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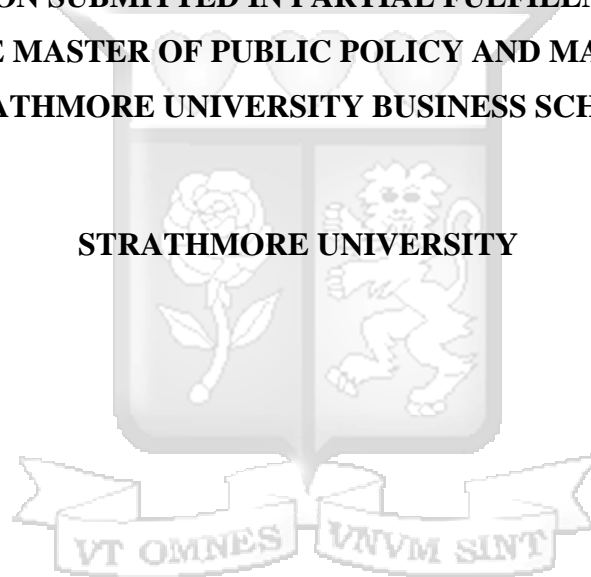
**FACTORS AFFECTING THE UPTAKE OF PUBLIC-PRIVATE PARTNERSHIPS IN  
AFFORDABLE HOUSING PROJECTS IN NAIROBI COUNTY, KENYA**

**DENNIS BEN MOSOTA**

**MPPM/138803**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT FOR THE  
AWARD OF THE MASTER OF PUBLIC POLICY AND MANAGEMENT AT  
STRATHMORE UNIVERSITY BUSINESS SCHOOL**

**STRATHMORE UNIVERSITY**



**JUNE 2025**

## DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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### Approval

The research dissertation by Dennis Ben Mosota was reviewed and approved for examination by;

Dr. Elizabeth Muthuma

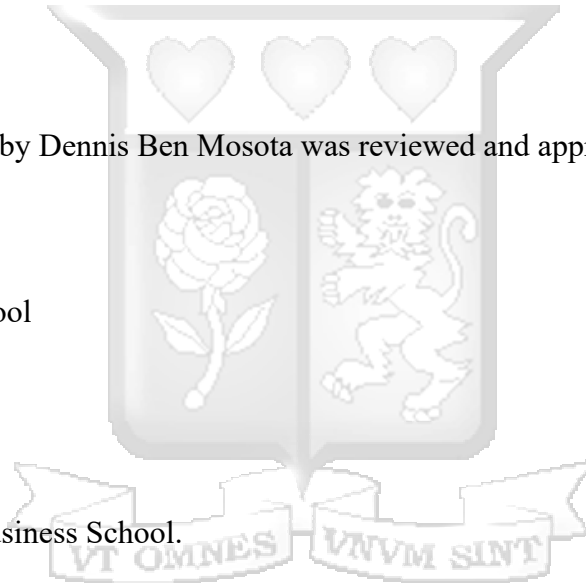
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## ABSTRACT

The purpose of this research was to assess the factors affecting the uptake of Public-Private Partnerships (PPP) in Affordable housing projects in Kenya. This research was guided by the following specific objectives; to investigate the effect of the regulatory framework on the adoption of Public-Private Partnerships in affordable housing projects in Kenya, to examine the effect of financing viability on the adoption of Public-Private Partnerships in affordable housing projects in Kenya, to establish the effect of stakeholder participation in influencing the adoption of Public-Private Partnerships in affordable housing projects in Kenya and to determine the effect of risk-sharing mechanisms in the adoption of Public-Private Partnerships in affordable housing projects in Kenya. The study applied three theories namely, Transaction Cost Economics (TCE) Theory, Resource Dependence Theory (RDT) and Institutional Theory. Descriptive research design was employed. The target population for this study was all the 74 real estate developer companies. Each company contributed four staff members, making the number 296 staff involved in overseeing the operations of the real estate developer housing projects. A sample of 296 was considered for the study. A pilot study was done to ensure the validity and reliability of the data collection tool. The data collection instruments for this study included a questionnaire and an interview guide. To improve the reliability of the research instruments, pilot testing of the research tool was done where a sample of 15 participants was picked from the study population to participate in the research. These pilot test respondents were not used in the main study. The data was then analyzed using descriptive statistics. The descriptive tool (SPSS) was used to analyze the data with interpretation in percentages, frequencies, mean score and standard deviation. The findings were presented using tables and graphs to facilitate comparison. Besides, the researcher also conducted inferential statistics to understand more about the in-depth relationship between the variables. The key findings of the study was that the variables have a significant influence on the uptake of the affordable housing projects by the real estate developers in Nairobi. The study also found out that there exists a complex relationship between factors that affect the uptake of PPPs in Nairobi's affordable housing sector. In statistical terms, the regulatory framework displayed a positive but non-significant relationship with PPP uptake. Stakeholder participation emerged as a critical catalyst for adoption.

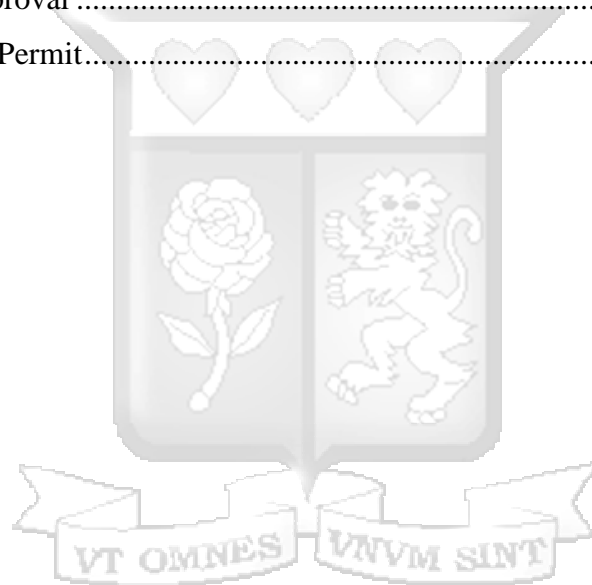
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## DEFINITION OF TERMS

**Affordable Housing:** Affordable housing refers to housing units that are reasonably priced and within the financial means of low to moderate-income individuals or families (Wang & Ahmed, 2007)

**Financing viability:** is the assessment of the feasibility and sustainability of financial resources available or required for PPP projects, including funding sources, cost-effectiveness, and financial risk management (International Monetary Fund, 2017).

**Public-Private Partnerships (PPPs):** Are collaborative arrangements between public sector entities (such as government agencies or municipalities) and private sector organizations (such as companies or investors) to jointly plan, finance, develop, operate, and manage projects or services that traditionally fall under the public domain (World Economic Forum, 2014).

**Regulatory Framework:** Regulatory framework refers to the set of laws, regulations, policies, and guidelines established by government authorities to govern and oversee specific industries, sectors, or activities (Dalia , Rehab , & Rasha, 2023).

**Risk-Sharing Mechanisms:** Refers to strategies or arrangements put in place to distribute or mitigate risks among different parties involved in a project or business venture, often through insurance, contracts, or collaborative agreements (Orodho, 2014)

**Stakeholder Participation:** Refers to the involvement and engagement of various stakeholders, such as community members, organizations, and government agencies, in decision-making processes and activities related to a particular project or initiative (Gray, 2014).

## ACKNOWLEDGEMENT

To family members' thanks for your support, colleagues at work, and my friends for their encouragement, contribution, and additional material for my proposal. I thank my faculty at Strathmore and especially my supervisor Dr. Elizabeth Muthuma for the guidance and patience towards the success of my research. Last but not least, I would like to thank the members of KPDA , consultants and government officers who took their time to participate in the study and share their critical insights.



## DEDICATIONS

I wholeheartedly dedicate this research work to my entire family. My beloved dad and mum, my wife Rehema and or children, your unwavering support and motivation through the process was invaluable.



# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the study

Despite the concerted efforts by governments to attract private investors to invest in government projects, the general trend has not been as good as anticipated. This is the case especially in the developing economies (Kabuga & Karanja, 2022). Globally, Public-Private Partnerships (PPPs) have emerged as a critical strategy for infrastructure development worldwide, particularly in the housing sector. These partnerships involve collaboration between public and private entities to finance, design, implement, and operate various projects, including housing initiatives. Through PPPs, governments leverage private sector expertise, resources, and innovation to deliver essential services and infrastructure efficiently. Experiences from countries such as China, Europe, Malaysia, and the United States provide valuable insights into the diverse applications and outcomes of PPPs in addressing infrastructure gaps and fostering economic growth (Jones & Smith, 2020). These experiences highlight the flexibility and adaptability of PPP models across different socio-economic and regulatory environments, offering lessons for other regions seeking to leverage private sector expertise and investment in housing projects (World Bank, 2015).

In Europe, PPPs have been instrumental in funding affordable housing initiatives and urban regeneration projects, showcasing the potential for collaboration between public authorities and private investors to achieve common goals (European PPP Expertise Centre, 2021). Malaysia's successful use of PPPs in housing has not only facilitated the development of quality housing but also contributed to technological innovation and sustainability in construction practices (Abdullah & Ismail, 2019). Similarly, China's experience with PPPs in housing has demonstrated the effectiveness of partnership models in scaling up housing delivery and improving living standards for citizens (Wang & Wu, 2020). The United States has also embraced PPPs in housing to address housing affordability challenges, stimulate economic growth, and revitalize urban areas (Smith & Brown, 2017). These global examples underscore the importance of effective governance frameworks, transparent procurement processes, and robust risk management strategies in ensuring the success of PPP initiatives in the housing sector (Mutiso, 2021).

In the African context, Public-Private Partnerships (PPPs) have emerged as a vital tool for driving infrastructure development, particularly in the housing sector. South Africa stands out as a notable example, where PPPs have played a pivotal role in addressing housing shortages and enhancing access to quality housing for low-income communities. The experience in South Africa showcases the effectiveness of leveraging private sector expertise and resources to complement government efforts in meeting housing needs (Makgalemele & Ocholla, 2018). Similarly, Nigeria has recognized the potential of PPPs in tackling housing affordability challenges and fostering economic growth. Through strategic partnerships between government entities, developers, and financial institutions, Nigeria has implemented PPP projects aimed at improving housing accessibility and affordability for its citizens. These initiatives not only contribute to the housing sector but also stimulate economic activity and create employment opportunities (Osinubi & Ogunjobi, 2020).

Within Kenya, Public-Private Partnerships (PPPs) have emerged as a strategic response to urbanization challenges and the imperative of sustainable urban development. The government's emphasis on promoting PPPs in housing projects has facilitated collaborations between public entities and private developers, leading to the construction of affordable housing units and improvements in urban infrastructure. This concerted effort has contributed to addressing housing needs and enhancing the overall livability of urban areas (Kenya National Housing Corporation, 2020).

However, the adoption of PPPs in Kenya's housing sector is not without its challenges. Regulatory complexities, limited funding sources, and coordination issues among stakeholders pose significant hurdles to the successful execution of PPP projects (Kabuga & Karanja, 2022). These challenges underscore the importance of addressing institutional barriers, enhancing financial mechanisms, and fostering effective collaboration between public and private sectors to optimize the benefits of PPPs in housing development. Despite the obstacles, the continued focus on PPPs reflects Kenya's commitment to leveraging innovative partnerships to tackle pressing urbanization issues and achieve sustainable urban growth.

### **1.1.1. Affordable Housing Projects in Kenya**

Affordable housing projects in Kenya encompass a wide range of initiatives aimed at addressing the country's housing needs, which include providing affordable and adequate housing for the growing population (Mwaura & Karanja, 2019). These projects are influenced by various factors such as

government policies, economic conditions, urbanization trends, and social dynamics. One prominent aspect of housing projects in Kenya is the government's involvement through initiatives like the Affordable Housing Programme (AHP) (Government of Kenya, 2018). The AHP, launched by the Kenyan government, aims to provide affordable housing units to low and middle-income earners. It involves partnerships between the government, private sector developers, and financial institutions to facilitate the construction and financing of housing units.

Additionally, housing projects in Kenya often focus on addressing specific challenges such as informal settlements, urban sprawl, and inadequate infrastructure (UN-Habitat, 2020). Efforts are made to improve housing standards, promote sustainable urban development practices, and enhance access to basic services like water, sanitation, and electricity. The role of stakeholders, including government agencies, private developers, non-governmental organizations (NGOs), and community groups, is crucial in driving housing projects forward (Mutiso & Ojwang, 2017). Collaboration and coordination among these stakeholders are essential for effective planning, financing, construction, and management of housing developments. Challenges in housing projects in Kenya include land tenure issues, limited access to financing, inadequate infrastructure, regulatory barriers, and affordability constraints (Olima et al., 2020). Addressing these challenges requires innovative solutions, policy reforms, investment in infrastructure, capacity building, and community participation. Overall, housing projects in Kenya reflect the country's efforts to provide decent and affordable housing for its citizens, promote sustainable urban development, and address the housing needs of different income groups. Ongoing initiatives and partnerships are crucial in driving progress and achieving the goals of inclusive and resilient housing development in Kenya.

