

Dilemma of Regulating Residential Real Estate Markets in Developing Countries- the case of Tanzania

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Key words: Housing Market Information, Information Asymmetry, Reliability

SUMMARY

'Information is power' is a popular dictum that underscores information as base of knowledge and business skills that outsmart competitors in pursuing a goal. In real estate markets of Africa, information is divulged from déjà vu operations and might not have been the tool in the first instance to tackle the intricacies imbedded in the operations. It is an aftermath of the events which is hardly recorded in a manner that it becomes useful for the next round of procedures. During the last two decades (2000-2018), there have been some unprecedented efforts to develop some forms of Real Estate Information Centres. The objective has been to assure transparency in the apparent imperfect real estate markets with a view of enhancing government revenues and protect interest of those with limited rights of access. Tanzania has taken the initiatives of learning from successful stories within and outside Africa to develop real estate information centers and to keep in place real estate regulatory frameworks. Real Estate Markets contribute significantly to national macro-economy growth and are at the center of the socio-economic prosperity of a nation.

This paper is an attempt to examine the dilemma of implementing real estate regulatory measures in an economy aspiring for open market operations. It assesses the extent to which availability and quality of real estate information is influencing the working of real estate markets. It delves in the discourse of blockchains as applies to real estate market and makes case for the need to steer streamlined development of housing information systems in real estate markets. The paper is a result of contracted research project commissioned in 2017 to design an information Centre for housing in Tanzania. Through direct interviews and questionnaires, the research reached 316 respondents in nine major cities of Tanzania.

The study revealed low levels of awareness of the processes and procedures in real estate transactions by majority of the respondents (65%), disjointed information process flows in government land administration sectors, information retrieval problems, slow and delayed decision-making process in land and housing transfer documentation, over-reliance of manual filing system, unreliable housing prices and rents in the press, social media and online platforms, unregulated estate agency, limited role of local governments in recording and storing real estate information.

The paper recommends need for comprehensive and integrated real estate information system that takes advantage of the growing information technologies, changing business and investment environments.

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1. Introduction

Real estate markets involve a wide range of products and actors in any economy. Each of the products is unique in terms of the commodities and associated services it provides. Residential estate market constitutes the largest component of real estate sector, the most important sector of an economy, representing a major source of households' wealth and a major source of collateral for lenders (European Systemic Risk Board, 2016). Residential Market is made up of two main segments- homeownership and rental housing. Nearly 80% of residential market in the developing world comprises of homeownership in most cities and up to 95% in rural areas. (Lupala, 2002). The rental housing segment is mostly found in urban areas and in different sub-classes which may be owned either by the public or private sectors and can be classified based on housing typology such as detached homes, multi-family units, apartments, students housing etc. Assisted housing or social housing is also an important form of housing which may be provided by government or not-for-profit organisations as welfare provision for those unable to meet market rent in the private sector or the subsidized rents in public rental housing (Ward, 1990).

Non-Residential Real Estate generally covers much lesser physical space nationally, characterized with intensive use of land and large capital outlays. Commercial real estate in form of office, retail and warehousing space is available in different classes on a scale of Class 1 to 3 depending on quality of location (prime space) and construction features. It forms an important asset class that attracts investors owing to its propensity towards self-reinforcing and the derivative business it performs. Compared with residential estates, it has less varied features and is more dynamic adjusting to changes in national economy and is a subject of mergers and takeovers. Commercial real estate sector has the greatest appeal to private capital with progressive completion sales. During 2018 for example completed sales globally was a staggering US\$873 billion mostly from the USA and mature economies of Europe (Urban Land Institute and PwC, 2018). Despite its huge capital outlay, commercial estate readily adjusts and adapts to changing new world models much easier than the residential market.

Residential markets (interchangeably referred as housing markets) are highly sensitive to economic changes both at macro and micro-levels and at mercy of changes in interest rates and Gross Domestic Product (Miroslav, et al., 2017). Housing markets are at the core of the welfare of nation's citizens and fate of the financial sector. A thriving residential estate market stimulates the economy through assured health and

good living of the citizens, creating personal wealth and avenues of enabled learning for the youth. The need to intervene in the working of the residential estate markets is much stronger than would be with the non-residential estate sectors. Several studies have already established the need to intervene through macro-prudential regulation for the residential market sector as means of preventing and mitigating effects of financial crises, balancing credit and business cycles and assuring protection (social) to the vulnerable consumers of housing markets (ESRB, 2016; Phang, 2013). There are however challenges that have to be addressed in regulating real estate sectors in economies that are fragile and usually dependent on capital inflow from the mature economies against growing political and social discourses on the economy development paths. This paper explores the desire to regulate the residential estate market and the associated challenges drawing experiences from Tanzania. The main focus of the paper is on housing information needs necessary for effective and efficient operations of housing markets.

