

Policy Interplay in Affordable Housing Programme in Kenya for Human Development

Dr Thomas Otieno Juma, PhD¹, Wilson Odida Obong'o², Charles Gundo³

¹Senior Lecturer, Public Administration – University of Kabianga

^{2,3}PhD Candidate – Political Science, Maseno University

ABSTRACT	ARTICLE DETAILS
The purpose of any public policy is normally geared towards offering solution(s) to social, economic and political problems in a state. This in essence focusses on the ultimate beneficiaries of that polity the human persons thus human development. Empirical triggers of public policy formulation entail philosophical orientation (bad or good, moral or immoral as prescribed by thinkers), the existing polity (national, regional or international contexts) and political theorization (institutional, system, structural, process, realism, liberalism etc). In this light, the emergence of Affordable Housing Programme ought to have been on the outcome of the above yardsticks like any other policy. On the other hand, state developments ought to reflect Rostow's Five stages of development/growth where one stage leads to another. It is not clear whether the Affordable Housing Programme policy met the criteria. Additionally, this article will question the exact objective(s) of the programme (urban infrastructural facelift or rural infrastructural facelift). The interplay of the policy towards the end goal of human developments seems to be shrouded. This article will be guided by the following objectives; (i) examining the relevance of affordable housing programme to the Kenyan population, (ii) assessing whether the affordable housing programme will ease the pressure on housing in Kenya and (iii) the policy interplay in affordable housing programme in Kenya for human development. This study will be qualitative library based where written scholarly works will be sought to arrive at viable conclusions. The study ultimately will give recommendations to guide policy and evaluate existing programs. KEYWORDS: Affordable Housing Programme, Human Development, Public Policy, Housing Policy, Policy Interplay, Sustainable Development, Urbanization, Socioeconomic Development.	Published On: 08 September 2026 Available on: https://ijiissh.com/

1.1 BACKGROUND

Empirical triggers in public policy exist to compound or force a problem onto the government's agenda. They are indicators that a program in service to society has reached its optimal use causing a societal issue to require urgent intervention. The triggers serve as catalysts for agenda-setting, policy evaluation and review normally through the policy cycle. This leads to a contested argument on the ideal policy framework which is at the behest of the political players no matter their impact on the populace that the policy(ies) tend to serve. By and large this framework is premised on the environment where the policy is being advanced and practiced. We may suggest that an effective public policy addresses three key components; political, social, and economic agenda.

Moyi (2020) asserts, when writing and reviewing public policies, it is important to remember that public policies are designed to meet political, social and economic ends. On the political front, policies help political leaders to translate party agenda and political visions into public programmes and actions. Therefore, the public policy process provides the platform for the executive authority to steer the processes leading to the achievement of national goals. On the social front, policy is used to bridge inequalities and distortions in the distribution of national resources and wealth to satisfy both allocative and distributive justice. When market inefficiencies that result from monopolies, oligopolies, information asymmetry and externalities penalize market players, governments intervene to correct these failures. This is the economic rationale for intervention in markets. On the economic front, governments also intervene in markets to provide public or collective goods. We however, note that most of the time, in young

democracies such as in Kenya and others, the political front bears much emphasis to influence economic rationale through budgetary process to overshadow the social front which is foundational to state sovereignty.

At the tail end of a public policy, designers and implementors ought to be cognizant that the policy achieves some minimums. Moyi (2020) in the guidelines for public policy development and review lists them as; the problem faced, where the problem exists, identifying who or what is affected, answering how it developed, knowing the major causes, and establishing how the causes may be affected by policy action. Philosophical orientations in public policy establish the foundational values, ethics, and assumptions that guide government decisions. These include frameworks such as utilitarianism, deontology (adherence to moral rights and duties), egalitarianism, and pragmatism. Each of these have windows of criticisms and critique which turn any blue print into quality policy or not.

