issues, and highlight recommendations for policy intervention.

4.1.1 Urban growth and shifting demand patterns

Urban rental housing in Tanzania is a myriad of multiple efforts by individuals through self-financed housing development, management and transactions and limited credit-financed housing. It is a product of four decades of central government control and the last two decades of a liberalised market economy. Evolving supply eco-systems are characterised by these two eras: the socialist era of the 1960s-1990s and the liberal market era of the late 1990s-2010s. Amidst these two eras, was the exponential urban growth of over 5 per cent per annum that resulted in the primacy of the city of Dar es Salaam as the commercial and economic capital city with a population of over 5 million, compared to the second highest populated city of Mwanza with 1.06 million people while the remaining largest four cities each have less than half a million people.

Nearly 34 percent of the national population was urbanised in 2019, compared to less than 15 percent in 2012; and the figure is projected to reach 50 percent by 2025. The national GDP annual growth rate of 7.1 percent is a good indicator of the positive outlook for economic growth and development in Tanzania. Construction and real estate activities have registered growth rates of 19.6 per cent and 4.5 per cent respectively during the 2014-2019 period. As a result, the supply of housing stock has been increasing from less than 1 000 units to 15 000 units annually.

Both Dar es Salaam and Dodoma are fast-growing cities in Tanzania. Dar es Salaam's growth is mainly a result of rural-urban migration on account of its commercial and industrial strengths, while Dodoma's growth was initially due to its central and major railway junction within the

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50　Contractors in Tanzania are registered by the Contractors Registration Board in seven classes. The criteria are the set limit of value of contracts based on several attributes. Class 2 Contractors are those who are permitted for the maximum value of a single contract of TSh5 billion while Class 1 are not limited.

Eastern Africa Region. Dodoma's urban growth was later enhanced by the decision to make it the capital city in 1973 and the unprecedented momentum picked from the 2016 Presidential Order for all central government functions to effectively move to Dodoma by the end of 2019. Unlike Dar es Salaam, Dodoma has less informal urban areas and subsequently less informal housing areas within the planned urban district.

In summary, in both Dodoma and Dar es Salaam, increased rental housing demand has been the result of continued rural to urban migration. Notable demographic shifts also point to the projected growth in the cities, as well as continued demand for rental housing in both.

It is also a result of an increase in graduate student populations nationwide but also from institutions in these two cities. Available information from the National Bureau of Statistics Datasets indicates a total of 97 588 primary school leavers in Dodoma, most of whom might have ended up in some employment in Dodoma, the corresponding number for Dar es Salaam was 663 147 during 2016.[51] Graduates from vocational colleges were 223 391 in Dodoma and 1 601 702 in Dar es Salaam and those from other colleges (certificates and diplomas) and tertiary (universities) were 189 857 nationwide in 2016. While not all of these graduates would have required own accommodation, a greater possibility is a few would have required shared accommodation in some of the locations within the cities. Projecting from these 2016 figures and considering at least 20 percent would have needed own rental accommodation, it is possible to expect for each subsequent year, new rental housing demand by college and primary school leavers for Dodoma alone, excluding impacts of the shift of national executive, would be about 20 000 per annum and approximately 130 000 in Dar es Salaam. These graduates are likely to spend more years in rental accommodation than their counterpart university graduates who might qualify for homeownership on account of their potential employment.

Further national statistics indicate about 800 000 youth enter the labour market each year, out of whom 41 percent go into agriculture and the rest likely into urban-based employment. Some of those moving to urban areas are potentially young graduates from universities and other tertiary education institutions, up to about 190 000 a year.[52] The National Development Plan envisages an expansion of the middle class composed mainly of educated youths aged between 25 and 35[53] who are likely to be more mobile and therefore with a higher likelihood of becoming renters rather than homeowners. The study collaborates similar findings to those of FinScope 2017 on the significance of rent as a priority household expense on one hand and on the other, as important and often sole source of income to small landlords in the cities of Dodoma and Dar es Salaam.[54]

4.1.2 Housing supply and affordability

Most of the new housing units produced in Dar es Salaam and Dodoma have been upper end units for purchase, in the form of apartment complexes, villas and high-rise blocks of flats in planned areas.[55] The increase in supply has inter alia pushed down rental values in the upper end housing areas. Housing projects aimed at affordable housing for the low- and medium-income households are few around the country. The development cost of affordable rental housing relative to the affordability levels of potential tenants is prohibitive.[56] Minimum government wage has remained almost constant over the last five years, between TSh265 000 (US$115) in 2014/15 and TSh300 000 (US$130) in 2015/16-2018. Similarly, in the private sector the best paid minimum wage is in the Mining and Finance Sector which has also stagnated at TSh400 000 during the same period.

There was evidence of growing housing finance options fuelled by government support through the housing finance project launched in 2010 and subsequent legal and institutional reforms. At least 32 commercial banks are actively involved in housing finance around the country, out of which 13 have subscribed with the Tanzania Refinance Mortgage Company (TMRC) who are secondary mortgage lenders. At micro level, the number of active small-scale investors has been increasing, some of them have expanded their portfolio using mortgage finance. Extension and sub-division of existing rental

51   Total national figures was 1 806 955 – NBS Datasets http://statistics.go.tz/ (Accessed 12 March 2020).

52   An estimate from several sources and NBS Facts and Figures 2018, annual university enrollment of less than 50 000 in 2012 to over 174 000 per year in 2018. Out of over 600 000 students who completed secondary schools in 2018, only 170 000 were enrolled in universities, the rest are likely to have moved to urban areas either as tenant-sharers or renters (https://www.nbs.go.tz/nbs/takwimu/references/Tanzania_in_Figures_2018.pdf).