2. Housing Markets

Housing markets have evolved over a long period around the globe within the ambit of real property initially limited to direct bargaining and transactions between real estate owner and purchaser of real property (Britt, 2007). The evolving housing markets deal in large part with buying and selling of both new and existing housing units and, renting housing units for defined period of time. Housing units that are put on the market are usually a product of past construction/development work and may be encumbered to the residential use for which they were designed. Unlike other commodity markets, new products in housing market take time to be realized and varied to suit consumers' demands. An average residential property placed on the market will represent a used second, third or fourth hand structure that has been occupied and used by earlier owners.

Housing market operations have direct inverse relationship with the national economy performance and interest level rates (Delloite, 2016). They are also instrumental in the allocation of both physical and economic resources in an economy which may subsequently exclude those with less bargaining power (Flint & Rowlands, 2003) (MacLennan, et al., 1987). However, housing market information is not readily available in enough quantum, space and time to enable measurement of the housing market in national economies. In the mature economies such as those in the United States of America, most of European countries and in Asia, successful attempts have been made to develop housing information systems that provide housing data to actors such as housing authorities, communities and municipal governments to enable them forecast on future housing demand, possibilities of certain types of housing to be abandoned, remain vacant and which are likely to fall victims of change in policy and building codes (Hillier et al, 2003).

Developing countries such as Tanzania are struggling to set up housing information system mainly to account for the contribution of the residential real estate market in

their national economies, assess needs and as basis for public revenue assessment (Bob, 2010), (Susaanne, 2018), (Morenikeji, et al., 2017).

