

Ownership of Land and Economic Growth, at what Cost?

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SUMMARY

Tanzania, like many developing countries in Africa, has undergone political and socio-economic changes in the past two/three decades termed as trade liberalization and privatization. These changes have greatly affected land administration and good governance from the context of government housing privatization. In Tanzania, the central government had been providing accommodation to its employees especially the high rank officials. In year 2002, the government decided to sell these houses to sitting tenants as a way of boosting the morale of government employees and reducing the burden of maintenance cost and other running costs (among others). Employees were given title deeds after one has made final payments, which was between 6months to 20 years.

Title deeds empowered the owners to do renovations, extensions and reconstructions to their new properties. It has facilitated change of use to commercialization such as bar and restaurants, hair saloons and grocery shops. Also from single to multi-storey structures, additional buildings were/are being erected for leasing purposes. However, the on-going activities have expanded so fast that they have overlooked plot-ratio by more than 100%, have ignored service provision such as water, sewerage and solid waste management. The area has insufficient water, there are sewerage and solidwaste disposal problems due to uncoordinated and mushrooming development. For a long time the authorities (government building agency and local municipal) have been debating on whose control ends where, there was lack of transparency and therefore accountability. At the moment, the local authority has been managed to cope with land development and promote sustainable and environmentally-friendly built up settlement.

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1 INTRODUCTION

In viewing the importance of decent housing in the perspective of the public employment, the Tanzania government indicated through Subsidy Policy, that all employees would be provided access to housing. The government's intention was signed by the introduction of Public Housing Rent, which came into effect in 1973. Before the enactment of the policy only entitled (senior) officers had access to subsidies. The introduction of the new rent policy removed this barrier, so that all public employees at all income levels had access to subsidy (Kanyama, 1995).

Public housing sector is still relatively small and its contribution to the housing stock has been declining (United Republic of Tanzania-URT, 2000). By 2000, it accounted for 5% to 10% of the housing stock in the urban areas, while in the rural areas private sector is the exclusive producer of housing (URT, 2000).

1.1 Case Study Area, Oysterbay

As regards to the built-environment, the city is divided into four development areas according to the planned, unplanned, and the time of the formation (*ibid*). First are the old planned areas that developed before 1970; these include the City Centre, Kariakoo, Oysterbay, Chang'ombe, Pugu Road industrial area and Upanga. Oysterbay is located 3 km north of the city centre along Indian Ocean. Kenyatta Avenue forms the northern border and Ally Hassan Mwinyi road provides the western border. The area extends to Msasani peninsula to the northeast and east bordered by Indian Ocean. Haile Selasie Road is on the southern border. It is rich with some of the best social facilities all within reach, such as schools, hospitals, entertainment areas (the 4-Star Seacliff Hotel and others). Physical infrastructure is also good with well-drained tarmac roads, streetlights and few gravel roads that are accessible throughout the year; there is power and running water. According to the Ministry of Lands and Human Settlement Development (MLHSD) Valuer it is the most prime residential area in the city and infact in the country. The German colonialists first established the settlement in the 1906 and later the British colonialists continued with residential housing construction for the purpose of accommodating the senior colonial governments' officers. Asians were given shelter in Upanga areas and Africans in Kariakoo, Ilala and Magomeni. The later were generally of inferior quality and on relatively poor locations compared to Oysterbay. Therefore the colonial government did not extend southwards or westwards because these areas were considered inferior hence occupied by Asians and Africans. The Indian Ocean to the east meant that the most sensible choice was to develop senior staff housing northwards

towards this area which has remained as the most prime area in the city (Kironde, 1994). No wonder it is among the areas with the best infrastructure in the country.

After independence in the 1961, the government took over the houses after the departure of colonial staff and administrators and continued to house senior government officials by seniority and instead of race. Moreover, the area is a home for a number of influential and important people and accommodates numerous offices of international level. The independent government constructed only a few numbers of government quarters.

Oysterbay is divided into low-density plots (1600- 4000 sq meters) of high quality of houses. Historically, it reflects the traces of ‘garden city’ heritage in the country.

1.2 Rationale for Sale and Privatization

The sale and privatization of public residential houses to sitting tenants was determined by the Cabinet. Cabinet has given the following explanation to support its judgment;

1.2.1 High Maintenance Costs

The prime importance of maintenance is to preserve a building in its initial state so that it effectively serves its purposes, as well as to retain the value of the property and lastly but not least is to present a good appearance.

In the year 2000/01, it costed the government T.Shs 3 to 4 billion (\$3,000,000 to \$4,000,000) to rehabilitate 430 houses (Tanzania Building Agency- TBA 2003/04). It was estimated that T.Shs 24 billion. (\$24 million) was required for the maintenance of all government houses in Tanzania by the year 2001, however only T.Shs 700 million (\$700,000) was collected due to low rents (TBA, 2004). The burden of maintenance was heavy.

1.2.2 Incentive to Attract Prospective Employees to the Civil Service

Another aim of the exercise of land and house ownership is to attract prospective employees to the civil service and enable them to live more comfortably after they retire. This was reported by the Minister for Public Service in the Parliament (January 2005). The position was reiterated by an official in the TBA when interviewed by the author:

“The government has seen the sale and privatization as a way to provide accommodation to civil servants who at the age of retirement wish to remain in occupation of the houses”

According to TBA Business Plan (2004/05), the sell has among other reasons put emphasis to promote individual ownership hence increase prestige to the owner.

1.2.3 Increasing Housing Better Quality Stock

According to TBA Business Plan (2004/05), before the sale and privatization exercise began, total housing stock amounted to 6000 houses, 5248 houses have been sold and T.Shs. 5.8 billion (\$5.8 million) have been realized by June 2004 (TBA Business Plan 2004/05). The government expects a total of T.Shs. 23 billion (\$23 million) from the sell by the year 2012-2014.

