

Housing Security and Affordability Status of Civil Servants in Aleta Wondo Town, Ethiopia

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Abstract

The major objective of this study is to explore the persisting housing conditions and Affordability problems of civil servants in Aleta Wondo Town, Ethiopia. A mixed approach and exploratory research design employed. Quantitative and qualitative data collected principally through structured questionnaire from 158 randomly selected sample civil servants. KII, FGD and personal observation are also used to collect additional information. The survey result indicated that 70.9% of the respondents are living in rental houses and only 27.8% are found to be homeowners. Among the renters, the majority (83.9%) rented a housing unit from private residents. The study revealed that lack of disposable income (89.2%), the difficulty of obtaining land (86.5%), high and increasing cost of building materials (73%) and lack of access to housing finance (54.1%) as factors affected civil servants to homeownership. Moreover, they are highly suffering from lack of freedom while getting in and out (85.7%), restricted in use of house facilities (71.4%), and in the number of visitors (53.6%) coming to their home by the owners. There is also arbitrary increment of the amount of rent with urgent notice (50%) and lack freedom for children to play freely in the rented compound (48.2%). With regard to housing affordability level, 62.2% showed that owning a house is unaffordable to civil servants. On the contrary, rental houses are found to be affordable for civil servants in the study area as the rent-to-income ratio(RIR) for the majority (93.7%) is below the 30% threshold level. However, if RIR drops to 10% (since housing units are substandard) the large majority (60%) of rental houses become unaffordable to the low income civil servants. Hence, the researchers primarily recommend, among others, that local Government should support renters by reducing bias toward ownership; consider every income segment and acknowledge the wide range of rental possibilities in both informal and formal markets.

Keywords: Affordability, Civil Servants, Housing, Housing Conditions, Tenure status

1. Introduction and Justifications

Housing is one of the basic necessities for human survival; despite this, it has remained as a critical problem of most cities in the world (Mahider, 2013). Around the world, over one billion urban residents live in inadequate housing where living conditions are poor and services are insufficient (Habte, 2010). According to the report by Mckinsey Global Institute (MGI) quoted in Florida (2014), some 330 million urban households worldwide currently live in substandard housing or are financially stressed because of housing cost. In the developing world, some 200 million households are located in slums; and in developed countries, like USA, EU and Japan, more than 60 million households are financially stressed.

A growing population number in urban centers coupled with an increasing tendency of people to live alone has resulted in continuous rising demand for homes, but the supply of new housing cannot keep pace with the growing demand (Habte, 2010). As such, cities around the world, in developing and developed economies alike, are struggling to meet the housing need of their inhabitants (Garemo, et al, 2014).

The supply of urban housing in developing countries is severely constrained and unevenly accessible for different consumer groups often with increasing cost (Habte, 2010). Olima (2013), added that the major symptoms of urban housing problem in developing countries include an absolute shortage of housing units, emergence and proliferation of slums and squatter settlement, rising house rent and growing inability of citizens to buy or build their own houses.

Some scholars argue that the provision of housing in urban areas should be tailored to address the needs of different consumer groups. In this respect, Ndubueze (2009) noted that people in different socio-economic groups have different housing consumption characteristics and problems. Besides this, there is a spatial variation of poverty levels between states and regions in a country. Therefore, examining housing affordability across a different socio-economic groups and states in a country not only offer valuable insight towards local housing realities of different groups, but also indicates the way to deal with their respective housing problems where they exist.

As such, civil servants as a segment of the population, have their own housing problems which require to be addressed in a special way. Accommodation problem of civil servants in many countries has become a crucial demand to be tackled. For many years, civil servants have been victims of life because of un-affordability to rent, buy or build their own houses in the market rates (Nnunduwa, 2009). With regard to home ownership, the majority of civil servants have a low purchasing or building power (Muturi, 2013) due to low income, lack of access to credit from financial institutes and access to land (Fasika, 2011; Nnunduwa, 2009). As a result, the majority of civil servants in many countries are forced to live in private rental houses (Thapa, 2005) whose rents are rising rapidly with no or limited mechanisms laid down to control it.