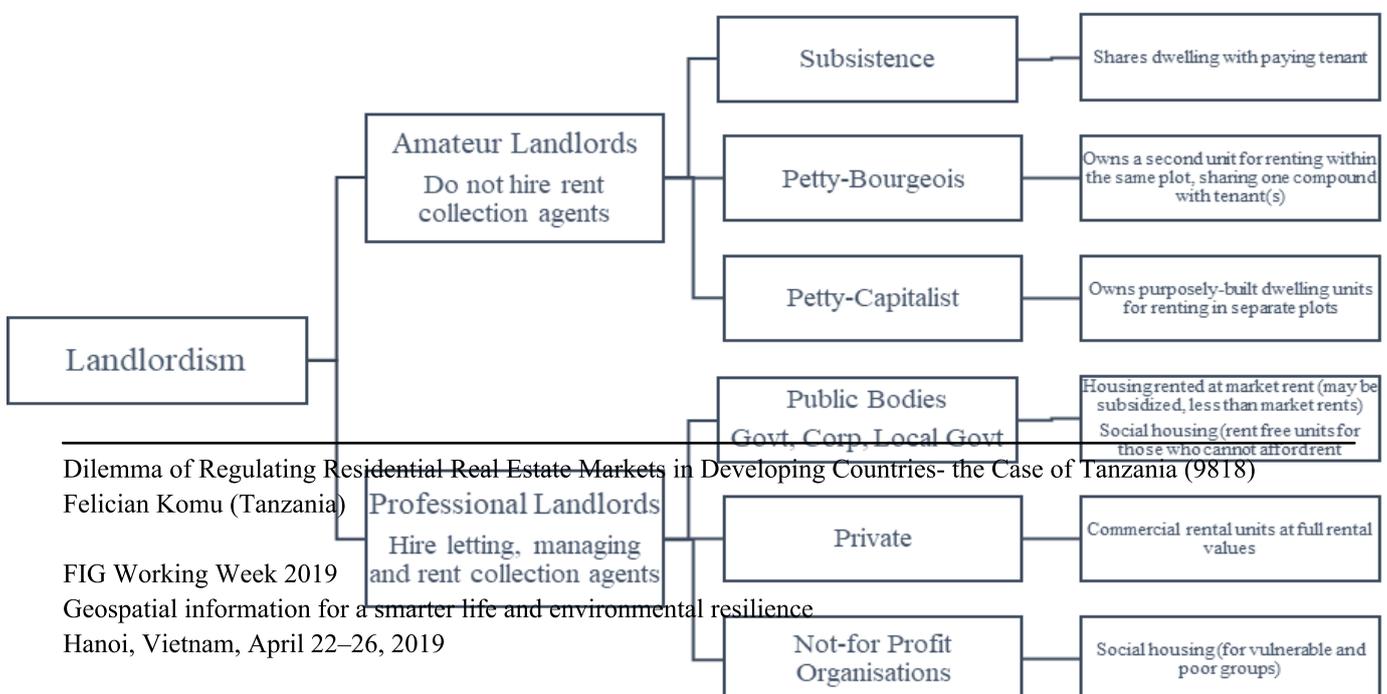
2.1 Key Players in Housing Market

There are two key players in any housing market, the suppliers (landowners, developers, builders and landlords) and, the buyers (consumers either as home buyers, tenants or occupiers or investment sharers- real estate investment unit holders). These two types of players are characterized with conflicting interest on the housing commodity (Komu, 2013). As a result a third player who conditions the resulting relationship between the two has been necessary. These intermediaries facilitate the market operations by producing the necessary information on availability of units for sale, purchase or leasing. Lawyers rather than brokers played key roles as intermediaries to safeguard the right of the parties and to attend to the details involved in property transfer.

With increased urbanization and demand pressure on land holdings, it has become necessary and more profitable to subdivide large land holdings into smaller and smaller lots. The subdivision of the real estate products consequently attracted more actors in the evolving housing markets such as architects, engineers, planners, surveyors (valuers, property managers), lawyers, bankers, public officials, and developers, construction trades and estate agents forming real estate team. Each team member plays an integral part in the housing delivery process

In a typical urban area of developing economies such as Tanzania, the main actors in housing markets would be limited to those operating in the rental sector which tends to be more active than the selling sector. Within rental housing markets, the actors would be landlords of two broad categories- amateurs and professional who might have different arrangements for dealing with tenants as indicated in Figure 1. Government units of Housing, Health and Safety, Water and Sanitation will be responsible for enforcing covenants between these landlords and their tenants and the society.

Figure 1: Types of Landlord



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2.2 Intervention in Housing Market Operations

On account of the unique features of housing as a hedge against inflation, its limited supply owed to its non-substitutable location, indivisibility and subsequent high demands as well as the high cost transaction, housing market operations have not been as efficient and effective in upholding virtues of human rights and access to the basic human needs. As a result, governments around the world have had to intervene to regulate housing market operations within the general framework of housing policy as summed up by UN Habitat Agenda:

...Governments should take actions... these actions include adopting *policies aimed at making housing habitable, affordable and accessible, including for those who are unable to secure adequate housing through their own means, by, ... (iii) Supporting community-based, cooperative and non-profit rental and owner occupied housing programmes...* (UN Habitat, 2006).

Governments have perceived housing as more of a welfare institution than a commercial undertaking (Ronald, 2004). Government intervention has been in form of policies, laws and regulations in most jurisdictions. The major objective is to streamline the housing supply to ensure the market caters for all groups of housing consumers on one hand but on the other to regulate the functioning of the intermediaries. This has been necessary for the following reasons:

- (i) Due to fixity factors of housing commodity, dealings in housing market are by nature restricted to the respective geographical region and transactions are largely private. Bid and offering prices are rarely made public. Despite the requirement under such regulations as would be in land, housing, and land use planning laws to disclose transaction price, often the prices are understated for various reasons;
- (ii) Non standardization of traded commodity: housing units even of similar architectural designs cannot be geographically alike. Lack of standardization is principally caused by the nature of land location. Each housing unit is geographically fixed even within the same building and has distinct legal descriptions and might be set forth in a property tax, unit title or land map records;
- (iii) Market is unorganized and lacks central control: even in the case of units owned by one large housing organization where centralized management actions are usual, there are wide fluctuations in value and number of transactions that can take place over the same unit within the same neighbourhood. These could be in terms of lease terms (commencement and expiry dates, agreed dilapidation obligations, first right refusal to dispose etc) and rent charged. It is also the case that housing market activities vary a great deal between cities, regions and even

between urban and rural communities. These variations can have adverse effects to those community members whose bargaining power is limited and for whom the society may want to protect. But more important is the fact that a declining housing market is negatively correlated with the national economy and therefore the need to avert such a decline (Andre & Garcia, 2012)

- (iv) Short Selling: on account of the unique features of housing commodity and the legal documentation that is required of it, speculators are encouraged in buying housing units when the prices are felt to be dropping for future high price realization. The absence of short selling in housing market unlike in the other commodity markets such as grain or share stock raises concerns on attracting investment in housing. The key problem is lack of control to influence house prices so that they remain stable. In practice however there have been concerns expressed on the housing and indeed real sector in most developing countries such as Tanzania that the sector is haven for money laundering (Brigitte & Joras, 2011; Stephen, 2004);
- (v) Poor adjustment of the housing supply and demand: housing units or products take time to develop on one hand but on the other last for a long time period which makes it operationally difficult to adjust supply and demand on a local market level. A housing problem caused by shifting of population to urban areas may be difficult to resolve. Construction of houses may take several months to accomplish a single house. As a result, housing market fails in a number of situations often resulting in a seller's market and therefore higher price offerings and monopolies;
- (vi) Legal description of buyers of real estate or land in the country may be another reason for instituting policy intervention. Normally, a seller would identify a buyer who moves or expects to live in the seller neighbourhood. The residents in the neighbourhood may not have a high price offering relative to those wishing to moving in the area. The temptation to sell to people outside the local housing market is high and may compromise legal provisions such as the restriction to sell land to foreigners.

