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**APPRAISAL OF THE REGULATORY FRAMEWORK GOVERNING PROPERTY
ACTORS IN THE HOUSING SECTOR: A CASE STUDY OF NAIROBI CITY COUNTY**

HENRY NDITIKA MWAURA

REG NO. 113603

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER IN PUBLIC POLICY AND
MANAGEMENT DEGREE, STRATHMORE BUSINESS SCHOOL**



MAY 2024

DECLARATION

CANDIDATE

This research project is my original work. I confirm that it has not been presented or submitted to any university, college, or institution of higher learning for the award of a Degree, Diploma, Certificate, or any other academic purposes.

Name Henry Nditika Mwaura

Reg No. 113603



Signature

Date 29/05/2024

SUPERVISOR

I confirm that, as the University Supervisor, I have approved this research for examination submission.

Signature



Date 29/05/2024

Dr. Bernadette Wanjala

Senior Lecturer Strathmore University.



ABSTRACT

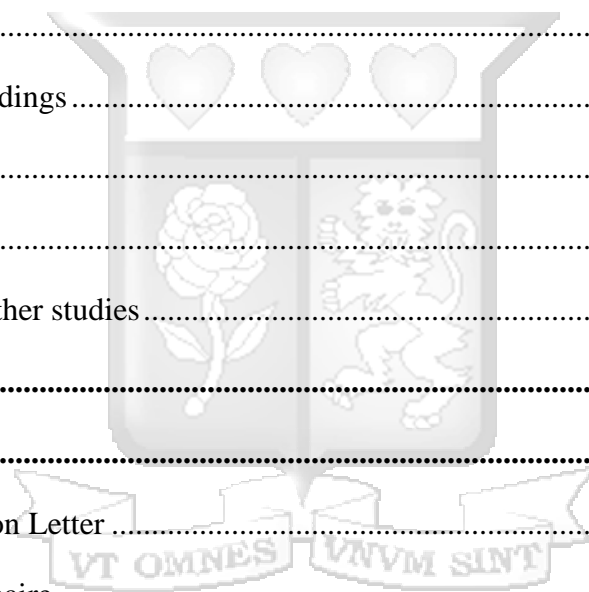
Housing is a basic need crucial for human life. Article 43(1) (b) of the Constitution of Kenya states that every person has a right to accessible and adequate housing and reasonable sanitation standards. The study's main objective will be to appraise the regulatory policy framework for actors in the property sector in the housing sector: A Case of Nairobi City County. Due to the contribution, the housing sector plays in the economy it is imperative to have the housing industry perform optimally. The sector has complaints regarding loss of investments by consumers, lack of fulfillment of obligations by developers, and disputes in courts, which highlight policy gaps in the industry. The study would therefore help in developing an understanding of factors to ensure that consumers' ownership is safe and their investment guaranteed in schemes involving developers in property transactions. The study is guided by the following specific objectives: assess implementation of the regulatory policy framework-governing actors in the property sector; identify gaps in the current regulatory framework; provide recommendations to enhance efficiency in the sector. Descriptive correlational research design was used for this study and the sample size for the study was 131. Data analysis was carried out by use of simple mean comparisons, percentages, standard deviations, Chi-Square test and correlation. This was done using the Statistical Package for Social Sciences (SPSS) Version 28. Based on the analysis, the study concluded that there is a weak and ineffective implementation of the regulatory framework, which has contributed to lack of consumer protection leading to loss of investments amongst the customers, investors and stakeholders. This is due to the prevalent reported number of cases involving of fraud and unethical practices within the industry. Further, challenges relating in clients obtaining proprietary documents such as title deeds, lack of respect for the rights of property owners, and distorted market prices for properties. The study therefore recommends the need to improve the enforcement of regulatory framework that governs the property actors in the housings sector in order to improve the performance.

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LIST OF ABBREVIATION

CPRS: Consumer Protection from Unfair Trading Regulations 2008

EAA: Estate Agents Act

EARB: Estate Agents Regulatory Board

GDP: Gross Domestic Product

ISCO: International Standard Classification of Occupants

NEMA: National Environment Management Authority

NHC: National Housing Corporation

NTSEAT: National Trading Standards Estate Agency Team

OFT: Office of Fair Trading

RMS: Regulatory Management System

SACCO: Saving and Credit Cooperative Organizations and Housing Cooperatives

UN: United Nations



DEFINITION OF TERMS

Housing sector: In this study means land and houses.

Property actors: In this study means people, entities and businesses actively involved in the housing sector.

Regulatory framework: In this study means regulations governing the housing sector.



CHAPTER ONE:

INTRODUCTION

1.1 Background of the Study

Shelter is a basic need and is important to human life (Babatunge, 2016). Article 43(1) (b) of the Kenyan constitution states that every individual should have access to adequate shelter with standard sanitation. According to the United Nation's Sustainable Development Goals, goal number 11 earmarks provision for ensuring accessibility to affordable, adequate and safe housing to all those dwelling in slums as a key objective by the year 2030. This sets the benchmark globally for housing as a socio-economic right for all and is a key performance indicator for governments globally. Vision 2030 policy document indicates that urbanization and housing involve a housing that is decent and located within a sustainable environment (Mwenzwa, and Misati, 2014). To attain this, there is the need to ensure: there is increased accessibility to adequate and affordable housing, increased accessibility to finance by buyers and developers, follow up on key reforms to ensure that the housing sectors does its best, advocating for an urban planning and development campaign all over the county especially in major towns and cities. This has led to housing being a priority area for government as the sector is amongst the eight sectors under the social pillar in Vision 2030.

The current government under the Kenya Kwanza manifesto has identified housing as one of the key priority areas and deliverables. Based on the manifesto, the government committed to establish 250,000 housing units per annum (Kenya Kwanza Plan Manifesto 2022). According to the National Housing Policy 2016, the demand for adequate shelter is currently 250,000 units against a supply of 50,000 annually (Musyoka, 2018). This points to a critical shortage of housing due to the limited number of units produced that leads to the establishment and proliferation of informal settlements coupled with the development of haphazard houses not fit for human occupation. Further, the new Affordable Housing Act, Act number 2 of 2024, has put in a place a mechanism to facilitate the development and accessibility of affordable houses. It also puts in place legislation, which

operationalizes Article 43 (1) (b) of the Constitution of Kenya. Medium term plan four for 2023-2027, which is the implementation guide for Vision 2030, identifies housing as one of the core pillars. Further, from the plan, the government intends to construct 200,000 units of affordable housing units annually. The government plans to finance 60,000 and the 140,000 through the housing levy. The key objective of the project is to increase number of low cost mortgages from 30,000 to one (1) million.

In the context of this study, regulatory framework refers to the laws, regulations and policies in place to ensure operations in the housing sector are done in a manner that protects the public, promote business and ethical standards. Property actors is made up of registered property agents, property developers, land buying companies, cooperative societies and housing cooperatives that invest in property. The actors have different regulatory structure that they conduct their operations to ensure conformity with the required statutory obligations. Private companies involved in the property sector either by way of selling land or buildings are incorporated under the Companies Act while business entities in the sector that are not companies are registered under the Business Names Act. However, the Estate Agents Act provides for entities and individuals to be registered if they have a business that negotiates for or other cases acts as a seller, purchasing or letting land or buildings and this is done to enforce control and regulation regarding individuals' professionalism with the aim of enhancing accountability and efficiency by the registered actors.

The savings and credit cooperative organisations (SACCO) and housing cooperatives undertake investments on behalf of members. The current policy framework provides a distinction between a deposit taking and non-deposit taking SACCO. The former is regulated by SASRA and the latter by Ministry of Cooperative, Micro, Small and Medium Enterprises (Ministry). In nature, the former has prudential oversight roles while the latter does not operate within such measures. It is key to point out that the current regulatory framework for actors in housing sector is mainly concerned with licence to trade and not keen on consumer protection. This means that housing cooperatives are not

regulated by SASRA and all they require is a licence from the Ministry. There are no stringent measures governing their operations and consumer protection mechanism.

Housing contributes to socio-economic development of a country (Ubom & Ubom, 2014). Consequently, this assertion supports the thought that a well-functioning housing/property sector has a critical role in creation of not only job opportunities, but also decent shelter to households and contributes substantially to the Gross Domestic Product (GDP) of a country (Okumo, 2017). Kenya's housing market has grown exponentially, as evidenced by its contribution to GDP, which increased from 10.5 percent in 2000 to 12.6 percent in 2012, 13.8 percent in 2016, 11 percent in 2019, 9.1 percent in 2020, 10.1 percent in 2021 and 10.5 percent in 2022 making it one of the major drivers of the economy (KNBS, 2022). Despite its importance, many developing countries, Kenya included, do not have favorable government regulatory and policy frameworks to foster and enhance the performance of actors in the property sector. Such countries have ecosystems that do not enhance on the efficiency and performance of real estate stakeholders and therefore guarantee a steady supply of housing units to meet the demand.

In contrast to this, most of the advanced economies have enacted regulations for a wide range of reasons that directly and indirectly affect the performance and efficiency of actors in the property sector. The formulation and creation of an informal real estate actors' association first emerged in the US in the 1980s and as the century ended, about half a dozen real estate's regulatory boards were established. However, other jurisdictions for instance Canada had developed formal real estate regulatory boards from as early as 1888 (Koech, 2013). According to ISCO (the International Standard Classification of Occupants), globally, actors in the property sector do a variety of things, including sale, purchase, lease, and rental activities on behalf of the clientele. Further, the responsibilities assigned to professionals in the sector involve gathering property information on sale, rent, or lease and owner's details. On the other hand, the obligation on the purchaser revolves around full disclosure of information on the property sale, rent or lease, the condition of the property,

ownership details, facilitating the negotiations and valuations, collecting rent on behalf of owners and carrying out property inspection concerning tenancies (Koech, 2013). Kibati (2015) notes that the Governments of Chile, India, Colombia and South Africa, regulate the activities of actors in the property sector through legislative measures. Such measures involve provision of guarantees and subsidies to the actors as incentives with the aim to spur economic growth in the sector. This is to increase the affordability of housing for the majority of the residents and correct market failures that arise leading to demand and supply not functioning at an optimal level.

The housing sector in Kenya has faced cases of swindles and fraudulent investment deals that pose a major threat to the sector. There have been cases of Ponzi-like investment schemes in which unsuspecting members of the public have been duped into joining investment schemes that later failed to take shape. An example is the Ekeza Sacco case in which over 7000 Kenyans lost money in purchase of properties from Gakuyo Real Estate investment group (Koech, 2013). The recent Cytonn case, in which a number of investors have sought legal intervention to access their dividends and real estate units, is also a case that highlights the growing risk of investing through real estate investment companies in Kenya (Wambui, 2021). The other major issue facing the real estate industry in Kenya is unprofessional practice within the industry such as rampant corruption among enforcement agencies, shortage of qualified professionals, lack of information on the part of stakeholders and the general belief that registered professionals are expensive and inefficiency amongst others (Wanjala 2012). This has resulted in poor quality products, services within the industry as well as bad practices like defrauding of clients and investors. The government has acknowledged the need for regulation of the players in the sector. The regulations requirement is to enhance standards in the sector to get rid of the masqueraders who are lowering the expectations and standards. Further, the need for regulation is to provide consumer protection to the investors and the customers in the sector.

The property actors have adopted different models to execute their projects and one of the most popular schemes have been off-plan and sale of serviced parcels of land to potential customers. The

demand is due to the growth of the middle class who are interested in acquiring property to settle in (Kibiru, 2013). These schemes have been popular due to the flexibility and convenience to investors as the buyers acquire future assets at the current market price. However, the risk is also high and the common recurrent challenge has been developers exploiting consumers and not fulfilling their terms leaving consumers/buyers with little or no remedies other than seeking court intervention. This has resulted in sale of parcels of land with no security of tenure occasioning consumers not optimizing the economic potential of the property in the form of access to credit facilities and locking the economic value for these parcels of land. It is therefore critical for the government in conjunction with relevant stakeholders to develop a robust and effective regulatory mechanism to prevent loss of investments, spur investor and consumer confidence within the sector. Further, it will be a measure of safeguard and ensuring compliance by developers in meeting their bargain and guarantee consumers on delivery of the agreed terms and conditions.

