

## Practices of Private Rental Housing and Its Policy Implication for Public Servants in Ethiopia: the case of Addis Ababa City Administration

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### ABSTRACT

The study investigates the practices of private rental housing and its policy implication for public servants in Ethiopia: the case of Addis Ababa City Administration. Specifically, the study takes a firm look the relationship between the homeowner and renter; the actual practice of private rental housing in the city, and the government policy options available to improve the private rental segment of the housing market to the public service employees in Addis Ababa City. In this effect, the research employed cross-sectional survey design with the use of concurrent triangulation mixed research method, which combines both quantitative and qualitative research methods. Quantitative data were collected through questionnaire from 422 respondents. In addition, qualitative data were gathered through in-depth interview, key informant interview and focus group discussion. The qualitative data was categorized manually according to the most salient themes, and then analyzed and interpreted thematically. The result shows that majority of the respondents do not have written contractual agreement with the homeowners. However, there is oral agreement between the homeowner and renter. Public servants faced discrimination based on their level of income, having children; due to household size; due to gender; religion and discrimination based on their ethnicity. There are no specific laws that specify or determine the scale of house rent. This is because the government is not determined to take decisive measures that are capable of resolving the existing problems. Homeowners and brokers increase rent anytime and every time they want because there are no rules and regulations that deal with the issue of homeowner and renter. Therefore, it is recommended that the government should focus on developing rental houses in the years to come since this sector has not been adequately exploited.

**KEYWORDS:** *Accessibility, Affordability, Public Servants, Private Rental Housing*

### 1. Introduction

Housing is a basic need and forms part of the critical human rights providing not only shelter but also the private and dynamic setting for much social activities and interactions (Sani, 2013). The right to adequate housing is a fundamental human right, enshrined in various international human

rights treaties and instruments, and applying equally to all people, everywhere (Almaden, 2014). The housing policies and programs of Universal Declaration of Human Rights (UDHR) stipulate that everyone should own a house, be they from high, medium or low-income groups (Almaden, 2014; Armaye, 2011; Sani, 2013). Moreover, Ethiopia has also recognized the right to an adequate standard of living under its constitution; the Constitution of the Federal Democratic Republic of Ethiopia Article 41: Economic, Social and Cultural Rights which includes the right to adequate housing. Proclamation No 272/2003 of the urban land lease, which was enacted according to article 55 of FDRE constitution stipulates that land is provided free of lease charge for low-cost housing and construction of private dwelling houses. Therefore, the proclamation tries to encourage individuals to own houses and to realize the right to adequate housing (Armaye, 2011). However, nothing has practically been done thus far.

Rental housing is a critical housing option and can be a financial choice, especially for those who cannot own houses. It is also a better choice for those who lack the savings to deal with housing related repairs, have poor credit histories, or are at special risk for disruptions in income (Belsky and Drew, 2008). Moreover, rental housing is an important segment of the urban housing provision and the private rental housing market has always been an important provider of accommodation for the low-income households (Fields and Uffer, 2016; Kemp, 2011). Rental housing may further play an important role in establishing a stable housing environment; it can react more flexibly to changing needs in the housing market than the owner-occupied housing segment can do (Vo-becká et al., 2014).

Housing is reported as an important predictor of job satisfaction of public service employees. There are significant relationships among the variables of housing, life, and job satisfaction. Therefore, studies asserted that housing satisfaction is directly associated with satisfaction in the work place (Fassil, 2016). Scaling up affordable private rental housing provision has the potential to contribute to national economies, create jobs, improve the construction industry, as well as the living conditions for the health and wellbeing of all Africans (Belsky and Drew, 2008).

When it comes to Ethiopia, there is an acute rental housing problem in urban areas (Elias, 2008). Addis Ababa, its capital city, accommodates about 26 percent of the total urban population. About 120,000 new residents are added to the city every year and the continuous and massive inflow have aggravated the rental housing problems, which can be evidenced by the current high proportion of sub-standard houses (Elias, 2008; Gumbo, 2010; UN-Habitat, 2011).

To address the rental housing problem the Ethiopian government has embarked individuals and members of the housing co-operatives, investors and the Integrated Housing Development Program (IHDP) to provide houses (Alebel et al., 2016; Tegegne, 2002). However, the provision of affordable private rental housing is a challenge in Ethiopia in general and Addis Ababa in particular. The housing deficit in the urban areas of the country is about a million housing units, the majority of which is the share of the capital city Addis Ababa (Alebel et al., 2016). Addis Ababa faces a severe shortage of affordable private rental housing (Elias, 2008). Many of the city's residents live in sub-standard housing conditions without access to important urban services. According to Abraham (2007) and Alebel et al. (2016), a considerable difference exists on demand and supply of residential houses in Addis Ababa. High demand for residential land for a long period of time and a shortage of affordable rental housing supply from government side makes difficult accessibility of affordable private rental housing for public sector employees in the city.