The rapid rate of urbanization in combination with the poorly developed economic base has posed a number of problems, including housing deficiency and un-affordability, in cities of the developing world. Ethiopia, being one of the less developed countries, is facing serious housing problems in most of its towns and cities. The housing sector in Ethiopia can be described as being of poor quality, having massive shortage, and being congested, unsecured and unplanned (CAHFA, 2014). The current urban housing deficit in Ethiopia is estimated 900,000 (MUDH, 2013). In addition to this backlog, about 60% of urban areas of the country are slums devoid of basic social services. The housing units are overcrowded, dilapidated and built from traditional non-durable materials (UN-HABITAT, 2014).

Many studies have been conducted on issues related to housing problems; however, most are directed to Addis Ababa or some major regional capitals. Most of these studies failed to address measuring affordability level in general in Ethiopian cities and rental housing situation pertaining to civil servants in particular.

Therefore, this research is expected to fill this gap and add to the body of the existing knowledge. The principal objective of the study was to assess the housing conditions and affordability problem of civil servants in Aleta Wondo town. Under the general objective, the investigators tried to examine the patterns of housing tenure of civil servants; identify the factors that influenced their access to home ownership; and investigate the problems faced by civil servants living in rental houses, as specific objectives.

2. Methods and Materials

2.1. The Study Area

Aleta Wondo town is located at about 333km south west of the capital of Ethiopia, Addis Ababa. In the global grid system, it lies approximately between $6^{\circ} 35' 37'' - 6^{\circ} 37' 00''$ North latitudes and $38^{\circ} 24' 10'' - 38^{\circ} 26' 00''$ East longitudes.

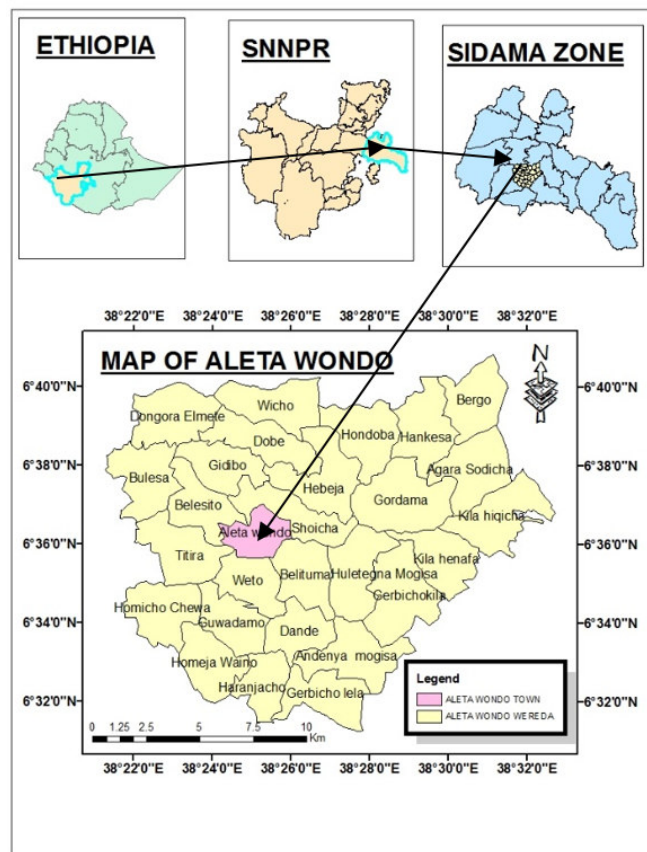


Figure 1 Location map of Aleta Wondo town (Source: Arc-GIS)

According to the 2007 Population and Housing census report of CSA, the total population of the town is 22,093, of which the number of male population is 11,646(52.7%) and those of female population is 10,447(47.3%). There is a total of 4,975 households and 4,748 housing units.