53   NBS (2018). Tanzania in Figures https://www.nbs.go.tz/nbs/takwimu/references/Tanzania_in_Figures_2018.pdf

54   NBS. (2017). Finscope Tanzania https://www.nbs.go.tz/nbs/takwimu/references/FinScope_Tanzania_2017.pdf

55   Developers are encouraged to invest in large and compact residential developments to ward off impacts of high cost of building, high cost of acquiring land and high interest rates.

56   The minimum cost of constructing a smallest rental unit (20 square metres) is US$15 000 (TSh34 000 000), let to a minimum wage earner at affordable price equivalent to a third of his/her income (TSh90 000) will not recoup the amount expended within 20 years.

units to cater for increased rental housing demand is significant in the well-established housing areas and in the expensive housing locations.

4.1.3 Impact of relocation of Government functions to Dodoma

From our interviews, the relocation of Executive government functions to Dodoma has yielded two scenarios. On the one hand, tenants have vacated their units in Dar es Salaam and on the other, some tenants have moved to Dodoma but retained their rented houses in Dar es Salaam. We had anticipated some effects on public rental stock in the two cities, but this has not been the case.

Vacated houses in Dar es Salaam. There were only a few tenants who vacated their rented accommodation in Dar es Salaam following job transfer to Dodoma. From our interviews, out of 19 respondents, only three had surrendered their lease and moved to Dodoma. In the case of surrendered leases, landlords expressed relief as for the first time, tenants were moving out making it possible for them to revise rents to current market levels for new tenants. Generally, tenants tend to stay for a long time in leased properties, mainly on account of limited rental housing. Rent reviews for sitting tenants is resisted by tenants and often succesfully challenged.

Retained tenancy. The majority of the respondents who were transferred to Dodoma did not surrender their leases. Instead, many retained the houses for their families or close relative, indicative of the competitive and tight rental market in Dar es Salaam. Consequently, such tenants ended up having two rental houses in the two cities. There was no evidence that rental values in Dodoma were significantly affected by the transfer. A large proprotion of transferred government officials were accomodated in government-arranged housing such as in the University of Dodoma hostels. Dodoma City was already a city which during national parlimentary sessions received a large number of visitors who stay in rented accomodation.

- It is apparent that some of the office space in the city of Dar es Salaam that was occupied by government is now vacant, as is the space that government agencies were leasing from the private sector and institutional landlords such as Pension Funds. With the transfer of the National Executive to Dodoma, there has been significant impact mainly on office space markets and less on malls and other retail. Some of the office space that was occupied by the

Government is now available for public institutions that were leasing in the private sector. As a result, private landlords have lost business. It was not the focus of this study to evaluate the extent to which the transfer of the national executive impacted the commercial nor warehousing sectors.

- Dar es Salaam is poised to grow at even higher rate than it is at the moment. This is attributable to the on-going infrastructural developments namely the SGR railway line that is likely to boost inter-regional trade between the coastal Dar es Salaam and the hinterlands of Rwanda, Burundi, Democratic Republic of Congo, Zambia and Malawi. The current perceived recession of the commercial market in Dar es Salaam will be short-lived for several reasons.

4.1.4 Formal and informal residential rental markets

The study also observed clear differences between the rental housing market in informal and formal settlements. It was more probable to find a greater mix of housing typologies in informal housing areas than in formal areas. In the former, housing units are leased in terms of sleeping rooms (chumba) and not dwelling units, housing plots were small, and households share common facilities such as cooking areas, kitchen, and yards/veranda. These differences were also observed in the layout and typologies of settlements, the patterns of housing demand, rentals charged, and in the forms of transacting, and relationships between landlords and tenants.

In the formal settlements, rental housing is more of a complete dwelling unit and characterstically conform to the Planning Space Standards of 2018. In the informal settlements, the general trend is for room lettings with separate charges for services such as water and electricity. Rent escalation is typically at 10 percent in popular housing areas. Government's policy is biased to rental housing for civil and public servants and least private individuals. Civil and public servants are paid housing allowance on a grading scale based on seniority.[57] The demand for public rental housing is high in both cities but the renting is deliberately made cheaper, at least 25 percent less than the on-going market rents. Private rental housing is expensive especially in the affluent neighbourhoods. During 2014-2019, rental prices in this sector have declined mainly in response to an increase in supply of medium to high-income housing in these areas. In some situations, landlords have been compelled to sub-divide space so as to create more units and therefore maintain the same

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57 Housing allowance is provided to officers earning a basic salary of between TSh1.3 and 3 million per month. They are entitled to a house for which they do not pay rent, or in lieu if a house is not available an allowance equal to 30 percent of their basic salary.

rental income level. There is an outcry by politicians for the Government to re-introduce rent control legislation based on what is perceived as landlords' 'indiscriminate rent hikes'. However, the government is firm on the need to regulate the real estate sector by stimulating housing supply rather than insituting rent control as exclaimed the Deputy Minister for Lands, Hon Dr A Mabula in the 2019 National Assembly "...considering the market environment where demand for houses surpasses supply by far, it's not advisable to control prices..." (June 2019).

Transaction patterns were also notably different between formal and informal areas. In formal settlements, transactions tended to be based on competent professional teams. Leasing is undertaken through a professional agency, the agreement is drawn up by an attorney (solicitor), and the agency charges a commission of 10 percent of one month's rent. In single unit deals, it is one-month rent equivalent. A written lease agreement is typical for large rental housing and especially in public rental housing. However, contrary to the requirements under the Registration Ordinance (Cap 324), a majority of these lease agreements are not registered. Management of the leased housing was undertaken by professional property management firms, though only in the case of large projects with 10 or more housing units.