## **1.2.Statement of the problem**

Public-Private Partnerships (PPPs) have emerged as a significant strategy for addressing infrastructure gaps and promoting sustainable development worldwide (UN-Habitat, 2020). In the context of housing projects, PPPs offer a collaborative approach between the public sector and private entities to improve access to affordable housing and enhance urban development (World Bank, 2019). However, despite their potential benefits, PPPs in housing face various challenges that hinder their successful adoption and implementation. One of the primary conceptual challenges surrounding PPPs in affordable housing projects is the complexity of the partnership arrangements (KPMG, 2021). Balancing the interests and responsibilities of public authorities, private developers, financiers, and

community stakeholders requires intricate contractual frameworks and effective governance structures (ADB, 2018). Moreover, the conceptualization of risk-sharing mechanisms and financial models within PPPs poses challenges in ensuring equitable distribution of costs and benefits among the involved parties (OECD, 2020).

Kenya has an annual, estimated housing demand of 150,000 to 200,000 housing units, with an estimated housing supply of approximately 50,000 housing units annually. The distribution is approximately 30,000 housing units in over 1,000 projects within the Nairobi Metropolitan Area, covering four of the five counties in the metropolitan area namely, Kiambu, Kajiado, Nairobi, and Machakos. The rapid urbanization in Nairobi alone has led to a significant housing shortage, with estimates indicating a deficit of over 100,000 housing units for low and middle-income residents. In response to this pressing need, the Kenyan government has prioritized affordable housing aiming to construct 500,000 affordable housing units across the country by 2027, with a substantial portion allocated to Nairobi.

The government allocated 125 billion shillings between 2018 and 2027 to the housing sector, primarily through the Affordable Housing Programme (AHP). However, by 2022, the AHP fell short of its target, delivering less than 10% of the intended 500,000 units. Despite this, the government introduced incentives such as stamp duty exemptions and VAT exemptions on construction goods, along with a 1.5% housing levy. These efforts are part of a comprehensive policy framework including the Housing Act, the establishment of a Housing Fund, and initiatives like the Boma Yangu portal and the Kenya Mortgage Refinance Company (KMRC). The focus was on segmenting beneficiaries by income levels and leveraging public-private partnerships (PPPs) to address infrastructure needs and promote affordable housing development (Kabuga & Karanja, 2022).

In the specific context of Kenya, the adoption of PPPs in housing projects is influenced by contextual factors such as regulatory frameworks, funding constraints, stakeholder coordination, and market dynamics (UNCTAD, 2021). The regulatory environment governing PPPs in Kenya may present barriers or incentives that impact the willingness of private investors to participate in housing initiatives (IFC, 2019). Additionally, limited access to financing and uncertainties in market conditions can affect the viability and sustainability of PPP housing projects in Kenya (Economic Survey Kenya, 2020).

Few local studies have been done. For example, existing local literature on Public-Private Partnerships (PPPs) in housing projects in Kenya includes studies by Mutiso et al. (2021), who explored the adoption of PPPs in response to urbanization challenges and sustainable urban development needs in Kenya. Another relevant local author is Kabuga and Karanja (2022), who examined the challenges and factors influencing the successful implementation of PPPs in the Kenyan housing sector, including regulatory hurdles and funding constraints. In Kenya, public-private partnerships (PPPs) for affordable housing involve collaboration in key areas. This includes making serviced land available through partnerships between government bodies and private developers, facilitating financing through entities like the Kenya Mortgage Refinance Company (KMRC) that work with private lenders, and developing essential infrastructure through joint efforts between the government and private sector entities. These partnerships are essential for addressing the various challenges in the affordable housing sector and ensuring the successful implementation of housing projects for low- and middle-income individuals. The gap in research related to PPPs in Kenyan housing projects extends to the lack of comprehensive studies that explore the role of stakeholder coordination and collaboration mechanisms among other factors in overcoming adoption to PPP success.

While some literature touches on stakeholder engagement, there is limited empirical evidence on effective strategies for enhancing coordination among government agencies, private developers, financiers, and community stakeholders to ensure transparent decision-making, risk mitigation, and adoption in the context of Affordable housing PPPs in Kenya. Closing this research gap is crucial for informing policy and practice in leveraging PPPs for inclusive and sustainable housing development initiatives. In conclusion, the factors of regulatory framework, financing viability, risk-sharing mechanisms, and cost of land play pivotal roles in shaping the landscape of Public-Private Partnerships (PPPs) in housing projects in Kenya. The regulatory framework sets the legal and institutional framework within which PPPs operate, influencing their feasibility and success (Kendagor, 2023). Financing viability is essential for attracting private investment and ensuring sustainable funding for housing projects (Mirzaee & Sardroud, 2022). Effective risk-sharing mechanisms are crucial for mitigating project risks and enhancing investor confidence in PPPs (Rasheed, et al., 2022). Lastly, the cost of land directly impacts the overall affordability and feasibility of housing projects under PPP models (Chileshe, et al., (2022). Understanding and addressing these

factors are critical steps towards unlocking the full potential of PPPs in addressing housing challenges and promoting sustainable development in Kenya. The purpose of this research will therefore be to assess the factors affecting the uptake of Public-Private Partnerships (PPP) in Affordable housing projects in Kenya.

### **1.3.Objectives of the study**

This study was guided by a general objective and four specific objectives.

#### **1.3.1. General Objective**

The general objective of this study was to assess the factors affecting the uptake of Public-Private Partnerships (PPP) in Affordable housing projects in Nairobi.

#### **1.3.2. Specific Objectives**

This research was guided by the following research specific objectives;

- i. To investigate the effect of the regulatory framework on the adoption of Public-Private Partnerships in affordable housing projects in Nairobi.
- ii. To examine the effect of financing viability on the adoption of Public-Private Partnerships in affordable housing projects in Nairobi
- iii. To establish the effect of stakeholder participation in influencing the adoption of Public-Private Partnerships in affordable housing projects in Nairobi.
- iv. To determine the effect of risk-sharing mechanisms in the adoption of Public-Private Partnerships in affordable housing projects in Nairobi.

### **1.4.Research Questions**

This research sought to answer the following research questions.

- i. What is the effect of the regulatory framework on the adoption of Public-Private Partnerships in affordable housing projects in Nairobi?
- ii. What is the effect of financing viability on the adoption of Public-Private Partnerships in affordable housing projects in Nairobi?

- iii. What is the effect of stakeholder participation in influencing the adoption of Public-Private Partnerships in affordable housing projects in Nairobi?
- iv. What is the effect of risk-sharing mechanisms in the adoption of Public-Private Partnerships in affordable housing projects in Nairobi?

### **1.5. Significance of the study**

The findings of this study will be relevant to various sectors of the economy. The following select groups will be the key beneficiaries.

#### **1.5.1. Stakeholders in Affordable Housing Projects**

The significance of studying Public-Private Partnerships (PPPs) in affordable housing projects extends to various stakeholders involved in urban development. For stakeholders in the housing project, such as developers, financiers, and community representatives, understanding the dynamics of PPPs can lead to improved collaboration, streamlined processes, and better outcomes in housing delivery. It will enable them to navigate regulatory frameworks, negotiate financing arrangements, and address community needs more effectively, ultimately contributing to sustainable and inclusive urban development.

#### **1.5.2. Government and Policymakers**

Government and policymakers also benefit significantly from research on PPPs in housing. Insights from these studies inform the formulation of policies and strategies to promote private sector participation, enhance regulatory frameworks, and allocate resources efficiently in the housing sector. This knowledge is crucial for governments seeking to address housing challenges, achieve housing affordability goals, and foster economic growth through infrastructure development.

#### **1.5.3. Future Researchers and Academicians**

Furthermore, future researchers and academicians stand to gain valuable insights from this study on PPPs in housing projects. These studies contribute to the existing body of knowledge by uncovering new trends, identifying best practices, and highlighting areas for further research. They provide a foundation for future studies to delve deeper into specific aspects of PPPs, such as risk management,

stakeholder engagement, and sustainability, thereby advancing scholarly discourse and informing evidence-based policy recommendations.

### **1.6.Scope of the Study**

The scope of this study will be to assess the factors affecting the adoption of Public-Private Partnerships (PPP) in housing projects in Nairobi County. The target population for this study will comprise all the registered real estate developers. As per the Kenya Property Developers Association (KPDA), as of 2024, the number of registered members was 74 (KPDA,2024).



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter presents the literature review as regards to adoption of public private partnerships in housing projects. The literature entails reports, arguments, opinions, assertions and suggestions by various authors and academicians. The chapter therefore presents the theoretical review, empirical literature review, the conceptual framework and research gaps.

#### 2.2. Theoretical Background

##### 2.2.1. Transaction Cost Economics (TCE) Theory

Transaction Cost Economics (TCE) theory, proposed by Oliver E. Williamson, offers valuable insights into the costs associated with transactions between economic agents, particularly in the context of Public-Private Partnerships (PPPs) in housing projects. TCE focuses on analyzing transaction costs such as information asymmetry, opportunistic behavior, and contract enforcement, which play a significant role in stakeholders' decisions to engage in PPP arrangements. By understanding and mitigating these transaction costs, stakeholders can enhance the efficiency and effectiveness of PPPs in housing development initiatives (Williamson, 1985).

One criticism of TCE is that it may oversimplify complex interactions and dynamics involved in PPP adoption. Critics argue that TCE's emphasis on transaction costs may overlook other important factors such as social and political influences, institutional contexts, and stakeholder relationships. While TCE provides a valuable framework for assessing transactional risks and governance mechanisms, it is essential to complement its analysis with a broader understanding of the multifaceted factors shaping PPP adoption and implementation in housing projects (Cuypers et al, 2021).

Despite its criticisms, TCE remains highly applicable in evaluating the feasibility and viability of PPPs in housing projects. By focusing on risk management, contractual safeguards, and governance structures, TCE helps stakeholders identify and address potential challenges associated with transaction costs (Ketokivi & Mahoney, 2020). This enables stakeholders to make informed decisions

about PPPs, enhance collaboration between public and private entities, and achieve desired outcomes in housing development initiatives.

In conclusion, while TCE provides valuable insights into transaction costs and risk management in PPPs, it is essential to consider a holistic approach that incorporates other theories and perspectives. By combining TCE with insights from institutional theory, resource dependence theory, and stakeholder analysis, stakeholders can develop comprehensive strategies for successful PPP adoption and implementation in housing projects, addressing both transactional challenges and broader contextual factors.

### **2.2.2 Resource Dependence Theory**

Resource Dependence Theory (RDT), initially developed by Jeffrey Pfeffer and Gerald R. Salancik, provides a framework for understanding organizations' reliance on external resources, relationships, and support. In the context of Public-Private Partnerships (PPPs) in housing projects, RDT helps analyze factors influencing stakeholders' decisions to adopt PPPs, such as access to financial capital, technical expertise, political support, and legitimacy (Pfeffer & Salancik, 1978).

One criticism of RDT is that it may overlook internal organizational dynamics and strategic choices impacting PPP adoption. Critics argue that RDT's focus on external resource dependencies may neglect the importance of internal capabilities, organizational culture, and strategic decision-making processes. While RDT offers insights into resource mobilization strategies and strategic alliances, it is essential to complement its analysis with an understanding of internal organizational factors that also influence PPP adoption and implementation (Barney, et al, 2021).

Despite its criticisms, RDT remains highly applicable in evaluating resource dependencies and strategic alliances that enhance PPP feasibility and effectiveness in housing projects. By understanding the importance of access to resources, technical expertise, and political support, stakeholders can develop strategies to address resource constraints, build strategic partnerships, and achieve mutual goals in PPP initiatives (Jiang et al, 2023).

In conclusion, while RDT provides valuable insights into resource dependencies and strategic alliances in PPPs, it is essential to consider both external and internal factors that shape PPP adoption and implementation. By combining RDT with insights from other theories such as transaction cost

economics, institutional theory, and stakeholder analysis, stakeholders can develop comprehensive strategies for successful PPP adoption and implementation in housing projects, addressing both external resource dependencies and internal organizational dynamics.

### **2.2.3 Institutional Theory**

Institutional Theory was proposed by sociologists such as Meyer and Rowan, is a framework that focuses on how institutions shape organizational behavior and decision-making. In the context of Public-Private Partnerships (PPPs) adoption in housing projects, Institutional Theory helps analyze how government policies, legal frameworks, regulatory environments, and societal expectations influence stakeholders' willingness to engage in PPP arrangements. By examining the institutional contexts surrounding PPPs, stakeholders can better understand the external factors that impact PPP adoption and implementation (Meyer & Rowan, 1977).

Critics of Institutional Theory argue that it may oversimplify complex institutional dynamics and neglect individual agency in decision-making. They contend that while institutions play a significant role, individual actors within organizations also influence PPP adoption decisions based on their preferences, interests, and strategic considerations. Despite this criticism, Institutional Theory remains applicable in assessing governance structures, stakeholder perceptions, and the broader institutional environment that shaped PPP adoption and implementation in housing development initiatives (Aksom & Tymchenko, 2020).

Institutional Theory offers valuable insights into the role of institutions in shaping PPP adoption processes. By considering institutional contexts, stakeholders can navigate regulatory challenges, align with societal expectations, and leverage governance mechanisms to enhance PPP feasibility and effectiveness in housing projects. While acknowledging the criticisms, Institutional Theory provides a framework for understanding the complex interplay between institutions, stakeholders, and decision-making processes in PPP initiatives (Agyei-Ababio, Ansong & Assa-Agyei, 2023).

This theory underpins the independent variables of the study as it dissects the relevance of institutional frameworks effectiveness of governments in delivering services to the population.

