The Impact of Affordable Housing Policies on Household Wealth In Kenya.

KAVUSWA ESTHER MUKELI

136824

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Strathmore University

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DECLARATION

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

..…………….. [*Name of Candidate*]

…………….. [*Signature*]

…………….. [*Date*]

This Research Project has been submitted for examination with my approval as the Supervisor.

..…………….. [*Name of Supervisor*]

…………….. [*Signature*]

…………….. [*Date*]

Strathmore Institute of Mathematical Sciences

Strathmore University

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CHAPTER ONE INTRODUCTION

1.1Background of the study.

Affordable housing policies have gained increasing attention globally as essential instruments for enhancing the socio-economic well-being of lower-income populations. These policies aim to provide safe, adequate, and affordable housing options to those who might otherwise be unable to access such resources (Favilukis & Van Nieuwerburgh, 2023).In many developing countries, including Kenya, the housing crisis is a significant concern, with a large proportion of the urban population living in informal settlements characterized by inadequate housing conditions (Howell, Gibbons, & Ding, 2018).Addressing this issue through well-designed affordable housing policies can potentially transform the lives of millions, contributing to broader economic and social development goals.

According to (Mutisya & Yarime, Urbanization and housing pressures in Kenya: Challenges and policy responses., 2019)Kenya's urbanization rate has been rapidly increasing, with more than 30% of its population residing in urban areas as of recent estimates. This rapid urban growth has exerted substantial pressure on housing infrastructure, leading to a proliferation of informal settlements. These settlements are often characterized by overcrowding, inadequate sanitation, and lack of basic services, which undermine the residents' quality of life and economic productivity. The Kenyan government, recognizing the critical role of housing in economic development and social stability, has prioritized affordable housing in its national development agenda, notably through the Big Four Agenda, which includes affordable housing as one of its key pillars (Ndungu & Otieno, Affordable housing in Kenya: The Big Four Agenda and its impacts. , 2020) .

According to (Diamond & McQuade, 2019) the concept of household wealth extends beyond mere income levels to encompass various assets that contribute to a family's economic security and quality of life. These assets include property ownership, savings, investments, and access to credit. Affordable housing policies can significantly influence household wealth by enabling property ownership among lower-income groups, thereby providing them with a stable asset base. Homeownership not only offers a sense of security and stability but also acts as a form of forced savings, where regular mortgage payments contribute to building equity over time.

One of the critical ways affordable housing policies impact household wealth is through the provision of subsidized or low-cost housing options (Sauceda, 2020) .By reducing the cost of home ownership, these policies make it feasible for low and middle-income households to invest in property. This investment can appreciate over time, contributing to the household's overall asset base. Furthermore, owning a home can improve access to financial services, as property can be used as collateral for loans, thereby facilitating further economic opportunities (Boyack, 2019).

According to (Boyack, 2019) ,affordable housing can lead to substantial social and psychological benefits, which indirectly enhance household wealth. Secure and adequate housing improves health outcomes, reduces stress, and enhances productivity, all of which contribute to economic stability and growth. Children in stable housing environments are likely to perform better academically, which translates to better economic opportunities in the long run. Thus, the ripple effects of affordable housing policies extend far beyond immediate financial gains.

However, the implementation of affordable housing policies is fraught with challenges. Financing remains a significant hurdle, as the development of affordable housing requires substantial capital investment (Nzau & Trillo, 2020).In Kenya, the government has sought to address this by partnering with private sector investors and international development agencies. These collaborations aim to leverage resources and expertise to scale up the provision of affordable housing. Ensuring the affordability of housing while maintaining quality standards is another challenge that policymakers must navigate (Odoyi & Riekkinen, 2022) .

Evaluating the impact of affordable housing policies on household wealth involves examining various dimensions, including changes in property ownership rates, household savings, access to credit, and overall economic security (Munene & Kimeu, Evaluating affordable housing policies: Impacts on property ownership, savings, and credit access., 2021) .It also requires understanding the broader socio-economic context in which these policies are implemented. The availability of employment opportunities, the effectiveness of financial institutions, and the overall economic stability of the country play crucial roles in determining the outcomes of affordable housing initiatives (Karanja & Makau, The broader socio-economic context of affordable housing initiatives: Employment, financial institutions, and economic stability, 2018) .

This study addressed the research gap in understanding the numerous impacts of affordable housing policies on household wealth and socio-economic well-being, particularly in developing countries like Kenya. Rapid urbanization has led to affordable housing shortages and contributed to the expansion of informal settlements. There is need for research-based policy interventions that not only provide adequate housing but also promote long-term economic stability for lower-income populations. This study provides to a more thorough understanding of how housing policies can serve as a catalyst for greater social and economic development by analyzing the relationship between affordable housing and household wealth. This understanding will eventually lead to more effective and sustainable policy frameworks.

1.2 Problem statement

Globally, affordable housing is recognized as a critical factor for sustainable economic development and social stability. As urban populations swell, many countries face significant challenges in providing adequate and affordable housing for their citizens. The lack of affordable housing contributes to a range of socio-economic issues, including increased poverty, poor health outcomes, and limited access to education and employment opportunities (Glaeser & Gyourko, 2018). Governments and international organizations have increasingly focused on implementing policies and programs to address the housing crisis, aiming to improve living conditions and economic opportunities for low and middle-income households (Pugh, 2018). Despite these efforts, the global demand for affordable housing continues to outpace supply, underscoring the need for innovative and effective housing solutions.

In East Africa, several studies have explored the impacts of affordable housing initiatives. A study by (Mutisya & Yarime, Living conditions in informal settlements in Nairobi: The urgent need for affordable housing solutions, 2019) examined the living conditions in informal settlements in Nairobi and highlighted the urgent need for affordable housing solutions to improve residents' quality of life. (Mwangi I. , 2020)investigated the effectiveness of housing policies in Tanzania, revealing significant gaps in policy implementation and the persistent challenges faced by low-income households. A study by (Karanja & Makau., 2018)focused on Uganda, demonstrating that affordable housing projects significantly enhanced the socio-economic status of beneficiaries, though scalability remained a concern. A study by (Odongo & Van Noorloos, 2018)in Rwanda found that affordable housing initiatives led to improved living standards and economic stability for low-income families yet highlighted the need for more inclusive financing mechanisms.

In Kenya, the impact of affordable housing policies has been the subject of various studies. (Gulyani, Talukdar, & Bassett, 2018)analyzed the living conditions in Nairobi's informal settlements, emphasizing the critical role of affordable housing in alleviating poverty and enhancing economic opportunities. (Wachira & Ngugi, 2019)examined the implementation of Kenya's Big Four Agenda, particularly its affordable housing pillar, identifying key challenges in financing and policy execution. A study by (Ndungu & Otieno, Socio-economic benefits of affordable housing projects in Kisumu: An empirical assessment., 2020) assessed the socio-economic benefits of affordable housing projects in Kisumu, finding significant improvements in household wealth and living conditions. (Munene & Kimeu, Affordable housing and urban development in Mombasa: Impacts on property ownership and community stability. , 2021) explored the impact of affordable housing on urban development in Mombasa, demonstrating positive outcomes in terms of property ownership and community stability.