The current regulatory framework is undertaken by different regulatory bodies tasked with different functions to ensure that the quality of housing services offered to people implement housing in Kenya remain high. The primary goal of regulating actors in the property sector is to promote integrity, transparency, and professionalism, into the activities of the property sector players. Further, they safeguard the investments of the various stakeholders who have invested in the projects. Lastly, regulation can also lead to efficiency in the sector, which is fundamental for any thriving economy.

Majority of the laws that govern the housing sector characterize the current regulatory framework. These laws include quality of housing, nature of products used and effects of the housing activities on the environment among others. Regulatory bodies such as the Estate Agents Regulatory Board (EARB), NEMA (National Environment Management Authority) and the National Construction Authority (NCA) are involved with ensuring these policies are undertaken efficiently. National Construction Authority (NCA) regulates, streamlines, and checks on the building capacity in the Kenyan construction sector. This national entity ensures that real estate buildings meet the requisite

standards that ensure safety and integrity of the structures. Proper implementation of the NCA codes of construction leads to better integrity of the real estate industry (Gacheru and Diang'a, 2015).

The National Environment Management Authority (NEMA) establishes and reviews land-use regulations, which are imperative in ensuring that the real estate is done in a sustainable manner safeguarding the environment. The authority ensures that actions within the real estate is in a manner that they do not pose any threat to the environment. NEMA has often been involved in the demolition of structures, which violate environmental provisions by engaging in improper waste disposal and/or management or by constructing structures within riparian areas. The primary task of overseeing conduct of actors in the property sector is the Estate Agents Regulatory Board (EARB). The board's mandate is to register estate agents and make sure that their conduct and competence are of standard quality hence protecting the public (Koech, 2013). According to the constitution, planning is a devolved function and the county governments have oversight roles and enforcement as part of their mandate. The Nairobi County government has regulations regarding planning of real estate within the county. It provides regulations on the type of structures permitted for construction within the city. The parameters on the type of structures to be constructed include the height of the structures as well as the layout of the real estate units. Such zoning is necessary in ensuring proper land use planning of the city (Kwasira, Wambugu & Wanyoike, 2016).

The lack of proper implementation of the regulations by these regulatory bodies have been one of the major factor leading to inefficiencies in the sector. This background is the reason as to why this study is appraising the regulatory framework governing various actors in the real property sector with a view of providing solutions to the identified issues.

1.2 Statement of the Problem

Article 43(1) (b) of the constitution mandates the Government of Kenya to ensure there is provision of adequate, accessible and reasonable housing services to its citizens. The government has established appropriate regulatory frameworks tasked with promoting integrity, transparency, and professionalism in the housing sector. The national housing policy sessional paper number 3 of 2016 has been enshrined to ensure the progressive realization and implementation of Article 43 of the Constitution. Further, article 46 of the constitution provides for consumer rights to the members of the public. The constitution provides that consumers have a right to goods and services of reasonable quality, have a right to information necessary for them to gain full benefits from goods and services. It also requires that consumers have a right to the protection of their health, safety and economic interests. Lastly, consumers also have a right to compensation for loss or injury arising from defects of goods and services. Article 46 makes it unequivocal that consumer rights have to be observed by both public and private entities. The import of this Article is to ensure that consumers have a right to goods and services of quality standards. This includes services and goods offered within the property sector.

According to a study on effectiveness of regulatory practices on housing in Kenya conducted in Kisumu County, it showed poor implementation of these policies, a lack of government focus or support and low efficiency in delivery of housing services (Ondola et al., 2013). A similar study is needed to examine the implementation of Articles 43 and 46 of the Constitution in the housing sector to assess whether the goals are achieved for the benefit of the citizens. This is one of the key rationale for undertaking the study in Nairobi. Further, Nairobi has been ranked as one of the leading cities in terms of price appreciation globally and the second in Africa (Prime Global Cities Index, 2023). Nairobi being the capital city houses majority of the middle class and its contribution to the GDP provided a basis for the study. A good number of the complaints arising from consumers are also from residents of Nairobi County for instance the recent cases of approval for high-rise

buildings by the Governor, which led to uproar by the residents. In Nairobi County, similar to other counties such as Kisumu, poor adherence to housing regulations have led to adverse impacts including increased incidences of collapsed buildings due to poor quality. This points out that there is a gap in literature concerning the implementation of housing regulatory policies in Nairobi County and their possible effectiveness. This research study sought to fill this research gap and provide crucial information that can improve implementation of these policies and increase in the effectiveness of the policies. Whether the housing regulatory policies are followed efficiently in Nairobi County is largely uncertain due to inadequate, unavailable and unreliable data.

1.3 Research Objectives

1.3.1 General Objective

The study's main objective was to appraise the regulatory framework-governing actors in the housing sector in order to identify the gaps and provide recommendations for purposes of ensuring efficiency in the sector.

1.3.2 Specific Objectives

The study sought to meet the following specific objectives;

- i. To assess the regulatory framework governing actors in the housing sector.
- ii. To identify the policy gaps arising from the current regulatory framework and link it to inefficiencies in the sector.

1.4 Research Questions

The study sought to answer the following research questions;

- i. What is the status of implementation of housing policy regulatory framework? Is there awareness of the regulatory framework amongst the stakeholders?

- ii. Is the housing policy framework effective in terms of regulatory quality, governance structure and its impact on services in the property sector? Does the current regulatory framework meet the expected outcomes it was set for and does it cater for emerging trends in the sector?
- iii. What is the link between the implementation of regulatory policy framework and performance of the housing sector?

1.5 Significance of the Study

The housing sector plays a key role in the economy and therefore, it is imperative to have the housing industry perform at optimal level. However, the sector has complaints regarding loss of investments by consumers, lack of fulfillment of obligations by developers and disputes in courts, which have highlighted policy gaps in the industry. There is need to conduct this study to assess the effectiveness of the regulatory framework and how it affects efficiency in the housing sector.

The research will review provisions of the Kenyan constitution, property laws and policy framework to determine whether regulatory mechanism provided is adequate in addressing problems that have arisen over the years in the housing sector. Further, the study will check on the implementation of the policy by various regulatory bodies with a view to assess how this affects performance by the actors in the sector. The aim is to check on the correlation between regulatory measures and its impact on performance by the stakeholders with a view of identifying how the sector can be improved from a policy perspective in order to spur sustainable development and drive cultural change amongst the stakeholders in the sector. The findings of the research could also be useful to scholars and academicians, as it will form basis for further studies. This will be through data collated from various property actors and stakeholders in the housing sector.

1.6 The study's Justification

The study is useful in filling the existing gaps in literature with respect to the policy development, implementation and improvement within the housing sector in Kenya. This assertion of gap in existing literature, has been put forward in studies conducted Kombo, K'Obonyo and Ogutu (2015) and Okeyo, Gathungu and K'Obonyo, (2016) who examined how regulatory framework affect performance of actors in the housing sector. However, these studies did not capture how the various regulatory framework policies are implemented at the various counties. Only the study by Ondola et al (2013) tried to examine the effective implementation of these regulatory frameworks. However, the study was done in Kisumu County.

The rationale for the regulatory policy framework in the housing sector is to ensure transparency, integrity and professionalism is adhered by the different housing actors. Further, the regulatory framework plays a key role of ensuring that investments and interests for the various stakeholders are protected. It is worthy to point that the regulation also plays a key role of promoting efficiency in any sector as they are supposed to deal with the emerging market failures that have arisen over time. As earlier indicated, there is a gap when in the current regulatory framework due to the various reported cases of loss of investments and capital by stakeholders. This gap shows a market failure in the sector that is not being addressed by the current policy framework. There is great potential in conducting this research to assess whether the regulatory framework is sufficient in protecting consumers in Nairobi County. Further, is the policy framework aiding in achieving the goals of housing as outlined in the constitution, which include consumer protection, accessible high-quality housing products and services.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

The literature review segment covers conceptual literature vital to the area of study. More so, it examines and analyses property sector actors', current regulatory framework and the symbiotic relationship between these two set of identifiable variables. Further, it identifies the gaps in relation to performance of the actors in the housing sector from a policy implementation perspective and give suggestions on how to bridge the identified gaps. It presents the theories, conceptual framework, summary of the literature gap, a critique of existing literature and a comparative analysis with other jurisdictions that have regulation of the sector.

2.2 Theories

A set of advanced propositions, definitions and systematically interrelated concepts used in predicting and explaining phenomena is a theory (Cooper & Schindler, 2011). The theoretical framework is a group of theories that serve as a basis for conducting research by identifying variables and their relationship in the study as well as general framework for data analysis, research design and explanation (Osanloo, & Grant, 2016). The main theories that guided this research are agency and regulatory theories. Below is further analysis of the regulation theory and the agency theory, which relates to the regulation theory.

2.2.1 Regulation Theory

Regulation is the monitoring and control of a sector or business by government or an entity appointed by government (Cary Coglianese, 2012). Direct, indirect controls and limitations are imposed upon the regulated entity. Regulation tends to be categorized into economic regulation and other forms of regulation. There are various rationales for regulating a sector. One of the key rationales for regulation is to protect consumers against monopoly. This occurs mostly in sectors that have natural

or legal monopolies due to efficiency being achieved because of one supplier being in the market for instance utility service providers' for example the supply of electricity.

The regulation theory posits that there is an intimate interrelationship between the economy and the society (Baldwin, Cave, & Lodge, 2012). The theory argues that the economy is not just subject to rules and regulations but rather that the economy should have a self-regulation mechanism within itself. Such a system comprises of numerous contextual components including social, cultural and political systems. This theory is applicable to capitalist economies in which the social structure creates systems of regulation that should enhance order and proper planning (Aglietta, 1998). The regulation theory has been applied over the years in the development of urban centers. The regulatory theory has been lauded for streamlining major industries and sectors, among them the real-estate or housing industry that is composed of numerous actors who must be subjected to regular checks and balances (Drahos, 2017).

The rationale for regulation has been the need to correct market failures that lead to malpractices and inequities. It plays the role of an impartial arbiter amongst the various stakeholders. The central thesis of this research is the need for regulation of the actors in the housing sector. More particularly, actors who deal directly with consumers and investors in the sector. For the purpose of this theory, we can refer to the actors as property developers. Another justification is that other sectors for instance banking, insurance and the financial sector have stringent regulation that deals with the actors. For instance, there is a requirement of licence, code of conduct for the actors, sanctions and penalties for breach.

The standard 'public interest' or 'helping hand' theory of regulation is on two assumptions. First, unhindered markets often fail because of the problems of monopoly or externalities. Second, governments are benign and capable of correcting these market failures through regulation. This theory of regulation has been used both as a prescription of what governments should do, and as a description of what they actually do, at least in democratic countries. According to this theory,

governments control prices so that natural monopolies do not overcharge, impose safety standards to prevent accidents such as fires or mass poisonings, regulate jobs to counter the employer's monopsony power over the employee, regulate security issuances so investors are not cheated, and so on. The public interest theory of regulation has become the cornerstone of modern public economics, as well as the bible of socialist and other left-leaning politicians. It has been used to justify much of the growth of public ownership and regulation over the twentieth century (Allais, 1947; Meade, 1948; Lewis, 1949).

The theory of public interest postulates that regulation intervenes to correct conflict of interests for the benefit of the society at large (Jessop, 2001). The market failures may be due to information and market power asymmetries, externalities and natural monopolies that lead to practices that are skewed against the consumers. Market failures are more in developing economies compared to the advanced economies and this has led some scholars to conclude that regulation is required more in the former than the latter (Pinotti, 2012). The government's solution with the regulation requirement addresses the interests of the stakeholders for instance, securing funds and also licensing attempts to deal with the issue of overcoming information asymmetries. Based on the normative perspective, where feasible, regulators foster competition, and minimize cost of information asymmetry. The regulatory theory is also supposed to build the confidence of the consumers as well as their wellbeing. The existing differences between real estate agents and the government has made the government to implement policies that will aid the sector achieve its desired goals and objectives.