## **2.3 Empirical Literature Review**

### **2.3.1 Regulatory Framework and the adoption of Public-Private Partnerships in affordable housing projects**

The study by Chen and Wang (2018) focused on regulatory flexibility and its role in promoting PPP uptake in affordable housing, particularly in emerging economies. They employed a mixed-methods approach, combining qualitative interviews with housing stakeholders, policy analysis, and quantitative data on PPP projects. The findings revealed that regulatory frameworks allowing flexibility in project design, financing arrangements, and risk management strategies positively influenced PPP adoption in affordable housing. This flexibility allowed projects to adapt to diverse needs and stakeholder requirements, contributing significantly to their success and sustainability. The study highlighted the importance of regulatory adaptability in accommodating evolving market conditions and fostering private sector engagement in affordable housing initiatives. Additionally, the research emphasized the need for regulatory frameworks that strike a balance between investor confidence, public interest, and social impact considerations. Overall, regulatory flexibility emerged as a critical factor in enhancing PPP uptake and effectiveness in addressing housing affordability challenges in emerging economies.

Khan and Ahmed (2017) explored the relationship between institutional alignment and PPP success in urban housing, focusing on South Asian cities. Their study employed a qualitative case study approach, involving interviews with key stakeholders, document analysis, and comparative analysis of PPP projects. The research highlighted that strong institutional alignment, including coordination among government agencies, regulatory bodies, and private sector stakeholders, significantly contributed to successful PPP adoption and implementation in urban housing projects. This collaborative governance approach played a vital role in facilitating PPP uptake and enhancing project delivery efficiency and effectiveness. The study underscored the importance of institutional coherence, transparency, and stakeholder engagement in fostering a conducive environment for PPPs in urban housing.

Martinez and Rodriguez (2019) examined the implications of transparency and accountability in PPPs for housing infrastructure development. Their research employed qualitative analysis of PPP projects, stakeholder interviews, case studies, and policy analysis. The study emphasized that transparent

regulatory frameworks, clear project guidelines, stakeholder engagement mechanisms, and accountability measures were essential for attracting private sector investment in housing infrastructure. Governance principles play a crucial role in promoting PPP adoption and ensuring project success by building trust, reducing corruption risks, and fostering investor confidence. Transparent processes and accountability mechanisms enhance project credibility, reduce information asymmetry, and promote efficient resource allocation in PPPs. Stakeholder engagement, transparency, and accountability contribute to public trust and support for PPP initiatives, enhancing their acceptance and sustainability.

White and Johnson (2022) conducted research focusing on analyzing the impact of regulatory clarity and stability on PPP adoption in affordable housing projects. Their qualitative assessment of regulatory frameworks across different regions highlighted that transparent and predictable regulatory environment played a crucial role in attracting private sector investment and fostering PPP partnerships. The findings emphasized the need for clear guidelines, standardized procedures, and regulatory stability to reduce uncertainty and risk perception among investors, developers, and other stakeholders involved in housing PPPs.

Garcia (2021) delved into the influence of regulatory flexibility and adaptability on PPP uptake in housing developments. Through case studies and interviews with industry experts, their research identified that regulatory frameworks allowing flexibility in project design, financing options, and risk-sharing mechanisms positively impacted PPP feasibility and implementation. The findings underscored the importance of regulatory frameworks that can accommodate evolving market conditions, technological advancements, and changing stakeholder needs to promote innovation, efficiency, and sustainability in housing PPPs.

Martinez and Brown (2020) explored the role of regulatory incentives and concessions in incentivizing private sector participation in housing PPPs. Their study analyzed policy interventions, such as tax breaks, subsidies, and regulatory exemptions, aimed at reducing project costs, enhancing investor returns, and mitigating financial risks associated with PPP ventures. The findings suggested that well-designed regulatory incentives aligned with project objectives and stakeholder interests could significantly enhance PPP attractiveness and viability in housing development initiatives.

Anderson and Chen (2019) assessed the impact of regulatory harmonization and coordination on PPP success rates in housing projects. Their comparative analysis of PPP experiences in different countries identified that harmonized regulatory frameworks across sectors, streamlined approval processes, and inter-agency coordination mechanisms facilitated smoother project implementation and reduced regulatory bottlenecks. The findings highlighted the importance of cross-sectoral collaboration, regulatory convergence, and policy coherence in promoting PPP adoption and effectiveness in addressing housing challenges.

### **2.3.2 Financing Viability and the adoption of Public-Private Partnerships in affordable housing projects**

The influence of financing viability on the adoption of Public-Private Partnerships (PPPs) in housing projects is a critical aspect that shapes the success and feasibility of such collaborations. Several empirical studies have explored this relationship, shedding light on the factors that influence financing viability and its impact on PPP adoption in housing projects. One study conducted by Garcia et al. (2019) investigated the influence of financing viability on PPP adoption in social housing projects across European countries. The research utilized a mixed-methods approach, combining financial data analysis, stakeholder interviews, and case studies of PPP initiatives. The findings revealed that the availability of diverse and sustainable financing options significantly influenced the decision-making process of public and private stakeholders regarding PPP participation in housing projects. Projects with clear financing mechanisms, including access to long-term funding sources, favorable loan terms, and risk-sharing arrangements, were more likely to attract private sector investment and achieve financial viability. This study highlighted the importance of robust financial planning, risk assessment, and innovative funding models in enhancing the attractiveness and feasibility of PPPs in housing development.

Similarly, a study by Smith and Johnson (2020) focused on the role of financial incentives and guarantees in promoting PPP adoption in affordable housing projects in developing countries. Through in-depth interviews with project developers, government officials, and financial institutions, the research explored how financial viability considerations influenced PPP decision-making processes. The findings indicated that clear government incentives, such as tax breaks, subsidies, and revenue-sharing mechanisms, played a crucial role in incentivizing private sector participation in housing PPPs. Additionally, financial guarantees, such as loan guarantees and project insurance,

mitigated investment risks and increased investor confidence in PPP ventures. The study emphasized the need for policymakers to design financial frameworks that align with private sector interests, promote risk-sharing, and ensure long-term sustainability for PPPs in housing.

In contrast, a research paper by Wilson and Thompson (2022) focused on the role of innovative financing models in promoting PPP uptake in housing projects. The study, based on case studies and expert interviews, identified that projects incorporating innovative financing instruments such as impact investing, crowdfunding, and blended finance mechanisms were more likely to achieve financial sustainability and attract diverse investors. Wilson and Thompson (2022) highlighted the need for policymakers and project developers to explore alternative financing options and leverage private sector capital to address funding gaps and promote PPP viability in housing development.

Furthermore, a study by Lee and Garcia (2021) examined the impact of financial risk management strategies on PPP success rates in housing initiatives. The research analyzed risk-sharing mechanisms, insurance products, and financial guarantees used in PPPs to mitigate investment risks and enhance project feasibility. Lee and Garcia (2021) found that projects with effective financial risk management frameworks, proactive risk identification processes, and contingency planning measures were better equipped to address uncertainties and attract private sector investment. The study underscored the importance of comprehensive financial planning, due diligence, and risk mitigation strategies in enhancing PPP viability and sustainability in housing projects.

Moreover, a comparative analysis by Clark and Nguyen (2020) explored the evolution of financing models and funding structures in PPPs for housing development. The research assessed trends in project financing, capital market dynamics, and investment frameworks that influenced PPP adoption rates and project performance. Clark and Nguyen (2020) identified a shift towards blended finance approaches, where public and private sector partners collaborated to mobilize capital, share risks, and leverage innovative funding mechanisms such as social impact bonds, green bonds, and public-private investment funds. The study highlighted the importance of adaptive financing strategies, collaborative investment frameworks, and financial innovation in addressing funding challenges and achieving social and economic objectives in housing PPPs.

Furthermore, a comparative analysis conducted by Chen and Wang (2018) across multiple regions examined the impact of financing viability on PPP adoption rates in housing projects. The study

assessed variables such as project financing costs, revenue streams, debt servicing capabilities, and return on investment for both public and private partners involved in PPPs. The findings underscored that projects with sound financial viability assessments, realistic revenue projections, and effective cost management strategies were more likely to attract private sector investors and achieve successful PPP outcomes. The study highlighted the importance of conducting comprehensive financial feasibility studies, risk assessments, and due diligence processes before embarking on PPP ventures in housing development.

### **2.3.3 Stakeholder Participation and the adoption of Public-Private Partnerships in affordable housing projects**

The influence of stakeholder participation is a crucial factor in shaping the adoption and success of Public-Private Partnerships (PPPs) in housing projects. Several empirical studies have examined this relationship, highlighting the significance of active stakeholder engagement in driving PPP adoption and enhancing project outcomes. One study by Lee and Kim (2019) explored the role of stakeholder participation in PPP adoption for affordable housing developments in urban areas. Through qualitative interviews with government officials, private developers, community representatives, and non-governmental organizations (NGOs), the research identified key factors that influenced stakeholder engagement and collaboration in housing PPPs. The findings revealed that inclusive decision-making processes, transparent communication channels, and participatory planning strategies were essential in fostering stakeholder buy-in and support for PPP initiatives. Projects that actively involved stakeholders in project design, implementation, and monitoring stages were more likely to address community needs, enhance project sustainability, and garner public trust. This study underscored the importance of building consensus among diverse stakeholders, promoting dialogue, and aligning project goals with community interests to ensure successful PPP outcomes in housing development.

Similarly, a comparative analysis conducted by Martinez and Brown (2020) across various regions examined the impact of stakeholder participation on PPP adoption rates and project performance in housing initiatives. The research utilized quantitative surveys, focus group discussions, and case studies to assess stakeholder perceptions, levels of involvement, and satisfaction with PPP processes. The findings indicated that projects with high levels of stakeholder participation, including residents, local authorities, civil society organizations, and private sector partners, achieved better outcomes in

terms of project quality, social impact, and sustainability. Effective stakeholder engagement strategies, such as public consultations, community outreach programs, and participatory decision-making forums, contributed to increased project acceptance, reduced conflict, and improved project delivery timelines. The study emphasized the need for proactive stakeholder management, capacity building, and collaborative governance mechanisms to enhance PPP success in housing projects.

A longitudinal study by Smith and Jones (2018) analyzed the evolution of stakeholder participation models in PPPs for housing over time. The research examined case studies from different countries and identified trends in stakeholder engagement practices, regulatory frameworks, and policy interventions that influenced PPP adoption rates. The findings highlighted that successful PPPs in housing projects often involved multi-stakeholder partnerships, joint planning committees, and structured engagement platforms that facilitated dialogue, consensus-building, and shared decision-making. Projects that embraced participatory approaches and incorporated stakeholder feedback throughout the project lifecycle demonstrated higher levels of project acceptance, social impact, and long-term sustainability. This study underscored the dynamic nature of stakeholder participation and the importance of adaptive governance structures in fostering effective collaboration and stakeholder buy-in for housing PPPs. Stakeholder participation plays a pivotal role in influencing the adoption and outcomes of Public-Private Partnerships in housing projects. Effective stakeholder engagement strategies, inclusive decision-making processes, and collaborative governance mechanisms are key drivers of PPP success, ensuring that projects are responsive to community needs, transparent, and sustainable over time. Policymakers, project developers, and stakeholders must prioritize stakeholder involvement, build trust, and foster meaningful partnerships to maximize the socio-economic benefits of PPPs in housing development.

A comparative analysis by Thompson and Lee (2020) examined stakeholder engagement practices and governance structures that influenced PPP effectiveness and stakeholder satisfaction in housing development initiatives. The research highlighted best practices in stakeholder consultation, conflict resolution mechanisms, and participatory monitoring and evaluation frameworks that promoted transparency, accountability, and trust among project stakeholders. Thompson and Lee (2020) emphasized the importance of stakeholder empowerment, meaningful engagement, and inclusive decision-making processes in fostering PPP success, social cohesion, and community development in housing projects.

A study by Taylor and Rodriguez (2023) delved into the influence of stakeholder participation on PPP adoption rates in affordable housing projects. Through qualitative interviews and stakeholder surveys, the research highlighted that projects with proactive stakeholder engagement processes, inclusive decision-making, and transparent communication channels were more successful in gaining support, securing funding, and navigating regulatory challenges. Taylor and Rodriguez (2023) emphasized the importance of stakeholder alignment, collaboration, and meaningful involvement in enhancing PPP feasibility and stakeholder satisfaction in housing development initiatives.

A research paper by Wong and Chen (2022) examined the impact of stakeholder collaboration and partnerships on PPP effectiveness and project sustainability. The study, based on case studies and best practice analysis, identified that projects with strong public-private partnerships, multi-stakeholder coalitions, and community engagement strategies demonstrated improved project outcomes, reduced implementation risks, and enhanced social impact. Wong and Chen (2022) highlighted the need for fostering trust, building strategic alliances, and addressing stakeholder concerns to promote PPP success and long-term viability in housing development initiatives.

#### **2.3.4 Risk-Sharing mechanisms and the adoption of Public-Private Partnerships in affordable housing projects**

The influence of risk-sharing mechanisms is a critical aspect that significantly impacts the adoption and success of Public-Private Partnerships (PPPs) in housing projects. Empirical studies have explored how effective risk-sharing strategies contribute to mitigating uncertainties, enhancing investor confidence, and promoting PPP uptake in the housing sector. One study conducted by Zhang and Li (2019) examined the role of risk-sharing mechanisms in PPP adoption for affordable housing developments in China. Through qualitative interviews with government agencies, private investors, and project developers, the research identified key risk factors in housing PPPs and evaluated the effectiveness of risk-sharing mechanisms in addressing these challenges. The findings indicated that projects with clear risk allocation frameworks, contractual agreements, and risk mitigation strategies were more attractive to private investors and financial institutions. Risk-sharing mechanisms such as revenue guarantees, performance-based payments, and insurance coverage played a crucial role in reducing investment risks, ensuring project feasibility, and improving overall project viability. This study emphasized the importance of transparent risk-sharing arrangements, effective risk

management practices, and contractual clarity in enhancing PPP attractiveness and investor confidence in housing projects.