The desire to regulate residential markets is strongly felt around the globe and in some countries, strict laws on landlord-tenant relationship, housing provision and enforcement of decent homes standards are usual. In order to establish the challenges countries face in regulating real estate markets, a research study was carried out in two time periods, during 2015/16 and 2017/2018 covering in eight towns of Tanzania.

2.3 Housing Markets Dynamisms in Tanzania during 2010-2018

For most of 1973-2010, there was virtually no formal housing finance arrangement in Tanzania following the wind-up of the only housing financing bank in Tanzania, the

Tanzania Housing Bank. The only large housing developer was the National Housing Corporation whose annual capacity for new housing units was on annual average of 50 units. Adoption of a Housing Finance Project in 2010 introduced long-term funding through establishment of the Tanzania Mortgage Refinance Company (CAHF, 2018). This was followed by un-precedented increase in the number of commercial banks involved in housing finance from 3 in 2010 to 31 in 2017. According to the Bank of Tanzania reports, the mortgage market recorded an impressive growth rate of 6% during 2017-2018 bringing the outstanding mortgage debt to GDB to 0.33 per cent (BOT, 2018).

Major policy and institutional reforms adopted during 2008-2018 created an increasing opportunity for the private sector involvement in housing market and investments. As a result, there has been remarkable increase of private sector information suppliers in the real estate sector during the last 10 years in Tanzania. A random online search reveals at least 11 strong presence of websites with classified advertisements that include real estate listings that were never there. In the Yellow Page Book of 2018, 86 real estate agents are listed, some of which are Property Management Firms (12) Property Development (10) and Estate Agents (64). The list contrasts with those found on Zoom Tanzania where a total of 161 Estates Agents are listed comprising Property Management Firms (43), Property Development (25) and Estate Agents (93). On the other side, Tanzapages lists a total of 63 Estate Agents and makes a distinction between Letting Agents (16), Online Property Listing Firms (12) Overseas Agency Firms (3), Property Consultants (13) and Property Development (16). None of this information could claim to represent the entire spectrum of real estate (housing) agency in the market.

The Business Registration and Licensing Agency (BRELA) publishes list of business names that have registered with the Agency. An examination of the BRELA pages does not however provide the full picture of agents that are involved in the housing sector. Alternative sources are the Professional Registration Boards such as the National Council of Professional Surveyors (NCPS) and the Ministry of Lands, Housing and Human Settlement Development (MLHSD). The general picture indicates less than 100 registered agency firms involved in housing transaction across the country contrasted with only 25 in 2008. A majority of those registered with NCPS or the MLHSD are those involved with either land surveying, land-use planning (recent development, 46 registered under the Town Planners (Registration) Act of 2007) and Valuation. Valuation firms beyond valuation services also deal with real estate agency, property management agency and some in development appraisals.

A large part of real estate agents is however, not registered and constitutes of enterprising young individuals and moonlighting non-real estate professionals who have local knowledge of the ongoing house prices and rents. These practice as informal estate agents (popularly known as 'dalalis') but who provide valuable housing information in their areas. They are important data input for the registered firms and for the other housing actors in the market.

3. Study Methodology

This paper is based on two contracted research works which spelt out the tasks required. The objective of the two studies were complementary, the first one was to evaluate options for modernizing real estate business in Tanzania and the second was to design an information Centre for housing in Tanzania. In both studies, it was necessary to identify current real estate market information providers, reliability of the information that is shared in the market and the confidence that the market particularly investors have over the years developed over the current sources. Information was sought on the real estate business setup in Tanzania, status, operations, weaknesses and strengths and challenges facing the sector. Real-life experiences were sought from respondents on what they perceived as concerns regarding such issues as information asymmetry between actors (formal and informal marketers) involved in the real estate sector; relationships between informal (marketers) and formal real estate agents (including areas of conflicts and complementariness); regulated and unregulated areas of the real estate sector.