The housing sector in Kenya has market failures in the form of information asymmetry due to limited information sharing that occurs between the key stakeholders (Konawa, 2014). In addition, other factors contribute to the failure largely due to externalities arising from wealth and income distribution disparities amongst the consumers. However, on the same token, regulation has been opposed due to creating unnecessary bureaucracy leading to an increase in costs and slowing down transactions in a given sector. Further, some regulations have also been pointed out for hindering

innovation in a sector due to licensing requirements and required approvals, which act as barriers to entry, and innovation. In the Kenyan context, the introduction of regulation for the need of ensuring consumer welfare, interest and investment is safeguarded. For instance, the government could introduce consumer protection in the form of trust funds account for sales in off-plan and serviced plots schemes. Further, introduction of stringent penalties to deter fraudulent behaviour by the agents whom fail to meet their part of the bargain in transactions. These are some of the measures that the regulatory framework should put in place to safeguard the consumers.

Unhindered markets fail due to externalities and governments are capable of correcting market failures. Regulations are necessary to impose safety standards, prevent accidents, control natural monopolies from overcharging and regulate securities issuance to safeguard investors. In the housing sector, similar to securities, consumers and investors in property prefer a level playing field to the prospect of loss recovery through litigation and a court process. There is a strong evidence that regulation is beneficial for the growth and development of the sector. Government intervention in the form of social control in the product and services offered by developers in the sector. For instance, in the case of sale of off-plan properties, developers can have an incentive to cheat developers and sell worthless or overvalued properties. If the problem persists, it will lead to decline of consumer and investor confidence in the sector thereby curtailing growth in the sector. In such an example, a regulator can impose that the developers need to disclose accurate verifiable information in the prospect about their product and services. The government, through a regulatory agency ensure that there are sanctions and penalties meted against developers who provide information that is not truthful.

The rationale for enforcement theory of regulation is to ensure that the strategy for social control of business are imperfect and that optimal design involves a basic trade-off between developers and the state, that is the need to correct market failure through the government hand. In our context, market failure in the housing sector is the ability of developers to cheat consumers and investors and the

government hand refers state's ability to sanction, penalise and check on such practices and behaviour by the developers.

In our analysis, we have highlighted that the current regulatory framework does not provide a mechanism for social control of business by property developers. The EARB as currently established lacks the mandate to provide rules governing developers in the conduct of their business. Further, there is no regulatory agency, which provides guidelines on what developers should disclose in their prospect, form of inspection and verifying this information, redress mechanism to handle disputes and provide sanctions in the event of breach. There is high inequity between developers against consumers and investors in terms of products and services being offered by developers and the protection of their monies. From the foregoing, this paper postulates the compelling rationale for enforcement of regulation to correct market failure as market discipline has been insufficient due to the surge in complaints from consumers, investors and the rise of Ponzi like schemes in the sector.

2.2.2 Agency Theory

Agency theory formally models the relationship between a principal, who delegates work, and an agent, who performs that work. When there is a conflict of interest between the two parties, an incentive problem arises. Agency theory describes that relationship using the metaphor of a contract, and aims to find the optimal or second-best contract. Agency theory addresses the problems of information asymmetries (e.g., unobservable effort and agent type) between principals (owners) and agents (managers) by designing incentive contracts that help align their interests (Jensen and Zimmerman 1985; Eisenhardt 1989). The theory is postulated on the notion that the principal donates his/her power to an agent who deals on his/her behalf due to expertise and knowledge in the sector. The agent is bound to achieve the best possible outcome for the principal in terms of objectives and preferential results (Węgrzyn, 2015). The theory has various components, first a freely given consensual agreement that involves two parties. One party is deemed as being

the principal with abilities to control the conduct involving the agent while the other is the party is regarded as the agent with the ability to affect the legal relations that the principal has with others.

In relation to the above, in the housing sector, the theory is relevant in regards to information asymmetry as this occurs when one party mostly the agent misrepresents to the other party that is either the buyer or seller the abilities in providing certain favourable outcomes that they cannot achieve. The housing sector markets are considered inefficient due to the prices being not indicative of the true value of the assets and not all-useful information in making such determination is available to all the market participants. The transactions are complex, products and services are non-homogenous and lack of readily available information. This makes the consumer and investor be at great risk when it comes to trading in the sector. In such type of conditions, buyers and sellers are unable to make informed market decisions and markets fail to allocate the products at prices that reflect relative resource scarcity and utility. It is out of these conditions that demand for intermediaries and institutionalised intermediaries are derived and evolve. In our market, most of the developers have evolved to act as agents as they engage in the sales and marketing of the properties. These intermediaries are taking advantage of the economies of scale in information gathering and dissemination on the products and services being offered.

The agency theory has been critiqued for the simplistic and pessimistic assumptions regarding the risk preferences influencing the interests of the agent and the principal (Rudolph, 1998). This is despite the fact that the property agency segment of the sector is regarded as being an imperfect market based on two main reasons. The first reason is the agents affect the residents/buyers in decision making when purchasing property. In our context where the developers are also performing the role of agents there is a great burden of inequity amongst buyers due to information asymmetry. In addition, the consumers and investors have no control on the agent when they decide to purchase property as the developer in most cases have exclusive agreements with agents. As explained earlier, the lack of information being readily available on the products and services being

offered has led to a greater risk being on the consumers and investors. The developers ensure that the agent they choose meets the need that they hold most value.

Agency theories deal with existing issues between agents and their business principals. In regulation, theory there is difference in priorities for stakeholders. In the real estate sector, agents have been used to facilitate transactions amongst parties. It has led to development of career estate agents in the sector. In advanced economies, they have been entrenched and their roles clearly defined. However, in our context, since the policy framework does not make it mandatory for one to be registered, it has given a window for individuals and entities to engage in the practice. Well-functioning markets ensures that when services provided by an agent are poor, there is a reporting mechanism to prevent future failures and safeguard the client interests. There is also investigation and consumers bestow prosecution procedures in events where the agents due to the roles they play that break the law on them. In the Kenyan context, the theory is relevant due to the complaints that have arisen due to misrepresentation by parties involving developers leading to loss of investment by purchasers. In addition, it has also happened in instances where developers have swindled principals in transactions due to misrepresentation by the party.

2.3 Regulatory Policy Framework in the Housing Sector

Policy measures is the framework the government has put in place to incentivize a certain sector of the economy. In the context of our study, the government in the housing sector to have an efficient housing sector has introduced various policy measures. For instance, we have the housing policy that provides for a framework on the housing sector, Kenya Kwanza manifesto, medium term plan four, Affordable Housing Act and the National Housing Policy outline the deliverables expected from the government. Further, international obligations like the sustainable development goals also provide deliverables for the sector.

Land and property questions in Kenya are complex, multilayered, and highly politicized (Philip Onguny and Taylor Gillies). Understanding the dynamics of land problems in Kenya therefore invites discussion on the colonial and post-colonial political contexts that have informed the structure of property rights across time and space, and an understanding of how national elites have used land and land access rights to influence the narratives on land ownership and control land institutions. The literature on land conflict specific to Kenya identifies colonial legacy as one of the primary reasons generating land-related grievances. In addition to altering land tenure regimes, the affinity colonists had for choosing favorites amongst the African ethnicities, showing them greater privileges, including land rights, created a foundation for violence over land in areas such as Rift Valley and Central regions of Kenya (Boone 2011; Mbah 2016). Political dynamics of land conflict in Kenya revolve primarily around the politicization of land-related grievances by political elites and the struggles to control the state machinery, which, for the most part, oversees the institutions of land governance and property access (Boone 2011; Greiner 2013; Klopp 2000; Klaus 2017). The result of this is that whoever controls the state machinery has the ability to partially influence the opportunities associated with land ownership (Keller 2014; Khalif and Oba 2013; Williams 2009).

The real estate sector is regulated more in the advanced economies than developing nations. The UN Habitat has a critical part to play in ensuring that real estate developments operate within certain standards that are habitable for humanity all over the world. UN Habitat has reinforced local authorities' now devolved governments capabilities to implement legal reforms, ensure public understanding of the legal systems in the county and giving recommendations on strategies that can help in reforming the legal systems (Augustinus, Benschop, & Branch, 2009). Other standards are based on conventions such as the Paris accords on climate change, which have often advocated for sustainable growth of urban centers through proper planning of the real estate.

Article 43(1) (b) of the Constitution of Kenya states that every person has a right to accessible and adequate housing and reasonable standards of sanitation. The United Nations Sustainable Development Goal (SDG) number 11 calls for safe, resilient and sustainable cities. The key rationale is for future cities to have opportunities with access to basic services like housing, transport, energy and sustainable urban development. Out of the ten earmarked targets under this SDG, the first target is provision of safe and affordable housing. The primary goal under this target is to ensure that by 2030, there is access for all too adequate, safe and affordable housing and basic services as well as upgrading of slums.

Further, the government under the Kenya Kwanza manifesto has localized this where one of the key pillars is affordable housing and commitment to construction of 250,000 housing units annually. The National Housing Policy 2016 primary aim is to ensure progressive realization of Article 43 of the Constitution of Kenya. The policy is anchored on four pillars. The fourth pillar is of primary concern for this study as it seeks to deal with legislative and institutional framework and assigns specific roles to various stakeholders. Under this pillar, the policy also proposes enactment of a comprehensive Housing Act to strengthen the role of the Ministry in-charge of housing in regulating housing development. The policy also aims to contribute to the harmonization of existing laws governing urban development, factors that interact with housing delivery especially housing infrastructure to facilitate more cost effective housing development. Furthermore, it also addresses issues on facilitating increased investment by the private sector in the production of housing for low and middle-income urban dwellers. Affordable Housing Act, Act number 2 of 2024, has put in a place a mechanism to facilitate the development and accessibility of affordable houses. It also puts in place legislation, which operationalizes Article 43 (1) (b) of the Constitution of Kenya.

The National Housing Policy in Kenya has led to the implementation of various housing programs aimed at improving quality of housing as well as widening access to housing among the citizens. Among the programs that are currently running, include the Kenya Slum Upgrading Program,

Korogocho Slum Upgrading Program and Employer-Employee Facilitated Housing, all of which are supported by the National Housing Policy for Kenya, 2004. Many of the studies only focus on legislations and policies in the area. However, issues in implementation of regulatory policies are rarely studied. Therefore, this research study will fill this gap by providing crucial information on how implementation of regulatory housing policies may help enhance quality of services offered in the sector.

Many laws directly and indirectly affect the real estate sector in Kenya including the pricing component of housing products for instance the Tax Laws Amendment Act 2020 and the Retirement Benefits Acts (guides pension savings use on activities like acquiring a house and securing a mortgage) which were amended by the government (Mwanja, 2020). The pricing component is critical, as it determines the affordability of properties within the country. The Affordable Housing Act introduced a deduction of 1.5% on gross salary as housing levy. The employer is required to match similar amount and the funds are towards the development and off-take of affordable housing programmes and projects. The rationale for the levy is to provide mechanism for affordable housing for the growing population.

Research on real estate pricing in Kenya still lags far behind (Amatete, 2016). Reliable data on the property is still extremely difficult to obtain, as property managers are often unwilling either to disclose it for confidentiality purposes or to avoid losing out to competition. While real estate continues to significantly attract investors in Kenya, they do not have accurate information on the pricing to enable them to invest wisely. The government is conducting a value index for all parcels of land across the country can mitigate to provide for rationalized land price index across the nation. This will ensure a harmonized valuation for properties across the country leading to price standardization and availability of data.