Despite the existing research, there remains a significant gap in understanding the comprehensive impact of affordable housing policies on household wealth in Kenya. While studies have examined living conditions, policy implementation, and socio-economic benefits, there is a lack of detailed analysis linking affordable housing to long-term wealth accumulation and economic security for households. This study aims to fill this gap by providing an in-depth examination of how affordable housing policies influence household wealth, including property ownership, savings, and access to financial services.

1.3 Research Objectives

1.3.1 General research objective

Was to evaluate the impact of affordable housing policies on household wealth in Nairobi, Kenya.

1.3.2 Specific objectives

i. Was to evaluate the impact of tax incentives as an affordable housing policy on household wealth.

ii. Was to assess the impact of the risk-benefit framework as an affordable housing policy on household wealth.

1.4 Research questions

i. What was the impact of tax incentives as an affordable housing policy on household wealth.

ii. What was the impact of the risk-benefit framework as an affordable housing policy on household wealth.

1.5 Scope of the study

This study was conducted in Nairobi County, Kenya, focusing on the urban and peri-urban areas within the county. Nairobi, as the capital city, is characterized by a diverse population and a range of housing conditions, from affluent neighborhoods to extensive informal settlements. The selection of Nairobi County was pertinent due to its significant representation of the housing challenges faced by urban areas in Kenya and its central role in the implementation of national affordable housing policies.

The study covered a period from 2015 to 2024. This timeframe was chosen to capture the evolution and impact of affordable housing policies implemented under Kenya's Big Four Agenda, which was introduced in 2017 and included affordable housing as a key pillar. By starting from 2015, the study provided a baseline for assessing pre-policy conditions and allowed for a comprehensive analysis of changes over nearly a decade. This period also encompassed various economic cycles and policy adjustments, providing a robust context for evaluating the long-term impacts of affordable housing initiatives on household wealth.

1.6 Significance of the study

1.6.1 Policymakers

For policymakers and government agencies, this study is a valuable tool because the findings reveal how tax incentives, such as income tax exemptions for developers and VAT exemptions on building materials, directly contribute to reducing housing costs and improving household wealth. Using this knowledge, policymakers can refine existing policies and design new ones that are more targeted and effective. For example, they can expand tax relief measures to benefit low-income households or introduce incentives for energy-efficient housing. Ultimately, this study empowers governments to create housing policies that are not only impactful but also equitable, ensuring that more families can achieve financial stability through affordable homeownership.

1.6.2 Non-Governmental Organizations (NGOs) and Community Groups

NGOs and community groups working on housing and poverty alleviation will find this study particularly useful. The findings highlight how affordable housing policies and risk-benefit frameworks, such as environmental impact assessments and financial reports, influence household wealth. This knowledge can strengthen their advocacy efforts, enabling them to push for policies that genuinely benefit low- and middle-income families. Additionally, the insights can guide NGOs in designing and implementing community-based housing programs that align with the financial realities of the people they serve. For instance, they can use the study's findings to educate communities about the benefits of tax incentives or advocate for more transparent financial reporting in housing projects.

1.6.3 Urban Planners and Local Authorities

Urban planners and local authorities stand to gain immensely from this study, as it provides a clear understanding of how affordable housing policies can be integrated into broader urban development strategies. The findings emphasize the importance of tax incentives and risk mitigation measures in making housing more accessible and sustainable. Planners can use this information to design cities that are not only economically vibrant but also inclusive and environmentally responsible. For example, they can prioritize affordable housing in urban renewal projects or incorporate green building practices to reduce long-term costs for homeowners. By aligning urban planning with the principles of affordability and sustainability, this study helps create communities where everyone, regardless of income, can thrive.

1.6.4 Researchers and Academics

For researchers and academics, this study adds to the growing body of knowledge on affordable housing and its socio-economic impacts. It provides a solid foundation for further exploration into topics such as the long-term effects of tax incentives, the role of environmental sustainability in wealth accumulation, or the interplay between housing policies and financial security. The findings can inspire new research questions and methodologies, contributing to a richer academic discourse on housing and economic development. Moreover, the study's focus on both tax incentives and the risk-benefit framework offers a balanced perspective that can inform future studies and policy recommendations. In this way, the study not only advances academic understanding but also encourages innovative solutions to some of the most pressing housing challenges of our time.

CHAPTER 2: LITERATURE REVIEW.

2.1 Introduction.

The purpose of this chapter is to provide an elaborate literature review on the impact of affordable housing policies on household financial stability and wealth accumulation in Kenya. The chapter is organized as follows. Section 2.2 presents the theoretical framework highlighting the main theories supporting the study which are theory of demand and supply and Residual income theory. Section 2.3 describes the empirical literature review which underscores the existing theoretical studies related to the study. Section 2.4 highlights the existing research gaps as established in the empirical literature review while commenting on the contribution of the study. Section 2.5 presents the conceptual framework which describes the existing relationships among the independent variables and dependent variable.

2.2 Theoretical Framework.

2.2.1 Residual Income Theory and Affordable Housing in Kenya.

The residual income approach as per Stone (2006), evaluates what households can spend on housing after accounting for other necessary expenses. This method provides a more nuanced understanding of affordability compared to traditional benchmark measures. Burke et al. (2011) found that the residual income method reveals higher rates of affordability problems among low-income earners, particularly aged renters and families with young children, compared to conventional measures.

The residual income theory underscores the importance of considering household size and type when assessing housing affordability. Yang and Shen (2008) argue that smaller households can afford to allocate a higher percentage of their income to housing compared to larger households with the same income, due to their lower overall non-housing costs. Stone et al. (2010) support this by noting that lower-income households can afford to dedicate a smaller fraction of their income to housing compared to higher-income households, who have more flexibility to meet their non-housing needs.

As Hulse et al. (2010) suggest, the residual income approach provides a more nuanced view of housing affordability, offering a sliding scale based on household type, size, and income, which is essential for formulating effective housing policies. Housing affordability issues arise when households cannot meet their non-housing basic needs after covering housing costs Pelletiere's (2008). Therefore, policies aimed at improving housing affordability in Kenya should consider not only the percentage of income spent on housing but also the residual income available to meet other essential needs. By improving the affordability of housing, the residual income of households can increase, allowing them to invest in education, healthcare, and other areas that contribute to long-term wealth accumulation.

2.2.2. Theory of Demand and Supply .

The theory states that prices are determined by the relationship between supply and demand. If the supply of a good or service outstrips the demand for it, prices will fall. If demand exceeds supply, prices will rise. It was proposed by Alfred Marshall in 1890 in his work on market equilibrium. The theory is a valuable tool for analyzing the potential impact of government policies. Researchers can predict how changes in taxes, subsidies, or regulations might affect the supply and demand curves, leading to price changes and potentially impacting consumer behavior and producer decisions.