As one of the developing countries, Ethiopia has also been facing the same problem. A case in point is its capital, Addis Ababa, which is overwhelmed by problems afflicting most cities in the developing world. According to UN-Habitat (2003), 60 percent of the population of Addis Ababa City lives in rental housing. On the other hand, the population and housing census conducted by CSA in 2007 revealed that 58.8% of housing in Addis Ababa was delivered by the rental sector, 37% of which was deemed to be the share of the private sector, while the remaining by the public rental sector, mainly the Kebele (CSA, 2007; Yehanew, 2016). As this statistical figure shows, the majority of residents, especially public service employees, live in rental housing.

It is believed that the major challenge to residents of Addis Ababa is accessible and affordable rental housing and that those large shares of public service employees live in private rental houses. However, the studies to date do not adequately address this issue in Addis Ababa City. So, it is imperative to see the extent to which the private rental housing is accessible and affordable to households of public sector employees. To this end, the study attempts to come up with an exhaustive account of the practices of private rental housing and its policy implication for public servants in Ethiopia: the case of Addis Ababa City Administration.

## **2. Materials and Methods**

### **2.1 Research Design**

The study employed cross-sectional survey design with the use of concurrent triangulation mixed research method, which combines both quantitative and qualitative research methods.

### **2.2 Type of Data and Data Sources**

Both primary and secondary data sources were used in this study. The primary data collected through field survey, i.e., questionnaire, focus group discussion, personal observation and interview. On the other hand, the secondary data gathered from published documents such as journals, textbooks as well as other published relevant literature and unpublished documents like the Ethiopian government national housing policies, city administration reports, research publications, brochures as well as other documents obtained from different sources.

### **2.3 Data Gathering Tools and Procedures**

In the collection of the necessary data for the study, the researcher used such instruments as an in-depth interview, key informant interview (KI), focus group discussion (FGD), observation, and questionnaire.

### **2.4 Methods of Data Analysis**

Both qualitative and quantitative data were gathered through interviews, FGDs, observations and questionnaires. The qualitative data was categorized manually according to the most salient themes, and then analyzed and interpreted thematically. On the other hand, the quantitative data was codified and analyzed by using SPSS.

### **2.5 Sampling Techniques**

For the data collection, multi-stage sampling was applied. At the first stage, the 10 sample public sector offices primary sampling units were selected at the city level. At the second stage of

sampling, sectors within selected primary sampling units were selected at the sub-city level. Finally, woreda level civil servants were selected.

The *experts* who could share some important experience relevant to the study were chosen purposefully because their experience is typical with regard to the research focus. As part of purposive sampling, five sub cities 3 outer ( i.e.Yeka, Akaki Kaliti and Kolfe Keranio) and 2 inner (i.e., Kirkos and Arada) were selected based on distance from the center.

## 2.6 Sample Size

To come up with sample size, *Kothari* (2004) advises researchers to take the value of  $p=0.5$  where 'n' would be the maximum and the sample would yield at least the desired precision. This would be the most conservative sample size assuming a 95% confidence level (Fassil, 2016). Using a 0.05 level of statistical significance, 0.95 proportion of significance, the value of  $z$  is 1.96 the sample size is determined by Eq. 1.

$$n = \frac{z^2 pq}{d^2} \quad \text{Eq. 1}$$

$$n = \frac{(1.96^2) (0.5) (0.5)}{0.05^2} = 384$$

Therefore, 384 sample respondents were taken from the house renters of public sector employees of different housing scheme in Addis Ababa city. In order to compensate for non-responses, additional (10%) public sector employees were included in the survey. Accordingly, 422 public sector employees were selected as sample respondents (Table 1).

*Table 1 Number of Public Servants in the Selected Offices and Size of Sample Drawn*

Public Sectors	Selected Offices	Total Number of Public Servants	No. of Samples Drawn
Public Relations and Good Governance	Culture and Tourism B.	596	100
	Environment Protection	150	25
	Code of Enforcement	62	10
Economic Sectors	Finance and Economy	177	30
	Small and Micro Enterprise	120	20
	Trade Bureau	353	59
Municipal Services	Vital Events	106	18
	Sanitation Administration	104	17
Social Sectors	Labor and Social Affairs	404	68
	Youth and Sport	444	75
Total		2516	422

*Source: Developed by the Researcher, 2020*

## 3. Results and Discussion

### 3.1 Renter-Homeowner Relationship

Renters-homeowner relationship is crucial in private rental housing development activities. Therefore, this study has thoroughly assessed the relationship between the homeowner and the renter. Table 2 summarized that 136 (32.2%) of the respondents faced dispute with the homeowner, whereas 286(67.8%) of the respondents did not face dispute with the homeowner. The result shows that majority of the respondents did not face dispute with the home owner or homeowner.