The face to face interviews were complemented with a review of existing technical reports including published and unpublished documents, policy, Acts, Parliamentary Bills and Estate Agency and Valuation, the country reports on Doing Business in Tanzania. A questionnaire was self-administered in 9 regions that were visited and was also made available online through 'Survey monkey' and 'Google Research Tools'. A total of 316 questionnaire was received during the April-May 2017 field studies while 137 out of the targeted 200 respondents were reached in the face-to-face interviews. The Study team comprised of 9 research assistants in the disciplines of housing, real estate, town planning, sociology and information technology.

Consultative meetings in a form of focus group discussions provided vital information on the possible areas of improvement in housing, mortgage lending, real estate markets and new modes of real estate marketing.

4. Findings and Discussion

House production in Tanzania has been provided by individual house developers on incremental basis mainly from personal savings. This has accounted for nearly 95% of the current stock and almost 100% in rural areas (URT, 2016). Government's role in boosting house supply has been limited to providing planned and surveyed land as the most appropriate strategy on one hand and on the other developing options for adoption of cheaper and easily available local building materials through research and outreach programmes (URT, 2014). The role of the private sector in housing production beyond household level has been very limited on account of many factors. During the last 10 years and in particular during the implementation of the Housing Finance Project of 2010, there has been substantial increase in large housing estate development schemes by the private sector as well as public corporations. While the emphasis throughout the years had

been on development of affordable housing, during 2007-2017, the focus has been extended to housing for all groups and house improvements.

The nature of housing suppliers to the market has also changed dramatically bringing in new actors such as commercial banks, new public companies like the Watumishi Housing Company in 2013, the Tanzania Mortgage Refinancing Company(2010) and a host of private large estate developers. As a result, unlike in the past three decades where the public sector mainly National Housing Corporation was adding on average 50 housing units in the market per annum, the combined annual housing stock by both the private and public companies jumped to 1,500 units during 2012-15 with a high record of 24,800 in 2017. The role of local governments in influencing housing production and stimulating local housing market has been passive. With limitation on planning new housing areas and providing the requisite infrastructure to facilitate housing development, the local governments have not contributed to new housing in their areas and in some cases have been blamed for bureaucratic delays in processing permits for new housing (URT, 2016).

Unlike the public rental housing, housing owned by private individuals for renting purposes exhibits a diverse type of houses in terms of architecture, materials specification, size, aesthetics, maintenance condition and the amount of landscape available. However, a large part of the private rental housing is not comparable to the standard designs found in public housing areas. Private housing that is comparable to the public housing is found away from the traditional central business districts of the cities such as Dar es Salaam.

4.1 Housing Market Information Repository and Sharing

Under the current practices, land and housing information is apparently kept by different organizations and each data repository is tailored to suit the purpose of the respective unit oblivious of the need for other dependant units. It was however, not clear whether, land and housing information that people use to facilitate transactions was reliable enough from the professionals' point of view. Across organizations it was also not clear whether the information available could be accessed with an adequate speed to facilitate the functions of different organizations. To address these two issues, specific questions on the reliability and speed of information access across organizations were included in the questionnaire. Out of the total 316 respondents, 225 responded to these specific questions.

Out of these 225 responses, 42% of the respondents thought information sharing across related units in land and housing departments was just good whereas 18% rated it as bad. However, 40% of the respondents were not able to tell on the level of cooperation between departments and units. When responses were analysed against groups, a low percentage of respondents from local government(45%) considered cooperation levels were very good while those from Central government expressed sharing of information was excellent (71%). The number of respondents in the construction class was very low as summed up in Table 1.

Table 1 Cooperation levels within organization across organization type

Type of Organization	Bad	Neutral	Good	Total
Local Government	13	18	47	78
Central Government	2	22	7	31
Land Consulting Firms	15	22	28	65
Financial Institutions	1	3	5	9
Construction Companies	0	5	1	6
Education Institutions	8	14	4	26
Institutional Developers	0	1	0	1
Others	2	4	3	9
Total Responses	41	89	95	225
Total Responses %	18	40	42	100
No Responses (from the 316)				91

In terms of speed of access to housing information kept by a sister department or a different organization, generally, only 3% of the respondents considered access of housing information from another department was fast ranging between 1 and 3 days. This response is dominated by 20% of local government responses and 15% of land consulting firms. None of the respondents in the categories of construction companies, education and institutional developers suggested access to housing information was fast. Around 17% of responses suggested that access to housing information from a different department was fast. This was dominated by responses from financial institution i.e. 33% followed by those from central government which was 25%.