- In the informal settlements, verbal lease agreements were common for small landlords with the local leader (Mtaa) involved as a witness. Additionally, the local leaders were relied upon for dispute resolution. The informal areas also rely widely on the use of informal estate agents, known as dalalis. A significant cartel of dalalis was observed in all locations and commission is usually equivalent to one-month rent. Consequently, as discerned from landlords, the dalalis push asking rents up in order to realise higher commission.

4.1.5 Evolving forms of rental housing tenure

New forms of housing tenure are increasingly emerging in the local housing market in Tanzania:

1. The traditional homeownership in the sense of detached homes is being replaced with shared homes in a block in the form of high-rise unit/ apartment blocks, semi-detached, row-houses, housing estates and gated compounds.

2. The evolving housing types generate a different landlord-tenant relationship that needs to be studied in terms of ownership rights, community living, disposal and related dealings. These

transformations are impacting housing supply and demand and will also have a potential impact on government revenue (rental tax base).

3. With the unabated urbanisation trends in Tanzania, a number of structural changes in the provision of housing and resulting state of settlements are apparent. Old established urban areas are getting congested, and some areas are experiencing decay and decline. Improvement and rehabilitation are likely to impact rental housing markets at a much bigger scale than the shifting of government offices from Dar es Salaam to Dodoma.

4. Peri-urban areas are increasingly being prone to informal housing development. There has been a growing need in the country to monitor the changing dynamics to quantify the rates at which developments are taking place in the housing sector to provide the requisite information that would enable planners and policy makers to make informed forecasts on evolving housing sub-markets. Contrary to expectations, the rental housing market study has revealed that informal agents are a reliable source of information and that their readiness for embracing formality is an opportunity to formalise and modernise the rental housing market, eventually transforming peri-urban settlements to decent and affordable rental housing areas.

4.1.6 Administration and governance of rental supply markets

Compliance to land and planning laws and regulations

It was observed that there are appropriate policies and laws in place. However, the small landlords, and to a lesser extent the large landlords, strive to sustain rental housing supply due to various constraints. For landlords to access finance for further investment and for securing land ownership, they will apply for surveying of their land to obtain a certificate of land ownership. The procedures are well laid out and efforts have been made to simplify and even scale down the administrative costs by the planning authorities. Some concerns in this sector include:

- **Rigid development control and development conditions.** It is usual for development conditions attached to a grant of certificate of title (CT) to be residential but in Use Class 'A',[58] irrespective of whether the applicant had asked for specified use. Subsequent from getting a CT, the landowner will

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58   Use Class A according to the Planning Regulations (Building) of 2018 which succeeded the old Town and Country Planning (Use Regulations) of 1960 limit development to a dwelling house by single families, together with such outbuildings as are normally used (e.g. garage).

need to apply for a building permit based on the approved Use Class. It was observed, in the small landlord cases, two developers were given CT with Use Class 'A' because the area in which their land was situated had been earmarked as a planning area for 'pure' residential and not 'commercial' (rental units). Since they wished to have more than one unit, they had to apply for 'change of use' under the Urban Planning Act of 2007, to Class 'B' which is appropriate for a wide range of multiple units (block of flats, apartments, housing estate etc). The process of applying for 'change of use' is a long procedure under the Planning Act with a higher annual land rent and in addition requiring the developer to display a public notice in a conspicuous place for at least 30 calendar days, for neighbours to give consent.

- **Lack of awareness on urban planning regulations**. Most respondents displayed a high level of awareness about land laws with regard to provision of the Land Act 1999. However, there was limited knowledge of the existence of planning regulations which have an immediate bearing on the type and size of dwelling units to be developed. Almost all respondents did not seem to have observed the development conditions attached to their land. This was irrespective of their knowledge of the requirements for obtaining a building permit. As a result, in both planned and unplanned settlements, rental housing units have been developed unguided, of different sizes and layout, with limited sanitation and not complying with local regulations and even taxation.

- **Efficient use of land.** In informal settlements, development on land was extensive with some of the building structures stretched out on the entire land lot. In the formal settlements, it was less extensive. Physical urban plans (master plans) have tended to encourage low rise construction and individual plots for single family dwelling. As a result, owing to financial constraints to have as much land of the planning areas surveyed and serviced for housing development, there has not been enough land for developing houses. New planned areas were observed in Dodoma and even Dar es Salaam, including those earmarked for satellite township development and old housing areas under redevelopment. The plans are aimed at intensive use of land through high rise development.

- **Backyard housing development**. The national laws on land and planning are quiet on the increased tendency by small landlords to partition their units to form more units and develop backyard space for additional rentals.

Relationship between actors in housing delivery

Some issues observed in the governance frameworks relating to rental housing sector include:

- **Housing as a national priority.** Housing does not feature as a priority in national programmes. In the Dodoma Region Investment Guide, none of the 18 'City Council Priority Projects' and 'Council Level Priority Investment Opportunities' address the issue of housing. The Guide lists three regional level priority investment opportunities but the only reference to housing is in the context of the facilitating role that the Ministry of Lands plays in providing land for investors.[59]

- **Poor linkages of the key actors** at central and Local Government (LGA) levels. Whereas there exists a housing division at the ministerial level in Central government, there are none at the Local Government level. Since LGAs are responsible for local planning and enforcing development conditions, this causes friction and dissonance.

- **Gradual adjustments in the linkages between housing actors and financial actors.** With continued government support for the development of the Tanzanian mortgage market, the inter-linkage amongst the housing actors (developers, investors, and financiers) has been adjusting at a limited level. So far, however, this has had insignificant impact on the rental housing supply.