*Table 2 Dispute with the homeowner*

Did you face dispute with the homeowner?	Frequency	Percent
Yes	136	32.2
No	286	67.8
Total	422	100

*Source: Field Survey, 2020*

However, there are conflicts between the homeowner and renters. Respondents said more about the matter. One of the Group participants narrated the situation as he left the house that he rented for the last time was because the homeowners cannot be in good terms with my wife. Most homeowners tend to show more hatred to females as compared to males even if you are living under the same room and she is your wife. Especially, if the female renter stays at home, there is a greater chance for conflict regarding water and toilet usage, sewage and waste disposal. For instance, once the renter side talked to the homeowner by accused my wife of disposing waste in the toilet, and a conflict arose. Then, after only staying for a month, they asked us to leave the house under the pretext of 'house renewal'. As stated previously, this a common pretext used by many homeowners to expel an unwanted renter. He used a pre- contractual agreement that I signed when rented the house to expel me out of the house only within one month. Within that a month period of time, they even stopped greeting my wife when they meet in their way to and from church. I had spent a very difficult one month before I finally left because we weren't feeling good when we see one other. I searched for a house for a full month in almost the entire city, but I cannot find a house to rent. First, I searched in areas which are considered as 'center' of the city, but I couldn't find any. Especially, it is extremely difficult to find a clean house that is closer to the center of the city (FGD1, 29 Aug. 2020).'

Similarly, other Group participant discussed some sources of conflict with the homeowner as he has encountered a conflict with a home owner once. I and My friend were renting in the same compound from the same homeowner, and the home owner told my friend to leave as soon as he gets married. They started to attack his wife because she only speaks 'Tigrina', and I got really mad as a result of it. Because she cannot speak Amharic, they told him to leave the house in short notice. I couldn't maintain my good relationship with them because I thought these people would do the same thing to me if I got married. The other thing is that when I was a bachelor, I hired a servant to help me with cooking, washing clothes and the like. As soon as I hired the servant, their behavior towards me started to change to the worse. I didn't know exactly why at the time. I thought maybe they had assumed that she was my wife. My relationship with them increasingly soured, and they started to discriminate me, so I left the house as soon as I can as a result of it (FGD2, 09 Nov. 2020).

### **3.2 Discrimination by the homeowner when renters are renting the house**

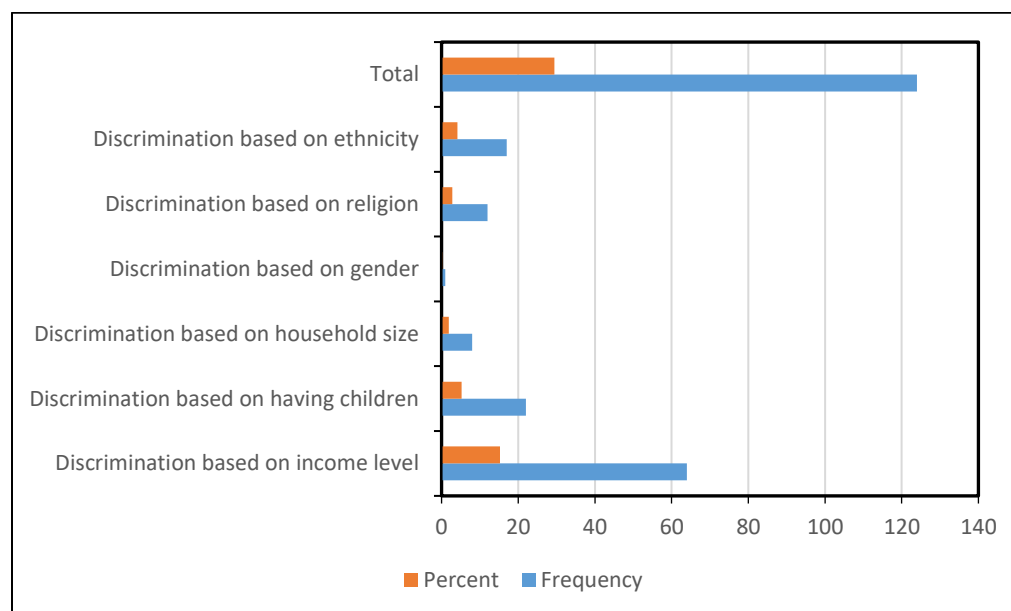
Consumers of rental housing face many barriers. Most obvious are discriminatory practices of various sorts, which close off large segments of the housing market to families with children, racial minorities, the poor or others deemed undesirable from the homeowner's point of view (Gilderbloom and Appelbaum, 1987). Table 3 presented that 124(29.4%) of the respondents faced discrimination by the land lord and 298(70.6%) of the respondents said that they never faced discrimination by the homeowner. The result shows that majority of the respondents did not face discrimination by the homeowner.