Proponents of the theory highlight its explanatory power and predictive accuracy in various markets. It serves as a foundation for understanding market dynamics and consumer behavior (Mankiw, 2014). However, critics of the theory such as John Keynes, in The General Theory of Employment, Interest and Money (1936), argued that the theory overly simplifies the complexities of real-world markets. Keynes contended that in times of economic downturns, demand can be insufficient to ensure full employment, and thus, government intervention is necessary to stimulate demand and stabilize the economy. (Stiglitz, 2010)also argues that the theory relies on simplifying assumptions, such as perfect competition and rational actors, which may not hold true in real-world scenarios.

(Zainal, Abdullah, & Yusof, 2019)utilized the standard theory of consumer demand and supply to analyze housing demand and supply trends in Malaysia. This approach can be applied to Kenya to assess how changes in these factors impact housing affordability and household wealth. By examining factors like income levels, population growth, and urbanization trends influencing housing demand, alongside supply-side factors such as construction costs and land availability, policymakers can address affordability challenges and promote sustainable wealth creation through affordable housing initiatives in Kenya. The rapid urbanization and population growth in Kenyan cities such as Nairobi and Mombasa have significantly increased the demand for housing. However, the supply has not kept pace, leading to higher prices and reduced affordability. The theory underscores the importance of increasing the supply of affordable housing to meet the growing demand. This can be achieved through government policies that incentivize the construction of low-cost housing, reduce regulatory barriers, and provide subsidies or tax incentives for developers (Magutu, 2005)Such measures can help stabilize prices and make housing more accessible, ultimately enhancing household wealth by freeing up income for other necessities.

2.3Empirical Literature Review

2.3.1 Tax Incentive and Affordable housing.

(Mwangi & M., 2018)aimed to assess how tax incentives have affected both the development and maintenance of affordable housing in Kenya, with a specific focus on the ways in which these incentives have been applied to the country's rising housing shortage. The study was conducted between 2005-2018,in this period the Kenyan government established a number of tax incentives targeted at promoting affordable housing. The authors use the mixed method approach for analysis. The quantitative analysis focused on the number of affordable housing units developed before and after the introduction of tax incentives, while the qualitative approach focused on the experiences of developers over the years. A number of tax incentives such as reduced corporate tax rates for developers and exemption from value added tax (VAT) on construction materials had a positive impact on affordable housing programs leading to an increase in the number of affordable houses. Challenges such as the high cost of land and bureaucratic hurdles limited the full potential of these incentives. While tax incentives can be helpful in encouraging affordable housing, Mwangi and Murithi (2019) discovered managing land costs and streamlining regulatory procedures are equally essential.

(Moyo & Geyer, 2021)assessed the extent to which tax incentives have aided in the development of affordable housing in South Africa, with a particular emphasis on the manner in which these incentives have been utilized to reduce the scarcity of housing in the city .The main South African cities under investigation were Johannesburg, Cape Town, and Durban .The study was done between 2010 and 2020.The authors used both the quantitative analysis of housing development data, comparing the rate of affordable housing construction before and after the introduction of tax incentives and spatial analysis to examine the geographical distribution of affordable housing projects across different urban areas. According to Moyo and Geyer (2021), there is a positive correlation between the availability of affordable housing in South Africa's main cities and tax incentives, specifically the Urban Development Zone (UDZ) tax incentive. There were notable differences in the distribution of affordable housing, where wealthier regions increased growth than low-income areas. From the research it was evident that incentives had positive impacts on the development of affordable housing .There is still need for more focused regulations to guarantee that affordable housing projects benefit the most marginalized communities.

(Lam & Woo, 2020)aimed to assess the impact of property tax exemptions on the development of affordable housing in Toronto, Canada. The analysis covered the period from 2010 to 2018, encompassing the implementation and operation of Toronto's property tax exemption program. The rate of building of affordable housing in Toronto before and after the implementation of the property tax exemption program was compared using a difference-in-differences (DiD) method. For the analysis, the writers used tax records, demographic data, and municipal statistics on housing development .According to (Lam & Woo, 202 there was a little rise in the construction of affordable housing units as a result of the property tax exemptions, especially in smaller-scale developments.. The change was especially noticeable for developments aimed at particular groups of people, such elderly people and low-income families. The research findings indicate that property tax exemptions can serve as a valuable instrument in the promotion of affordable housing. However, their effectiveness could be further increased by means of combination with additional financial incentives or targeting specific project types.

2.3.2Risk-Benefit Framework and Affordable Housing.

(Otieno, 2022) examined the risk-benefit framework of affordable housing policies in Mombasa. The survey was conducted quarterly from 2014 to 2021, and the study design was longitudinal with a focus on follow up surveys of the same households. The evidence revealed a marked reduction in housing related obligations and a general enhancement of the financial situation in beneficiaries of the various government affordable house initiatives. However, one significant issue that arose was the deficiency of research focusing on the effect of these policies on households' future economic choices .

(Olajide & Adeyemi, 2019) evaluated the risks and benefits of affordable housing projects on the environment, mainly focusing on the sustainability of building materials and construction techniques. The study's primary focus was Lagos, Nigeria. The study was conducted between 2015 to 2018, where several significant affordable housing initiatives were implemented in Lagos. Applying environmental impact assessment (EIA) techniques, the researchers used a quantitative methodology to analyze the sustainability of building materials and construction procedures. According to Olajide et al. (2019), affordable housing projects in Lagos offered necessary housing solutions, but they also raised serious environmental risks, such as increasing carbon emissions, water pollution, and deforestation. Green building standards and the usage of eco-friendly building materials are two examples of potential environmental benefits that the study identified. The authors advised that environmental hazards should be minimized and long-term benefit maximized during affordable housing projects.

(Wanyama & Kamau, 2020)conducted a risk-benefit analysis of affordable housing policies in Kenya, with a focus on the government's Big Four Agenda, which included affordable housing as a key pillar. The study conducted in Nairobi, Kenya ,from 2017 to 2020, corresponding to the initial phase of the Big Four Agenda. The authors used qualitative and quantitative approaches to evaluate the risks and benefits of various affordable housing policies. The study involved interviews with policymakers, developers, and residents, as well as an analysis of housing market data and government reports. Wanyama and Kamau (2020) found that the affordable housing policies under the Big Four Agenda offered significant benefits, including increased housing supply and improved living conditions for low-income households. However, the study also identified substantial risks, such as the potential displacement of residents in informal settlements and the financial burden on the government due to the high cost of subsidies. A comprehensive risk-benefit framework is necessary to ensure that affordable housing policies are both effective and equitable, the authors recommend balanced approach that considers the interests of all stakeholders.