2.2. Methodology

In this study, the researchers employed a mixed research design to collect, analyze and interpret the data. In order to achieve the objectives of the study, both primary and secondary sources of data were used. The primary data were mainly collected from sample civil servants. The secondary data were collected from various published and unpublished sources such as books, Journals, theses, official documents and reports of the municipality.

In Aleta Wondo town a total of 793 civil servants are working in 18 institutions (Wondo Town Civil Service Office, 2015). For this study four institutions were purposively selected as they nearly comprise half of the total civil servants. They were First Cycle Secondary and Preparatory schools, Health center, office of the municipality and Trade and Industry Office. List of employees' names of the institutions served as the sampling frame from which sample units selected proportional to their number. In selecting the sample respondents from each institute, simple random sampling was employed.

To determine the sample size, we adopted Kothari's (2004) approach frequently employed in social sciences. Therefore, a total of 158 sample employees were selected. The sample size from each institution was selected proportional to their size. Questionnaires, KII, FGD and direct observation are also instruments for primary data collection. Official reports, books, journals are also as secondary sources of information. The data collected were analyzed quantitatively using different techniques like percentages, frequencies, and the findings were described and presented in tables. Whereas, the data obtained through interviews, FGD and observation were analyzed and described qualitatively. Besides these, SPSS was used to determine whether there is statistically significant association between civil servants' socio - economic characteristics and their tenure status. For this purpose, chi-square test was applied. Finally, to assess housing affordability level of civil servants, the rent-to-income ratio (RIR) model was adopted.

3. Results and Discussion

3.1. Age and Sex Distribution of Respondents

As indicated in table1, out of the sampled respondents, 62.7% are males and only 37.3% are females. This indicates that males have a better exposure to education and employment than females. As gender inequality and bias is deeply rooted and multi- dimensional issue in a society like that of ours', its gloomy side is also reflected in terms of access to residential housing. One female participant in Focus Group Discussion said that:

Age is an important characteristic that has relevance in terms of tenure status i.e. homeownership and tenancy. 62.7% and the remaining 37.3 % are male and female respondent respectively. The age distribution of respondents ranges between 21 and >50. Out of these, the majority, 36.7% of the respondents are in the age group of 26 – 30 years. 25.9% are in the age group of 21 – 25 and 14.6% belong to the age group of 31 – 35. The age of 9.5% respondents falls in the age group 36 – 40 and 7% are >50 years old. The study also indicates that the age groups 41 – 45 and 46 – 50 accounts 3.2% respondents each. As can be seen from the result, majority of the respondents accounting 62.6% are young whose age ranges between 21 to 30 years. These young civil servants earn low income and as they are new entrants as government employees as well as immigrants, they cannot have their own house and their only option is to live in rental houses.

Table 1: Age sex Distribution of Respondents

Sex of Respondents	Age of Respondents (Year)							Total
	21-25	26-30	31-35	36-40	41-45	46-50	>50	
Male	16	40	14	11	3	4	11	99
Female	25	18	9	4	2	1	0	59
Total	41	58	23	15	5	5	11	158

Source: Field Survey, 2016.

3.2. Tenure Status of Respondents

Housing is considered to be one of the basic necessities for human survival. In contrast to this, many cities and towns in Ethiopia are facing acute problem of providing adequate housing to their residents. The notion of adequate housing incorporates both the quantity and quality of houses available to inhabitants of a given geographical area. With this regard, Muleta (2014) noted that in addition to the availability of housing itself, the housing condition including its quality and facilities is an important component that affect the welfare of inhabitants.

Tenure refers to the arrangements under which the household occupied its living quarters. A housing unit is said to be owner occupied if the occupant household owns it and free from rent. Similarly, a housing unit is

considered as rented if the household living in it pays rent to a private individual or to public offices (CSA, 2008). As indicated in Table 2, of the sample civil servants 70.9% are living in rental houses while only 27.8% are homeowners. The remaining 1.3% of them are living with their parents.