*Table 3 Discrimination by the homeowner when renters are renting the house*

Do you face discrimination by the homeowner when you are renting the house?	Frequency	Percent
Yes	124	29.4
No	298	70.6
Total	422	100

*Source: Field Survey, 2020*

Figure 1 shows the discrimination of house renter by the homeowner. The figure showed that 64(15.2%) of the respondents faced discrimination based on their level of income; 22(5.2%) faced discrimination by having children; 8(1.9%) faced discrimination due to household size; 1(0.2%) faced discrimination due to gender; 12(2.8%) faced discrimination based on religion and 17(4.1%) of the respondents faced discrimination based on their ethnicity. The result shows that majority of the respondents faced discrimination by the homeowner based on level of income.



*Figure 1 Kind of discrimination by the homeowner, Source: Field Survey, 2020*

Homeowners usually discriminate people based on gender, religion, ethnicity language and so on. Also, they prefer renters who occupy less space, and if possible, they would like to rent a person who has got a field job and only comes home once every two weeks. They don't want you to stay at home for too long. Even though they are renting out houses, they also seek to have privacy at the same time (FGD1, 29 Aug. 2020). Moreover, private housing renters also faced restriction of fundamental rights. FGD Participant who faced restriction of fundamental rights noted the issue absence of privacy since he cannot get in the house and leave anytime as he wants. He has no access of key of water taps and toilets. He has to beg them to get the key to the water tap and the toilet. They don't want to give him the key of the gate, and it takes them unnecessarily too long to open the door. They even commit sexual harassment on renters. However, because there is a severe shortage of houses, the only option you have is to live by withstanding all these problems. They also refuse to let in renters by locking the main gate after 2:00 o'clock in the evening. They will

give him various reasons like security, water wastage and inappropriate toilet use. The issues of water and electricity consumption as well as toilet use are huge when living in a rental house. There is also the issue of unreasonable rent increment by the homeowner every now and then (FGD1, 29 Aug. 2020).

### 3.3 Contractual Agreement between Homeowner and Renter

As it is stated under Article 2946 (1) of the civil code of Ethiopia the municipality is mandated to prepare a model written contract for the lease of a house or a flat which will be used by those land lords who are residing within the municipal territory and renting their house as a bench mark (Taye, 2013). The Figure 2 below shows that 132(31.3%) of the respondents said that there is a formal written contractual agreement between the homeowner and the renter, whereas 290(68.7%) of the respondents replied that there is no written contractual agreement with the home owner. The result shows that majority of the respondents do not have a written contractual agreement with the homeowners.