The country is faced with excess demand for housing which is mainly contributed by increased rural urban migration especially among the youth (Mwathi & Karanja, 2017). The country also faces the

challenge of poor housing conditions, which are slums due to the high rental prices charged by the proprietors (Thugge, Ndung'u & Otieno, 2009). The government is also heavily investing in this real estate industry in various ways such as the inclusion of the ministry of housing in the government body, availing of funds to the housing ministry; enforcement of laws to do urban planning, regulatory laws in license permits (Mwathi & Karanja, 2017).

2.4 Role of Estate Agents Registration Board

The primary objective of regulating actors in the property sector is to promote integrity, transparency, professionalism, into the activities of the property sector players. Further, they safeguard the investments of the various stakeholders who have invested in the projects. Regulation can also lead to efficiency in the sector, which is fundamental for any thriving of an economy. Actors in the property sector have successfully been regulated in other jurisdictions through the establishment of either an authority or a regulator for instance in the United Kingdom and South Africa.

The primary task of regulating property sector actors is vested upon the Estate Agents Regulatory Board (EARB). The Estate Agents Act provides the practice of an agent as selling, mortgaging, letting or management of an immovable property. It includes the act of bringing together prospective vendor, lessor, lender and a prospective purchaser, lessee or borrower. Moreover, negotiating terms of sale or acting as an intermediary between the parties or on behalf of the principals is being an agent. Lastly, receiving payment for the acts stipulated above and not as salary suffices as practice as an agent as per the Act. Under the Act, the registrar is under an obligation to keep and maintain a register in which names of every person accepted by the board for registration are to be entered showing the date of the entry in the register, address of the person registered, qualifications of the person and other particulars as the Board may occasionally direct. The Act imposes an additional burden on an applicant who intends to be registered. The board may require an applicant to satisfy it that his professional and general conduct has been such that, in the opinion of the board he is a fit

and proper person to be registered under the Act and the board may direct the registrar to postpone the registration of an applicant until it is so satisfied.

The Act imposes certain restrictions on persons undertaking the estate agency business in Kenya.

No person, partnership and corporate entity can practice as an estate agent unless registered by the board. This makes registration a mandatory requirement for any person who wishes to engage in the business of an estate agency in Kenya. The Act requires that every person practicing as an estate agent must have indemnity cover for the duration they have a practicing licence. The indemnity is to cover for negligence that a practitioner might be involved in the course of undertaking their activities. However, the amount for indemnity cover is on low considering the amount of money in some of the projects they are involved. For instance, the cover for a single individual is two hundred thousand per year.

The board, with the approval of the Minister for the time being responsible for matters relating to Land, to publish a statement specifying acts or omissions which, if done or made by a practicing estate agent in his capacity as such would, in the opinion of the board, be contrary to the public interest or amount to professional misconduct. The anticipated Statement is to serve as a guide to practicing estate agents. The Act further grants the Minister the powers, after consultation with the board, make rules prescribing the charges which may be made for services rendered by way of practice as an estate agent. Matters relating to the keeping of accounts by practicing estate agents and to the opening of separate bank accounts for money held on behalf of clients. Setting out the occasions on which a practicing estate agent is required to account for interest on the money so held and the manner of such accounting. Provide for mechanism to audit the accounts to ascertain compliance with the laid down procedures.

An inquiry into any act or omission contrary to public interest or the professional misconduct of a registered estate agent may be instituted by the board either on its initiative or upon receipt of a written complaint addressed to the Board by or on behalf of any other person alleging such act, omission or professional misconduct against the estate agent. Additionally, where the board believes

that an inquiry may be instituted it shall as soon as practicable proceed to hold the inquiry. The Act provides for sanction against members found guilty of an offense. The sanctions include suspension, caution, and fine not exceeding five thousand or deregistration from the register.

The board's mandate is registering estate agents and ensuring the competence and conduct of practicing estate agents are of a standard sufficiently high to ensure the protection of the public. The mandate of EARB as currently provides for registration of members and looks into the competence and training of the members. The board does not have mandate to register developers and the projects being undertaken. The property sector has experienced exponential growth, which has led to influx of new players due to the emerging opportunities. The current structure does not provide for oversight on such players and this has led to emergence of loss of investments by consumers due to lack of a robust mechanism to deal with complaints apart from litigation. There has been an upsurge of cases between developers and purchasers, which points to the need for a market failure and these projects are mainly in the form of off-plan development. (Njoki Chege, 2012). This can be dealt with at the regulation point through issuance of mandatory annual licenses and requiring registered agents to operate a fiduciary account for clients' money as a safeguard and to instill investor confidence. For instance in South Africa, developers who undertake in off plan projects are required to provide proof of funds to the regulator before commencing a project. They are also required to have separate accounts and to hold customers' funds in a fiduciary account. These are some measures that can be adopted locally to safeguard clients' savings and investments in such ventures.

Lack of a redress scheme in the current regulatory framework for both the consumers and investors have led to loss of investments and monies. Further, there is no requirement when dealing with the prospect for the consumers and investors. In the United Kingdom, developers are required to provide a consumer code for homes. The importance of the code is to make home buying process transparent for the consumers. It is done by ensuring mandatory requirements are met by the developer before a house is passed on to the consumer. Further, the details contained in the marketing materials are

verified and there is an after sale customer service for the consumers and a redress mechanism to handle any disputes that might arise. In contrast, our current framework does not have such measures to deal with the rampant mechanism arising and cushioning the consumer against marketing gimmicks.

Appiah (2007) observes that many African countries have closely similar housing policies with the main aim being to supply of affordable accessible and/or affordable housing to all populations in the involved countries. His study on places like Dubai in UAE, the real estate sector accounts for approximately 13.6 % of the GDP according to the Dubai Land Department as of 2019, this is compared to an average of around 7.0% for most sub-Saharan countries. This is attributed partially to the existence of the regulatory board, which has streamlined the sector making it more attractive to investors. Further, regulations seek to change behavior in order to produce desired outcomes and ameliorate the problems that prompted Government intervention.

The Real Estate Regulation Bill 2023 seeks to regulate and register real estate agents and projects. It provides for annual licencing, duties of developers, obligations of developers on veracity of advertisements, compensation for loss on behalf of consumers amongst others. It also provides for mechanism to deal with disputes and obligations for the purchasers. This proposal for the establishment of the Kenya Real Estate Developers Regulatory Board is a good course to follow especially in the wake of a boom in the property market, amid increasing cases of fraudulent activities in the sector (Muiruri, & Sang, 2018). The main goal of the board is promoting the growth and development of an impartial, transparent, efficient, and competitive real estate sector that will be essential in restoring investor confidence and enhancing the growth of the sector in general. Regulation will help drive cultural change and evade cases of bad practice in the sector by dwelling on preventive measures rather than the event's outcomes. In addition, it could enhance behaviour and processes hence bringing about efficiencies in the sector.

2.5 Operationalization of variables

Based on the review of different sources of literature, a set of variables were generated for this study. The dependent variable under study is the performance of the housing sector. Performance in this context refers to the extent to which different regulatory policies are working to protect the consumers and investors from loss of investments and monies. Further, does the regulatory framework aid in cultivating growth in the sector and promote sound ethics amongst the players? As shown by Ondola et al (2013), performance of the regulatory housing sector includes the extent to which it ensures quality houses are available, affordability of the houses, access of the houses among other variables that may be linked with quality housing sector. Therefore, adequate regulatory policies is one of the independent variables in the study, includes the adherence to housing policies by different agencies.

Regulatory quality in the context of this research involves or question the rationale of a policy in facilitating, promoting and permitting private sector development. Sound regulatory quality can promote economic growth by creating effective and efficient incentives for the private sector. Conversely, burdensome regulations have a negative impact on economic performance through economic waste and decreased productivity. Some of the factors to evaluate are the prevalence of regulations and administrative requirements that impose burden on businesses in the housing sector. Further, what has been some of the government interventions through policy in the sector to smooth out market imperfections? Oversight practices as utilized in this research study refer to the specific activities or tasks implemented by the regulatory bodies to ensure that the broader goals of the housing sector as outlined in the constitution are achieved. Actors in the sector as per this study include registered estate agents, real estate developers, housing cooperatives, land buying companies and people involved in the property sector.

2.6 Conceptual Framework

The conceptual framework below illustrates the diagrammatical presentation of the study's variables. The interrelationship between independent and dependent variables are explained in the framework. Dependent variables attenuate to the effects of the independent variables, which are the causes. In this study, the housing sector performance is the dependent upon factors like oversight practices and conduct and access to property for consumers. The housing sector's performance has always been influenced by the conduct of the various actors in the sector including the developers, agents, and policy makers. Proper ethical behavior by these actors leads to better performance by the industry. Access to property for consumers as well as oversight practices also have a direct implication on the sectors performance.

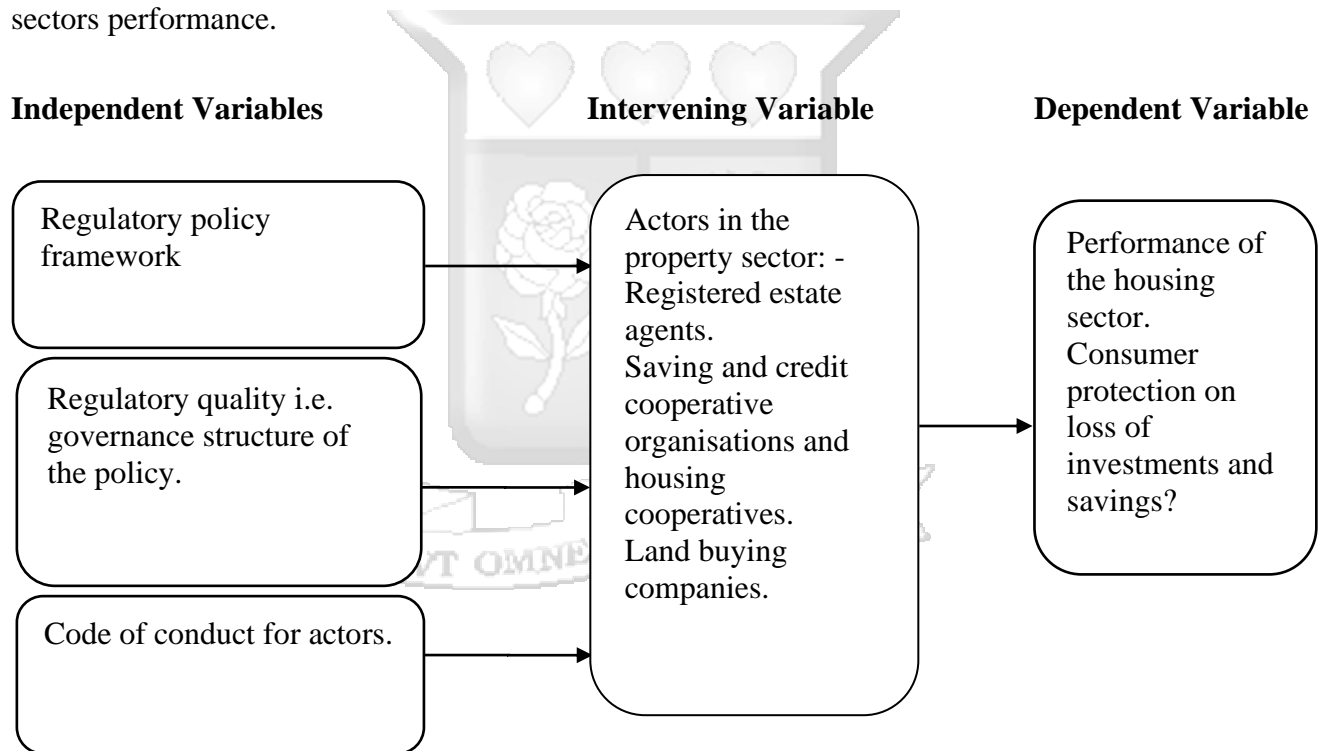


Figure 2.1: Conceptual Framework (Source: Author, 2021)

Based on the conceptual framework, the performance of the housing sector is dependent on several independent variables, which include regulatory policy framework, regulatory quality and governance structure as well as code of conduct. Furthermore, actors in the property sector act as an intervening variable explain the relationship between the dependent variable and the independent

variables. The actors in the property sector include the registered real estate agents, saving and credit cooperative organisations and housing cooperatives and land buying companies.