- Multiple actors, but bias on homeownership. The public sector in Tanzania has been biased towards homeownership, with greater emphasis on the provision of housing for public/civil servants, or salaried persons mainly for those in formal settlements. As a result, public rental housing has remained limited, representing only 12 percent of the urban housing stock. The private sector provides housing for the sale and rental market, with large private developers catering for the upper-end housing market, and small-scale developers catering for lower-end rental housing. In some instances, there have been joint venture schemes between municipal governments (land as equity) and developers.

- Dominance of small-scale landlords. Small-scale landlords have financed their investments through self-help savings and adopted incremental construction methods. These units are initially developed for owner-occupation, and surplus units released to the rental markets. Ordinarily, these units are quite affordable.

59   Economic and Social Research Foundation (ESRF) website http://www.esrf.or.tz/docs/dodoma_investment_guide.pdf

Legal and institutional frameworks

Existing legal and institutional frameworks are supportive of enhanced housing supply in the country. Additionally, other laws and policies are in the pipeline that seek to address real estate investment, development, and management in Tanzania. Examples include:

- Amendments to the Land Act No. 4 of 1999, in 2004 created the platform for review of the legal framework for mortgage finance in Tanzania.

- The Urban Planning Act No. 8 of 2007 which provides

- for the orderly and sustainable development of land in urban areas.

- The Banking and Financial Institutions (Mortgage Finance) Regulations of 2011.

- The Unit Titles Act 16 of 2008 which sets out the rules and procedures for the management and regulation of divisions of buildings into units, clusters, blocks and sections, owned individually or in common use for the purpose of promoting efficient and effective use of landed property in Tanzania.

- The Mortgage Finance Act No. 17 of 2008 which provides for amendments to the Land Act, the Land Registration Act and Civil Procedure Act to make needed provisions to allow for development, promotion, and more efficient management of the mortgage financial market.

- Revised regulations made under the Town and Country Planning Ordinance (Urban Planning Use Groups and Use Classes) Regulations, 2018 and Planning Standards of 2018.

- The Estate Agency Bill for the regulation of estate agency practice in Tanzania. There are two versions to this Bill which may not be clear at the moment: a bill that addresses estate agency in its own right and another one modelled along the 'real estate regulatory authority'(RERA).

- A National Housing Policy which is being formulated specifically for the housing sector.

- A Review of the National Human Settlement Development Policy of 2000 which will address broader issues in settlement planning and development.

- These laws and those that transformed the Tanzania Building Agency and the National Housing Corporation and established the Watumishi Housing Company as well as the Tanzania Mortgage Finance Company have gone a long way in assuring real estate investors of a safe investment in real estate and housing.

4.1.7 High cost of urban infrastructure in housing areas

Physical infrastructure such as access roads have been provided by individual developers in rental housing areas. The levels of provision vary a great deal even within the same sub-ward. However, electricity connections were provided by the national power agency, TANESCO in each of the study areas. Water supply and sanitation service connections are major challenges and not available in some of the areas.

4.1.8 Other findings

- The local rental housing market in Dar es Salaam has undergone major structural changes. There has been a general increase in housing development evidenced by extension works to existing housing units, sub-division of space to create more rental units, and vertical extensions to meet housing demand.

Student Housing Accomodation. With a growing university student population, on-campus student accomodation has been strained. As a result, most students seek rental accomodation from private housing outside the university, usually room lettings. In response, some private landlords have developed high-rise rental units for student accommodation which they lease at the on-going private market rents. Areas around higher learning institutions such as the University of Dar es Salaam have increased numbers of rental housing units mainly for students room lettings.[60]

- Unmatched Rental Housing Supply. There are several reasons for the low supply of rental housing in the Dar es Salaam and now Dodoma markets, in both formal and informal contexts:

- Availability of affordable land for housing projects is a major constraint: In the planned urban areas, available land is usually in the remote suburbs. In some cases, such as the Buyuni Houses in Dar es Salaam, the resulting rental housing tends to not be attractive to the working class who value commuting costs more than housing.

- Access to finance for developers: Access to housing finance is a major problem for the majority of small-scale landlords. Earnings from existing rental units have not been high enough to allow re-investment in further units. Poor access to finance is aggravated by the general inability by small-scale landlords to develop and present business strategies to potential financiers.

- Low monthly incomes by tenants: The general

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60 The neighbourhoods of Mlalakuwa, Changanyiieni, Msewe and Makongo have thrived on students and lecturers rental housing needs for the University of Dar es Salaam, Ardhi University and the Institute of Water Resources.

poverty levels in the country makes it impossible for landlords to charge sufficient rentals that would enable them re-invest in more units. Salaried tenants are more likely to afford rental housing than those without regular incomes. Household debt to disposable income has however remained steady between 34 percent and 36 percent duing 2014-2018.

- High cost of infrastructure and tax liabilities: Although municipal governments are expected to provide basic infrastructure in their areas, there is very little that is happening. Consequently, developers have to provide access roads to their project areas, and negotiate with utility companies to get connections, usually at a higher cost. On the other hand, while developers procure building materials at cost, inclusive of VAT, when they complete the construction, they have to pay VAT and capital gains if they wish to sell the houses. This may seem to work in favour of rental housing.

- General impacts on the local real estate sector. Retail and office space markets in Dar es Salaam were until recently (2016 onwards) a landlord's market. Rentals are charged in terms of US dollar per square meter. There was already a decline in rental charges from US$30 per square meter for prime office space in the city during 2010-2016, to US$20 per square meter for retail and US$15 for office space during 2016-2019. The decline in rental for retail and office space was primarily due to an increase in quality commercial space by private developers who have supplemented institutional developers' efforts. By 2016, occupancy levels were between 35 percent and 45 percent and vacancy levels are estimated to be at 400 000 square metres.