Table 2: Tenure Structure of Respondents

Sex of Respondents	Tenure Structure of Respondents						Total
	Private-built by own	Private-Purchased	Private-Inherited	Rented-Public	Rented-Private	Living with family	
Male	25	3	4	11	55	1	99
Female	8	1	3	9	37	1	59
Total	33	4	7	20	92	2	158

Source: Field Survey, 2016

Out of the total sampled respondents, 112(70.9%) living in rental houses, 83.9% of them rented from private renters while 16.1% rented from public authorities. From the result, it can be said that the private rental sector, dominated by one room service quarters, meet the housing needs of the majority of civil servants living in the study area. Despite its huge role in housing supply, the private rental sector is invaded by many problems to which these considerable sections of civil servants have been exposed to.

3.3. Problems of Civil Servants Living in Rental Houses.

Besides to poor conditions of the housing quarters, questions were posed to participants to describe the major social problems faced by civil servants living in private rental houses.

Table 3. Major Problems Civil Servants Facing Living in Private Rental Houses.

Major problems	Frequency	Percent*
Lack freedom when getting in and out	96	85.7
Restrictions on the use of water, electricity and toilet.	80	71.4
Restriction on the number of friends visiting them	60	53.6
Arbitrary increment of rent with urgent/no notice	56	50.0
Lack of freedom for children to play freely	54	48.2
Lack of security of tenure	101	90.2

Source: Field Survey, 2016.

*The total value exceeds 100 % since respondents provided multiple answers.

The main problems they stated include lack of tenure security (90.2%), lack of freedom when getting in and out (85.7%), owners restrictions in the use of facilities such as water, electricity and toilet (71.4%), restrictions in the number of friends visiting them (53.6%), arbitrary increment of rent with a short notice (50%) and lack of freedom for children to play freely (48.2%). In this respect, participants of focus group discussion said the following:

In privately owned rental houses you have no freedom at all. Except for night time lighting, you cannot use direct electric power for other purposes. Moreover, most landlords do not allow you to use electricity after 10 pm. They also impose restriction in using pipe water. Some even restrict that tenants can use only one bucket of water per day. They also do not tolerate you to come late at night. In rental houses, as we are sharing one kitchen with the homeowners, they do not allow you to use the kitchen at any time you want. To prepare food, you have to wait until they first finish their own work. By the time when they finish their own work, it is too late and we have to hurry to our work place. This again exposes us to additional expenses.

3.4. Factors Influencing Tenure Structure

To identify the factors that influence housing ownership pattern of civil servants, a chi-square test was used. In this model, current ownership status (owners and renters) cross-checked with socio-economic characteristics of the respondents.

Table 4 below depicts the association between tenure structure and socio-demographic characteristics of sampled civil servants in the study area using Pearson's chi-square test of independence. Chi-square test was selected for this analysis since tenure structure and some of the characteristics of respondents are categorical variables. Other quantitative characteristics of respondents were changed in to categorical variables so that they could be used for this analysis. Since tenure types are broadly divided into homeowners and renters, two respondents living with their parents were excluded here and only the information gathered from 156 respondents were considered.

Table 4. Association between Respondents' Characteristics and Tenure Structure

<i>Respondents' characteristics</i>	<i>Chi-square</i>	<i>P-value</i>
<i>Sex</i>	2.575	0.109
<i>Age</i>	12.598	0.000*
<i>Marital status</i>	7.145	0.008**
<i>Household size</i>	25.531	0.000*
<i>Educational level attained</i>	2.672	0.263
<i>Work experience</i>	8.089	0.018**
<i>Migration status (Place of Birth)</i>	6.296	0.012**
<i>Years of stay in the town</i>	18.008	0.000*
<i>Net monthly income</i>	11.072	0.004**
<i>Saving amount</i>	8.210	0.016**

Source: Computed from Field Survey data, 2016.

“*” and “**” - significant at 0.01 and 0.05 significance levels respectively

The result depicts that eight of the ten variables have statistically significant relationship with tenure structure at different P-values of < 0.05. These are age, marital status, household size, work experience, migration status, years of stay in the town, income and saving. On the contrary, the P-values of sex and educational level of respondents are > 0.05 indicating that they have no statistically significant relationship with tenure structure in the study area. Similar studies () also confirm that socioeconomic status as contributing factors of housing tenure status of households.