1.2.4 Increasing Efficiency in the Ministry of Works

Before the establishment of TBA, Building Department (BD) was responsible for construction and maintenance of government buildings as well as provision of electrical and building consultancy services to the government. In 1997 TBA was established which was expected to operate in a manner that is self-sustaining. This was however a doubtful expectancy given the low rental charges. Because houses which were sold were old and whose maintenance was increasingly high, it was argued that the increasing stock of new houses being built by the TBA under Ministry of Works for civil servants (to replace the old ones) will not require much maintenance costs from TBA because they will be sold to sitting tenants and the exercise will begin all over again

1.3 **Selling Procedures and Contractual Terms**

Housing is both consumption good as well as investment. In developing country, this is particularly true for the urban poor. A survey of informal settlements in Kenya, Zimbabwe, Sudan, Peru and India showed that residents use their houses for micro and small enterprises e.g. hair dressing saloons and shops (Schilderman and Lowe, 2002).

Selling procedure and contractual terms were between the ‘seller’- TBA on behalf of the government and ‘purchaser’ individual. According to the contract terms the purchaser is not allowed to sell the house within 25 years. After expiry of 25 years one is at liberty to sell or dispose off the house as s/he wishes. All payments to be made within a period of 10 years maximum by monthly installments, with 5% of the houses value as initial down payment. From the fieldwork findings, out of 20 houses selected for in-depth interview, 3 had paid full amount by cash in the first month, the rest refused to answer this question. As said earlier, the mode of selling that was used is Tenant Purchasing Scheme. And the title deeds are given to the owners who have completed their payments. The effects of ownership of properties through the system of ‘affordable houses’ are increasing the morale of the workers, reduction of maintenance costs, increasing the quantity of better houses and increasing incentives for prospective employees. On the other hand, there have also been shortcomings through institutions that have been explained below.

2 INSTITUTIONS, RULES AND BEHAVIOURS

Many development interventions including policy reforms and projects depend for their implementations on institutional change. Institutions are commonly accepted codes and rules that govern or influence behavior and allow interactions between the organs. Connections among institutions often alters formal rules and if not properly enforced could result to malfunctioning behaviors between key stakeholders. Malfunctioning could results to lack of transparency and accountability, environmental degradation, as it is the case with Oysterbay settlement.

2.1 Unclear Mandate

According to the Standing Order (1994), government houses acquire building permits from the Ministry of Works (through TBA) and not through the Municipality. Hence Municipal does not have the mandate on any government house. However, new owners are obliged to comply with Township Rule (Building Regulations Cap. 101 and Town and Country Planning -Cap. 378 (1956). According to Cap 101 (1960), section 9:

“All buildings in area should follow the terms and conditions operate in tandem with Town and Country Planning Ordinance (Cap. 378)”

And Cap. 378 states that:

“Owners are entitled to enjoy their properties within the bounds of zoning requirements existing use of land and buildings. The change in the use of property requires permission. The approval to put up a structure, its planning design and construction are governed by Town and Country Planning Ordinance” (Section 35-43)”

When TBA was asked whether they had given permit to reconstruct shops/bars/restaurant/saloons, TBA official denied of having received a request to construct and to change land use. Upon being asked how they would handle such an application, they did not seem to have a clear answer on whether they would grant it or not. However, they have taken note of all alterations and renovations, which were done without permission and have forwarded the details to the Minister of Works for further instructions.

The most commonly changed aspects are:

- Change of from single to multi-storey structure
- Change of use such as commercialization such as bar and restaurant, hair saloon and shops.
- Replacement of Tanganyika thorns as boundary with block fencing wall,
- Adding rooms or/and servants quarter

In Tanzania middle and even high-income persons engage in business activities both formal and even informal in order to get more income. Engaging in such activities is attractive because there is no effective taxation system. The point is Oysterbay is considered to be an area of people earning high income and of high status in the government and the society in general, and the informal multi habitation (haphazard co-existence of commercial and residential activities) in such a well-planned and organized area is uninviting.

2.2 Urban Design

Double storey buildings have replaced and are still replacing old government building (i.e. old buildings have been completely demolished). This underscores the fact that the land in which the building is erected commands high value; indeed it seems to be more valuable than the houses. Unfortunately its value was not computed during the valuation. By improvement of individual houses, gradually the value of the neighborhood gets higher (Figure 1)

Figure 1: Mushrooming Double storey Houses





2.3 Poor Planning

It ought to be noted that because these houses have been sold and privatized accommodation for senior staff or those to be transferred from regions would become a problem. This act may lead to unnecessary and unexpected expenses for hotels for newly appointed or transferred senior government officials. Already there are some instances where certain Judges were accommodated at expensive hotels for several months while waiting for suitable accommodations from the government. This conforms to the Political theory of privatization, that privatization does not necessarily mean reduction of government's expenditure.

3 THE COST

The sale and privatization of government houses to sitting tenants only has empowered them. The mission that made the tenants to owner has created security of tenure in such a way that the new owners have undertaken major renovations and reconstructions therefore transforming the look of the settlement.

Moreover, the sale has not considered land value therefore keeping the price of the houses to the minimum; this has resulted to the government not getting maximum value for the properties. Still from the sale the government through the establishment of TBA has managed to construct new units for its high and low ranking employees in the city and the country as a whole. Since 2002-2005 the TBA has managed to construct 240 houses in Dar es Salaam city and a total of 610 houses all over the country. By the increase of the housing stock, the social wellbeing of government employees has increased. The construction of the new units has resulted to the spatial impacts to be discussed in the following section.

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