5. CONCLUSION

- It was established that some concerted efforts by the Government have been made towards easing access to credit for financing developments by small-scale landlords, boosting housing supply by large landlords and setting up satellite towns which in effect stimulate housing supply and address the infrastructure problem. Regularisation schemes aimed at upgrading informal settlements have also assisted in addressing informality in housing supply and in rental market arrangements.

- The key message from the study was the need for the government to recognise the significant role that small-scale landlords play in addressing housing accommodation problems in the short term, and the potential for them to be involved in the national strategies for affordable housing. The informal sector operates on norms that are practical, but which need to be guided both in the

direct supply of rental housing and in the marketing operations and management. It is also pertinent to recognise that investments in apartment blocks have dual advantage in that they provide cheaper units over limited supply of land and are increasingly preferred to standalone housing, by households.

- At policy and institutional levels, action is required to make planning standards and regulations more adaptable to the needs of the rental housing market. In as much as development control is important, the need to provide as many housing units on the available urban land is real. Unlike homeownership housing, rental housing entails several dwelling units on a land title. It is important that in urban land management, priority should be given to granting land titles under planning use Class 'B' instead of the standard Class 'A'.

- To conclude, the Tanzania rental housing market has the potential to realise supply and demand side value chains and resolve the affordable housing problem in Tanzania. The contention that the performance of the housing sector has slowed down is not consistent with what appears to have happened to the large part of the market in the informal sector. The perceived market shocks in the formal housing sector are short-lived and the market is likely to stabilise once the shift to Dodoma is complete and the ongoing massive infrastructure developments are accomplished.

- To understand housing markets in Tanzania, further research is necessary. The present study covers only a portion of the country and is not sufficient to speak to the rental housing market's diverse group of cities and towns that make up Tanzania. Mwanza and Arusha in the north (west and east respectively) are characteristically unique, when compared to Dar es Salaam, in the same way Mbeya is, in the southern east. It might be useful to consider extending the rental housing market survey to the rest of the country. In separate consultative meetings with the Bank of Tanzania (Bank Supervision Division) and National Bureau of Statistics, there was expressed desire for a joint study on the subject.

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ANNEXURE 1: EVOLUTION OF POLICY ON HOUSING IN TANZANIA

In the first two decades after independence, Tanzania's government was a dominant player in supplying formal housing as private sector involvement in housing production was still limited. The Government implemented a few programs in this time, including:

Slum Clearance Programme and Redevelopment of 1960 and 1970s Squatter Upgrading Schemes in major cities such as the Buguruni, Magomeni and Manzese in the city of Dar es Salaam. A key outcome of this scheme was construction of tenant-purchase housing of uniform architectural styles (Swahili house type) which are prevalent in some areas of Dar es Salaam.

Establishment of national agencies to design and direct civil-servant housing development, including:

*   The National Housing Corporation (NHC) whose initial mission was to implement the slum clearance and redevelopment policy. The NHC is now one of the most important public actors in housing development and management in Tanzania.

*   The National Estates and Design Consultancy (NEDCO) which was responsible for all design (architectural, engineering and quantity surveying). NEDCO was privatised in 1998

*   Tanzania Housing Bank (THB)[61] which was primarily housing finance company owned by the Government set up in 1972 replacing building societies owned by elite groups (Mwakyusa 2006). THB advanced loans to over 2 000 housing projects during its tenure but was dissolved in 1993 on account of poor performance.

*   THB-Estates Company, a subsidiary of the THB that worked parallel with the NHC but developing medium and high-income housing.

*   Employers Housing Brigades: Each of the national agencies (parastatal organizations) was required to develop and manage housing estates for their employees. Dedicated Building Brigades at Ministerial levels were created to manufacture building materials for housing.[62] A large number of current housing estates in the cities of Dar es Salaam and Dodoma are outcome of these initiatives.

This period was also marked by strict regulation of private rental housing. In 1971, the Government nationalized all rental housing whose rental value was equivalent to US$20 000 (TSh100 000). This discouraged investment for the rental housing that eventually in later years during 1990-2010 created a serious shortage of rental housing for the upper-end market. The Rent Restriction Act of 1962 (RRA) and its amendments in 1984 also discouraged private landlords. The RRA was repealed in 2005.

In the period following the 1980s, the Tanzania government adopted a series of policy and legal reforms that have created an enabling environment for individuals and corporate to contribute towards housing supply. These reforms have addressed the need for enhanced efficiency and transparency, governance and encouraging local participation in the planning processes.[63] Some reforms that have affected rental housing supply include: the decentralization of government functions to eight zonal offices, the establishment of housing departments and officials at the district levels (though this is not yet completed), the adoption of digital management systems, and the relaxation of housing and taxation laws.

Land Use Planning, Surveying and Titling Projects

The Government through MLHHSD set up a '20 000 Plots Delivery Project' in 2000 that has enabled municipalities to achieve a higher rate of planned and surveyed land for housing development. The project was piloted in Dar es Salaam and later duplicated in other urban areas. By 2018, the total number of plots delivered was more than 195 217 around the country, most of them being a result of 'regularization scheme[64]' of housing land in informal settlement areas.

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61   The setup of housing finance company in 1973 was in response to growing realization of the weaknesses in the direct housing provision by the Government (https://www.tzaffairs.org/1982/07/decent-housing-for-all-tanzanians/)

62   Mwakyusa, A. T. (2006). Traditional and Contemporary Building Styles used in Tanzania and Models for Current Needs. PhD Thesis , British Isles: St Clements University http://stclements.edu/grad/gradmwak.pdf (Accessed 12 August 2020).

63   Chyi-Yun et al. (2017).

64   Regularisation is one of the planning tools to formalise informal settlement by verifying and documenting land ownership (grant security of tenure through 'residential licenses) and upgrade or improve infrastructure within the settlement.