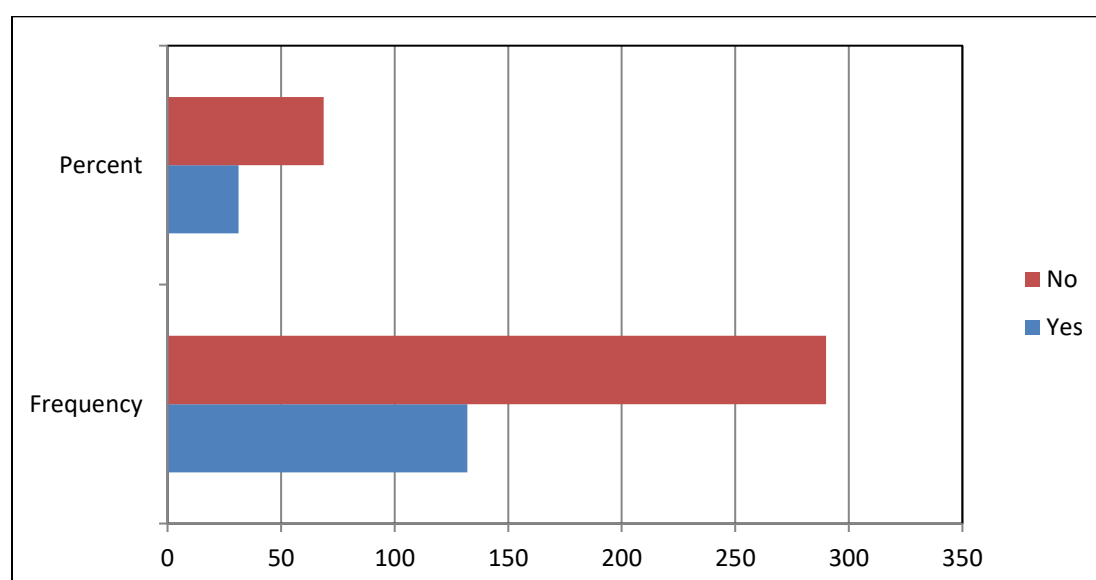


Figure 2 Practice of Contractual Agreement between Homeowner and Renter, Source: Field Survey, 2020

Some FGD participants those who live in private rental houses also informed that homeowners avoid contractual agreement. The homeowner did not want to make a contractual agreement with me because he does not want to pay the rent revenue taxes appropriately. The agreement is made only orally; a written agreement based on any rules and regulations is not made. This is also because the homeowners want to manipulate the renters as they want. Homeowner are obliged to pay the appropriate amount of rent tax if they make a written contractual agreement, so they want to avoid making any kind of written contractual agreement. This is also because there is no part of the government that lays out a regulatory system to control their conduct. They don't want to make a written agreement because they want to increase the rent as they want unreasonable every now and then. If things do not go their way, they use electricity consumption, water consumption and toilet use as a pretext to expel the renter. This is because there is no experience of regulating their action and there are not laws do to so. The agreements made are not based on rules and have no acceptance and recognition by the government. This is because renters get the house through

brokers, and there is no contractual agreement. Because it is a customary conduct by homeowners to rent and expel as they want, there is no legal contractual agreement.

Similarly, one of the key informants (KI-6, 12 Oct. 2020) also stressed this point. He revealed that there is a form prepared by us, but it does not have a standard. There is no standard by which we decide and argue what amount of money is appropriate for what type of house. When home owners rate their house with lower rent, we usually convince them to increase the value of their rent. There are some home owners who notify a rent that is lower than last years. In such circumstances, our system usually finds out the mischief, and we confront them with the information and convince them to increase the rent that they notify. If we have information about the amount of the actual rent, we force them to notify a rent that is closer to the information we have got. In general, we, as an institution, have prepared a form for contractual agreement between the home owner and the renter. But when some home owners come to our institution in July, they bring their own form from various places. Some people get the form from our institution. When new homeowners come to our institution to notify their rent for the first time, we make them fill the form in July, and the taxation for rent revenue is calculated based up the information they provide on the form. Moreover, the respondents and the key-informants noted that there is no contractual agreement that that gives some form of guarantee to the renter by stating how long the renter stays, how the homeowner and the renter should behave in times of disagreement between the renter and the homeowner and the quality of the house.

### 3.4 Rental Price Amount of Private Rental Houses

As it is summarized in Table 4, about 345(81.8%) of the respondents said that there is price increment by the homeowner and 77(18.2%) of the respondents replied that there is no price increment by the homeowner. The result shows that majority of the respondents made price increment on private rental housing. Similarly, study conducted by Mochama (2014) in Kenya shows that there have been many cases where the tenants are given very short notice to either accept a 10-20 or 50% rental increase in the rent level or move out and look for other alternatives.

*Table 4 Price Increment of Private Rental Housing*

Is there price increment by the homeowner?	Frequency	Percent
Yes	345	81.8
No	77	18.2
Total	422	100

*Source: Field Survey, 2020*

Respondents said that the monthly rent is increased just because the rent scale of the houses in the village increased. Homeowners tell you that the value of foreign currency and the cost of living, electricity and water supply has increased. They use it as a precondition to increase rent. It has become increasingly difficult to live in this country, especially as government civil servant who survives on a monthly salary. Brokers usually inform home owners if the rent scale in the village has increased. The most common reasons are inflation, increased cost of living and salary increment. What is victimizing and hurting greatly is the government announcing salary increment for government civil servants in the media without making significant salary increment. When there is the slightest rumor that the government is increasing salary for civil servants, homeowners increase rent in prior. What is making the situation extremely difficult to live is the constant increase in living cost and greed of homeowners. As to the interviewee from the home owner, the



availability of water and electricity supply is another factor determining the price of rental houses. If it is the homeowner who covers the electricity and water bill, the price of the rental house increases (Interview I, 17 July 2020). The problem with home owners and brokers is that they usually tend to increase rent price based on false rumors from neighbors.