3.5. Affordability Level of Renters

To examine affordability level of rental houses for tenants, the rent-to income ratio was applied. To accomplish this, annual income of respondents was categorized into equal groups and the median of each group was taken as the annual median income of that specific group. Then, the rent-to-income ratio for each group was computed and presented as follows.

Table 5. Level of housing affordability of renters

<i>Income Group (Birr)</i>	<i>Annual median Income</i>	<i>Frequency</i>	<i>Percent</i>	<i>Annual median Rent</i>	<i>Rent-to-Income Ratio</i>
<i>≤6,000</i>	5,040	3	2.7	2,400	47.6 %
<i>6,001-12,000</i>	11,832	4	3.6	5,400	45.6 %
<i>12,001-18,000</i>	14,400	3	2.7	2,400	16.7 %
<i>18,001-24,000</i>	20,652	31	27.7	2,400	11.6 %
<i>24,001-30,000</i>	29,352	32	28.6	2,400	8.2 %
<i>30,001-36,000</i>	33,216	13	11.6	5,400	16.3 %
<i>36,001-42,000</i>	39,336	20	17.9	5,400	13.7 %
<i>42,001-48,000</i>	42,924	2	1.8	5,400	12.6 %
<i>>60,000</i>	82,128	4	3.6	5,400	6.6 %
<i>Total</i>		112	100.0		

Source: Computed from field survey data, 2016.

The survey result shows that the rent-to-income ratio ranges from 6.6% to 47.6% in the study area. The largest value (47.6%) is recorded for 2.7% respondents whose annual income is ≤6,000 birr. Next comes 45.6% which is the value recorded for 3.6% respondents whose annual income is 6,001-12,000 birr. The ratio obtained for the remaining 93.7% range from 16.7% to 6.6%. Using the 30 % bench mark, it can be concluded that rental houses are affordable for the majority of civil servants residing in the study area as most (93.7%) exhibited values less than the specified 30% limit. On the contrary, rental houses are not affordable only for smaller groups accounting 6.3% of respondents with low annual income of less than 12,000 birr.

The use of 30% limit as measure of affordability takes into consideration the quality of the housing units. Most of the housing unit civil servants currently reside are devoid of basic facilities like electricity and water supply. Moreover, nearly 50 % of the rental housing units are consisting of only one room implying they are overcrowded. Rather than taking 30% (Rent-to-income ratio) as rule of thumb for measuring housing affordability, it would be more realistic to consider the quality of the dwelling units and adjust it accordingly. Hence, if we drop RIR to 10 per cent, over 60 % of civil servants in the study area will be found suffering from rent burden.

4. Conclusion

Based on the findings, we reached into the following conclusions:

1. Most of the housing units used by civil servants are found to be substandard. Some are lacking even to supply basic facilities like electricity, water and kitchen. In terms of tenure structure, only small proportions have their

own houses while the majority of them live in privately owned rental houses.

2. In the town, there is no official housing market and financial institutions supporting housing construction. The only option to build a house is limited to the household. Moreover, housing ownership has become difficult due to factors such as high and increasing costs of building materials, the difficulty of obtaining land, in comparison with low income. That is the ever-increasing cost of construction material as well as the frequent occurrence of shortage of supply soared the housing construction cost beyond the capacity of the majority of the civil servants.

3. The tenure status of civil servants living in private rental housings are challenged with many problems. In terms of housing affordability level, owning a house was found unaffordable to civil servants. On the contrary, considering 30 % RIR, as rule of thumb, rental houses were affordable. However, considering low quality of housing quality it would be erroneous to use this model. Therefore, if we reduce this model lower than 20%, most dwelling units will fall below the affordable level.

4. The local Government alone cannot produce all houses needed for the residents of the town. Therefore, using different strategies involvement of the private businesses, NGOs and other stakeholders should be stimulated. Moreover, the houses should be produced at relatively low prices in order to make it affordable for civil servants.

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