Human Settlement Development Policy 2000 (HSDP)

The HSDP is currently being reviewed by a consultant appointed by the MLHSD with the decried intention of establishing two separate policy documents (i) Human Settlement Policy and (ii) Housing Policy. The key provision of the policy document is on the strategies for promoting and enhancing the national housing sector, creating enabling and sustainable environment for affordable housing through finance and alternative housing building technology.

The Housing Finance Project, 2010 (HFP 2010)

HFP 2010 was an important intervention in housing finance and production in Tanzania that paved way for setting up the following institutions:

Tanzania Mortgage Refinance Company (TMRC) in 2011 which is a secondary market lending facility refinancing primary mortgage lenders. TMRC is subscribed by 14 private commercial banks and has been instrumental in the re-establishment of home loan markets in Tanzania. A total of 32 commercial banks are involved in home loans. The proportion of home loans to GDP has been steadily increasing. Mortgage Debt/GDP ratio has improved from 0.23 percent in 2011 to 0.46 percent in 2014, but declining to 0.44 percent, 0.43 percent, 0.33 percent and 0.34 percent respectively in the years 2015, 2016, 2017 and 2018;

Watumishi Housing Company (WHC) in 2013 that is responsible for developing affordable housing for sale to public servants. The primary target for the WHC has been developing houses that would sell between TSh25 000 000 (US$10 000) and TSh76 000 000 (US$30 000) which is considered affordable to an average earning public servant;

Housing Microfinance Fund – (HMFF) in 2015 that aims at providing finance to financial institutions that will subsequently fund construction, maintenance and/or improvement of homes. Four financial institutions have been able to secure funds from HMFF totalling TSh10 billion loans and 500 homeowners have accessed the funds. Lending rates by HMFF lenders range between 15 and 18 percent per annum;

Proposed restructuring programme for the National Housing and Building Research Agency (NHBRA) whose mandate is on developing and promoting appropriate technologies in building materials production and construction for affordable housing. NHBRA is an agency through the Ministry of Lands, Housing and Human Settlement Development established in 1979. NHBRA has throughout its history carried out and implemented a series of the use of local materials in house production, outreach services which included construction of model houses using sisal fibre roofing sheets.

Other Reforms and Initiatives

In the last decade, 2010 to 2019, the government through the Ministry of Lands Housing and Human Settlement (MLHHSD) in collaboration with the Ministry responsible for Regional Administration and Local Government (PO-RALG) has issued several directives and guidelines aimed towards increasing efficiency and transparency, governance and participation in the planning processes.

Legislative amendments include:

- Amendments to the Land Act No. 4 of 1999 mostly on provisions related towards strategies for implementing the law.
- Passing of Urban Planning Act No. 7 of 2007 and subsequent regulations and guidelines such as:
- Guidelines for the preparation of general and detailed schemes of 2008.
- Town Planning and Space Standards Regulations GN.157 of 1997.
- Urban Farming Regulation – GN. 215 of 2001.
- Technical Instructions for Change of Use and Subdivision of Plots.
- Guidelines for planning of small islands of 2012.
- Urban Development Control Guidelines - GN. 242 of 2008

The Ministry also authorised the decentralisation of central government functions to 8 zonal offices. As a result, during 2015-2019, Assistant Land Commissioners, Government Valuers, Town Planners and Land Surveyors have been appointed to supervise and approve requisite professional output in the 8 established zones in the Dar es Salaam, Eastern, Northern, Central, Western, Southern Highlands, Southern and Lake Zones.[65]

The Land registry was already operating in four zones and similarly the Land and Housing Tribunals were set up in 2002 at District and ward level. Plans to set up housing departments by placing housing officers at municipal/district levels have not been fully realized (Interviews with MLHHSD, October 2019).

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65   The Ministry of Lands, Housing and Human Settlement Development is considering further decentralization that will result in setting up 'regional offices' to replace zonal offices during 2020/21 Financial year (taskforce committee is working out strategies for realising the re-structuring of government functions)

Adoption of digital management systems in the land and housing sector: The Land Rent Management Systems (LRMS) and the launching of Government Electronic Payment Gateways System (GePG) has simplified and reduced the high levels of bureaucracy in filing and making payment in housing development and management transactions.

Relaxation of housing and taxation laws in Tanzania, including:

- Repeal of the Acquisition of Buildings Act of 1971 in 1990 that resulted in the restructuring of the National Housing Corporation (NHC) and merging of the Registrar of Buildings portfolio into the NHC.

- Act No. 11 of 2005 Miscellaneous provisions that repealed the Rent Restriction Act of 1984 and empowered NHC to operate on commercial principles.

The government also maintains laws and regulations that exercise some regulatory checks on landlords. These are: The Courts (Land and Housing Tribunal) Act of 2002 which provides for security of tenure to tenants, and fiscal policy reviews and legislation as regard house rent income which is taxed on basis of withholding tax at the rate of 10 percent for each rental income received in the case of nationals and 15 percent in the case of foreign tenants.[66]