2.7 Summary and Gaps within the Literature

While most literature has covered the model of property sector and the actors in Kenya and internationally, there is limited research on the inter-relationship of the various actors locally. In Kenya for instance, a review on implementation of the policies developed by regulators has hardly been explored effectively and little comparative analyses have been made with property sector of other comparable countries within Africa and beyond the continent. There was a need for a clear distinction of all the roles of the various actors, regulators and even an exploration on whether there are overlaps and how efficient are the various stakeholders in achieving their mandates.

Based on the literature review, it is clear that the sector has systemic gaps in the form of administration and implementation of policies. The regulation of actors does not address fundamental issues such as due diligence on registration of actors and how to safeguard investments by investors in the sector. This is critical, as the review has highlighted instances in which investors have lost their resources due to dealing with unregistered actors. Further, the regulation has no stringent measures to monitor activities being undertaken by the duly registered actors. This can be covered by having mandatory filing of annual returns and having periodic audit of books of accounts of the duly registered actors by the regulator. Due to having a devolved system of government, the current framework is silent on decentralization of services across the country. This is a critical drawback as the sector is experiencing immense growth in other parts of the country with no accessibility of services to members of the public and the registered actors. Lastly, there was a lack of information on functions of the regulator to members of the public leading to transacting with unregistered actors and no complaint mechanism.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology was undertaken in this chapter and entails methods and procedures used to conduct the research. The chapter discusses the research design used to conduct the study, the target population, sample size, sampling design, data collection and analysis methods. The chapter also discusses the data reliability, validity analysis, and ethical considerations.

3.2 Research Design

The descriptive-correlational research design was used for this study. This is a scientific study style done to describe phenomena or an object. In this case, the phenomenon is regulation of actors in the property sector: a study of Nairobi City County. A descriptive survey is a method that collects information by interviewing or administering a questionnaire to a sample of individuals (Salaria, 2012).

3.3 Population and Sampling

According to Mugenda and Mugenda (2003), a research population is a large collection of individuals or objects that constitutes the focus of a research. It often connotes all the members of the target of the study as defined by the aims and objectives of the study. The target population of this study were the real estate developers, real estate agents, investors and other stakeholder in the sector. A target population of 200 was expected (Muriithi 2021) as this is an academic study. Further, the target respondents were 70 real estate agents, 70 real estate developers, 20 housing cooperatives, 30 advocate firms and 10 real estate advisory firms. The rationale for the targeted respondents was because the study was limited to actors who provide products and services in the housing sector. Moreover, since the issue of market failure in the form of consumer protection led to the choice of

the targeted respondents. Since the expected target population is less than 10,000 individuals, the formula for determining sample size proposed by Fisher et al (1985) is preferred as follows;

$$n = Z^2pq/d^2 = [(1.96)^2 (0.5) \times (0.5)] / (0.050)^2 = 384$$

$$NF = N / [1 + n/N] = 384 / [1 + 384/200] = 131$$

Where;

NF = actual sample size.

N= the Population (200).

n = estimated sample size.

z = the degree of confidence (in this case 95% confidence interval, $\alpha=1.96$).

p = the proportion in the target population estimated to have characteristics being measured 50% chosen as recommended by Fisher et al., (1985).

q= 1-p.

d = the error term based on 95% confidence level.

The study involved 131 respondents after the analysis.

3.4 Data Collection Methods

Primary data was gathered through structured questionnaires, which included open-ended questions that were self-administered. The preference for questionnaires was due to them being economical and their ability to collect a wide range of information within a short period (Mugenda & Mugenda, 2003). The questionnaires were structured to comprise sections; each section addressing the study's specific objectives. Structured and open-ended questions were considered during the development of the questionnaire. The questionnaire is a quick method of getting information when contrasted with different instruments (Mugenda & Mugenda, 2003). Surveys give the scientist thorough information

on a wide scope of variables. Both open-ended and Likert scale were answered. A meeting aide was likewise utilized to gather information from the supervisory group.

3.5 Data Analysis

Data analysis involved interpreting information that has been collected from the respondents and it was done after ascertaining completeness of the questionnaires, data cleaning and coding. Mean, standard deviations and percentages were part of the descriptive statistics. Chi square tests was also done. The analysis was done using the Statistical Package for Social Sciences (SPSS) Version 28. Descriptive statistics using frequencies, means and standard deviations were used to analyze the results from statements in the questionnaire. This was supported by mean comparisons of different statements. Chi square test was done to determine the relationships between variables in the study. In this case, this method were used to determine the relationship between implementation of housing regulatory policies and performance of the sector (efficiency of services offered). Since the data was collected using Likert scales and open-ended questions, the variables under each section were broken down into composite variables, which are the means of the statements from each section. These generated quantitative variables that were used in the correlation and Chi square analysis and subsequent mean comparisons.

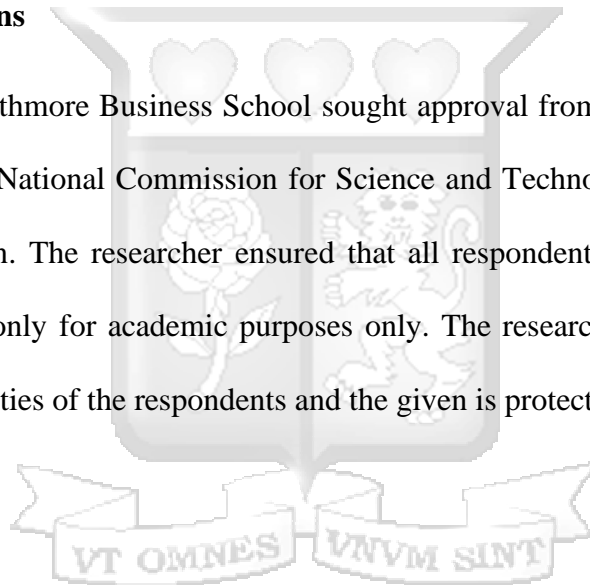
3.6 Data Reliability and Validity

Reliability is defined as extent to which an instrument produces the same value if it is measuring the same object. It refers to the stability or consistency as well as the precision, which enter into measurement procedure in order to eliminate the source of error variance as far as possible (Roberts, & Priest, 2006). In order to ensure reliability, the researcher constantly compared responses of specific questions from the respondents for consistency purposes. In addition, the researcher also compared responses to similar questions from similar studies conducted by other researchers for triangulation and accuracy.

Roberts, & Priest, (2006) states that validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Internal validity refers to the extent to which a research design is able to account for, to rule out, other explanations about cause and effect that compete with experimental treatment as the explanation of an observed outcome (Baarsch, & Celebi, 2012). For this study, the measuring tool underwent a series of quality assurance tests including scrutiny by the research supervisor. Construct validity is a process that assesses whether a measurement tool represents what the study aims at measuring (Baarsch, & Celebi, 2012). In this study, the questionnaire only included relevant questions with measured and known indicators.

3.7 Ethical considerations

The researcher from Strathmore Business School sought approval from Science and Ethical Review Committee (SERC) and National Commission for Science and Technology Innovation (NACOSTI) for use in data collection. The researcher ensured that all respondents who took part in the study knew that the data was only for academic purposes only. The researcher ensured confidentiality is observed to protect identities of the respondents and the given is protected as well.



CHAPTER FOUR

DATA ANALYISSIS AND PRESENATTION OF FINDINGS

4.1 Introduction

Data analysis is captured in this chapter and its purpose of the analysis here is to assess the regulatory framework governing property actors and the performance of the housing sector in Nairobi County. Data was collected using structured questionnaires from various respondents in the housing sector. Data analysis in this section is as per the objectives of the study. Analysis was done using the Statistical Package for Social Sciences (SPSS). Results are presented in form of frequency tables, percentages, mean and standard deviations.

4.2 Response Rate

The researcher distributed 131 questionnaires to the respondents. Out of these, 123 questionnaires were dully filled. This represents a return rate of 93.9%. According to Mugenda and Mugenda (2003), a response rate of 70% and above is considered excellent enough to yield reliable findings and conclusions. In this study, the response rate was therefore considered sufficient to yield representative findings.

Table 4.1: Response and non-response rates

Rate	Frequency	Percentage
Response	123	93.9
Non response	8	6.1
Total	131	100

4.3 Demographic Information

In this section, the analysis sought to analyze the demographic data for the respondents. The purpose of this was to gain a good understanding of the respondents and to determine whether the sample is representative based on demographic characteristics. The demographic variables analyzed here included gender, age, the level of education and the duration the respondents have been in the housing sector.

4.3.1 Distribution of the respondents by gender

Analysis was done to determine the distribution of the respondents based on gender. The findings are as follows;

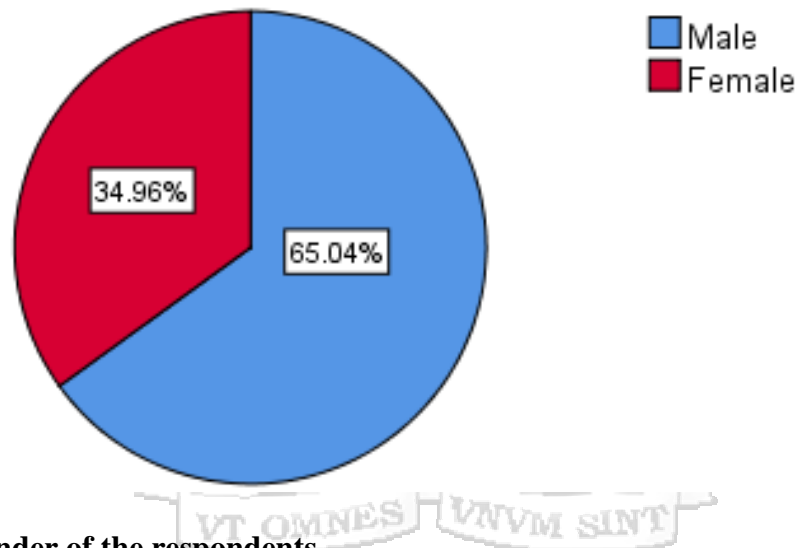


Figure 4.1: Gender of the respondents

The findings indicated that 65.05% of the respondents were male while 34.96% were female. This indicated that the majority of the people involved in the housing sector are male which implies that the sector is male dominated. This data highlights the need for gender mainstreaming within the housing sector. Further, it could be revealing that the current policy might be discriminatory in nature therefore presenting a need for reforms in order to make policies that respond effectively to the needs of all citizens.