Focus group participants from brokers also shared this view. They said that renters usually complain that rental houses are becoming increasingly expensive. Although it is expensive, a person can rent whatever house he/she desires to rent (FGD3, 20 July, 2020). In relation to this, FGD participants stated the owner could increase the rent depending on the condition and part of the city that the house is situated. If the price of other houses in the village increases, owners usually increase their rent. If they do not increase it stays as it is. It could also increase within a year. It depends on the owner, and we cannot say that all owners are similar. There are some owners who frequently gather information regarding rent price from neighbors and brokers and there are others who do not do such a thing (FGD3, 20 July, 2020).

However, if there is agreement homeowners do not increase rental price repeatedly. Focus group participants from brokers stated the rent increases is based on their contractual agreement. For instance, if their contract is for six months that. For instance, if three months of rent is paid at once and a six months' living right is granted in the contract, it means that the price does not increase for the first six months. After the six months, it will be up to the owner to increase or decrease the rent price (FGD3, 20 July, 2020).

### **3.5 Private Rental Housing Policy**

Until very recently, the government of Ethiopia did not have an explicit private rental housing policy. The Federal Ministry of Housing and Urban Development is the leading agency entrusted with the responsibility for the provision of housing policy. However, the Ministry has not prepared a policy proposal on private rental housing development which serves as a guide for cities and regional governments in meeting the soaring housing demand in the country.

KI-2(5 Nov. 2020) disclosed that there is no private rental housing policy in Ethiopia, but there is a strategic framework. The strategic framework indicates that it is allowed to rent houses in private and residential houses, but there are no specific rules, regulations and a legal framework. The strategic framework states that private homeowners can rent houses and build houses for rental purposes. This is what the reality on the ground looks like. The reality on the ground also indicates that there are much more private-owned rental houses than government- owned rental houses in the city. There are only a few government- owned rental houses in the city. A census has been conducted for about three times so far, and all of them show that the number of government- owned rental houses is decreasing whereas the number of rental houses provided by private home owners is increasing. As far as the legal framework is concerned, it has been tried to prepare a proclamation but it has not been practical yet. Thus, our understanding is that the realities on the ground allow for the policies to be practical (KI-2 5 Nov. 2020).

Moreover, the Key informant discussed the issue of private rental housing policies and strategies as the issue of houses is closely interlinked with land. Houses could be constructed by private individuals, the government, real-estate or societal organizations, and the government does not control these constructions at a ministry level. As a result, information related to houses, control of construction and land is found with the concerned body of the government. These bodies of the government include 'Woreda', sub city and city level structures. The institution which is

responsible oversee this task is available at a ministry level, but the actual task of controlling and follow up is conducted at a city level. Also, private home owners can build rental houses and rent. There is also a mechanism by which the government earns a percentage of the income generated by private home renters. Currently, there is a system that specifies the percentage that private home renters should pay to the government based upon how much they rent. However, this system and its details of rules and regulations are not established nationwide; regional governments have been designing and implementing their own mechanism of taxing private home renters. Addis Ababa city administration is also doing the same thing, and this system of collecting revenue or taxation is also used as a system of control and follow up by the city administration. Nevertheless, there are no specific laws that specify or determine the scale of house rent. Just like any other business, the scale of taxation for residential rental houses is lower than that of rental houses for business. Business rental houses generate higher taxes. Currently, a ministry for registration of permanent properties has been established, and in the near future, it is this ministry that will be responsible for registering and controlling the permanent property of private individuals nationwide. This ministry will take care of issues related to renting and purchasing of permanent properties. The draft controlling mechanism is currently being prepared and it will be practical in the near future (KI-2 6 Nov. 2020).