ANNEXURE 2: LEGISLATION AND POLICY RELATING TO RENTAL HOUSING

Law/Policy	Description	Implication for rental housing
Tanzania National Development Plan 2016/17 – 2020/21[67]	Tanzania's National Development Plan is largely focussed on industrialisation for economic growth and human development. While rental housing has not been explicitly identified as an area of concern, housing and infrastructure have been flagged. Albeit, to the extent of promoting home ownership mainly.	Targets set for each Ministry and included in budgets. For housing, a key target is land titling to qualify for loans.
National Human Settlements Development Policy of 2000[68]	The objectives of this policy are two-fold; To promote the development of human settlements that are sustainable, and to facilitate the provisions of adequate and affordable shelter to all income groups in Tanzania.	In light of limited access to formal financing for housing ownership, and construction as indicated in the policy, innovation and facilitating access to housing opportunities is the option. This can be in the form of rental to cater to the needs of communities living in informal settlements or provide a housing option. In Dodoma, for example, demand for housing has increased with the transfer of administrative capital. However, government employees still have homes in Dar es Salaam.
Land Act No. 4 of 1999[69]	The Act provides for land administration in Tanzania but specifically urban land. Village land administration is governed under the Village Land Act. The key legislated functions are management of land and settlement of disputes and related matters. Implemented by regulating land in terms of transfer, consent panning, verification of ownership, land registration and general administration of land.	The law outlines right of occupancy to land and related laws governing rental /and default of, over leased land. Important for the rental market is land regulation laws as this affects tenure security and rights to land as well as procedures and legal requirements to owning/leasing land in Tanzania. Sections 88 and 89 relate to responsibilities of lessor and lessee. This is useful information for developers and investors at large. For example, annual rental on land is charged yearly making leasing of land unaffordable.

66   United Republic of Tanzania Investment Centre. (n.d). Withholding tax rates in the Income Tax Act, 2004 http://tanzania. eregulations.org/media/WithholdingTaxTable%20Rates.doc (Accessed 12 August 2020).

67   United Republic of Tanzania. National Five-Year Development Plan. (2016). http://www.mof.go.tz/mofdocs/msemaji/Five%20 2016_17_2020_21.pdf.

68   Sheuya, S (2002). Urban Development in Tanzania: An updated review. https://www.ilo.org/wcmsp5/groups/public/@ed_ emp/@emp_policy/@invest/documents/meetingdocument/wcms_asist_8361.pdf.

69   United Republic of Tanzania. Land Act, 1999 (No.4 of 1999). http://extwprlegs1.fao.org/docs/pdf/tan23795.pdf.

The Courts (Land Disputes Settlements) Act of 2002[70]	Most provisions on housing-related disputes, rentals and securing of tenancies (in some ways successor to the repealed Rent Restriction Act of 1984). There are various levels to handle disputes with regard to land. The lowest is at sub-ward level with the local leader, if need be, taken to ward level land and housing tribunal. Disputes involving over TSh50 million claims referred to District level onwards. Appeals may be made to normal court through to Appeals court.	Land tribunals were established in only a few districts. Most disputes are about ownership of land, land boundaries, non – payment of house rents, inheritance of land/houses. An annual average of 3,500 disputes during 2010-2018 has been recorded (Annual MLLHSD Budget speeches)
Urban Planning Act No 8 of 2007[71]	The Act provides for the orderly and sustainable development of land in urban areas, to preserve and improve amenities; to provide for the grant of consent to develop land and powers of control over the use of land and to provide for other related matters. Key implementation gap is that plans after established after establishment of settlements. Capacity is an issue and staff cannot implement as fast as development is undertaken.	Main objective of the Act is to ensure serviced land is available for shelter and human settlements development and to ensure all related activity is regulated with necessary infrastructure and capacity in terms of land use planning. The Act provides for guidelines on town planning schemes and administration which directly affect the development of rental housing in terms of densities, building restrictions, land uses compatibility and capacity, sub-divisions, consents, acquisitions etc.
Land Use Planning Act No. 6 of 2007[72]	An Act to provide for procedures for the preparation, administration and enforcement of land use plan. Applies to rural areas – participatory village land use plans that are carried out per village. Each village should have this – very few have been done –	Ensures tenure is streamlined with land use planning. It has been expressed in that provisions of the Act have not been effectively undertaken due to slow planning procedures rendering land occupiers insecure.
Unit Title Act of 2008[73]	An Act to provide for the management of the division of buildings into units, clusters, blocks and sections owned individually of co-owned and use of designated areas; to provide for issuance of certificate of unit titles for the individual ownership of the units, clusters or sections of the building, management and resolution of disputes arising from the use of common property; to provide for use of common property by occupiers other than owners and to provide for related matters. Not clear on the intersection between dispositions done by Citizen Developers and Non-Citizen Developers. No clarity of provisions on Dispositions between Non-Citizens, just as with the Land Act Steady growth of condominium properties in form of high rise (Vertical) Apartment Blocks in major cities.	This law relates directly to co-ownership of a property or building for exclusive use and laws and regulations surrounding this. While the law does not explicitly cover rental. Part 3 indicates that if an owner was to lease the property, s/he will need to obtain permission from the body corporate set up for development as a requirement of law. The Act also indicates that it is the owners' responsibility to upkeep and maintain the unit in accordance with the rules and regulations as stipulated by the body corporate of the development.
Land Registration Act, Chapter 334[74]	This Act makes it compulsory for all planned and surveyed land to be registered as well as all transactions (sales leases, mortgages, caveats etc). There are eight zonal registrars (Dar es Salaam, Moshi, Mwanza, Bariadi, Tabora, Dodoma, Mbeya and Mtwara)	Registration of titles and disposition entries assure developers, investors, buyers, lenders and other actors rights, obligations and smooth dispute procedures. A land title search is obligatory for all leases, transfers/lease, surety and mortgage registration (S.5, CAP 334).

70   United Republic of Tanzania. The Court (Land Disputes Settlements) Act, 2002. https://tanzanialaws.com/principal-legislation/land-disputes-courts-act.

71   United Republic of Tanzania. The Urban Planning Act, 2007. https://www.lrct.go.tz/download/laws_2007/8-2007_The%20Urban%20Plaaning%20Act,%20Act%20No%208%20of%202007.pdf.