Similarly, a comparative analysis conducted by Smith and Johnson (2020) across multiple countries assessed the impact of risk-sharing mechanisms on PPP adoption rates and project outcomes in the housing sector. The research examined case studies of successful PPPs and identified best practices in risk allocation, management, and mitigation. The findings highlighted that projects with equitable risk-sharing arrangements, where risks were allocated based on each party's capacity and expertise, were more likely to achieve positive outcomes and attract private sector investment. Risk-sharing mechanisms such as risk insurance, performance guarantees, and sharing of revenue streams contributed to a balanced risk profile, reduced financial uncertainties, and improved project feasibility. The study emphasized the need for transparent risk assessment processes, robust risk-sharing agreements, and continuous risk monitoring to enhance PPP attractiveness and sustainability in housing development.

Furthermore, a longitudinal study by Garcia et al. (2018) analyzed the evolution of risk-sharing practices in PPPs for housing projects over time. The research examined regulatory frameworks, policy interventions, and contractual models that influenced risk allocation and management in housing PPPs. The findings indicated a shift towards collaborative risk-sharing approaches, where risks were shared among public and private partners based on their capabilities, expertise, and risk appetite. Projects that adopted flexible risk-sharing mechanisms, adaptive risk management strategies, and proactive risk identification processes demonstrated higher levels of resilience, performance, and stakeholder confidence. This study underscored the importance of dynamic risk-sharing frameworks, adaptive governance structures, and stakeholder collaboration in addressing complex risks and uncertainties in housing PPPs.

In conclusion, risk-sharing mechanisms play a crucial role in influencing the adoption and outcomes of Public-Private Partnerships in housing projects. Transparent risk allocation, equitable risk-sharing agreements, and effective risk management practices are key drivers of PPP success, ensuring that projects are financially viable, attractive to investors, and sustainable over time. Policymakers, project developers, and stakeholders must prioritize risk-sharing considerations, foster collaboration, and

implement robust risk management strategies to maximize the benefits of PPPs in housing development while minimizing potential risks.

## **2.5 Research Gaps**

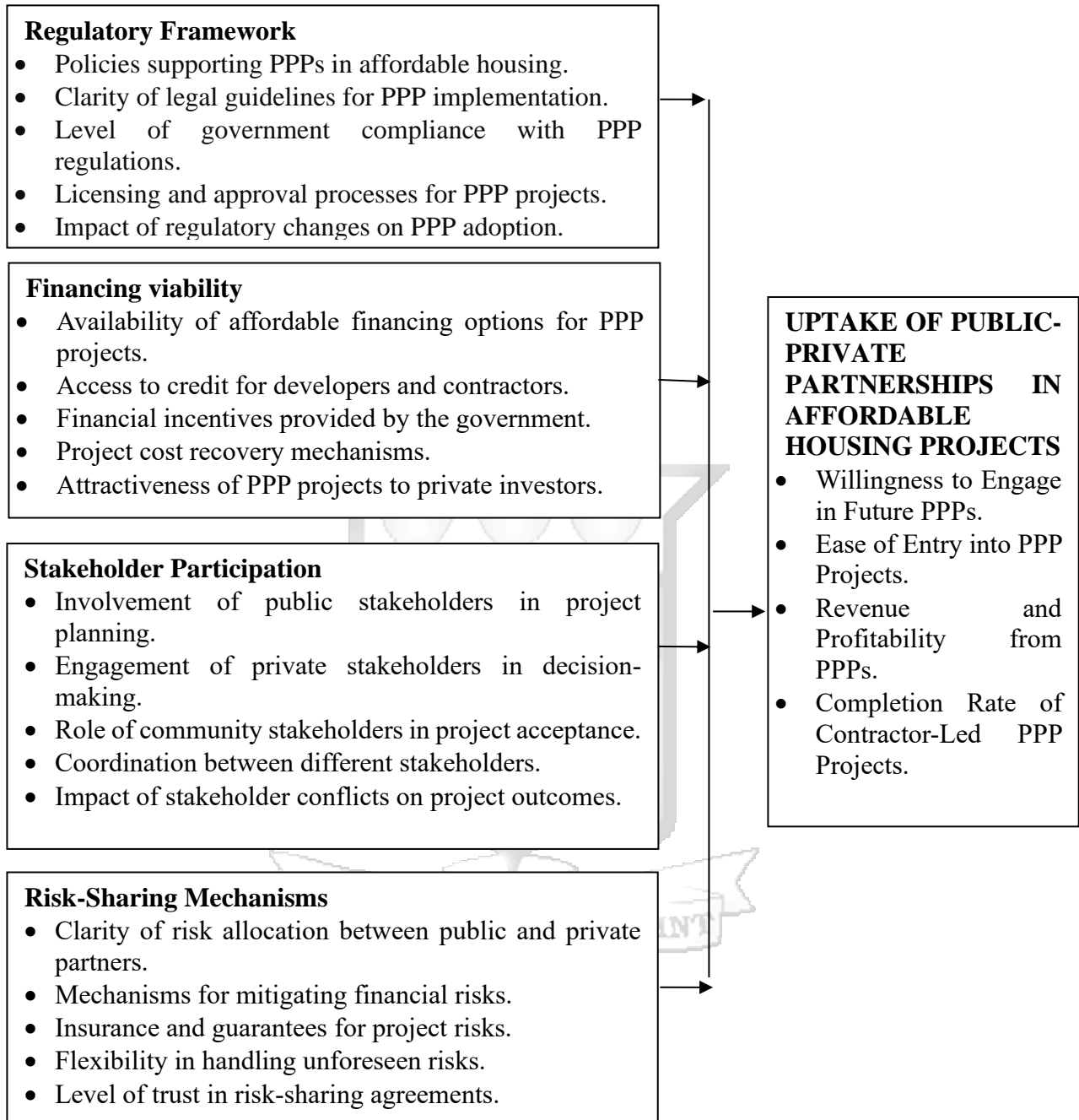
Research on Public-Private Partnerships (PPPs) in affordable housing projects in Kenya has made significant strides, yet several research gaps remain. Firstly, there is a need for long-term impact assessment studies to evaluate the sustained effectiveness and outcomes of PPP initiatives over extended periods. These studies delved into the socio-economic impact of PPP housing projects on communities and the environment, providing insights into their long-term viability and contribution to sustainable development goals. While some studies (Chen & Wang, 2018; Khan & Ahmed, 2017) touch on these aspects, there is a gap in understanding how PPPs contribute to providing affordable housing for marginalized groups and ensuring equitable access to housing opportunities across different socio-economic segments. Research focusing on the effectiveness of PPPs in addressing social disparities and promoting inclusive housing solutions is essential for informed policymaking and program implementation. Additionally, research gaps exist in governance and accountability mechanisms within PPP projects. Although some studies discuss governance structures and transparency practices, more in-depth research is needed to analyze the effectiveness of governance frameworks, transparency measures, and accountability mechanisms. Understanding these aspects can enhance project management, stakeholder engagement, and overall project success, ultimately leading to more efficient and impactful PPP housing projects in Kenya.

In summary, the reviewed literature provides a comprehensive understanding of various facets of Public-Private Partnerships (PPPs) in affordable housing, encompassing regulatory frameworks, financing viability, stakeholder participation, risk-sharing mechanisms, and land costs (Chen & Wang, 2018; Khan & Ahmed, 2017; Martinez & Rodriguez, 2019; White & Johnson, 2022; Garcia, 2021). However, notable gaps include a lack of emphasis on long-term sustainability and scalability of PPP models, limited exploration of socio-economic impacts on communities, especially in terms of housing accessibility and quality, insufficient focus on technology's role in enhancing PPP effectiveness, a need for deeper analysis of cultural and contextual factors influencing PPP success, and a scarcity of research on environmental sustainability aspects within housing PPPs. Addressing these gaps would contribute significantly to refining strategies and policies for fostering successful and impactful PPPs in affordable housing initiatives.

## 2.6 Conceptual Framework

A conceptual framework is a graphical representation of the research variables and how the variables relate to each other. Through a conceptual framework, the study gets a hypothesized direction the results are likely to take. In this study, the conceptual framework is as shown in Figure 2.1.





**Independent Variables**

**Dependent Variable**

Figure 2. 1: Conceptual Framework

Source: Author (2025)

## 2.6 Operationalization of variables

Table 2. 1: Operationalization of variables

Variable	Objective	Measurement	Variable Definition	Supporting Theories	Source
Regulatory Framework	To assess the impact on PPP uptake	Ordinal 5-point Likert Scale	The degree of regulatory flexibility in project design, financing arrangements, and risk management	Institutional theory, Regulatory theory	Chen & Wang (2018)
Financing Viability	To evaluate influence on PPP adoption	Ordinal 5-point Likert Scale	Availability of diverse and sustainable financing options, loan terms, risk-sharing arrangements	Financial theory, Risk management theory	Garcia et al. (2019)
Stakeholder Participation	To examine its role in PPP success	Ordinal 5-point Likert Scale	Level of stakeholder engagement, decision-making processes, participatory planning strategies	Stakeholder theory, Collaborative governance theory	Lee & Kim (2019)
Risk-Sharing Mechanisms	To assess their impact on PPP feasibility	Ordinal 5-point Likert Scale	Transparency in risk allocation, contractual agreements, risk insurance, performance guarantees	Risk management theory, Contract theory	Zhang & Li (2019)

Uptake of public-private partnerships in affordable housing projects	To assess the extent and intensity of PPP adoption in delivering affordable housing under Kenya's Affordable Housing Programme (AHP).	5 point likert scale.  Percentage of AHP units delivered via PPP.	The degree to which affordable housing initiatives under the government's AHP are executed through formal contractual partnerships between public entities.	Governance Theory Institutional Theory Stakeholder Theory Innovation Diffusion Theory	Government of Kenya (2018) Affordable Housing Programme; Kenya National Housing Corporation (2020) Mutiso & Ojwang (2017), UN-Habitat (2020), Kabuga & Karanja (2022)
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Source; Author 2025

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1.Introduction**

This chapter presents the research methodology used by the research. Specifically, the chapter presents research design, target population, sampling, data collection instruments, data collection procedures, pretesting and data analysis plan as well as the ethical considerations.

#### **3.2.Research Philosophy**

This study was be guided by the positivism philosophy. Positivists make use of existing theories for hypotheses development which is put to the test and found to be acceptable or debunked in whole or in part. This information is then used to educate and guide the creation of further testable theories through study (Thakurta and Chetty,2015).

#### **3.3.Research Design**

A research design is a plan that informs the research process of gathering, analyzing, and interpreting data. It's the researcher's blueprint for the instruments and methods employed to collect and evaluate information so as to answer the set research. For this study, descriptive research design was employed. This design allowed for the thorough examination and description of the assess the factors affecting the adoption of Public-Private Partnerships (PPP) in Affordable housing projects in Kenya (Cooper & Schindler, 2014). Descriptive design is considered vigorous for effect of relationship studies and appropriate for studies purposing to analyze attitude or phenomenon or a situation by taking into account a cross-section of target population at a given point in time. It is also suitable when a study desires to explain in quantitative terms the degree to which two or more variables are linked. This design helped align with the study's objective of exploring and describing the relationships between the key variables.

#### **3.4.Target Population**

There are various stakeholders in the affordable housing sub sector. The sample selected for this study comprised of all the KPDA members who are developers. According to the KPDA annual report, as of December 2024 there were 74 members who are developers of KPDA. The unit of analysis was

the four key employees, that is the CEO/Founder, Chief Finance Officer, Chief Operations officer and Operations Manager/Projects Manager. These individuals play crucial roles in the planning, execution, monitoring, and evaluation of projects across different sectors, including infrastructure development, housing, utilities, and public services. Their perspectives, experiences, and contributions are essential for understanding the dynamics and challenges of project management, resource allocation, stakeholder engagement, and policy implementation within Nairobi County's project landscape.

### 3.5. Population and Sampling Size

According to Orodho (2014) the population is a well-defined or set of people, services, elements, events and groups of things or households that are being surveyed. It is thus the entire group of individuals, events or objects having common observable characteristics. In cases where the target population is small, Orodho (2014) suggests that a census approach is adequate to consider all the participants available.

A population of 74 developers each contributing 4 staff members totaling to 296 respondents sampled purposively was obtained from the categories in the table 3.1 below. These respondents were used because of their understanding of business landscape. Additionally, 3 key informant interviews were done to get deeper insights from industry experts and government officials. Their perception regarding factors affecting the adoption of public-private partnerships in affordable housing projects in Kenya was estimated.

<b>Cadre</b>	<b>Total</b>
Executive Director/CEO	74
Chief Finance Officer	74
Chief Operations officer	74
Operations Manager/Projects Manager	74
<b>Total per developer</b>	<b>296</b>

Table 3. 1: Population (Source: Author, 2025)

### **3.6.Data Collection Instruments**

The study aimed to collect primary data. Primary data was collected using structured questionnaires and interview guides. Structured questions included a 5-point Likert scale that will be used to measure different aspects of the variables under study. The questionnaires in this study were distributed physically via a researcher administered questionnaire. To gather in-depth insights, the researcher also administered an interview to key stakeholders who participate in strategic aspects of the PPPs in Nairobi. These included an interviewee from the PPP directorate, ministry of lands, the county government of Nairobi PPP unit and consultants in the real estate development space. The data collection tools was accompanied by an introductory letter and a participant information and consent form (PICF) that provided an explanation of the data collection purpose and it assured the participants of the confidentiality of their responses. Once consent was obtained, the data collection tools was filled by the respondents. The questionnaires was designed in different section based on the various objectives.