2.3.3 To investigate the impact of affordable housing policies on household wealth in Nairobi, Kenya.

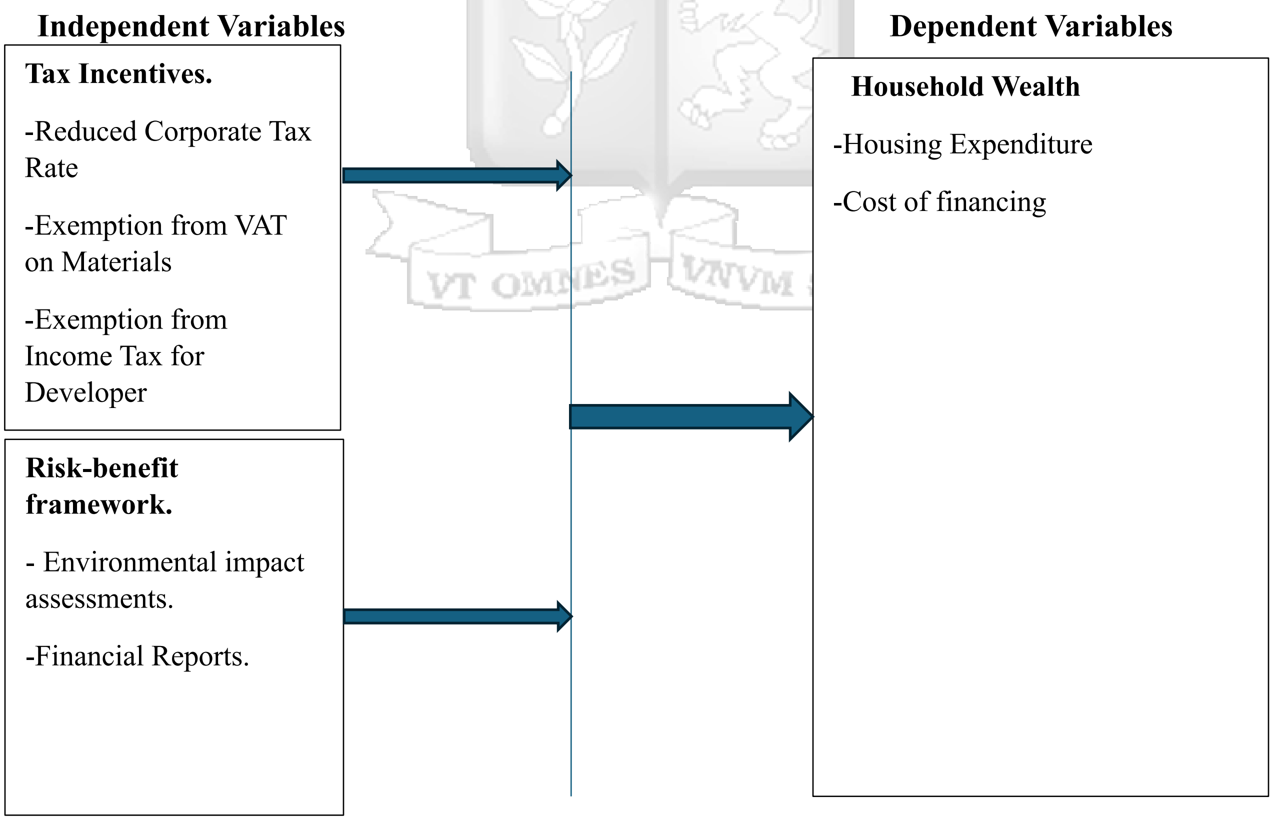
(Mbatha & Nkosi, 2019) focused on the question of whether affordable housing policies had helped in building wealth in Tanzania. This research analyzed data gathered between the years 2000 to 2019 and included both quantitative and qualitative analysis. Thus, the study reveal that these policies have benefited in enhancing wealth and the process of wealth transfer from one generation to another in the urban areas of the developing countries. However, there was a lack of analysis on the differences between the impacts on rural and urban areas and the part of culture in influencing wealth flow.

(Mwangi & Ndungu, 2022)examined the social impacts of affordable houses policies in Kisumu, Kenya. This study was conducted over a period of sixteen years, from 2005 to 2021.With the help of both quantitative financial analysis and qualitative family interviews. The results showed that affordable housing policies had a positive effect on wealth creation and wealth Mobility across generations. Nonetheless, there was found to be a lack of research focusing on the effect that policies have on other non-financial measures of asset that determine generations of wealth, including education and health.

(Smith, H, & Green.J, 2015) discussed the impact of affordable housing policies on the assets status of the households particularly the low to middle income earning families in Canada. Data was collected from national Housing Surveys and qualitative interviews which was carried out on the period of 2008 to 2018. They were able to conclude that affordable housing policies played an important role in enhancing the levels of household wealth, chiefly through the aspects of saving and the cost of housing. However, the study failed to examine the other consideration of wealth in so far as these policies as regards other facets of wealth like investment in education and health.

(Muruiki, k, & Kamau, 2021) aimed at assessing the effect of Affordable Housing Program pillar and feasible housing policy on the economic value of households in Nairobi, Kenya. The study was conducted for the period of five years from 2015 to 2019 and engaged both household surveys and secondary data. The findings indicated that, policies towards affordable housing enhanced the households' assets, mainly through home ownership and lower cost of housing. Nevertheless, a notable omission in the assessment of the policies in question was the evaluation of the impact of the given policies by income level as well as the long-term consequences regarding the creation of wealth.

2.4 Conceptual Framework.



CHAPTER THREE
METHODOLOGY

3.1 Introduction.

This chapter presents the research methodology and covers the following areas: research design, population and sampling, data collection methods, data analysis process, research quality, and ethical considerations in the research.

3.2 Research Design.

Research design is the "glue" that holds all the research components together is the research's structure. Research design is the overall configuration that provides answers to two fundamental sets of action. Firstly, what evidence is needed, from where it will be collected and how it will be collected and secondly, the research approaches to be used by the researcher (Ogollah, 2012). This study will use descriptive research design to collect quantitative data. Descriptive research design was chosen because it does not only seek to explain the descriptive data but also determines the relationship between the research variables i.e., independent variables and dependent variables.

3.3 Population and sampling.

The target population in a study refers to the entire group of elements, individuals, or cases from which the researcher seeks to draw inferences and conclusions. For this study, the target population comprises low and middle-income households residing in urban and peri-urban areas of Nairobi, as well as residents of affordable housing projects. This population was selected to assess the impact of affordable housing policies on household wealth, as these groups are most likely to be directly affected by such policies. By focusing on this specific population, the study was able to gather relevant insights into how affordable housing initiatives influence financial stability and asset accumulation among these households.

The study used purposive sampling as the primary sampling method, a non-random technique where participants are deliberately selected based on specific criteria relevant to the research objectives (Cooper & Schindler, 2014). This method was particularly suitable since the research required the inclusion of participants who meet certain predefined characteristics. The population was divided into various sub-groups, or strata, which share common characteristics such as having benefited from affordable housing policies, living in informal settlements, or recently acquiring homes through affordable housing programs. Stratification within purposive sampling ensured that each relevant subgroup was adequately represented, thereby providing a comprehensive understanding of the impact of affordable housing policies across different segments of the population. This approach enhanced the reliability of the findings by focusing on the most pertinent groups for the study.

$n=\underline{E2\cdot(N-1)+Z2\cdot p\cdot(1-p)}$

$N\cdot Z2\cdot p\cdot(1-p)$

Where:

N= population size

Z = Z-score (1.96 for 95% confidence level)

p = estimated proportion (0.5)

E = margin of error (0.05)

$n= 0.05\ (100{,}000-1)+1.96*0.5*(1-0.5)/100{,}000*1.96*0.5*(1-0.5)$

$n= \underline{96040/}250.9579$

n= 382.84

n=383

A total of 383 respondents was used in this study to represent the population.