4.3.2 Distribution of the respondents by age

The purpose of the analysis in this section was to determine the distribution of the respondents by age. The findings on figure 4.2 indicate that the majority of the respondents were aged between 39-59 years who were 52.85%. Those aged between 18-38 years were 34.15% and those aged above 59 years were 13.01%. The findings imply that the majority of the people involved in the property and housing sector are above the youth bracket and are experienced enough to give reliable data. One of the key findings is that the requirements for registration, examination and work experience have acted as barriers to entry for majority of the young adults in the sector. Further, from the data it was also clear that as the players approached 60 years, majority opted to retire from industry and this could be due to the fact there is continuous assessment of the actors by the various regulatory agencies. The findings are as follows;

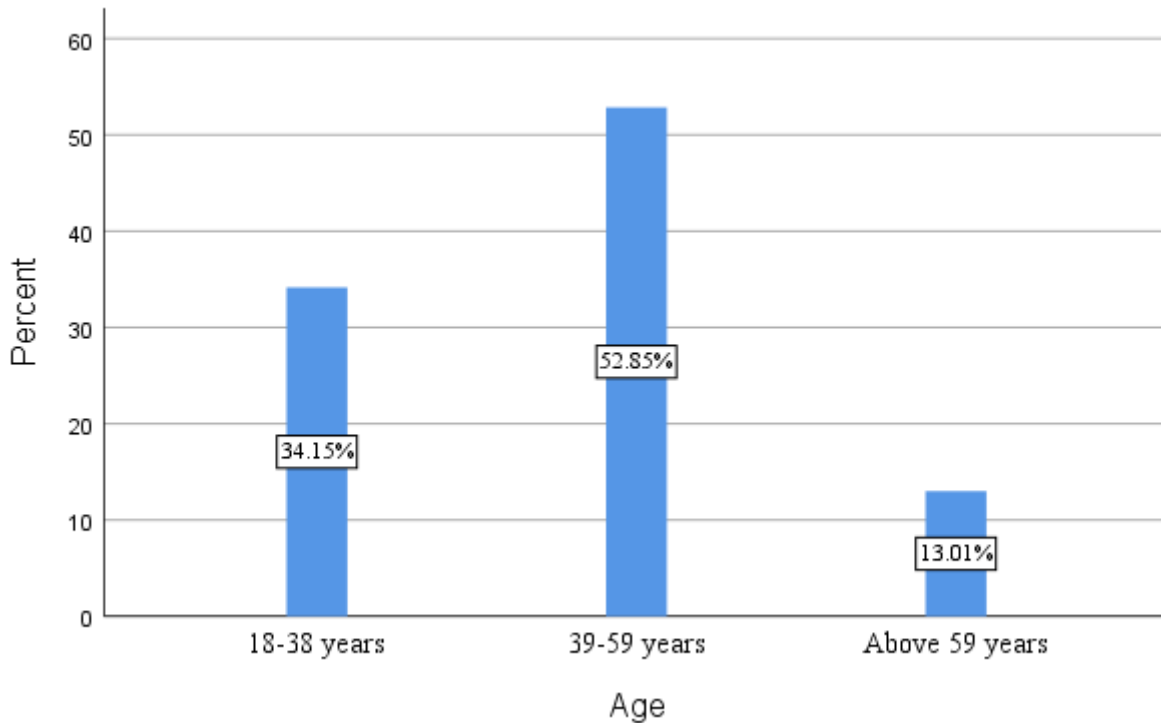


Figure 4.2: Age of the Respondents

4.3.3 Education Level

Analysis was done to determine the education level of the respondents. Based on the analysis, the majority of the respondents had tertiary/ university education as represented by 67.48%. Those with secondary education were 21.14% and those with primary education accounted for 11.36%. These findings reveal that most of the actors had post-secondary education which correlates with the earlier findings that majority of the members are members of a professional bodies. In the context of a policy perspective, it could be that the education level is acting as a barrier to entry for others. Further, it could also mean that the regulation of the members could be difficult if some of them are members of professional bodies as this could feel like double regulation of the actors. The findings are as follows;

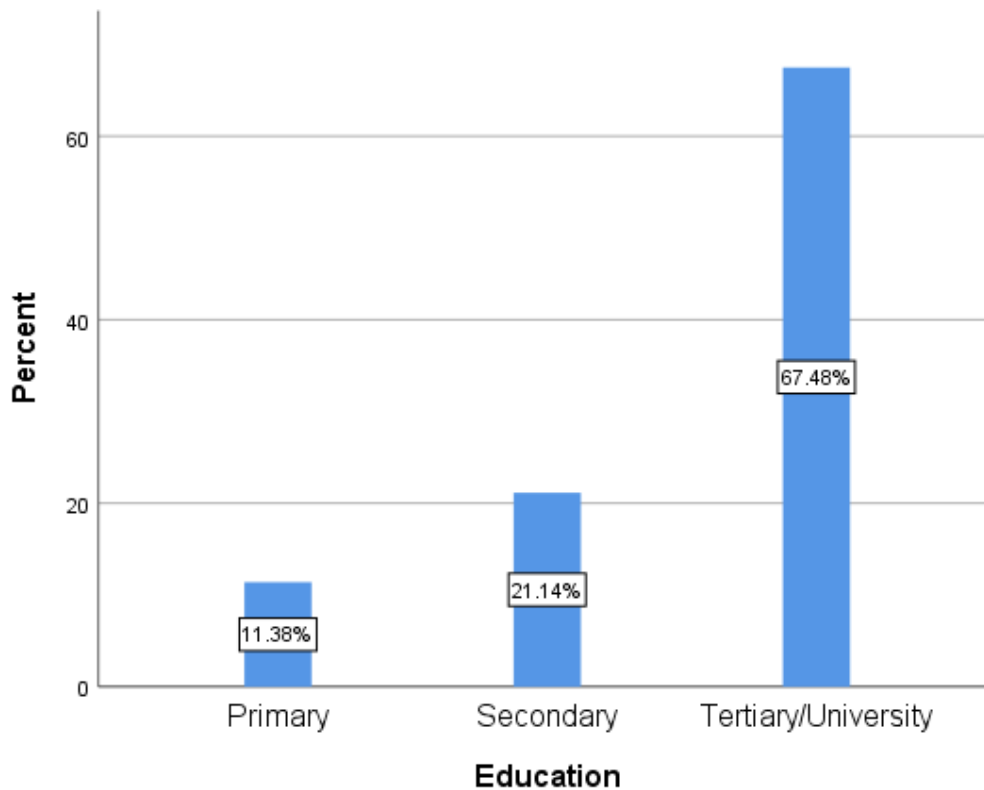


Figure 2.3: Education level

4.3.4 Duration the businesses have been in operation

The respondents were asked to indicate the number of years their businesses have been in operation. The purpose here was to determine if the respondents had been in the industry long enough to be well conversant with the industry dynamics. The findings on figure 4.3 shows that the majority of the businesses (43.09%) have operated for over 5 years, 40.65% have been in operation for 3-5 years, and 16.26% have been in operation for 1-2 years. The findings indicate that the majority of the businesses have been in the sector for a considerable duration and were thus conversant with the regulatory framework governing property actors in Nairobi County. The respondents were therefore in a good position to give reliable data to yield rich insights. Due to the rigorous statutory entry requirements, this has meant that players with less years will be minority and majority of the players will be having over five years experience. The findings are as follows;

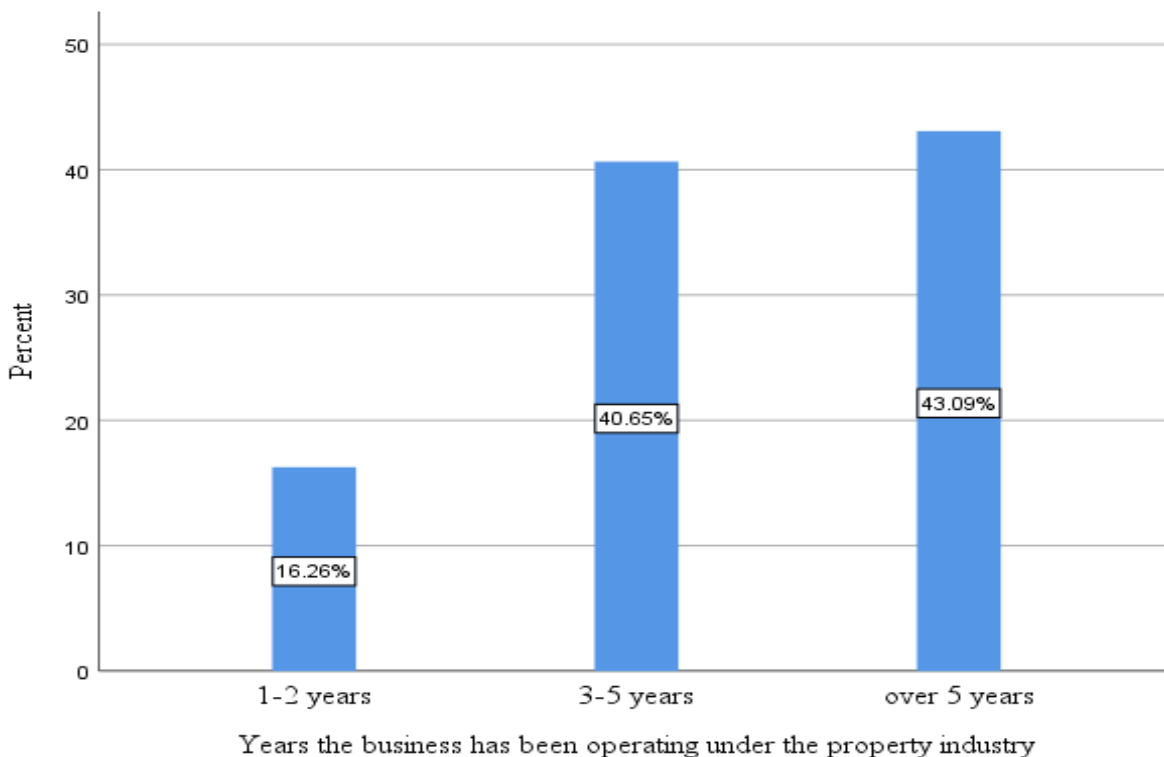


Figure 4.4: Number of years in Operation

4.4 The implementation of housing policy regulatory framework in the property sector.

The purpose of the analysis in this section was to assess the implementation of housing policy regulatory framework in Nairobi County. In this regard, the respondents were asked to indicate the extent to which they agreed or disagreed with various requirements for operating in the housing sector. Further, they were required to provide feedback on ease of access of information from the various regulators in the sector. This was done with a view of getting to know how the sector works and whether there is frequent stakeholder engagement between the regulators and the property actors in the housing sector. The more the frequency of stakeholder engagement connotes a better and harmonized engagement amongst the stakeholders and a robust implementation of the housing policy. The findings are as follows;

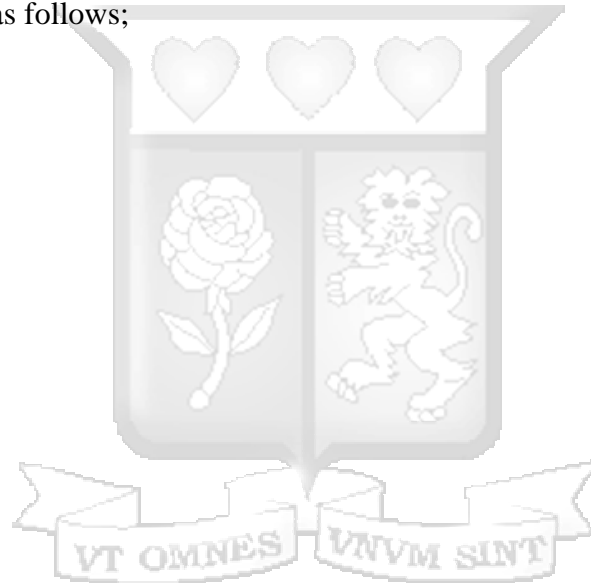


Table 4.2: The implementation of housing policy regulatory framework

Statement	N	Mean	Std
The regulatory policy framework has effectively explained the code of conduct within the industry and the various actors adhere to the code of conduct	123	3.243	1.19659
The framework used has effectively created restrictions in the industry to only allow those qualified to be registered and these restrictions are actively being implemented	123	3.178	1.20131
There are punishments that have been adopted under the regulation to ensure the industry is well regulated and these measures are implemented	123	3.065	1.17166
There are measures that have been put in place to curb malpractices and these are implemented	123	2.861	1.35093

The findings on table 4.2 indicate that the respondents were neutral that the regulatory policy framework has effectively explained the code of conduct within the industry and agencies ensure these are implemented (M=3.2439). Further, the respondents were also neutral that the framework used has effectively created restrictions in the industry to only allow those qualified to be registered and these restrictions are actively being implemented (M=3.1789). The respondents were neutral that there are punishments that have been adopted under the regulation to ensure the industry is well regulated and these measures are implemented (M=3.0650). The respondents disagreed that there are measures that have been put in place to curb malpractices and these are implemented (M=2.8618). The findings indicate that the regulatory frameworks in the housing and property sector are not effectively implemented to meet the expected standards as enshrined in the policy framework therefore affecting the services and performance in the housing sector.