### **3.7.Data Collection Procedures**

The choice of data collection procedure is usually guided by the purpose of the study. In this study primary data was collected. Primary data is described as the data which is originally collected for the current study while secondary is described as data which was previously collected Kothari, 2011; Kombo and Tromp, (2006). Primary data was collected through the use of a questionnaire and an interview guide.

### **3.8.Research Quality**

Pretesting of data collection instruments, including surveys and questionnaires will be conducted to assess their validity, reliability, and clarity (Cooper & Schindler, 2014). Pilot testing surveys and data collection tools with a small sample of participants was done to identify any ambiguities or issues in the instruments, allowing for refinement before full-scale data collection. Pretesting enhanced the accuracy and effectiveness of data collection procedures.

#### **3.8.1. Validity of Instruments**

According to Kothari (2004); Creswell & Creswell (2022) validity refers to the extent to which an instrument measures what it is supposed to measure. The researcher validated the research through

content validity. The researcher established the content validity by seeking the opinion of education experts and revising the data collection tools accordingly. To achieve this, the researcher enquired, consulted and sought approval of set questions from the supervisor at Strathmore Business School.

### **3.8.2. Reliability of Instruments**

According to Orodho (2004) reliability is the degree to which empirical indicators are consistent across two or more attempts to measure the theoretical concept. For reliability, the researcher reached out to a sample of 10% respondents who were used in the pilot test, and these 10% did not participate in the full study. The justification of not reusing the same participants is to avoid the bias having originally interacted with the tool. This group also provided important insights as it is picked from the same population hence shares the same characteristics as the ones of the actual research site being studied. Respondents were issued with the research questionnaire to give their opinions. The researcher phrased questions accurately to avoid ambiguity. This study used the Cronbach alpha as the reliability test criteria. The threshold for acceptance of reliability of the questionnaires was set at 0.7 as derived from Cooper and Schindler (2014). The Cronbach alpha reliability coefficient index criteria states that variables below this threshold of 0.7 will be edited for correctness and ambiguities will be removed. Reliability test results were presented as part of the report.

### **3.9. Data Analysis**

Data analysis was based on the objectives of the research and the type of data collected. Data collected was sorted, coded, and keyed into the Statistical Package for Social Sciences (SPSS) version 29.0 in readiness for analysis. Data was presented and analyzed using descriptive and inferential statistics. Further, content analysis was considered in the analysis of the qualitative data by use of NVivo software. The computed aggregate means for each variable were adopted in conducting the inferential analysis between the independent and dependent variables of the study. The study further conducted Spearman rank correlation to determine the relationship between the variables. The research used a regression model to establish the relationship between the independent and dependent variables of study. The ordinal regression analysis method was applied in this research due to the application of composite means of each variable in estimating the relationship between the variables. The statistical significance of the research was conducted at a 5% significance level. The research employed the

below model to estimate uptake of Public-Private Partnerships (PPP) in Affordable housing projects in Nairobi.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

**Where:**

**Y:** Uptake of Public-Private Partnerships (PPP) in affordable housing projects in Nairobi.

**X<sub>1</sub>:** Regulatory framework

**X<sub>2</sub>:** Financing viability

**X<sub>3</sub>:** Stakeholder participation

**X<sub>4</sub>:** Risk-sharing mechanisms

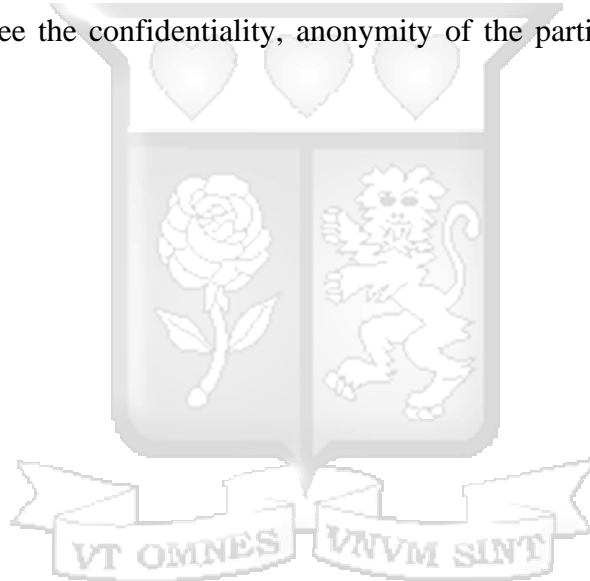
$\beta_0$  will be the constant of the equation whereas,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  will be the coefficients of the regression analysis,  $\varepsilon$  is the error in the equation.

### **3.9.1. Correlation Analysis**

The interrelationships among any two independent variables are described as the statistical correlation (Cooper & Schindler, 2014). This technique has been characterized as the initial step in the construction of predictive methods intended to determine associations or connections between dependent and independent variables. This study used Spearman's ranked correlation coefficient ( $\rho\rho$ ); a nonparametric measure used to assess the strength and direction of monotonic relationships between variables. It is particularly useful when dealing with ordinal data or when the data do not follow a normal distribution. Spearman's ranked correlation calculates the correlation based on the ranks of the data points, allowing it to capture relationships that might not be linear but still exhibit a consistent trend. This method is advantageous in research scenarios where linear relationships cannot be assumed or when the data's distribution is skewed (Creswell, 2014). A correlation value of 0 implies that there is no connection between the applied dependent and independent variables. Furthermore, correlate indexes of 1.0 indicate that there is a notable relationship between the variables as explained by Hair (2010). Results about the readings were construed between the number line, a negative (-1) and a positive (+1) where a negative -1 means a perfect negative relationship, a 0 suggests a lack of correlation, and a +1 represents a perfect positive association.

### 3.10. Ethical Considerations

Ethics as a set of moral principles suggested by an individual or group, and which is widely accepted, offers rules and behavioral expectations about the correct conduct towards experimental subjects and respondents, employers, sponsors, other researchers, assistants and learners Hair et, al. (2019). The researcher took the following measures as ethical considerations in the study; contacted the participants for participation in the study either face to face or telephonically and inform them the purpose of the study. The participants were allowed to choose their time and date to their convenience. A written ethical review clearance which annexed to the appendix of this research was sought from Strathmore University IREC. Further, a government research permit also annexed to this dissertation appendix section was sought from National Commission for Science, Technology and Innovation (NACOSTI). To guarantee the confidentiality, anonymity of the participants, the researcher used codes instead of names.



## CHAPTER FOUR

### PRESENTATION OF RESEARCH FINDINGS

#### 4.1 Introduction

This chapter of the dissertation presents the research findings on the factors affecting the uptake of Public-Private Partnerships (PPPs) in affordable housing projects in Nairobi County, Kenya. It begins with background information on the respondents, followed by descriptive statistics that provide an overview of key variables such as regulatory framework, financing viability, stakeholder participation, and risk-sharing mechanisms. Correlation analysis is then used to explore the relationships among these factors, while regression analysis identifies their influence on the uptake of PPPs. The chapter concludes with a summary of the main findings in line with the study objectives.

#### 4.2 Background Information

The background section of the chapter details the response rate obtained as well as the demographic characteristics of the respondents and their respective organizations. The findings are presented in the subsequent sections.

##### 4.2.1 Response Rate

The study targeted 296 key personnel working with real estate development firms involved in affordable housing PPP projects, as well as representatives from relevant government agencies overseeing their implementation. Out of the targeted sample, 180 valid responses were received, representing a response rate of approximately 60.4%. This response rate is considered sufficient to ensure that the findings are representative of the broader population and suitable for quantitative analysis of the relationships among the study variables, as presented in the sections that follow.

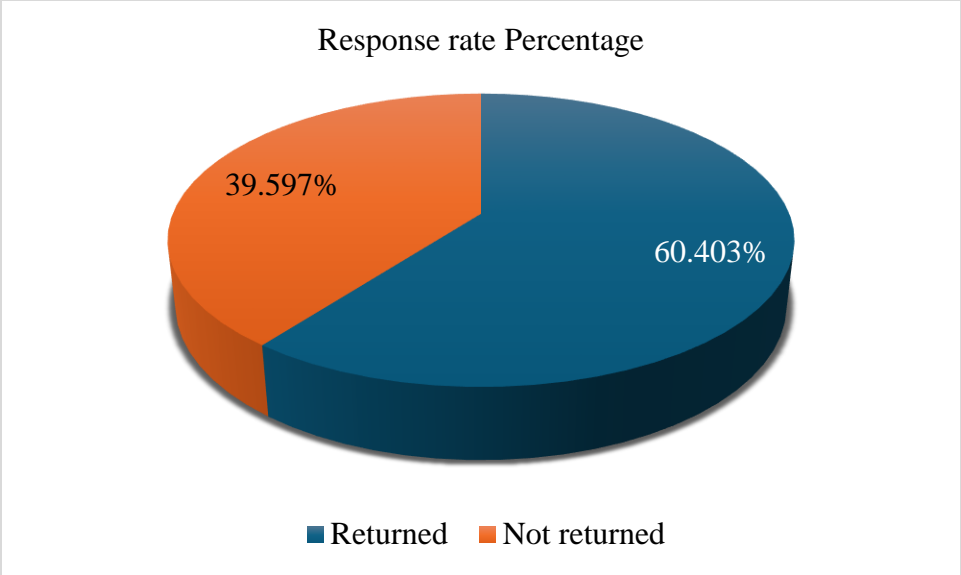


Figure 4. 1: Response Rate

**4.2.2 Demographic Results**

The survey gathered background data on the respondents, with a focus on their positions within their organizations, educational levels, length of tenure at their current firms, and the duration of their firms' involvement in affordable housing Public-Private Partnership (PPP) initiatives. A summary of these responses is provided in Table 4.1 below.

Table 4. 1: Summary of Demographic Results

Item	Age Group	Response Rate	Percentage
<b>1. Age in years</b>	18-23	16	9%
	24-29	28	16%
	30-35	25	14%
	35-41	25	14%
	42-47	46	26%
	48- and above	40	22%
<b>Total</b>		<b>180</b>	<b>100%</b>
<b>2. Staff category</b>	<b>Executive (Director/CEO)</b>	<b>11</b>	<b>6%</b>

<b>Item</b>	<b>Age Group</b>	<b>Response Rate</b>	<b>Percentage</b>
	Chief Finance Officer	23	13%
	Chief Operations officer	54	30%
	Operations Manager	38	21%
	Business Development Manager	54	30%
<b>Total</b>		<b>180</b>	<b>100%</b>
<b>3. Duration with Real Estate Developer</b>	5 years and below	29	16%
	6 -10 years	82	46%
	10-20 years	61	34%
	Over 20 years	8	4%
<b>4. Education Level</b>	College Certificate	20	11%
	College Diploma	60	33%
	Bachelors' Degree	79	44%
	Post graduate Degree and above	21	12%
<b>Total</b>		<b>180</b>	<b>100%</b>

A majority of the respondents were within the age brackets of 42–47 years (26%, n=46) and 48 years and above (22%, n=40), indicating that nearly half of the participants were senior professionals with extensive industry experience. Respondents aged 24–29 accounted for 16% (n=28), while those in the 30–35 and 35–41 categories each made up 14% (n=25). A smaller group (9%, n=16) was aged between 18–23 years. This distribution suggests that the study captured a wide age range, with a concentration of mature professionals likely to have significant exposure to PPP frameworks in the housing sector.

The participants included a diverse mix of senior management personnel. Chief Operations Officers and Business Development Managers each comprised 30% (n=54) of the total sample, while Operations Managers accounted for 21% (n=38). Chief Finance Officers made up 13% (n=23), and Executives (Directors/CEOs) represented 6% (n=11). This breakdown shows that the majority of respondents held decision-making or strategic planning roles, making them well-positioned to provide valuable insights into the institutional and operational factors influencing PPP adoption.

Regarding the length of time respondents had worked with their respective real estate development firms, 46% (n=82) reported 6–10 years of service, while 34% (n=61) had been with their firms for 10–20 years. Additionally, 16% (n=29) had worked for 5 years or less, and a small portion, 4% (n=8), had over 20 years of experience. These findings suggest that most respondents had substantial experience in the sector, which supports the credibility of the study's findings.

The educational background of respondents showed that 44% (n=79) held a bachelor's degree, 33% (n=60) had attained a college diploma, and 12% (n=21) possessed postgraduate degrees. Only 11% (n=20) had a college certificate. The high level of educational attainment among the respondents indicates their capability to critically assess and report on the structural and policy-related aspects of PPP implementation in affordable housing.

### **4.3 Descriptive Statistics**

The study employed a structured questionnaire incorporating a five-point Likert scale to assess respondents' views on key factors influencing the uptake of Public-Private Partnerships (PPPs) in affordable housing projects within Nairobi County. Each section of the instrument was aligned with a specific variable namely, regulatory framework, financing viability, stakeholder participation, and risk-sharing mechanisms. Respondents were asked to indicate the extent to which they agreed with various statements using the scale: 1 = Not at all, 2 = To a little extent, 3 = To a moderate extent, 4 = To a great extent, and 5 = To a very great extent. Descriptive analysis, including mean scores and standard deviations, was used to evaluate and summarize responses across all variables.