3.4 Data collection.

The study used primary data where questionnaires were used as the tool for data collection. Questionnaires were chosen as the data collection instrument since they are relatively affordable, can be designed and distributed digitally, and are easily available, hence making it a cost-effective method. Closed-ended questions were particularly important in this context because they facilitated straightforward, quantitative analysis of responses. They ensured consistent and comparable data across all respondents, which simplified the process of identifying trends and patterns. Additionally, closed-ended questions reduced ambiguity, making it easier for respondents to provide accurate answers and for researchers to interpret the data. However, not all respondents were able to answer the questions which was a speculated weakness of using this data collection instrument. The questionnaires were close-ended, with Likert scale type of questions to collect data on each of the study variables. The questionnaire was broken into four components. In Section A, information on demographic characteristics was collected, and the remaining sections collected information in line with the research objectives. The approach that was employed in the research administration was the online distribution. This ensured that the respondents have enough time and confidentiality to answer the questions.

3.5 Data Analysis.

Data analysis is the process that involves editing and coding of data, summarizing, identifying patterns, and using statistical technique on the data gathered (Schindler & Cooper, 2014).
Upon completion of data collection, the questionnaires were organized and readied for analysis.T he data obtained from survey respondents was thoroughly reviewed and doublechecked for accu racy and consistency prior to analysis. The data analysis was done using SPSS. The data was displayed
using tables, charts, and graphs .In addition, the study made use of inferential analysis with corre lation to look into the correlations between the variables included in the goals of the research.
Correlational analysis was employed across all four objectives to ascertain the presence and strength of relationships between the dependent and independent variables. The correlation coefficient (r), a statistic ranging from -1 to +1, was employed for this purpose (Mugenda & Mugenda, 2003). A value of -1 signifies a perfectly negative linear relationship, 0 indicates no relationship, and +1 indicates a perfectly positive linear relationship.

3.6 Ethical consideration.

All research ethics were complied with by this study. A letter was received from Strathmore University to permit the study and a final copy will be submitted to the institute. The survey ensured that all information provided by the respondents was kept secure and anonymous. Additionally, because the study was purely for academic purposes, the responses were only utilized for the study. In this study, confidentiality was maintained such that any personal information shared was not disclosed by the researcher. Employee’s consent was received before collecting the information by providing them with informed details of the purpose of this study. This was done for the purpose of the respondents to make informed decision on whether to participate or not and their decision was highly respected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND INTERPRETATION OF RESULTS

4.1 Introduction

In Chapter four, data from the study to determine the impact of affordable housing policies on household wealth was collected, discussed, and presented. Three weeks were allocated for data collection. Data was analyzed in accordance with the research objectives. Descriptive statistics and correlation analysis were used to analyze the primary data from the questionnaires. Pie charts, bar graphs, and tables were used to present data.

4.2 Response Rate

The questionnaire was distributed among 383 respondents out of which the researcher received 376 responses. Therefore, the response rate for the questionnaire was 98%, which is deemed to be satisfactory and adequate representation of the population. The 2% non-response rate was due to various reasons such as privacy concerns and lack of time to provide the needed information. The response rate is represented in Table 4.1 below.

Table 4.1 Response Rate

	Questionnaires Administered	**Questionnaires filled & returned**	**Percentage**
Respondents	383	376	98

4.3 Demographic information

4.3.1 Gender of the respondents

The study sought to find out the gender of the respondents. The results are as presented in figure 4.1 below.

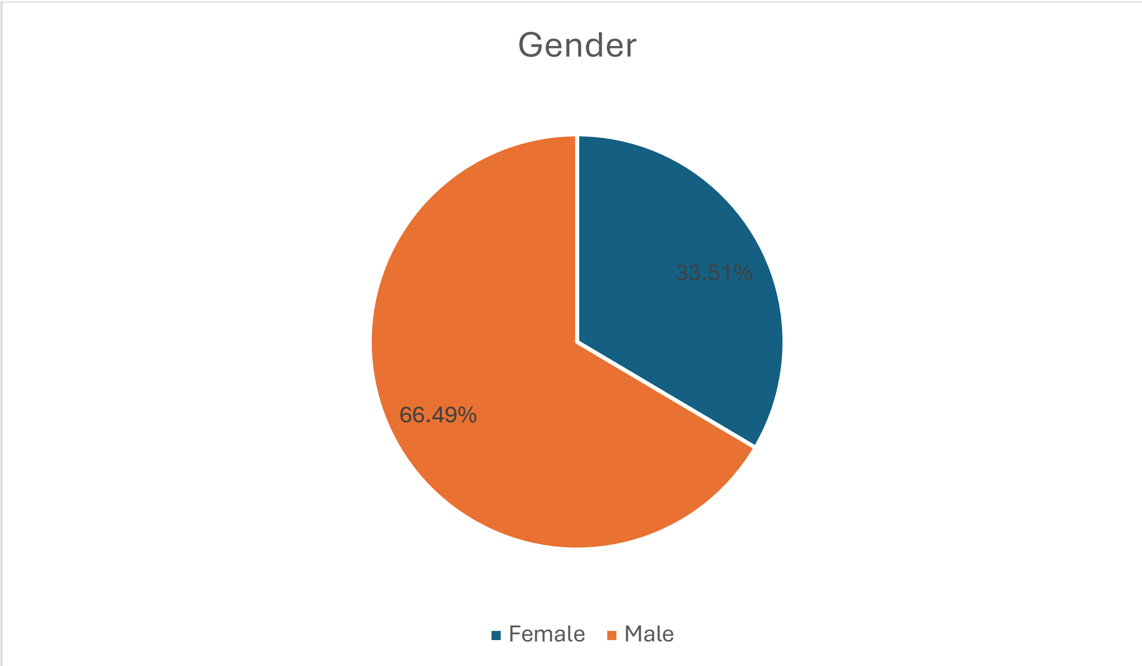


Figure 4.1: Gender of the respondents

Source: Research data

The results shows that 66.49% of the respondents were males and 33.51% of the respondents were females. This shows that the majority of the respondents were male.

4.3.2 Age bracket of the respondents

The study sought to find out the age of the respondents. The results are as presented in figure 4.2 below.