4.2 Perceived Challenges in Residential Real Estate Markets

A total of 24 challenges were identified by the respondents. The results of this analysis are presented in Table 2. The three topmost challenges facing the housing sector in Tanzania are shown to be (i) poor coordination of the various departments involved in land and housing related activities, (ii) limited access to relevant information and (iii) poor work organizations. Poor cross departmental and cross-organization coordination may emanate from poor communication or use of inappropriate

communication methods, non-participatory approaches and selfishness by certain organization in sharing data and information. It is also important to note that two of the three top-most problems are related to the need for a housing information centre.

Table 2: Ranking of Challenges facing the land and housing sector

Rank	Constraint or challenge	Responses (Count)	Percent %
1	Poor Coordination	64	20.25
2	Limited access to relevant information	42	13.29
3	Poor work organization	35	11.08
4	Professional misconduct	27	8.54
5	Human resource constraints	25	7.91
6	Limited knowledge on land matters	20	6.33
7	Technological constraints	19	6.01
8	Financial constraints	12	3.80
9	Corruption	11	3.48
10	Proliferation of informal settlement	11	3.48
11	Policy and local environment mismatch	5	1.58
12	Complex professional registration process	4	1.27
13	Lack of common understanding on legal issues	4	1.27
14	Land conflicts	3	0.95
15	Political influence	3	0.95
16	Limited competitive power	2	0.63
17	Limited professional platform	2	0.63
18	Unfair competition	2	0.63
19	Excessive professional fees	1	0.32
20	Inadequacy of construction contracts	1	0.32
21	Lack of standards on professional conduct	1	0.32
22	Limited control of informal real estate agents	1	0.32
23	Poor construction practice	1	0.32
24	Poor decision making	1	0.32

On the other hand, interviews with staff in the National Land Information Centre at the Ministry of Lands, Housing and Human Settlement Development revealed structural problem amongst existing information systems. An official remarked the systems ‘...do not talk to each other...’(Interviews, April 2018). They do related tasks to achieve one goal nonetheless, he concluded.

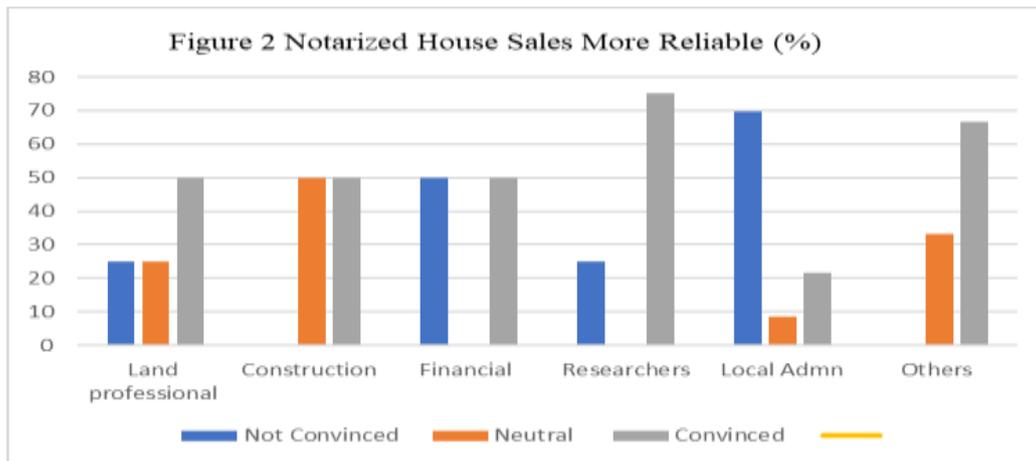
4.3 Reliability of Existing Housing Transaction Information- Across Respondents Positions

The study wanted to understand the level of trust on housing transaction information by clients across housing stakeholders to get insight on quality of housing information with respect to this source. Out of the 316 questionnaire received, 228 individuals responded to the questions on this aspect. Overall, there was consensus on the limited access to reliable information (75%) by all the respondents as shown in Tables 3. Interestingly, over 55% of professionals working in land, housing and real estate sectors shared the view (if one considers those who thought it was not reliable together with those who were neutral) and they constituted the largest majority of respondents for questions under this category. This is possibly due to lack of information repository at both local and national level, limited incentives for local authorities at Ward, Sub-ward and Village level to record transaction and involvement of non-professionals in land and housing transactions.