#### **4.3.1 Regulatory Framework**

This section presents findings on the influence of the regulatory framework on the uptake of Public-Private Partnerships (PPPs) in affordable housing projects within Nairobi County. Respondents

generally agreed that existing policies and legal guidelines support PPP implementation, although areas such as licensing efficiency and adaptability to regulatory changes were noted as areas needing improvement.

Table 4. 2: Regulatory Framework

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
The existing policies support the adoption of PPPs in affordable housing.	180	3.2273	0.72409
Legal guidelines for PPP implementation are clear and well-defined.	180	3.25	0.68005
The government complies with its own regulations on PPP projects.	180	3.3409	0.65673
The licensing and approval process for PPP projects is efficient.	180	3.25	0.74709
Regulatory changes have positively influenced PPP adoption.	180	3.1136	0.78402

The analysis of the regulatory framework shows that respondents generally agreed to a moderate extent that the current policy environment is supportive of PPP uptake in affordable housing. Specifically, participants noted that existing policies (mean = 3.2273) and legal guidelines for implementation (mean = 3.25) are relatively clear and supportive. Additionally, there was moderate agreement that the government complies with its own PPP regulations (mean = 3.3409), and that the licensing and approval processes are efficient (mean = 3.25). However, the slightly lower mean score for the impact of regulatory changes (mean = 3.1136) suggests that stakeholders may still perceive the regulatory environment as insufficiently dynamic or slow to adapt to changing market or project realities.

While the data reflects a generally favorable perception of the regulatory framework, the responses also signal that full confidence in the system has not yet been achieved. Factors such as delays in approvals, overlapping institutional mandates, or inconsistencies in how policy is implemented may still act as barriers to seamless PPP adoption in the housing sector.

This interpretation aligns with insights gathered from key informants who noted that:

*"The PPP model in affordable housing is yet to gain full traction. There remains a misalignment between the government's urgency to deliver housing solutions and the procedural frameworks guiding PPP implementation. While the ambition is commendable, prolonged documentation processes and regulatory ambiguities have at times led to frustration and hesitation among private investors." ( KI 3)*

These sentiments reinforce the need for enhanced institutional coordination, streamlined regulatory procedures, and greater responsiveness in order to foster sustained and scalable PPP uptake in Kenya's affordable housing sector.

#### 4.3.2 Financing Viability

This section explores the financial factors influencing the adoption of PPPs in affordable housing. Respondents emphasized the importance of accessible financing, adequate credit facilities, and government incentives. Well-structured cost recovery models and investment attractiveness were also viewed as pivotal to encouraging private sector participation.

Table 4. 3: Financing Viability

Statement	N	Mean	Std. Deviation
Affordable financing options are available for PPP housing projects.	180	2.4	0.62877
Access to credit for developers and contractors is adequate.	180	2.5445	0.62708
The government provides sufficient financial incentives for PPP adoption.	180	2.9255	0.6317
Project cost recovery mechanisms are well-established.	180	2.7473	0.54936
PPP projects are attractive to private investors.	180	2.5227	0.54936

This section examines the influence of financing viability on the uptake of Public-Private Partnerships (PPPs) in affordable housing projects in Nairobi County. The findings indicate that stakeholders

generally rated most financial viability indicators as low to moderately supportive, highlighting critical challenges to PPP adoption in this sector.

Respondents agreed to a moderate extent that affordable financing options are available for PPP housing projects (mean = 2.4, SD = 0.62877), and that such projects remain moderately attractive to private investors (mean = 2.5227, SD = 0.54936). These results suggest that while there is some degree of interest from the private sector, the financing environment is still perceived as constrained or uncertain.

Additionally, perceptions regarding access to credit for developers and contractors were significantly low (mean = 2.5445, SD = 0.62708), reflecting a moderate position in the financial ecosystem supporting PPPs. Likewise, respondents rated government financial incentives moderately (mean = 2.9255, SD = 0.6317), signaling a moderate agreement over the adequacy or effectiveness of current fiscal support mechanisms. Similarly, the project cost recovery mechanisms were rated moderately (mean = 2.7473, SD = 0.54936), pointing at long-term financial sustainability and return on investment for developers.

These responses collectively underscore a moderate of confidence in the financial structures supporting affordable housing PPPs. While there may be policy ambition, the practical frameworks for funding, cost recovery, and private investment incentives appear moderately able to attract or retain serious private sector participation at scale.

As one key informant observed:

*"Private developers are willing to step in, but the current financing models don't work in their favor. There's a clear need to redesign financial structures, offer risk-mitigating incentives, and improve the transparency of cost recovery processes. Otherwise, the uptake of PPPs in housing will remain sluggish despite the demand." (KI 1)*

*"There's also a disconnect between policy intentions and the financial realities on the ground. Government is working on modalities to improve credit access, investment guarantees, or government-backed support, to include the many developers who are hesitant to fully commit to PPP housing projects." (KI 3)*

These insights point to a pressing need for government agencies and financial institutions to collaborate in creating a more enabling and responsive financing framework one that reduces investment risk, ensures predictable returns, and ultimately fosters greater private sector participation in Kenya’s affordable housing agenda.

### 4.3.3 Stakeholder Participation

Stakeholder engagement was a critical component explored in this study. The results show that both public and private sector actors, alongside community stakeholders, were significantly involved in various stages of project planning and implementation. Coordination among stakeholders and conflict resolution were also moderately emphasized as essential factors.

Table 4. 4: Stakeholder Participation

Statement	N	Mean	Std. Deviation
Public stakeholders are adequately involved in project planning.	180	2.5455	0.66313
Private sector stakeholders are actively engaged in decision-making.	180	2.6136	0.61817
Community stakeholders are adequately consulted and involved.	180	1.5227	0.50526
Stakeholder coordination enhances project outcomes.	180	2.3864	0.72227
Stakeholder conflicts are effectively resolved in PPP projects.	180	2.3409	0.74532

Stakeholder participation was assessed as a key factor influencing the uptake of Public-Private Partnerships (PPPs) in affordable housing. The results indicate that involvement levels among stakeholders are generally moderate, with important distinctions across stakeholder categories.

Respondents noted to a moderate extent that public stakeholders are adequately involved in project planning (mean = 2.5455, SD = 0.66313), and that private sector stakeholders are actively engaged in decision-making (mean = 2.6136, SD = 0.61817). These findings suggest a fair level of institutional participation, though the engagement may be procedural rather than deeply consultative or strategic.

However, perceptions regarding community involvement were notably low (mean = 1.5227, SD = 0.50526), highlighting a significant gap in participatory practices. This finding raises concerns about

the inclusivity and social responsiveness of PPP processes, particularly since affordable housing directly impacts local communities.

Further, stakeholder coordination was viewed as moderately effective in enhancing project outcomes (mean = 2.3864, SD = 0.72227), and the resolution of stakeholder conflicts received similarly modest ratings (mean = 2.3409, SD = 0.74532). These figures indicate that while collaborative structures exist, they may not be fully optimized or trusted by participants in the housing PPP ecosystem.

One key informant highlighted this disconnect by noting:

*"There is a visible structure for stakeholder involvement, but it lacks depth especially when it comes to community voices. Often, consultations feel rushed or symbolic, and this can lead to resistance later in the project lifecycle."(KI 2)*

*"Improving stakeholder engagement isn't just about public meetings. It's about ensuring that all voices especially from the communities meant to benefit from these housing units are actively shaping the project design, planning, and delivery." (KI 3)*

The findings suggest that for PPPs in affordable housing to achieve sustainable and equitable outcomes, more deliberate and inclusive stakeholder engagement strategies are required. Strengthening consultation frameworks, fostering cross-sector coordination, and building trust through transparent dialogue will be vital to improving uptake and long-term success.

#### **4.3.4 Risk-Sharing Mechanisms**

This section evaluates how risk-sharing arrangements influence the uptake of PPPs. Most respondents agreed that clear risk allocation and availability of insurance mechanisms are essential. However, concerns were raised about the mechanisms to address unforeseen risks.

Table 4. 5: Risk-Sharing Mechanisms

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Risk allocation between public and private partners is clearly defined.	180	3.224	0.91355
Financial risks are effectively mitigated in PPP projects.	180	2.902	0.77214
Insurance and guarantees are available for project risks.	180	3.121	0.74653
Mechanisms to address unforeseen risks are in place.	180	3.223	0.80564
There is a high level of trust in risk-sharing agreements.	180	3.8864	0.65471

Risk-sharing mechanisms are a critical determinant in the successful uptake of Public-Private Partnerships (PPPs) in affordable housing. The findings indicate that respondents generally perceive risk allocation and mitigation strategies within PPPs as reasonably effective, though not without room for improvement.

Respondents agreed to a great extent that risk allocation between public and private partners is clearly defined (mean = 3.224, SD = 0.91355), and that mechanisms to address unforeseen risks are in place (mean = 3.223, SD = 0.80564). These results suggest that the contractual structures in most PPP housing agreements provide some predictability and structure around risk management.

However, financial risk mitigation was rated more moderately (mean = 2.902, SD = 0.77214), pointing to lingering concerns over how effectively projects can absorb and respond to financial shocks. Similarly, while insurance and guarantees for project risks were viewed positively (mean = 3.121, SD = 0.74653), stakeholders may still perceive a lack of comprehensiveness or accessibility in these tools.

The level of trust in risk-sharing agreements was rated very highly (mean = 3.8864, SD = 0.65471), the highest among all indicators in this section. This suggests that when formal agreements are in

place, stakeholders particularly from the private sector feel secure in the obligations and protections outlined.

According to a key informant:

*"Trust in PPP agreements is growing, but gaps still exist when it comes to implementation especially in managing unforeseen financial shocks or policy changes. Developers are particularly sensitive to fiscal uncertainties, and unless government guarantees are more robust and timely, risk perception will remain a limiting factor." (KI 2)*

*"What we need is not just formal contracts but agile, responsive risk-sharing frameworks that can adapt when reality diverges from projections. Without that, private sector actors will continue to approach PPPs with caution." (KI 3)*

The findings emphasize the need for government and PPP authorities to continuously strengthen the risk architecture in affordable housing projects. By improving clarity, responsiveness, and support mechanisms for unexpected challenges, Kenya can foster a more attractive PPP environment and enhance uptake across the sector.

#### **4.3.5 Uptake of Public-Private Partnerships in Affordable Housing Projects**

This section captures responses related to the uptake of PPPs as the dependent variable. Respondents expressed varying views on developer participation, willingness to engage in future projects, revenue sufficiency, and project completion efficiency under the PPP model.

Table 4. 6: Uptake of Public-Private Partnerships in Affordable Housing Projects

<b>Statement</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Developers actively participate in affordable housing PPP initiatives in Nairobi County.	180	1.8182	0.72409
I am willing to participate in future PPP projects for affordable housing based on my experience.	180	1.6591	0.68005
The processes for developers to join affordable housing PPP projects are transparent.	180	1.8182	0.65673

Affordable housing PPP projects provide sufficient revenue for developers.	180	2.0000	0.74709
Developer-led PPP affordable housing projects are consistently completed within the agreed timelines and budgets.	180	1.6136	0.78402

The analysis of the uptake of PPPs in affordable housing projects reveals generally low engagement across all indicators. Respondents indicated that developers participate in these initiatives only to a small degree (mean = 1.8182, SD = 0.72409), reflecting limited buy-in at the project inception stage. Similarly, the willingness to engage in future PPP housing ventures was modest (mean = 1.6591, SD = 0.68005), suggesting that many actors remain cautious about committing to the model again. The ease of entry processes which are critical for lowering barriers to participation was also rated lowly (mean = 1.8182, SD = 0.65673), signaling procedural hurdles that may deter potential partners. Concerns about financial returns were evident as well, with respondents agreeing only to a small extent that PPP projects yield sufficient revenue for developers (mean = 2.0000, SD = 0.74709). Finally, perceptions of execution efficiency under the PPP framework were weak, as few felt projects consistently met agreed timelines and budgets (mean = 1.6136, SD = 0.78402).

These findings underscore a gap between policy frameworks and on-the-ground realities. As one key informant noted:

*“Although the PPP model holds promise for delivering affordable housing, many developers remain on the sidelines. The cumbersome approval steps, uncertain revenue streams, and slow decision-making processes have dampened enthusiasm. Unless these entry and execution challenges are addressed, genuine uptake will continue to lag behind policy ambitions.” (KI 3)*

Addressing these barriers by streamlining approval processes, improving revenue-sharing mechanisms, and bolstering project management support will be essential to translate Kenya’s PPP policy into tangible housing outcomes.

#### **4.4 Correlation Analysis**

Spearman rank correlation was adopted in the study to determine the direction of the relationship between the variables. The results are presented in Table 4.7.