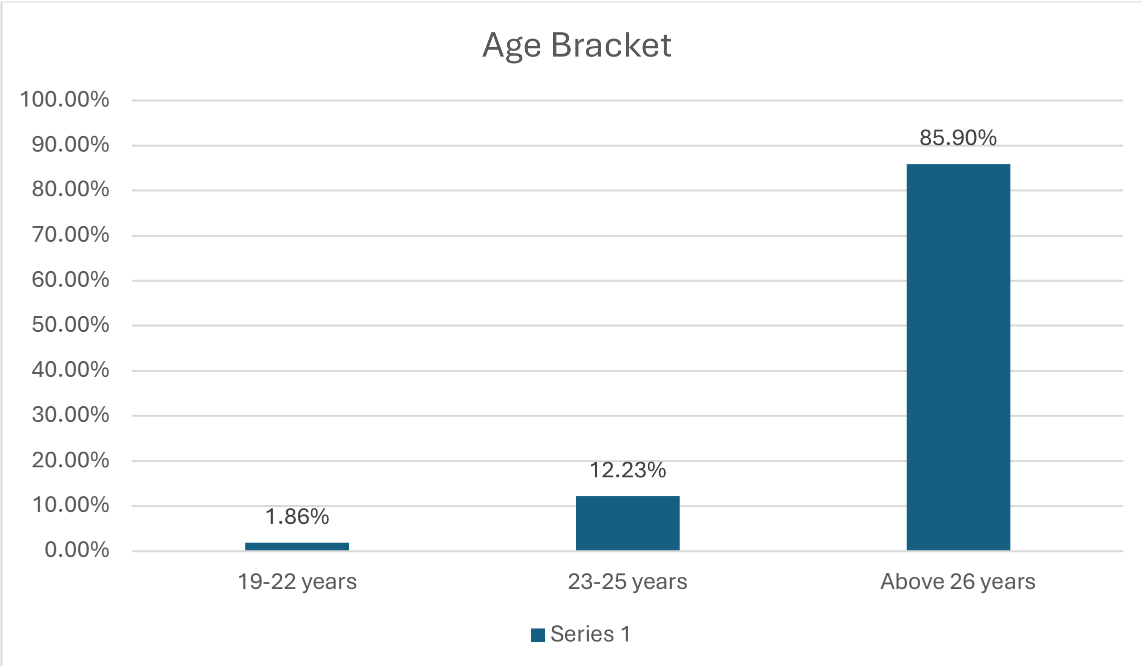


Figure 4.2: Age of the respondents

Source: Research data

The findings revealed that 1.86% were between 19-22 years, 12.23% were between 23 years and 25years and 85.90% were above 26 years. This shows that the age brackets of the respondents were factored in this study.

4.3.3 Level of Education of the respondents

The study sought to find out the level of education of the respondents. The results are as presented in figure 4.3 below.

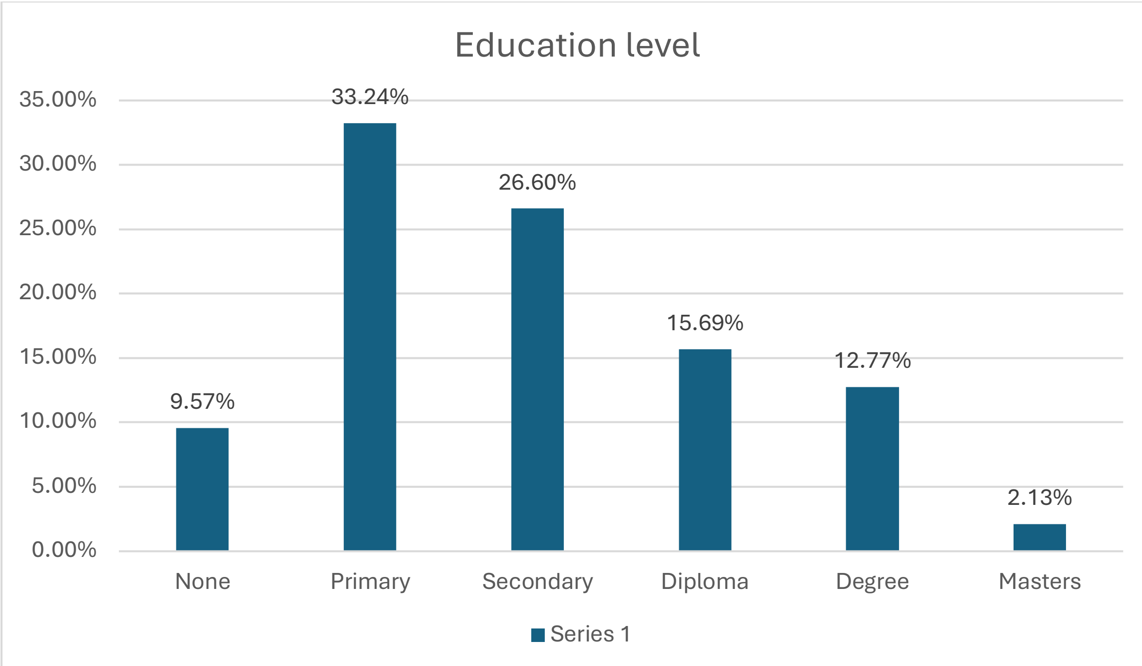


Figure 4.3: Education level of the respondents

Source: Research data

The findings revealed that 9.57% have never attended school, 33.24% attained primary school education, 26.60% attained secondary school education, 15.69% have a diploma, 12.77% have a degree and 2.13% have a masters. This shows that the respondents were knowledgeable and could understand the study questions.

4.4 Descriptive Statistics

This study considered mean to measure average values on the test variables. Standard deviation was used to point out the variation (dispersion) from the average (mean).

4.4.1 Impact of tax incentives as an affordable housing policy on household wealth.

The respondents were asked to rate the following statements on the impact of tax incentives as an affordable housing policy on household wealth. Seven statements were presented, and findings were presented as shown in table 4.2 below.

Table 4.2: Impact of tax incentives as an affordable housing policy on household wealth

	Mean	*Standard deviation*
The reduced corporate tax rate for housing developers has helped lower housing costs, improving my household's financial position.	3.9388	0.8696
The exemption from VAT on building materials has made affordable housing more accessible, enhancing my household's wealth.	3.9681	0.8788
Income tax exemptions for developers have resulted in lower housing prices, allowing my household to save more.	3.9707	0.8984
Tax incentives, such as reduced corporate taxes for developers, have positively impacted the affordability of housing, increasing my household's assets.	3.9787	0.8912
The VAT reduction on materials used for affordable housing has made it easier for my household to afford and maintain a home.	3.9654	0.8802
Income tax exemptions for housing developers have encouraged more affordable housing projects, boosting my household's wealth potential.	3.9894	0.8944
The combined effect of reduced corporate tax rates, VAT exemptions, and income tax relief for developers has significantly lowered the financial barriers to owning an affordable home, increasing my household's wealth.	3.7952	0.8933

Source: Research data

The data in Table 4.2 indicated the impact of various tax incentives on household wealth in the context of affordable housing. The responses showed that households generally perceived these incentives as beneficial, with mean scores ranging from 3.7952 to 3.9894 on a 5-point scale. The highest mean score (3.9894, with a standard deviation of 0.8944) suggested that income tax exemptions for housing developers had been particularly effective in encouraging affordable housing projects, thereby boosting household wealth potential. Similarly, the reduction from VAT on building materials was well-received, with a mean score of 3.9681 and a standard deviation of 0.8788, indicating that it had made housing more accessible and enhanced household wealth. Households reported that this tax relief had helped lower housing costs, improving their financial position. Additionally, the combined effect of various tax incentives, including corporate tax , VAT incentives on some construction materials, and income tax relief, was acknowledged, though it scored slightly lower at 3.7952 with a standard deviation of 0.8933. This suggested that while the overall impact was positive, it might not have fully addressed all financial barriers to affordable homeownership.