### **3.6 Private Rental Housing and the Tax System in Addis Ababa**

A tax of rental revenue is collected from private home owners in Addis Ababa. The level of private rental house tax payers differs from one to another based on their level of income. The key informant from trade and industry bureau stated the process and the level of private rental house tax payers as the tax of rental revenue is collected from private home owner from July 08 up to August 06. These tax payers are termed as level 3 tax payers at 'Woreda' level based upon the tax proclamation which was launched in 2006 and became practical in 2017. Home owners with annual rental income of up to 12,722.65 USD are categorized as level 3 tax payers at 'Woreda' level. Those homeowners with annual rental income ranging from 500,000 up to 25,445.29 USD are categorized as level 2 tax payers, and they pay their taxes at sub-city level. These categories of payers are obliged to pay their taxes until 'Puagme' 5<sup>th</sup>. Homeowners with annual rental income exceeding 25,445.29 USD must register for VAT, and they are categorized as level 1 tax payers based upon the new tax proclamation. This category of tax payers is obliged to pay their taxes until November 09 at a sub-city level. Thus, only private home owners who are categorized as level 3 tax payers pay at 'Woreda' level. For instance, there are some private home owners who rent out a single house for up to 127.23 USD. This is 1,526.72 USD annually, and if they have 4 or 5 rental houses, it falls in the category of level 3 taxpayers, who are taxpayers with annual revenue less than 12,722.65 USD. When we discuss the taxation system of Addis Ababa city administration, we do not tax the full annual rental revenue of private home owners, but only 50% of their revenue is taxed. The other 50% is considered as an expense. For instance, if their annual revenue is 2,544.53 USD, we tax only the 1,272.26 USD. Thus, the taxation percentage grows from 10% to 15% up some times to 35%. Those with annual revenue below 7,200 (seven thousand two hundred) are exempted from tax (KI-2, 19 Sep. 2020). According to the KI-2 tax (19 Sep. 2020), the control system for private residential rental houses is weak. He noted the situation as there is a weakness in controlling rent taxation. We, as an institution, have also assessed and found out our weakness in controlling taxation of rent revenue. We have weaknesses both in lack of adequate human resource and in lack of effort in assessing private house renters. We tax only based upon the information that the renter provides to us. We give the renter a form that asks the number of homes

rented out and the amount of rent, and we tax based upon the information filled in the form and provided by the renter. Of course, an orientation is given to level 3 tax payers of all kind in prior and repeatedly by the city administration to remind the tax payers to pay their taxes within the deadline day. The leadership members of each 'Woreda' also participate in the orientation by taking responsibility of different zones of their sub-city.

Therefore, the control system is very weak and the City Administration used traditional controlling systems. Similarly, the key informant (KI-2, 19 Sep. 2020) stated that the information can be obtained from a neighbor. The city administration verifies the sincerity of the information provided by the home owner by crosschecking it against the information gained from the renters by asking them how much their monthly rent is. However, there is there is punishment if home owners do not pay rent revenue tax properly, and they punish them from 5% to 20% by claiming tax evasion and based on a system punishment. Besides, the researcher observed that there are people who claim to rent only three houses while they rent 10 houses. Similarly, some people claim to rent only for 12.7 USD while they actually rent for 50.89 USD. Therefore, there is no institution that control private rental houses and there is huge gap in gathering and managing information. The city administration has not yet sorted out how to garner accurate information regarding private house rent.

### **3.7 Housing Strategies for Public Service Employees in Addis Ababa**

The Addis Ababa Housing Agency is highly concerned on condominium houses. According to the key informant of Addis Ababa Housing Agency (KI-6 24 Sep. 2020), the government is utilizing various alternatives to make civil servants become home owners although it cannot be said that it has reached a satisfactory level. From all the houses that are being built, only 20 % of it is making government civil servants' beneficiary. For instance, if 100,000 (one hundred thousand) houses are built, a quota is given for government civil servants so that they will draw lottery on the 20,000 of them. From civil servants, especially for government school teachers, 5,000 (five thousand) houses out of 500,000 (five hundred thousand) by giving them the opportunity to rent them with a very low price per month. Now, the construction of more than 1700 houses has been completed. These houses will be included in the lottery recently so that only government civil servants would be beneficiary since they will be granted with the opportunity of renting the houses with very low price. As a result, although it cannot be said that it has been able to make government civil servants' beneficiary, the government is doing everything in its power to provide them with affordable residential houses. The monthly rent paid by government civil servants, especially by government teachers, is very low. Nowadays, the rent for one-bedroom and two-bedroom houses is not more than 12.72 and 20.35 USD, respectively. Furthermore, the key-informant stated the strategies of housing for public servants have been beneficiary with the 20% quota. For instance, in the 11<sup>th</sup> round of lottery for condominium house ownership, 20% of the 31,000 (thirty-one thousand) houses was given only to government civil servants. As I told you, recently, a number of condominium houses has been transferred to government civil servants with monthly earning of less than 3000 (three thousand) so that they rent the condominium houses with very low monthly rent price. Thus, the government is implementing various alternatives to pave the way for civil servants to become home owners. However, it cannot be said that the supply so far has been satisfactory and every problem is solved (KI-6 24 Sep. 2020).