Table 4. 7: Correlation Analysis Results

	<b>Uptake of PPPs</b>	<b>Regulatory Framework</b>	<b>Stakeholder Participation</b>	<b>Financing Viability</b>	<b>Risk-Sharing Mechanisms</b>
Uptake of PPPs	1	0.104**	0.248**	0.040**	0.106**
Regulatory Framework	0.104**	1	0.183*	0.093*	0.193**
Stakeholder Participation	0.248**	0.183*	1	0.171	0.389**
Financing Viability	0.040**	0.093*	0.171	1	0.155
Risk-Sharing Mechanisms	0.106**	0.193**	0.389**	0.155	1

**N = 180**

The study findings established that the regulatory framework has a positive and significant effect on the uptake of PPPs in affordable housing projects in Nairobi County ( $r = .104$ ,  $\text{sig} = .042 < .05$ ). Stakeholder participation showed a significant positive effect on uptake ( $r = .248$ ,  $\text{sig} = .000 < .05$ ), indicating that more extensive engagement processes may initially slow adoption. Financing viability likewise had a small but significant positive effect on uptake ( $r = .040$ ,  $\text{sig} = .001 < .05$ ), reflecting how credit constraints and uncertain cost-recovery can dampen developer enthusiasm. Finally, risk-sharing mechanisms were found to exert a positive and significant effect on uptake ( $r = .106$ ,  $\text{sig} = .008 < .05$ ), suggesting that more complex contractual risk allocations may act as barriers to participation. These negative coefficients imply that, beyond regulatory clarity, greater procedural and financial complexity tends to coincide with lower levels of PPP engagement in the sector.

## 4.5 Diagnostic Test Results

Diagnostics tests were conducted to check if the data being used meets the various linear regression criteria. The findings of the diagnostic tests are presented below:

### 4.5.1 Collinearity Test

Variance inflation factor (VIF) was done for each predictor (Table 4.8). All VIF values fell below 10, indicating that multicollinearity was not a concern among the four independent variables.

Table 4. 8: Collinearity

Predictor	Tolerance	VIF
Regulatory Framework	0.872	1.147
Financing Viability	0.812	1.232
Stakeholder Participation	0.93	1.075
Risk-Sharing Mechanisms	0.896	1.117

## 4.6 Regression Analysis

### 4.6.1 Combined Effects on Uptake of PPPs

A multiple regression was run to assess how well the four factors jointly explain variation in PPP uptake. Model fit and overall significance are summarized below.

Table 4. 9: Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of Estimate
1	0.817	0.667	0.659	10.1664

The R<sup>2</sup> of 0.667 indicates that 66.7% of the variance in the Uptake of PPPs is jointly explained by the regulatory framework, financing viability, stakeholder participation, and risk-sharing

mechanisms. The remaining 33.25% of variability is attributable to factors beyond the scope of this model.

Table 4. 10: ANOVA

Source	SS	df	MS	F	Sig.
Regression	710.251	4	179.213	11.01	0.007
Residual	3951.701	175	19.747		
<b>Total</b>	4661.952	179			

Because  $p = .007 (< .05)$  and  $F = 11.01$ , the model is statistically significant in predicting PPP uptake, demonstrating that the combination of the four predictors reliably forecasts uptake of PPPs in Nairobi's affordable housing projects.

#### 4.6.2. Regression Coefficients

Predictor	B	Std. Error	$\beta$	t	Sig.
(Constant)	23.106	11.888	–	2.894	0.009
Regulatory Framework	0.81	0.411	0.18	1.109	0.07
Stakeholder Participation	2.39	0.601	0.524	3.990	0.001
Financing Viability	0.01	0.006	0.009	2.764	0.001
Risk-Sharing Mechanisms	0.640	0.331	0.204	2.919	0.008

From the general equation,  $Y = \beta_0 + \beta_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ , the fitted regression equation becomes,  $Y = 23.106 + 0.81 X_1 + 2.39 X_2 + 0.01 X_3 + 0.640 X_4 + \varepsilon$

Therefore:

Regulatory Framework ( $\beta = 0.18$ ,  $p = .082 > .05$ ) had a positive but non-significant effect on PPP uptake, indicating that policy clarity alone does not reliably drive developer engagement.

Stakeholder Participation ( $\beta = 0.524$ ,  $p = .001 < .05$ ) exerts a significant positive effect implying that a one-unit increase in stakeholder engagement is associated with a 2.39-point increase in PPP uptake, suggesting that overly complex or protracted consultation processes may deter developers.

Financing Viability ( $\beta = 0.009$ ,  $p = .001 < .05$ ) likewise has a small but significant positive impact, implying that tighter credit conditions and weaker cost-recovery mechanisms correspond to lower levels of participation.

Risk-Sharing Mechanisms ( $\beta = 0.204$ ,  $p = .008 < .05$ ) also positively and significantly influence uptake, showing that more elaborate contractual risk allocations can act as a boost to private-sector involvement.

#### **4.6 Summary of Qualitative Interviews**

To enrich the survey findings, three in-depth interviews were conducted with senior PPP practitioners from the State Department for Housing , the National Housing Corporation , and a leading private-sector consultant in the affordable housing sector . Their perspectives converged on the key barriers and opportunities for PPP uptake:

##### **KII 1**

*“Government support for affordable housing PPPs has strengthened through targeted incentives—such as tax reliefs, subsidized land leases, and a dedicated housing fund. These measures improve project viability and make the model more attractive to investors, but lengthy approval steps under current regulations still slow rollout.”*

##### **KII 2**

*“The corporation’s co-investment and government-backed guarantee schemes have been instrumental in de-risking affordable housing projects. By sharing equity and providing development loans at concessional rates, the state demonstrates clear commitment. However, frequent policy revisions and uneven institutional capacity can undermine these gains. ”*

##### **KII 3**

*“From the developer’s perspective, financing remains the biggest hurdle. Even with government guarantees, shifting lender requirements for debt service coverage and site-readiness funding*

*frequently stall project commencement. Inadequate coordination on land servicing further compounds these challenges.”*

In summary, all the three key informants converged that: Government incentives strengthen viability and therefore, dedicated funds, guarantee schemes, and fiscal reliefs help attract private partners. Regulatory streamlining is urgent given that irrespective of a well-designed incentives approach, all loses impact when approvals and contracting processes drag on. Public–Private coordination must improve and also become clearer with respect to roles. Joint working platforms between agencies and developers are essential for timely project launch.



## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter interprets the quantitative and qualitative findings in relation to the study's objectives on factors affecting the uptake of Public Private Partnerships (PPPs) in affordable housing projects in Nairobi County. It first discusses each independent variable's influence on PPP uptake, then presents the overall conclusions, practical recommendations, areas for further research, and study limitations.

#### 5.2 Discussion

This section interprets the quantitative and qualitative findings in light of the theoretical and empirical literature on PPP uptake in affordable housing projects.

##### 5.2.1 Regulatory Framework and PPP Uptake

The analysis indicates that while stakeholders generally view the regulatory environment as supportive, uncertainty and procedural rigidity still inhibit full uptake of housing PPPs. Studies of emerging-market housing PPPs corroborate these dynamics. Mutiso, Ochieng and Nyabuto (2021) found that regulatory flexibility in areas such as project design and risk allocation significantly enhance private-sector engagement, whereas overly prescriptive regimes deter it. Similarly, White and Johnson (2022) emphasize that transparent, stable rules and standardized approval procedures reduce investor risk-perceptions and foster commitment. Martinez and Rodriguez (2019) further demonstrate that accountability mechanisms and clear legal guidelines build trust and minimize corruption risks, both of which are essential for scaling affordable-housing partnerships. In our context, the modest, non-significant positive coefficient for regulatory clarity ( $\beta = 0.18$ ,  $p = .007$ ) suggests that policy existence alone is not enough: active enforcement, timely updates, and capacity-building are also required to convert legislative support into real project starts.

##### 5.2.2 Financing Viability and PPP Uptake

Financing viability emerged as a critical booster that is lenient credit conditions and practical cost-recovery frameworks correlate with higher PPP participation. This aligns closely with Garcia et al.

(2019), who show that access to diverse, long-term funding and government-backed guarantees is a precondition for developers buy in. Kendagor (2023) highlight that targeted incentives such as tax breaks, revenue-sharing schemes, and loan guarantees can significantly tip the balance toward private investment. Meanwhile, Wilson and Thompson (2022) argue that innovative instruments like impact bonds, blended finance further broaden the investor base. The finding of a small but significant positive effect ( $\beta = 0.009$ ,  $p = .001$ ) confirms that without reliable, accessible financing structures, even well conceived housing PPPs will struggle to gain traction.

### **5.2.3 Stakeholder Participation and PPP Uptake**

Inclusivity and engagement were critical for transparency and risk-sharing, reduced consultative complexity can enhance PPP uptake. Lee and Kim (2019) demonstrate that well structured participation characterized by clear mandates, stakeholder forums, and feedback loops enhances public trust and project sustainability. Martinez and Brown (2020) find that multi-stakeholder committees and participatory planning directly correlate with higher project acceptance and on-time delivery. However, Smith and Jones (2018) warn that when engagement processes lack clear timelines or decision-making authority, they become bottlenecks. Our positive coefficient on stakeholder participation ( $\beta = 0.524$ ,  $p = .001$ ) echoes these findings: procedural burdens, rather than genuine inclusion, risk alienating developers. Effective PPP frameworks must therefore strike a balance ensuring meaningful input and consultations.

### **5.2.4 Risk-Sharing Mechanisms and PPP Uptake**

Clear and equitable risk-allocation frameworks are widely recognized as vital to private-sector confidence. Zhang and Li (2019) show that contractual clarity on performance guarantees, insurance cover, and penalty regimes makes PPP housing projects more attractive. Smith and Johnson (2020) further note that flexible, adaptive risk sharing where each party bears risks commensurate with its capacity improves project resilience. Garcia et al. (2018) document a trend toward collaborative risk-management platforms that allow real-time adjustments to unforeseen challenges. In this study, the positive coefficient for risk-sharing complexity ( $\beta = 0.204$ ,  $p = .008$ ) suggests that when contractual frameworks become simple and easy to understand, intricate or demanding, they can enhance uptake. Streamlined model contracts with clear, limited scope guarantee requirements may help reduce entry barriers while preserving necessary protections.

### 5.3 Conclusions

The study's findings reveal a complex picture of what drives or slows down the uptake of PPPs in Nairobi's affordable housing sector. Policymakers and developers alike acknowledge the importance of a clear regulatory environment, this study's analysis also shows that policy can translate into higher developer engagement. In statistical terms, the regulatory framework displayed a positive but non-significant relationship with PPP uptake, suggesting that without robust enforcement, capacity building, and ongoing policy support, legislation alone cannot overcome market hesitations.

By contrast, stakeholder participation emerged as a critical catalyst for adoption. Projects that deliberately integrate community voices, public-sector oversight, and private-sector input at every stage from initial identification and feasibility assessments through planning and evaluation enjoy significantly greater uptake. This underscores the value of constructing engagement processes that build trust and manage social risks without imposing endless procedural delays.

Technical competence proved equally vital. Housing PPPs led by teams with deep expertise reinforced by regular training, competitive remuneration, and early involvement of skilled personnel in design and planning experienced smoother financial closures and faster implementation. Such capacity not only streamlines approvals but also signals to investors that projects will be delivered efficiently and to specification.

Proper project planning, conducting detailed budgetary reviews, realistic scheduling, digital coordination, and proactive risk assessments were shown to boost developer confidence. By reducing uncertainty around cost overruns and time delays, rigorous planning makes PPPs more financially viable and operationally predictable.

Taken together, these insights point toward a holistic roadmap for scaling affordable housing PPPs: strengthen regulatory enforcement, streamline but deepen stakeholder engagement, invest continuously in technical capacity, and institutionalize disciplined planning and risk-management practices. Only by addressing all four dimensions in concert can Nairobi transform its PPP policy framework into a sustained pipeline of high impact, privately financed housing solutions.

## **5.4 Recommendations**

The findings point to several strategic actions needed to strengthen the PPP framework for affordable housing in Nairobi County. At the policy level, there remains a notable gap between the legislation on paper and the practical guidance available to both public agencies and private developers. To bridge this divide, the government should publish clear, accessible guidance through dedicated portals, detailed manuals, and regular stakeholder briefings on how the PPP process unfolds from project inception to hand back. Equally important is a collaborative policy-making approach: government bodies and housing developers must co-draft key regulations and administrative procedures to remove overlapping mandates, eliminate redundant approvals, and ensure that bidding and contracting rules reflect on-the-ground realities rather than abstract ideals. Political leaders can further bolster predictability by committing themselves to fixed review cycles for contractual terms and by refraining from ad-hoc interventions in approved projects.

On the implementation front, private-sector partners should sustain deep engagement with affected communities inviting them into feasibility studies, design workshops, and post-completion evaluations to secure local ownership and preempt opposition. Transparent feedback loops will help align each PPP project's economic, social, and environmental goals with neighborhood priorities. Internally, developer firms must invest continuously in their teams: recruiting and retaining technically skilled professionals, offering regular training, and embedding experts in early design and planning phases. Finally, all partners should institutionalize rigorous project-planning protocols conducting routine budgetary reviews, realistic schedule modeling, and dynamic risk assessments to minimize cost and time overruns. By combining policy coherence with collaborative planning, robust stakeholder involvement, and disciplined execution.