4.5 The effectiveness of the housing policy framework in terms of regulatory quality, governance structure and service quality in the property sector.

Analysis in this section sought to determine the effectiveness of the housing policy framework in terms of in terms of regulatory quality, governance structure and service quality in the property sector. The findings are indicated in the following table;

Table 4.3: Descriptive Statistics

Statement	N	Mean	Std
There is increased professionalism within the sector	123	3.7724	0.87603
Clients have been able to get their final ownership documents	123	3.6585	1.01488
The regulatory policy has enhanced the rights that people have towards property ownership	123	3.3659	1.01034
The regulatory policy has made access to property affordable	123	3.3252	1.19765
The regulatory policy has effectively explained the code of conduct within the industry and agencies ensure these are implemented	123	3.2439	1.19659
The regulatory policy has reduced fraudulent activities in the sector and thus making many people access property	123	3.2114	1.04216
The framework used has effectively created restrictions in the industry to only allow those qualified to be registered and these restrictions are actively being implemented	123	3.1789	1.20131
There has been a huge reduction in cases of fraud and unethical practices	123	3.1545	1.18067
There is efficiency when it comes to access to property by Kenyans	123	2.7480	1.15655

From the findings on the table above, the respondents were neutral in that the housing policy framework has helped to increase professionalism within the sector (M=3.7724). Further, the respondents were also neutral that the framework has helped clients to get their final documents such

as the title deeds (M= 3.6585). They were also neutral in that the regulatory policy has enhanced the rights that people have towards property ownership (M=3.3252), and that the regulatory policy has effectively explained the code of conduct within the industry and agencies ensure these are implemented (M=3.2439). The respondents were also neutral in the findings that the regulatory policy has reduced fraudulent activities in the sector and thus making many people access property (M=3.2114). The respondents were also neutral in that the framework used has effectively created restrictions in the industry to only allow those qualified to be registered and these restrictions are actively being implemented (M=3.1789). They were also neutral that there has been a huge reduction in cases of fraud and unethical practices because of the implementation of housing policy framework (M=3.1545). Further the findings indicated that the respondents disagreed that there is efficiency in the policy when it comes to access to property by the members of the public (M=2.7480).

Further analysis was done to determine whether the regulatory policy framework has facilitated access to property. The findings are as follows;

Table 4.4: The effectiveness of the regulatory policy framework

Statement	N	Mean	Std
The regulatory policy has enhanced the rights that people have towards property ownership	123	3.3659	1.01034
The regulatory policy has made access to property affordable	123	3.3252	1.19765
The regulatory policy has reduced fraudulent activities in the sector and thus making many people access property	123	3.2114	1.04216
There is efficiency when it comes to access to property by Kenyans	123	2.7480	1.15655

From the findings it is evident that the respondents were neutral in that the regulatory policy has enhanced the rights that people have towards property ownership (M=3.3659). Further, the respondents were neutral in that the regulatory policy has made access to property affordable (M=3.3252), and that the regulatory policy has reduced fraudulent activities in the sector and thus

making many people access property (M=3.2114). The respondents disagreed that the regulatory framework has helped to increase efficiency when it comes to access to property by Kenyans (M=2.7480).

4.6 The implementation of regulation as an oversight role on the code of practice for actors in the property sector.

Analysis done here was to assess the implementation of regulation as an oversight role on the code of practice for actors in the housing and property sector. In this regard, the respondents were asked to rate the extent to which they agree or disagree with various statements regarding the oversight practices. The findings are presented on the table below:

Table 4.5: Implementation of regulation and code of practice for actors

Statement	N	Mean	Std.
There are clearly indicated practices that are used in the industry by the actors and adherence to these policies can demonstrate oversight and effectiveness	123	3.6098	1.02136
There are land re-use practices and enforcement in the housing sector	123	3.4878	1.09669
Government of Kenya is the only sole oversight and in charge of the conducts of the actors	123	3.2114	1.24960
Actors in the regulatory framework policy sector adhere to policy measures	123	3.0325	.94899

The findings indicate that the respondents were neutral that there are clearly indicated practices that are used in the industry by the actors and adherence to these policies can demonstrate oversight and effectiveness (M=3.6098). Further, they were also neutral that the land re-use practices and enforcement in the housing sector (M=3.4878) and that the government of Kenya is the only sole oversight and in charge of the conducts of the actors (M=3.2114). Finally, the respondents neither

agreed nor disagreed that actors in the regulatory framework policy sector adhere to policy measures (M=3.0325).

Further analysis was done to determine whether the implementation of regulation as an oversight role is related to the practice for actors in the housing sector. This was done using Chi Square test. The findings are presented on the table below:

Table 4.6:Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	114.335 ^a	16	.000
Likelihood Ratio	117.386	16	.000
Linear-by-Linear Association	49.711	1	.000
N of Valid Cases	123		

Based on the analysis, there was strong relationship between the implementation of regulation as an oversight role and the practice for actors in the housing sector. This was indicated by a p value=0.0001<0.05. The findings indicate that the poor conduct by the property actors in the housing was a result of poor implementation of the regulations. This implies that the unethical actions inside the industry, such as fraudulence deals, were a result of inadequate regulation implementation and enforcement.

4.7 Performance in the housing sector

Analysis in this section sought to determine the performance of the housing sector in Nairobi. The specific performance metrics analyzed were reduction in fraud and unethical cases, access to title deeds, profitability, customer base and professionalism among the actors. The findings are below;

Table 4.7: Performance in the Housing Sector

Statement	N	Mean	Std
There is increase in customer base within the sector	123	3.9431	1.03465
There is increased professionalism within the sector	123	3.7724	0.87603
Clients have been able to get their final documents such as the title deeds	123	3.6585	1.01488
There is increased profitability within the sector	123	3.6179	1.02045
There has been a huge reduction in cases of fraud and unethical practices	123	3.1545	1.18067

The findings on table 4.7 above indicate that the respondents on whether the regulations in the housing sector have helped to improve the performance of the industry. The respondents were neutral in that the number of customers have increased (M=3.9431), professionalism in the sector has improved (M=3.7724) and that it has become easy for clients to get documents such as title deeds (M=3.6585). Further, the respondents neither agreed nor disagreed that profitability in the sector has improved (M=3.6179) and that fraud and unethical practices have greatly reduced within the sector (M=3.1545).

4.8 Regulatory framework governing property actors and the performance of the housing sector

The purpose of the analysis here was to determine the relationship between the regulatory frameworks in the housing sector and the performance of the sector. The purpose was to find out whether the regulations have contributed to the performance of the sector. This was done using Chi square test. The findings are below;

Table 4.8: Pearson Chi-Square Tests

Pearson Chi-Square Tests		Reduction in Easy	unethical	access to Increased	Increased	Increased
		practices	documents	profitability	professionalism	customer base
Implementation of Chi-		39.488	30.248	23.506	22.311	20.446
measures to curb square						
illegal dealings	df	16	16	16	16	16
	Sig.	.091	.060	.101	.133	.201
Punishments to Chi-		23.315	31.641	24.250	21.086	27.167
regulate the sector square						
	df	16	16	16	16	16
	Sig.	.106	.061	.084	.175	.070
Land re-use Chi-		43.359	58.832	49.189	57.074	53.082
practices and square						
oversight	df	16	16	16	16	16
	Sig.	.052	.080	.064	.094	.261
Clearly indicated Chi-		30.647	25.662	55.435	51.701	41.416
practices in the square						
industry	df	16	16	16	16	16
	Sig.	.085	.059	.061	.079	.092

From the analysis, there was no statistically significant relationship between the implementation of measures that have been put in place to curb malpractices and reduction of fraud and other unethical practices. This is indicated by a p value $0.091 > 0.05$. There was no statistically significant relationship between implementation measures put in place to curb illegal dealing and access to title

deeds and other documents. This is indicated by a p value= 0.060>0.05. This implies that the regulatory measures have not succeeded to curb corruption involved in the acquisition of documents. There was no significant relationship between measures adopted to curb illegal dealings and increased profitability in the sector as indicated a p value 0.101>0.05. Similarly, there was no significant relationship between the measures put in place and increased professionalism (P value=0.133>0.05) and increased customer base (P value=0.201>0.05). Regarding the punishments that have been put in place to regulate the housing sector, the findings indicate that they do not have significant effect on reduction of fraud cases as (P value=0.106>0.05). Further, there was also no significant relationship between punishment to regulate the sector and on the ease to access documents (P value=0.061>0.05). The same implication was available in that there was no significant relationship between punishment and increase in professionalism (P value=0.175>0.05). The findings also showed that there was no significant relationship between punishment and increase in profitability as P value=0.084>0.05. Lastly, there was no significant relationship between punishment and increase in customer base as P value=0.070>0.05.

The findings further indicated that the land re-use practices and enforcement measures in the housing sector does not have significant influence on reduction in fraud and unethical practices (P value=.052). Easy access to final ownership documents (P value=0.080), increased profitability (P value=0.064), increased professionalism within the sector (P value=0.94), and increased customer base (p value=0.261) there was also no significant influence. Further, the findings indicated that clearly indicated practices used in the industry by the actors do not have significant influence on the reduction in fraud and unethical practices. The values were (P value=.085), easy access to documents such as the title deeds (p value=.059), increased profitability within the sector (p value=.061), increased professionalism within the sector (p value=.079) and increased customer base (p value=.092). In all the cases, the p values were greater than 0.05.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The conclusion and recommendations of the study are explained in this and it is organized in four sections. The first section covers a summary of the key findings of the study as guided by the objectives. The second section covers the conclusion of the study based on the findings of the study and the third section is a discussion and the fourth recommendations. The last section covers suggestions on areas for further studies.

5.2 Summary of the findings

The purpose of the study was to assess the regulatory framework governing property actors and the performance of the housing sector in Nairobi County. Data was collected from various actors and stakeholders in the housing sector in Nairobi County. Based on the analysis, the majority of the respondents had been in the industry for a considerable duration and were therefore in a good position to give reliable data for valid insights and conclusions.

The first objective of the study was to assess the regulatory framework governing actors in the property sector. Based on the findings, the respondents were neutral in that the regulatory framework and policies have spelt out clear measures to curb illegal dealings and fraud and has outlined punishments to ensure the sector is functioning optimally. Further, the respondents were also neutral that the regulatory policies have effectively explained the code of conduct within the sector, have created restrictions in the industry bar the unqualified actors from being registered and that there are clearly indicated practices that are utilized within the sector in order to improve oversight and effectiveness.

Despite the measures and policies being in place, the study identified that enforcement and implementation of the regulations to meet the intended goals is yet to be achieved. The study identified that the measures put in place to curb illegal dealings are not properly implemented, the punishments that have been adopted to ensure property sector regulation are not adhered. The restrictions rolled out to only allow the qualified actors to be registered are not well implemented, and the regulatory policy that explains the code of conduct within the sector is not properly implemented.

Further analysis was determining whether the code of practice of the actors in the housing and property sector is linked to the implementation of regulation as an oversight. Based on the analysis, there was strong positive relationship between implementation of regulation as an oversight and the code of practice of the actors within the housing sector. The study identified that the poor implementation of regulation contributed to unethical practices within the sector such as fraudulent dealings. This implied that the only means through which the code of practice could be improved is through an improvement in the implementation of the regulations.

On the general performance of the housing sector, the respondents disagreed that the sector has recorded increased profitability, increased customer base, and increased professionalism. The respondents generally disagreed that there has been a huge decline in the fraud cases and unethical practices, and that it has become easy for the clients to access ownership documents. Additionally, the respondents disagreed that there is increased efficiency in accessing property by Kenyans and that access to property in Nairobi has been made affordable.

5.3 Discussion

The purpose of the study was to assess the regulatory framework governing the property actors in housing sector in Nairobi County. Based on the findings, the regulatory framework has clearly stated and explained the code of conduct for the industry actors. For instance, the framework has outlined measures to curb fraud and measures to punish the actors involved in malpractices and unethical conduct. Further, the regulatory framework has clearly indicated practices used in the industry by the

actors, and land reuse practices and enforcement in the sector. Further, the regulatory policy has effectively explained the code of conduct within the industry and agencies mandate is to ensure they are implemented. The findings indicate that generally, there is an effective regulatory framework that has been put in place to regulate the housing sector.