### 3.8 Land Lease Price for Residential in Addis Ababa in Addis Ababa

The land administration and building permit official noted that the initial lease prices that are to be given to the developer through tender and negotiation were updated and submitted on annual basis based on the condition of the respective areas. Moreover, lease price of land for road and communal open space (green areas) is exempted for the private residential housing developers. The land lease price in Addis Ababa is very expensive and the supply of land is very low. A key informant from land administration office said that the land lease price is up to 50,000 per square meters. The respondent put his observation as the supply is very low. The city administration has decided auctioning off land once in every month. There is a very low supply of land prepared for construction of residential houses. So far, a very small amount land has been auctioned for lease. And, Things have not been accomplished based on the plan. A land is given for construction of residential houses only through lease auction. As a result, it does not include the majority of the society. It only participates those with higher financial capacity. It does not involve those with low income (KI-7, 21 Dec. 2020).

Study conducted by Abelson (2009) shows that housing costs are almost certainly increased by government restrictions on housing supply. State governments around Australia restrict the supply of land for housing. Evidence of these restrictions is found in the high value of land with development rights compared with land without these rights (Abelson, 2009). Therefore, the payment for government civil servants is very low and the land lease price is not affordable even for middle class government civil servants. Similarly, Participants of FGD-2 on also argued that the main problem in this city is the fact that the government is acting as owner of land responsible for selling it with lease. Its problem is it makes it extremely unaffordable for government civil servant to buy a piece of land and build a house. The price for leasing a land is very much exaggerated. So, the government is hugely contributing for the inaccessibility.

## 4. Conclusions

With regard to the actual practice of private residential housing in Addis Ababa City, majority of the respondents do not have written contractual agreement with the homeowners. There is no such thing as contractual agreement form between the homeowner and the renter. However, some respondents noted that there is contractual agreement which is simply prepared by *kebeles*. Most of the agreements between the homeowner and renter is oral agreement. There are pre conditions in the oral agreement. Hence, homeowners put preconditions in the oral agreements. The precondition is concerned with curfew, toilet use, not bringing too many strangers, control of water and electricity usage. Such preconditions create a negative influence on the renter. Homeowners increase the house rent unreasonably every now and then and this makes renters life unstable and very uncomfortable. Homeowners and brokers increase rent anytime and every time they want because there are no rules and regulations that deal with the issue of homeowner and renter.

Public servants faced discrimination based on their level of income, having children; household size; gender; religion and based on their ethnicity. Most homeowners tend to show more hatred to females as compared to males. Therefore, the result shows that majority of the respondents face restriction of fundamental rights by the homeowner. Also, they prefer renters who occupy less space, and if possible, they would like to rent a person who has got a field job and only comes home once every two weeks. Homeowners do not want you to stay at home for too long. Even though they are renting out houses, they also seek to have privacy at the same time.

There is a very low supply of land prepared for construction of residential houses. So far, a very small amount land has been auctioned for lease. And things have not been accomplished based on the plan. A land is given for construction of residential houses only through lease auction. As a result, it does not include the majority of the society. It only participates those with higher financial capacity. It does not involve those with low income. Therefore, the payment for government civil servants is very low and the land lease price is not affordable even for middle class government civil servants. It is extremely unaffordable for government civil servant to buy a piece of land and build a house. Based on the findings and the conclusions drawn, Addis Ababa City Government Should propose the use of public private partnership (PPP) as one possible option to deliver private rental housing outcomes in the city. The government should support and subsidize civil servants through house allowance system. Civil servants cannot compete and lease a land because of their low monthly income, so the government should support and subsidize civil servants so that civil servants should be exempted from land lease system and to provide them with free land so as to encourage them to organize and build their own houses. Mortgage finance system that is being practiced in other countries is not available in this country; a mortgage system should be encouraged by the government. A long term, short term and medium-term loan system with no collateral should be facilitated by the government to the people. Especially, this loan system should be provided to government civil servants since we have no other alternative income. There are civil servants with very low income hired in government institutions. For low-income government civil servants, the solution is to vastly construct government-owned '*Kebele*' houses and provide them to such people with low rent price. There is no data which indicates how many private rental houses do exist in Addis Ababa City, therefore, the city government should establish relevant administrative institution which is entrusted with the power to register privately built rental houses. In order to assure the habitability of the private rental houses the government should also establish such institutions which have the power to make supervisions. The government should implement specific rules and regulations to establish a balance between the income government civil servants and the rent they pay. The government should somehow establish a system that prevents the government civil servants from paying unbalanced or excess rent.

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There is no competing interest with this paper.

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### **Abbreviations**

KI – key informant interview, FGD – focused group discussion, UDHR-Universal Declaration of Human Rights,

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