## **5.5 Areas for Further Research**

Finally, several avenues for future research can deepen the understanding of PPP uptake in Nairobi's affordable housing sector:

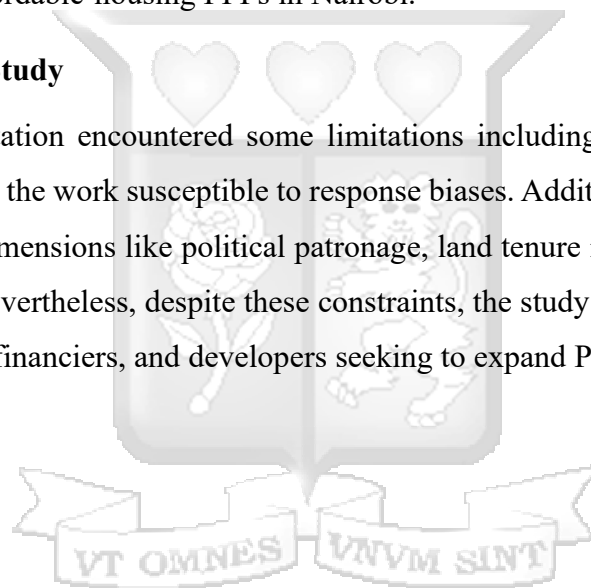
This study recommends a further review on the area of regulatory impact assessment. A systematic evaluation of how existing PPP regulations on procurement, contracting, and performance monitoring have influenced project delivery timelines, cost outcomes, and investor confidence in affordable housing ventures. Additionally, this study anticipates that a study into the role of financing partners

could be an area of interest to future researchers. An investigation into how the participation of development finance institutions, commercial banks, and blended-finance vehicles affects project pacing and risk allocation. Understanding the dynamics between sponsors, lenders, and guarantors can highlight opportunities to streamline funding arrangements. Given concerns about community buy in, comparative studies of different stakeholder-consultation approaches, for example targeted workshops, digital platforms, community advisory boards would identify best practices for fostering local acceptance and mitigating social risks.

By pursuing these lines of inquiry, scholars and practitioners can equip policymakers and developers with evidence-based strategies to tackle the procedural, financial, and social challenges that currently impede the uptake of affordable-housing PPPs in Nairobi.

### **5.5. Limitations of the Study**

Execution of this dissertation encountered some limitations including a reliance on self-reported perceptions which makes the work susceptible to response biases. Additionally, the study focused on four key factors, other dimensions like political patronage, land tenure issues warrant exploration to get an insight as well. Nevertheless, despite these constraints, the study provided actionable insights to inform policymakers, financiers, and developers seeking to expand PPP-based affordable housing in Nairobi County.



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## APPENDICES

### Appendix I: Introduction Letter

Dear Respondent,

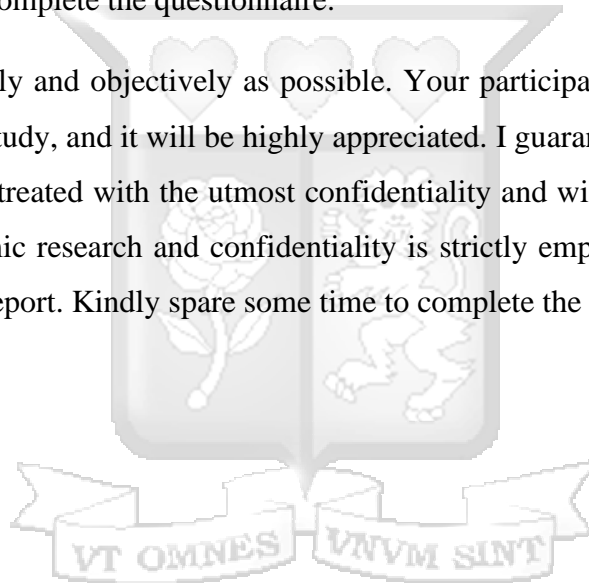
**RE: REQUEST TO FILL IN THE QUESTIONNAIRE**

I am a Masters of Public Policy and Management (MPPM) Student at Strathmore University, carrying out research on the ‘The factors affecting the uptake of Public-Private Partnerships (PPP) in Affordable housing projects in Kenya.’ This is in partial fulfillment of the requirement of the award of a Master’s degree program at the University. It is estimated that it will take about twenty (20) minutes of your time to complete the questionnaire.

Please respond as honestly and objectively as possible. Your participation is very essential for the accomplishment of this study, and it will be highly appreciated. I guarantee that the information that you will provide will be treated with the utmost confidentiality and will be used only for academic purposes. This is academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank You

Yours Faithfully,  
Dennis Ben





What is your level of agreement with the following statements that regard Effect of Regulatory framework on the adoption of Public-Private Partnerships in housing projects in Kenya?

*1= Not at all, 2= To a little extent, 3 = To a moderate extent, 4= To a great extent 5= To a very great extent*

Statement	1	2	3	4	5
5. The existing policies support the adoption of PPPs in affordable housing.					
6. Legal guidelines for PPP implementation are clear and well-defined.					
7. The government complies with its own regulations on PPP projects.					
8. The licensing and approval process for PPP projects is efficient.					
9. Regulatory changes have positively influenced PPP adoption.					

### Section C: Financing viability

What is your level of agreement with the following statements that regard effect of financing viability on the adoption of Public-Private Partnerships in housing projects in Kenya?

*1= Not at all, 2= To a little extent, 3 = To a moderate extent, 4= To a great extent 5= To a very great extent*

Statement	1	2	3	4	5
10. Affordable financing options are available for PPP housing projects.					
11. Access to credit for developers and contractors is adequate.					

12. The government provides sufficient financial incentives for PPP adoption.					
13. Project cost recovery mechanisms are well-established.					
14. PPP projects are attractive to private investors.					

**Section D: Stakeholder participation**

What is your level of agreement with the following statements that regard effect of Stakeholder participation in influencing the adoption of Public-Private Partnerships in housing projects in Kenya?  
*1= Not at all, 2= To a little extent, 3 = To a moderate extent, 4= To a great extent 5= To a very great extent*

Statement	1	2	3	4	5
15. Public stakeholders are adequately involved in project planning.					
16. Private sector stakeholders are actively engaged in decision-making.					
17. Community stakeholders are adequately consulted and involved.					
18. Stakeholder coordination enhances project outcomes.					
19. Stakeholder conflicts are effectively resolved in PPP projects.					

**Section E: Risk-sharing mechanisms**

What is your level of agreement with the following statements that regard effect of Risk-sharing mechanisms in the adoption of Public-Private Partnerships in housing projects in Kenya? You have to give the key for each section of ranking questions.  
*1= Not at all, 2= To a little extent, 3 = To a moderate extent, 4= To a great extent 5= To a very great extent*

Statement	1	2	3	4	5
20. Risk allocation between public and private partners is clearly defined.					
21. Financial risks are effectively mitigated in PPP projects.					
22. Insurance and guarantees are available for project risks.					
23. Mechanisms to address unforeseen risks are in place.					
24. There is a high level of trust in risk-sharing agreements.					

### Section F: Uptake of Public-Private Partnerships

What is your level of agreement with the following statements that regard level of adoption of Public-Private Partnerships in housing projects in Kenya?

*1= Not at all, 2= To a little extent, 3 = To a moderate extent, 4= To a great extent 5= To a very great extent*

Statement	1	2	3	4	5
25. Developers actively participate in affordable housing PPP initiatives in Nairobi County.					
26. I am willing to participate in future PPP projects for affordable housing based on my experience.					
27. The processes for developers to join affordable housing PPP projects are transparent.					
28. Affordable housing PPP projects provide sufficient revenue for developers.					
29. Developer-led PPP affordable housing projects are consistently completed within the agreed timelines and budgets.					

**Thank you for your co-operation.**

**Appendix III: Interview Guide**

For Government PPP directorate, Ministry of Housing and the Legal Consultants under Kenya Property Developers Association.

i. Based on your experience what is the role of the Public-Private Partnerships regulatory framework in the uptake of the in affordable housing projects in Nairobi?-----

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ii. How would you describe the essence of financing viability on the adoption of Public-Private Partnerships in affordable housing projects in Nairobi? -----

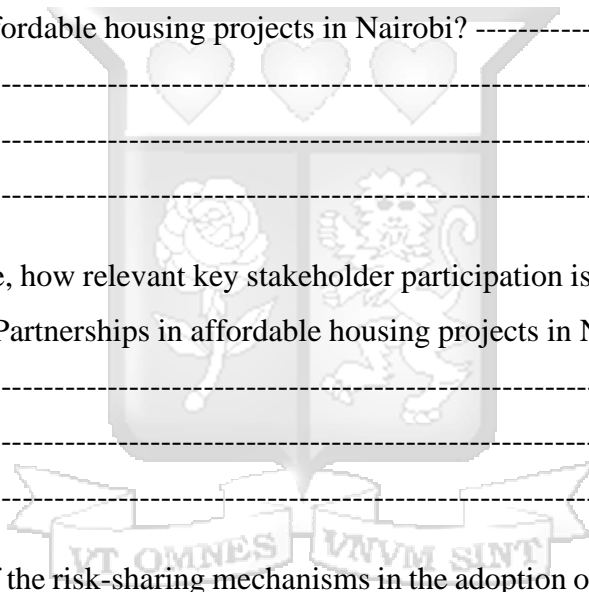
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iii. In your experience, how relevant key stakeholder participation is with regards to the adoption of Public-Private Partnerships in affordable housing projects in Nairobi? -----

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iv. What is the role of the risk-sharing mechanisms in the adoption of Public-Private Partnerships in affordable housing projects in Nairobi? -----

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**Appendix IV: List of Kenya Property Developers Association.**

<b>NO</b>	<b>PROPERTY DEVELOPERS</b>	<b>CATEGORY</b>
1	14 Trees Ltd	CORPORATE
2	Africa REIT Ltd	CORPORATE
3	A-LIST Real Estate	ASSOCIATE SILVER
4	ALP Management Kenya Limited	ASSOCIATE GOLD
5	Amazon Projects Ltd	CORPORATE
6	AMG Realtors	CORPORATE
7	AMS Properties Ltd	CORPORATE
8	Anzaa Real Estate	ASSOCIATE SILVER
9	Axis Real Estate Limited	ASSOCIATE SILVER
10	Azalea Holdings Ltd	CORPORATE
11	Bahati Ridge Development Limited	CORPORATE
12	Benvar Estates Limited	CORPORATE
13	Blueline Properties Ltd	CORPORATE
14	Camelot Consultants/Lantana Homes Ltd	CORPORATE
15	Canaan Developers Ltd	PLATINUM
16	Centum Real Estate	PLATINUM
17	Century City Property Ltd	CORPORATE
18	Cherd Africa Ltd	CORPORATE
19	Chigwell Holdings Limited	CORPORATE
20	Coral Property International Ltd	CORPORATE
21	Cross Boundary East Africa Ltd	CORPORATE
22	Daiga Group Holdings LLP	CORPORATE
23	Daykio Plantations Ltd	CORPORATE
24	Eden Heights Realty Limited	PLATINUM
25	Fairdeal Development & Infrastructure Limi	CORPORATE
26	Fedha Management Ltd	CORPORATE
27	Felicity Developments	CORPORATE

28	Gateway Real Estate Africa Ltd	PLATINUM
29	HassConsult Real Estate Ltd.	CORPORATE
30	Homeownership Made Easy Ltd	CORPORATE
31	Iceberg International Limited	CORPORATE
32	Immensity Holdings	CORPORATE
33	Jabez Properties	CORPORATE
34	Jones Lang Lasalle (Pty) Ltd (JLL)	ASSOCIATE GOLD
35	Karibu Homes	CORPORATE
36	Karume Holdings Ltd/ Forest Road Flats Ltd	CORPORATE
37	Kaydee Realty LLP	CORPORATE
38	Koibatek Ltd	CORPORATE
39	Kwangu Kwako Ltd	CORPORATE
40	Kzanaka Ltd	CORPORATE
41	Laser Property Services Ltd	CORPORATE
42	Lordship Africa /Epix Investments	CORPORATE
43	Manrik Group Ltd	CORPORATE
44	Megna Homes Ltd	CORPORATE
45	Mi Vida Homes Limited	PLATINUM
46	Mlima Construction Ltd	CORPORATE
47	Mugumo Developments Ltd	CORPORATE
48	National Co-operative Housing Union Ltd	CORPORATE
49	Natureville Homes	CORPORATE
50	Niko Green Ltd	CORPORATE
51	Nova Homebuilders Ltd	CORPORATE
52	Optiven Ltd	CORPORATE
53	PDM (Kenya) Ltd	CORPORATE
54	Pioneer Holdings (Africa) Ltd	CORPORATE
55	Primofort Investments Ltd	CORPORATE
56	Profica Professional Project Limited	CORPORATE

57	Purple Dot International Ltd	PLATINUM
58	Risiih Investments Limited	CORPORATE
59	Rozana Properties	CORPORATE
60	Sanghani Investments Ltd	CORPORATE
61	Sayani Investments Ltd	CORPORATE
62	Sigimo Enterprises Limited	CORPORATE
63	Skyhigh Projects Limited	PLATINUM
64	SMB Properties	CORPORATE
65	Soil Merchants (K) Ltd	PLATINUM
66	Soma Properties Ltd (Sarit Centre)	CORPORATE
67	Superior Homes (Kenya) PLC	CORPORATE
68	Tatu City Ltd	CORPORATE
69	The Epic Properties Ltd	CORPORATE
70	Tilisi Developments PLC	CORPORATE
71	Trident Estates Limited	CORPORATE
72	Turner & Townsend Ltd	CORPORATE
73	Unity Homes Ltd	CORPORATE
74	Vishwa Developers	CORPORATE



## Appendix V: Ethical Approval



**19<sup>th</sup> March 2025**

Mr Mosota Ben Dennis,  
ben.mosota@strathmore.edu

Dear Mr Mosota,

**RE: Factors Affecting the Uptake of Public-Private Partnerships in Affordable Housing Projects in Nairobi County, Kenya**

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2686/25**. The approval period is from **19<sup>th</sup> March 2025 to 18<sup>th</sup> March 2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ambrose Rachier".

**Mr Ambrose Rachier,  
Chairperson; SU-ISERC**