The findings are in line with Muiruri and Sang (2018) who identified that there need to have an effective policy to moderate the operations in the housing sector. This can be achieved through the incorporation of changes in the estate agents registration board and give it mandate to oversee and regulate all actors involved with the letting, selling and incidental activities when it comes to housing sector. The main objective of the board is the promotion of development and growth of an impartial, transparent, efficient, and competitive real estate sector that will be essential in restoring investor confidence and enhancing the growth of the sector in general in the country.

However, despite the policies and frameworks being in place, adherence is low and full implementation is yet to be achieved. It emerged from the study that many of the frameworks that have been rolled out have not yet been implemented fully and that the policies have not yet met the expected quality standards. For instance, the restrictions created in the sector to curb unqualified actors from being registered are not being fully implemented. Further, the regulatory framework has not effectively helped to reduce the illegal dealings in the sector. The respondents reported that so far, while the framework has helped to reshape the sector, professionalism within the industry has not been fully achieved and there are still cases of corruption and in some cases and clients face challenges getting their final ownership documents. While the regulatory framework has clearly improved the rights of property owners, the prices of the property are not well regulated and it has not made access to property easy, convenient and affordable. This has not adequately enhanced the efficiency when it comes to access to property by Kenyans which could be argued to be one of the performance indicators in the housing sector. The findings are in line tandem with the results of a study conducted by Ondola et al., (2013) in Kisumu, whereby, it emerged that there was poor

implementation of regulatory framework and policies, a lack of government focus or support and low efficiency in delivery of quality housing services within the county.

Generally, based on the findings, the sector is recording poor performance compared to other sectors that have robust and efficient regulatory framework-governing actors in the housing sector, for instance a comparison with the financial sector services. According to the respondents, poor adherence to the policies has partly contributed to poor performance in the sector. This was evidenced by the respondents' disagreement that the sector is performing well. While there was a relative increase in the number of customers in the sector, the increase is not substantial. The respondents also expressed concerns regarding poor professionalism within the sector as existence of cases of fraud and unethical dealings. The increased cases of fraud have largely compromised the ability of the citizens to access the required quality of housing products and services. As a result, there has been a number of cases of collapsed buildings due to poor quality.

The findings are in tandem with Chege and Bett (2019) who identified that the property and housing sector in the country has been performing poorly when it comes to consumer protection. There has been an increase in the cases of disputes between developers and purchasers, for instance recent case of Edermann properties, Cytonn amongst others. This depicts the need for regulating the developers who undertake real estate developments for sale to the members of the public. The study identified the need for reforms to the estate agents registration board in order to ensure it effectively regulates the actors in the housing sector.

The need for this is to ensure a competitive and an effective housing sector is guaranteed in order to protect the interest of the industry players and consumers. The recent proposal of the Real Estate Regulation Bill 2023 is a step in the right direction to protect and alleviate consumers from loss. Once the legislation is approved, there will be a paradigm shift in the management and regulation of players in the sector.

5.4 Conclusion

The purpose of the study was to assess the regulatory framework governing the property actors in the housing sector in Nairobi County. Based on the findings, the conclusion is that there is an existing regulatory framework for the property and housing sector. The framework has clearly stated the code of conduct to govern and moderate the conduct of all actors in the sector. It has stipulated the measures to curb fraud and to ensure there is efficiency in accessing property and documents such as title deeds. However, despite this, the study concludes that there is low adherence to the policies and indicated by poor implementation of the policies. The restrictions created curb unqualified actors from being registered are not fully being implemented.

The poor implementations of the regulations have contributed to poor conduct by actors in the sector. This is exhibited by increased cases of illegal dealings in the sector, poor professionalism within the industry, challenges for the clients in getting their final documents such as title deeds, lack of respect for the rights of property owners, unregulated prices of the property and lack of efficiency when it comes to access to property by Kenyans. The poor adherence to policies has contributed to a high number of failed housing projects, which has greatly compromised the safety of their citizens and access to quality housing products and services.

5.5 Recommendations

Based on the study the following are the proposed recommendations;

1. The study recommends the need for an independent regulatory body to provide the role of regulating property developers and the Real Estate Regulation Bill 2023 is a welcome for the optimal functioning of the actors.
2. The study recommends the need to clear and robust framework on the roles, responsibilities and obligations by the various actors for instance, the need to have obligations for the developers and purchasers.

5.5 Suggestions for further studies

There is need for other studies in other counties in order to offer comprehensive insights on regulatory frameworks in the housing sector in the country. It will also contribute to the limited academic literature in the sector.



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APPENDICES

Appendix I: Introduction Letter

My name is **Henry Nditika Mwaura**, a student at Strathmore University. I am currently undertaking a research study titled, “**APPRAISAL OF THE REGULATORY FRAMEWORK GOVERNING PROPERTY ACTORS IN THE HOUSING SECTOR: A CASE STUDY OF NAIROBI CITY COUNTY.**” I have attached herein a questionnaire. I would like to give my assurance that the information you provide is in strict confidence no part of this study will make direct reference to your person or office without your consent.

Yours Sincerely,

Henry Nditika Mwaura



Appendix II: Questionnaire

SECTION A: DEMOGRAPHIC FACTORS AND BACKGROUND INFORMATION

1. Gender: Male Female
2. Please indicate your age bracket: 18-38 years 39-59 years Above 59 years
3. Highest level of education: Primary Secondary Tertiary/University
4. How many years has the business been operating under the property industry?
 - 1-2 years 3-5 years over 5 years

SECTION B: REGULATORY POLICY FRAMEWORK FOR ACTORS IN THE PROPERTY SECTOR

Please indicate the most appropriate number that describes your position on the scale of 1-5 where:

Strongly Disagree = one, Disagree=two, Neutral= three, Agree= four, strongly Agree=five

5a. Are you aware of the existing regulatory policy framework for actors in the property sector? Please tick appropriately.

Yes No

5b. Are you aware of the measures that have been put in place to curb illegal dealings such as use of verifiable electronic signatures? Please tick appropriately.

Yes No

5c. What measures would you recommend to create awareness of the policy framework for actors in the property sector?

5d. What measures would you recommend in the regulatory policy framework for actors in the property sector?

Statements	1	2	3	4	5
There are measures that have been put in place to curb illegal dealings such as the use of verifiable electronic signatures and these are implemented					
There are punishments that have been adopted under the regulation to ensure the industry is well regulated and these measures are implemented					
The framework used has effectively created restrictions in the industry to only allow those qualified to be registered and these restrictions are actively being implemented					

The regulatory policy has effectively explained the code of conduct within the industry and agencies ensure these are implemented

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Others (specify)

.....

.....

SECTION C: IMPACT OF REGULATORY POLICY FRAMEWORK ON FACILITATING ACCESS TO PROPERTY

Please indicate the most appropriate number that describes your position on the scale of 1-5 where: Strongly Disagree = one, Disagree=two, Neutral= three, Agree= four, strongly Agree=five

6a. The existing regulatory policy framework has made access to property easy? Please tick appropriately.

Yes No

6c. Which challenges are existing regarding access to property are not being addressed by the current regulatory framework?

6b. What measures would you recommend to improve on facilitating access to property?

Statements	1	2	3	4	5
There is efficiency when it comes to access to property by Kenyans					
The regulatory policy has reduced fraudulent activities in the sector and thus making many people access property					
The regulatory policy has enhanced the rights that people have towards property ownership					
The regulatory policy has made access to property affordable					

Others (specify)

.....

.....

.....

.....

.....

SECTION D: OVERSIGHT PRACTICES AND CONDUCT EXPECTED OF ACTORS IN THE PROPERTY SECTOR

Please indicate the most appropriate number that describes your position on the scale of 1-5 where:
 Strongly Disagree = one, Disagree=two, Neutral= three, Agree= four, strongly Agree=five

7a. Are you aware of the existing regulatory policy framework for actors in the property sector provides for oversight of registered agents? Please tick appropriately.

Yes No

7b. What practices would you propose to be included as code of conduct for actors in the property sector?

Statements	1	2	3	4	5
Actors in the regulatory framework policy sector adhere to policy measures					
There are land re-use practices and oversight in the housing sector					
There are clearly indicated practices that are used in the industry by the actors and adherence to these policies can demonstrate oversight and effectiveness					
Government of Kenya is the only sole oversight and in charge of the conducts of the actors					

Others (specify)

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SECTION E: PERFORMANCE IN THE HOUSING SECTOR

Please indicate the most appropriate number that describes your position on the scale of 1-5 where:
 Strongly Disagree = one, Disagree=two, Neutral= three, Agree= four, strongly Agree=five

8a. The regulation policy framework has caused for an improved performance of the property sector? Please tick appropriately.

Yes No

8b. What recommendations would you propose in the regulation policy geared towards enhancing performance of the sector?

Statements	1	2	3	4	5
There has been a huge reduction in cases of fraud and unethical practices					
Clients have been able to get their final documents such as the title deeds					
There is increased profitability within the sector					
There is increased professionalism within the sector					
There is increase in customer base within the sector					

Others (specify)

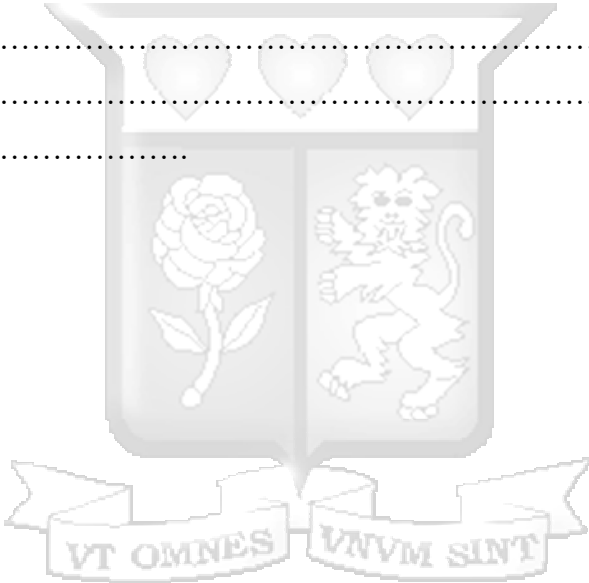
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Appendix III: Introduction letter



27th February 2023

Mr Mwaura Henry,
henry.mwaura@strathmore.edu

Dear Mr Mwaura,

RE: Regulatory Framework Governing Property Actors and the Performance of the Housing Sector: A Case Study of Nairobi City County

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU- master's** research proposal. Your application reference number is **SU-ISERC1572/23**. The approval period is from **27th February 2023 to 26th February 2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, and 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 48 hours of notification
- iv. Any changes, anticipated or otherwise, that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 48 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,


for: **Dr Ben Ngoye,**
Secretary; SU-ISERC

Cc: Mr Ambrose Rachier,
Chairperson; SU-ISERC



Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email admissions@strathmore.edu www.strathmore.edu

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
 - i. Endanger national security
 - ii. Adversely affect the lives of Kenyans
 - iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
 - iv. Result in exploitation of intellectual property rights of communities in Kenya
 - v. Adversely affect the environment
 - vi. Adversely affect the rights of communities
 - vii. Endanger public safety and national cohesion
 - viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and
Innovation(NACOSTI),
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Telephone: 020 4007000, 0713788787, 0735404245
E-mail: dg@nacosti.go.ke
Website: www.nacosti.go.ke

Appendix V: Timeline of activities

Month Activity	Jan 2022	Feb 2022	Mar 2022	April 2022	May-2022	Feb-May 2023	May-Sep 2023	Nov-2023-Jan 2024	Feb-May 2024
Proposal writing & submission									
Questionnaire development									
Proposal defense									
Data collection									
Data cleaning, analysis & interpretation									
Thesis compilation									
Thesis presentation, correction & submission									