Table 3: Reliability Test of Housing Transaction Information by Stakeholders

Category	Not Reliable	Neutral	% of Not reliable	Reliable	Total	
					No	%
Estate/Housing professional	88	66	54	52	206	72
Construction	1	5	2	2	8	3
Financial	4	0	1	2	6	2
Researchers	12	13	9	4	29	10
Local Administrators	6	9	5	8	23	8
Others	5	6	4	5	16	6
	116	99	75	73		
Total					288	100

There are two forms of witnessing land and housing sale transaction prior to the statutory transfer through Commissioner of Lands. A sale can be witnessed by a local leader usually an official of the Village or Street/Mtaa in rural or urban areas respectively or a public notary. The study sought opinions on the trust levels of either of these two forms. Out of 131 respondents who volunteered opinions, 46% were convinced that sales information through notaries was more likely to be correct while 32% disagreed and 22% chose to remain neutral. Responses from the category of finance, construction and research sectors were very insignificant, in total there were only 6 responses. Responses from local administrators (village/mtaa leaders, ward executive officers etc) indicated 70% of those responding did not trust sales information witnessed by notaries (Figure 2). This contrasted negatively with the 50% of land-based professions category who were convinced notarized sales were no more reliable than those witnessed by local leaders.



In a focus group discussion with functional heads of TMRC during April 2018, it was evident existing information on housing transactions could not be relied upon. The argument was on the quality and type of information that the individual actors generated and kept for future uses. Most of such information is never available in documentary forms and is mainly by word of mouth. These views were collaborated in another interview with the Chief Government Valuer in May 2018 who had observed an over-widening gap between reported house prices by individuals and those assessed by the qualified and registered valuers. The disparities between realised house prices, reported house prices and those established by valuers have been growing steadily over the years. Explanation given was on the growing complexities of housing units getting on the market and the lack of guidelines on housing market surveys.

4.4 Improvement in Availability of Housing Information

Given the high level of adoption of Information technology -(internet penetration of around 19million or 32% of population) and use of mobile phone (including smart phones, estimated at over 42m or 76% in 2018 by the National Communication Regulatory Agency), the study probed the existing situation on availability of housing information across housing stakeholders to try to evaluate whether any improvement has been perceived. The results revealed at total of 58% thought there has been improvement whereas 24% thought there has not been and 19% could not tell (Table 4).

Table 4 Improvement of Housing Information Availability across Housing Stakeholders (2012-2017)

Category of Respondents	Not Improved	Neutral	Improved	Total
Land Professionals	53	32	122	207
Construction Experts	2	2	4	8
Financial Experts	2	3	1	6
Researchers	5	9	15	29
Local Administrators	4	3	16	23
Others	2	5	9	16

Total Responses	68	54	167	289
Total Responses %	24	19	58	100
No Responses (from the 316)				27

An attempt to build a national housing sector project had been considered by the National Bureaus of Statistics (NBS) in 2017 which was to be implemented in collaboration with the Ministry of Lands, Housing and Human Settlement Development. According to the interviews with the NBS (April, 2018), improvement in housing information availability would be secured through setting up sectoral information centres which should be tasked to collect data about housing industry at local council levels covering housing mortgage, housing ownership and feed into one big information center whose role will be to aggregate all the data and make it accessible through one interface.

4.5 Interdependency of Real Estate Markets and Infrastructure levels

Information on perceived impact of utility services delivery on housing production and consumption was sought. Generally, the results revealed between 75% and 80% of the respondents across respondents' organizations thought utility services such as water, drainage, energy, safety(fire) supplies ought to be provided through one coordinating agency. A minority of 25% thought the present arrangements where utility services are provided by central agencies with branches at local authorities' levels suffice. The inference is a general desire to devolve existing agencies to local levels or to the extreme setting up independent utility distribution agencies at local council levels while the respective national level agencies would be responsible for generation of the services.

4.6 Implications of Non-Availability of Housing Information on Housing Markets

The key observation from both documentary reviews and face-to-face interviews in the 9 towns where studies were carried indicates 4 areas of concern resulting from lack of or poor-quality information.

- 1) Distorted market prices and rents in the housing market by agents. In separate interviews with 8 families, that had moved in their current accomodation during the last six months (October 2017-March 2018) in each of the nine towns covered, the general consensus was the realization that the rent levels they were currently paying were much less than the rates landlords had set. The landlords' offered rents were escalated by the estate agents who engaged the tenants. One landlady remarked *"...I had fixed the rent at TZS 350,000 per month (about US \$150) but the Agent agreed with the tenant at TZS 500,000 (US\$220) which I had to accept..."*.
- 2) Slow land registration process and issuance of building permits was also a frequent cited cause of problems of accessing housing loans. Respondents in all towns believed had

there been a centre that publishes information on the progressive stages involved in procession permits, efficiency and transparency in housing market will have improved.