The standard deviations across the statements ranged from 0.8696 to 0.8984, reflecting a moderate level of variation among respondents. Despite this, the consistently high mean scores demonstrated a general consensus that tax incentives had contributed to household wealth by improving access to affordable housing.

4.4.2 Impact of the risk-benefit framework as an affordable housing policy on household wealth.

The respondents were asked to rate the following statements on the impact of the risk-benefit framework as an affordable housing policy on household wealth. Seven statements were presented, and findings were presented as shown in table 4.3 below.

Table 4.3: Impact of the risk-benefit framework as an affordable housing policy on household wealth

	Mean	*Standard deviation*
The requirement for environmental impact assessments in affordable housing projects has increased the long-term financial security of my household by ensuring sustainable housing conditions.	3.8511	0.8605
Environmental impact assessments for affordable housing developments have reduced environmental risks, positively contributing to the value of my home and overall household wealth.	3.8723	0.8822

The transparency provided by financial reports on affordable housing projects has increased my confidence in investing in housing, positively affecting my household's financial stability.	3.8883	0.8630
The use of financial reports in housing development ensures that risks are properly assessed, which has improved the affordability and security of housing for my household.	3.8856	0.8704
Environmental impact assessments have helped ensure that all environmental safety requirements are met ensuring no unforeseen costs related to environmental damage, which has safeguarded my household's wealth.	3.9309	0.8767
Comprehensive financial reports on affordable housing projects have reduced the financial risks of homeownership, improving my household's wealth outlook.	3.9202	0.8758
The requirement for financial reports in affordable housing ensures that projects are financially sound, increasing my confidence in the long-term value of my home.	3.9574	0.8723

Source: Research data

The data in Table 4.3 reflected the impact of a risk-benefit framework on household wealth, focusing on environmental impact assessments and financial reports in affordable housing projects. Households generally viewed these measures as beneficial, with mean scores ranging from 3.8511 to 3.9574. The highest mean score 3.9574, with a standard deviation of 0.8723 suggested that the requirement for financial reports in affordable housing projects had increased confidence in the long-term value of homes, thereby positively affecting household wealth.

Environmental impact assessments were also seen as valuable, particularly in reducing unforeseen costs related to environmental damage, as indicated by a mean score of 3.9309 and a standard deviation of 0.8767. This showed that such assessments had helped safeguard household wealth by mitigating environmental risks. Similarly, comprehensive financial reports on affordable housing projects improved the financial outlook of households, with a mean score of 3.9202 and a standard deviation of 0.8758, suggesting that these reports reduced financial risks associated with homeownership.

The use of financial reports in housing development was viewed positively as well, with a mean score of 3.8856 and a standard deviation of 0.8704, indicating that these reports had ensured proper risk assessment, improving housing affordability and security. Additionally, the transparency provided by financial reports increased confidence in housing investments, as evidenced by a mean score of 3.8883 and a standard deviation of 0.8630, contributing to improved household financial stability.

Lastly, the requirement for environmental impact assessments increased households' long-term financial security by ensuring sustainable housing conditions, as indicated by a mean score of 3.8511 and a standard deviation of 0.8605. Overall, the consistently positive mean scores, combined with relatively moderate standard deviations ranging from 0.8605 to 0.8822, demonstrated that households perceived both environmental and financial assessments as important contributors to their wealth and financial security.

4.4.3: Impact of affordable housing policies on household wealth

The respondents were asked to rate the following statements on the impact of affordable housing policies on household wealth. Seven statements were presented, and findings were presented as shown in table 4.4 below.

Table 4.4: Impact of affordable housing policies on household wealth

	Mean	*Standard deviation*
My household's wealth has improved due to reduced housing expenditure as a result of affordable housing policies.	3.9894	0.8640
Lower housing expenditure has allowed my household to allocate more resources towards savings and investments, increasing our overall wealth.	3.9920	0.8782
Affordable housing policies have helped reduce the cost of financing for homeownership, positively impacting my household's financial stability.	4.0266	0.8418
The reduced cost of financing for affordable housing has allowed my household to build wealth through homeownership.	4.0000	0.8454

My household's monthly housing expenditure is manageable, which has contributed to an increase in our disposable income and overall wealth.	4.3484	0.8965
The lower interest rates on housing loans have reduced our financing costs, significantly improving our household's wealth.	4.3511	0.8879
Housing-related expenses have decreased over time, enabling my household to invest in other wealth-building opportunities.	4.3803	0.8589

Source: Research data

The data presented in Table 4.4 highlights the impact of affordable housing policies on household wealth, particularly in terms of housing expenditure and financing costs. The responses generally show positive outcomes, with mean scores ranging from 3.9894 to 4.3803, indicating that households experienced improvements in their financial situation due to these policies.

The highest mean score (4.3803, with a standard deviation of 0.8589) indicated that a decrease in housing-related expenses had enabled households to invest in other wealth-building opportunities, reflecting a significant positive impact on overall wealth. Similarly, lower interest rates on housing loans were perceived as highly beneficial, as shown by a mean score of 4.3511 and a standard deviation of 0.8879, suggesting that reduced financing costs had significantly improved household wealth.

Households also reported that their monthly housing expenditure was manageable, contributing to increased disposable income and overall wealth, as evidenced by a mean score of 4.3484 and a standard deviation of 0.8965. Additionally, the reduced cost of financing for affordable housing allowed households to build wealth through homeownership, with a mean score of 4.0000 and a standard deviation of 0.8454.

Affordable housing policies were further noted to have reduced the cost of financing homeownership, positively impacting financial stability, as reflected by a mean score of 4.0266 and a standard deviation of 0.8418. Furthermore, lower housing expenditure enabled households to allocate more resources toward savings and investments, as demonstrated by a mean score of 3.9920 and a standard deviation of 0.8782. Finally, the overall improvement in household wealth due to reduced housing expenditure was captured by a mean score of 3.9894 and a standard deviation of 0.8640.

4.5 Correlation analysis

This study conducted correlation analysis to assess the nature and the strength of the association between affordable housing policies and household wealth. The following table shows the correlation matrix of all the four independent variables (Board size, gender diversity, Board education level and Board composition) and how they influence financial performance.

Table 4.5: Correlation coefficients

Variable	**Household wealth**	**Tax incentives**	**Risk benefit framework**
Household wealth	1.000	0.320	0.106
Tax incentives	0.320	1.000	0.180
Risk benefit framework	0.106	0.180	1.000

Source: Research data

The correlation analysis in Table 4.5 reveals the relationships between household wealth, tax incentives, and the risk-benefit framework. Each variable's correlation coefficient highlights the degree of association with the others, providing insights into their potential influence on household wealth.

The correlation coefficient between household wealth and tax incentives is 0.320, indicating a moderate positive relationship. This suggests that tax incentives have had a favorable impact on household wealth, where increases in tax incentives are likely to correspond with improvements in household wealth. However, the correlation between household wealth and the risk-benefit framework is much weaker, at 0.106, indicating that the framework's direct influence on household wealth has been limited. This low correlation suggests that while risk-benefit mechanisms like environmental impact assessments and financial reports may contribute to wealth, their effect is not as pronounced as that of tax incentives.