72   The United Republic of Tanzania. The Land Use Planning Act No.6 of 2007. http://extwprlegs1.fao.org/docs/pdf/tan164483.pdf

73   The United Republic of Tanzania. Unit Title Act, 2008. https://www.ecolex.org/details/legislation/unit-titles-act-2008-no-16-of-2008-lex-faoc085323/ and http://extwprlegs1.fao.org/docs/pdf/tan85323.pdf.

74   ABC Attorneys. (2019). Rights of a Tenant. https://www.abcattorneys.co.tz/wp-content/uploads/wp-post-to-pdf-enhanced-cache/1/rights-of-a-tent.pdf.

Land (Procedure for Mortgage of Land) Regulations, 2019[75]	These Regulations apply only to mortgage of a right of occupancy, a lease of a right of occupancy or derivative right.
Real Estate [Regulatory / Development] Act[76]	The Bill for this Act is still in progress of being passed and has been drafted (https://www.ippmedia.com/en/news/new-law-offing-manage-tanzania%E2%80%99s-real-estate-industry). According to ABC Attorneys, the industry is unregulated and the Act will allow for supervision of the sector to prevent unrealistic price hikes by landlords. This is due to the excessive demand and limited supply of housing and rental property in general. The Minister of Land, Housing and Human Settlements indicated that the real estate sector is booming and contribute a lot more than it currently does to the Tanzanian economy. For this to happen the sector needs to be regulated.
New Valuation legislation (setting up of Valuation board 2016)	The Valuation and Valuers Registration Act No. 10 was passed in September 2019. The Act requires all valuations carried out in Tanzania to be approved by the office of Chief Government Valuer. This will include all rental assessment for taxation purposes as well as in lease negotiation and litigation cases as in evictions.
Act of Parliament no. 2 of 1990	This Act governs the mandate of the Tanzania National Housing Corporation. It is important to be considered for rental housing as it is part of the mandate of NHC to provide and facilitate provision of housing and other buildings in Tanzania, rental housing included.
Bank of Tanzania Act 2006	The principal functions: to formulate and implement monetary policy, regulate and supervise banks and other financial institutions. It is mandated by this Act to create credit reference systems.	A key area of interest coming out of this Act, which is imperative for the future of the rental and housing market in general and which relates to the formalisation of the estate agency sector, is that of a credit reference system. Two regulations were formulated under this Act; namely, Credit Reference Databank regulations 2012 and Credit Reference Bureau Regulations 2012. While only about six percent of the population is on this, according to CAHF's 2018 Housing Finance in Africa Yearbook, and the system is relatively recent, this should be a good starting point to better understand affordability and product segmentation.
Other banking legislation	• The Banking and Financial Institutions Act (BFIA), 2006. • The Banking and Financial Institutions (Tanzania Mortgage Refinance Company) Regulations, 2011 • Mortgage Finance Act of 2008 • The Mortgage Finance Regulation of 2015 • National Microfinance Policy	There a few banking regulations that affect the mortgage market and access to finance for housing purposes in Tanzania. This is important as it speaks to the supply of housing. In Tanzania with only 65% of the population banked and access to mortgages difficult to obtain, alternative means of financing construction of homes have become prevalent. These include housing microfinance and savings and cooperative groups.

ANNEXURE 3: RENTAL DATA RECEIVED FROM LOCAL LEADERS

LOCAL LEADERS' FEEDBACK ON RENTAL UNITS IN CASE STUDY AREAS

DODOMA

LOCAL LEADERS AT SUB-WARD LEVEL					
DODOMA MJINI MUNICIPALITY					
Ward Name	Street Name	Number of Houses in the Street	Number of Rental Units	No. of new Rental Units Since 2014	Respondent
Makulu	Mwangaza	470	100	-	MEO of Mwangaza
	Msangalale West	4 600	2 760	0	MEO of Maguruwe
	Bwawani	1 000	600	0	WEO of makulu
Makole	Chadulu B	520	360	0	MEO of Chadulu B
Ihumwa	Chang'ombe	1 855	855	300	MEO of Chang'ombe

75   Kasanda, P. (2019). Tanzania: New Regulations on Mortgaging Land. http://www.mondaq.com/x/813442/Financial+Services/New+Regulations+On+Mortgaging+Land and FB Attorneys. (2019) https://fbattorneys.co.tz/legal-update-24-may-2019/.

76   ABC Attorneys. (2019). Does Tanzania need a real estate regulatory authority? https://abcattorneys.co.tz/does-tanzania-need-a-real-estate-regulatory-authority/.

DAR ES SALAAM

KINONDONI

LOCAL LEADERS AT SUB-WARD LEVEL				
KINONDONI MUNICIPALITY				
Ward Name	Street Name	Estimated No. of House Owners	Estimated No. of Rental Units	Number of New Rental Units Since 2017
MWANANYAMALA	Minazini Street	400	200	NIL Only renovations of old houses

DAR ES SALAAM

ILALA

LOCAL LEADERS AT SUB-WARD LEVEL						
ILALA MUNICIPALITY						
Ward Name	Street Name					
BUGURUNI	Malapa Street					
Year	Estimated No. of Households	Estimated No. of Houses	New Houses (basically redevelopments / renovations)	Estimated No. of rental units	Number of new rental units since 2017	Respondent
2010	6000	NIL	19		NIL	Malapa Sub-ward Executive Officer (Mtendaji)
2015	NIL	1 020	26			
2019	NIL	1 011	14	Over 95% of the houses		

DAR ES SALAAM

TEMEKE

Temeke Municipality				
Ward	Street (Sub-Ward)	Housing Stock		
		Total Stock (Units)	Rental Units	New Rental Units Between 2014 and 2019
Tandika	Mabatini Street	514	320	10
	Maguruwe	1 650	760	43
Buza	Buza kwa rulenge	2 328	1 500	300

Source: Compilation from Interviews with Temeke Municipal Planner (November 2019)