Housing investors and developers in the main commercial city of Dar es Salaam were concerned about the lack of knowledge on the next step of the approval processes when submitting building plans to their respective local planning authorities. In five instances, developers had to wait for time periods ranging between 3 and 9 calendar months to establish snags identified in their plans and land ownership documents. One of the respondents remarked:

"...I visited the Municipal office for over two months (between February and April) to chase building permit for a development, but hardly did I know the problem was with the authenticity of the land title which I had wrongly filed..."(Interviews, April, 2018).

- 3) Lack of information on housing building and planning process was also blamed for an increased demolition of house structures that were apparently developed on road reserves and areas that local planning authorities considered hazardous. At the time of the interviews, some 17,000 houses had been spared from demolition by the President of Tanzania against the National Environment Management Council who had ordered the demolition in 2017. Respondents blamed the local authorities for not providing enough information on their plans thus misleading housing developers to erect buildings in areas that have been at a later stage claimed to be unauthorized.
- 4) Insufficient and poor quality information systems were blamed for inefficiency of the housing market. This was the view expressed by most of officials interviewed in the nine towns. The key areas of concerns were based on presence of loopholes in laws government house building, the lack of defined and friendly links between departments responsible for land administration and house building regulation and the over-reliance on manual system for verification of information on land ownership matters.

The lack of housing information has costly implication both to home developers and consumers. Access to information on available land and relative prices, building materials and labour costs is crucial in improving housing delivery and the resulting house prices and rents. Lack of a formal housing information system has in part created vacuum for unskilled persons, and vogue agents to step in. In turn, this has given rise to the increase of unethical and unreliable real estate services such as fraudulent transactions.

5. Emerging Issues

The main dilemma for regulating residential real estate market in countries such as Tanzania is the art of compromising real estate investments to protect housing/real estate market consumers. From a historical perspective, the old rent control legislation in Tanzania of 1984 that was repealed in 2005 and the Acquisition of Buildings Act of 1971 were blamed for the slow down of investment in rental accommodation during 1980s and 1990s. Any attempt to re-introduce interventions in any form that reminds these two laws in Tanzania is detested.

There are nevertheless other challenges other than those related to the setup of the real estate sector in these type of countries. At present, the residential real estate sector is handicapped and marred by many intractable problems including:

- 1) Blind embracement of Information Technology (IT). The speed at which IT has penetrated local markets in Tanzania is exciting. But the use to which the IT is put and made use of is debatable. There are more tendencies towards federalism to the extent of reducing if not jeopardizing the local levels of government to manage their own information which is a potential threat to the survival of the housing information system. IT resources tend to be concentrated at the Centre (National organisation) leaving the low levels where bulk of information generation and capturing is crucial for a nation-wide system;
- 2) Information Sharing Protocols – evolving housing markets have tendency to have sporadic several new incomers some speculating on immediate profits and others motivated by the devotion towards easing the housing problem. In absence of policy framework that takes cognizance of the business and welfare needs of the actors, efficiency of the market can be lamed. Information sharing starts with the units within an organisation, extending to direct housing service consumers and finally to the business community. The continued unilateral solution of housing problem as between housing and finance sectors in countries such as Tanzania weakens the efforts towards improving housing market operations.

6. Conclusions

Despite existing information asymmetry in the residential real estate sector in Tanzania, the informal estate agents have proved to be an important focal point and an institution that could be targeted for integration to the formal real estate market information system. It is the most strategic and valuable source of data capture points and dissemination. The dilemma is however on developing the right customer protecting laws that are effective and enforceable against the high potential of unruly market information agents.

Real estate developers on the other hand have been proved to play an important role in supplying the market in terms of real estate products as well as information. Their sources of funding have tended to rely mostly on proceeds from pre-sales arrangement which could be from within the country or diaspora remittances. Without some form of regulation, home buyers in pre-sale arrangements run risk of not realizing value for their money for the houses being delivered within the agreed time framework and quality standards. It is for this reason that, the need for reviewing requisite policy with a view of exercising and regulating contractual relationships between developers and homebuyers with special focus on operation of escrow account has been strongly stressed. This needs to be done with caution so as not to discourage efforts towards new housing developments.

The study has collaborated earlier scholar findings on the necessity for policy intervention in housing markets. The main objective of policy intervention remains to be the need to redistribute and direct the limited societal resources towards meeting housing needs to ensure balance between the two-housing tenure, home ownership and rental housing. A change in housing policy that will address aspirations of all actors including investors, developers and housing consumers is vital to ensure all current and future aspirations and realities are achieved.

The study urges nations to balance the level of intervention needed in making real estate markets more transparent and accessible to all actors. Cautionary measures should aim at ensuring customer protection, instill high level of ethics amongst those involved in the real estate market operations and processes and resolving disputes in real estate/housing transactions.

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BIOGRAPHICAL NOTES

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