The relationship between tax incentives and household wealth is moderate, as reflected by the 0.320 correlation. This supports the idea that tax policies, such as VAT exemptions and corporate tax reductions for developers, play a role in enhancing household wealth by reducing housing costs and increasing affordability. Additionally, the correlation between tax incentives and the risk-benefit framework is 0.180, showing a weak but positive relationship. This implies that tax incentives may work in tandem with the risk-benefit framework to some extent, but the connection is not particularly strong, indicating that the two mechanisms function somewhat independently in their influence on affordable housing and household wealth.

The correlation between the risk-benefit framework and household wealth is 0.106, showing a weak positive association. This suggests that while the framework may provide some financial security or confidence for households, its impact on wealth is relatively minor compared to other factors like tax incentives. Furthermore, the weak positive correlation of 0.180 between the risk-benefit framework and tax incentives indicates that these two elements may interact, but their combined effect on household wealth remains limited. Overall, the risk-benefit framework appears to have less influence on household wealth than tax incentives.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter presents the summary of the main findings, study conclusions and gives recommendations. The main objective of this study was to establish the impact of affordable housing policies on household wealth. To examine the impact of tax incentives and risk benefit framework on household wealth.

5.2 Summary of findings

5.2.1 Impact of tax incentives on household wealth

The findings from the descriptive analysis indicated that households generally perceived tax incentives as beneficial to their wealth in the context of affordable housing. These incentives, such as income tax exemptions for developers and VAT exemptions on building materials, were seen as instrumental in making housing more accessible and affordable, thereby improving households' financial positions. The responses consistently reflected positive sentiments, with high mean scores showing that the incentives had a tangible impact on reducing housing costs and boosting wealth potential. The moderate variation in responses suggested that while the impact was widely recognized, individual experiences with the benefits may have differed slightly.

The correlation analysis revealed a moderate positive relationship between tax incentives and household wealth, reinforcing the idea that tax relief measures contribute to enhancing household wealth by lowering housing expenses and improving affordability. Although there was a weak positive correlation between tax incentives and the risk-benefit framework, it indicated that these two mechanisms operate somewhat independently. Tax incentives had a stronger influence on wealth accumulation, while the risk-benefit framework played a more limited role in directly contributing to household wealth. Overall, tax incentives emerged as a more significant factor in supporting affordable housing and financial security.

5.2.2 Impact of risk benefit framework on household wealth

The findings revealed that households generally viewed the risk-benefit framework, which includes environmental impact assessments and financial reports, as beneficial in improving their wealth in affordable housing projects. Respondents appreciated financial reports for boosting confidence in the long-term value of homes, thus positively impacting their household wealth. Environmental impact assessments were also valued for reducing unforeseen costs associated with environmental risks, helping to safeguard household finances. Comprehensive financial reports were seen as instrumental in reducing financial risks related to homeownership, enhancing affordability and financial security. The transparency provided by these reports increased confidence in housing investments, contributing further to household stability.

The correlation analysis indicated a weak positive relationship between the risk-benefit framework and household wealth. This suggests that while the framework provided some financial security and confidence, its direct impact on household wealth was relatively minor compared to other factors, such as tax incentives. Furthermore, the weak correlation between the risk-benefit framework and tax incentives suggested that although these two factors may interact, their combined effect on household wealth was limited. Overall, the findings indicate that the risk-benefit framework contributes to financial security but has a smaller influence on wealth accumulation compared to tax policies.

5.2.3 Impact of affordable housing policies on household wealth

The descriptive findings demonstrated that affordable housing policies have had a positive impact on household wealth, particularly by reducing housing-related expenses and financing costs. Households generally reported favorable outcomes, indicating that these policies enabled them to manage their monthly housing expenditures more effectively, contributing to increased disposable income and wealth. The reduced cost of financing homeownership, coupled with lower interest rates on housing loans, significantly improved households' financial outlook, allowing them to invest in other wealth-building opportunities. Lower housing expenses also allowed households to allocate more resources toward savings and investments, further enhancing their overall financial stability. Overall, the data suggest that affordable housing policies have been instrumental in improving household wealth by reducing costs and increasing financial flexibility.

The correlation analysis revealed a moderate positive relationship between household wealth and tax incentives, indicating that tax incentives have had a meaningful impact on improving household wealth. This suggests that increases in tax incentives are likely to correspond with improvements in household financial well-being. In contrast, the correlation between household wealth and the risk-benefit framework, such as environmental impact assessments and financial reports, was much weaker. This indicates that while the risk-benefit framework may contribute to financial security, its direct influence on household wealth is relatively limited compared to tax incentives. The findings highlight the more pronounced role of tax incentives in enhancing household wealth compared to other mechanisms like the risk-benefit framework.

5.3 Conclusion

In conclusion, tax incentives have proven to have a moderate yet positive impact on household wealth in the context of affordable housing. The results suggest that measures such as income tax exemptions for developers, VAT exemptions on building materials, and reduced corporate tax rates for developers have contributed significantly to improving the affordability of housing. These incentives have enabled households to save on housing costs, thereby increasing their disposable income and overall financial stability.

Additionally, the risk-benefit framework, encompassing environmental impact assessments and financial reports, has a relatively weaker impact on household wealth compared to tax incentives. While households recognized the importance of these measures in reducing financial risks and ensuring long-term stability, their direct influence on wealth accumulation remains limited. Environmental impact assessments were valued for mitigating unforeseen environmental risks, and financial reports were seen as enhancing confidence in housing investments.

In conclusion, affordable housing policies that focus on reducing housing-related expenses and financing costs have had a substantial positive effect on household wealth. The findings suggest that lower interest rates on housing loans and reduced monthly housing expenditure have played a crucial role in increasing households' disposable income, enabling them to allocate more resources to savings and investments. By improving the affordability of homeownership, these policies have enhanced households' financial stability and wealth-building potential.

5.4 Recommendations

Policymakers should increase and diversify tax incentives for both developers and homeowners, including expanding tax exemptions and providing additional incentives for low-income households to improve access to affordable housing. Government and developers should integrate more rigorous environmental impact assessments and comprehensive financial reports in housing projects to minimize risks and improve long-term financial security for households. Financial institutions should offer more affordable loan products with lower interest rates and longer repayment periods, while reducing housing construction costs through subsidies or incentives for energy-efficient building practices. Government agencies and NGOs should conduct awareness campaigns to educate households on the benefits of affordable housing policies, tax incentives, and financial management strategies to better utilize these opportunities for wealth creation. Policymakers should encourage the adoption of green building practices and renewable energy solutions in affordable housing projects, ensuring long-term cost savings for households while contributing to environmental sustainability.

5.5 Suggestions for future studies

Future studies could investigate the long-term effects of affordable housing policies on household wealth accumulation, focusing on factors such as asset growth, intergenerational wealth transfer, and socio-economic mobility.

Future research could examine how government subsidies and financial support programs for affordable housing influence household wealth, comparing the effectiveness of different types of assistance in promoting financial stability and homeownership.

Future studies might explore how the quality of affordable housing such as structural integrity, location, and amenities affects household wealth, particularly in terms of property value appreciation and residents' quality of life.

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