Foregoing discourse assumes every reader's uniform understanding of philosophy and public policy (P&PP) which is not true. We observe from Wollner (2016) that to cause clarity and epistemological demystification, P&PP embodies values and methods to decisions, instruments and institutions that govern cooperation. It involves ethics of actors, morality and rationality of evaluating policy alternatives, or applied political philosophy which distinguishes not only what a good society is but determines how we get there given where we are and the circumstances of our times. P&PP here focuses not on individual dilemmas but elevates the debate to concern for structures, institutions and problems of collective action thus their benefits. The nexus arising from P&PP brings to fore two outcomes as we point from Wollner; first from philosophy to public policy. This is about guiding motive to make good public policy which presupposes understanding of moral values (Democracy, Justice, Freedom, Rights, etc.), principles for institutions (Transparency, Accountability, etc.), principles for individuals (Good politicians?), design of instruments, decisions (Good policies?), and studying political structures, institutions and their workings. Second part of the nexus is the complex from public policy to philosophy which underscores what public policy contributes to philosophical theory; (i) giving rise to new issues, (ii) offer ground for testing theories, (iii) offering instruments, etc.

As housing becomes a challenge to the populace, the state must evaluate its asserted weight on the policy from Rostow's five stages and evaluate if the successive stages have been fulfilled before advancing to massive infrastructural policy for the citizens. This has to do with where the housing is set and answering questions about coexistence with good infrastructure and food security, coexistence in good housing infrastructure within the vicinity of the productive labour, and coexistence in good housing infrastructure with a solution kit of amenities commensurate to them. Questions arising from the AHP here further implores academic inquiries into engaging in similar projects in highly rural-urban populations vis a viz highly "urban-rural"/city population type of states since there is a great difference of approaches for the two.

Contexts for addressing housing problem in urban areas is best studied from a flashback of Europe during industrial revolution. According to Khan (2024), the Industrial Revolution, which began in the late 18th century and continued into the 19th century, fundamentally transformed economic and social structures across Europe, significantly influencing urbanization patterns. Urbanization in developed economies like the USA and Japan has been characterized by high urban population growth and increased migration to metropolitan regions. In the USA, the urban population rose to 83% in 2020, up from 82% in 2010, driven by factors such as better employment opportunities and improved infrastructure (United Nations, 2021). Tokyo, Japan's largest city, has seen consistent urbanization, with the urban population increasing to 92% in 2020, reflecting the country's economic centralization. In these contexts, solving the problem of housing was for high populations drawn into industrial/allied employment opportunities unlike where it is a pathway to doing away with slums for high unemployed populations.

Affordable housing has become one of the defining public policy challenges of the twenty-first century as governments seek to reconcile rapid urbanization, demographic growth, market inefficiencies and rising socioeconomic inequality. Housing is no longer viewed merely as a physical structure but as a multidimensional determinant of human wellbeing, economic productivity and social inclusion (UN-Habitat, 2020). Consequently, governments increasingly intervene in housing markets through subsidies, taxation, regulation and public-private partnerships to widen access to decent housing. In Kenya, the Affordable Housing Programme (AHP), operationalized through the Affordable Housing Act (2024), represents one of the government's most ambitious social policy interventions, aimed at progressively realizing the constitutional right to accessible and adequate housing under Article 43(1)(b) of the Constitution of Kenya (2010).

The Programme is a build-on of the Jubilee administration's Big Four Agenda, launched in 2017 with an ambitious target of 500,000 housing units by 2022. Ultimately, the program delivered fewer than 13,500 units (Dezynbild, 2025). The Kenya Kwanza administration, has set an even more ambitious annual target of 250,000 units, underwritten by a mandatory Housing Levy that has become the Programme's most consequential and most contested design feature. This continuity of ambitious targets and modest delivery across two administrations is itself a finding worth highlighting. It suggests that the constraints on affordable housing delivery in Kenya are structural rather than merely a function of political will or administration.

This paper argues that the Affordable Housing Programme should not be assessed solely by the number of housing units constructed but by the extent to which its policy design, institutional arrangements, financing model and implementation record contribute to broader human development. Using insights from Housing Market Failure Theory, Institutional Theory and Policy Design Theory, and drawing on the most recent available legal rulings, Auditor-General findings and implementation data (2024–2026), the paper

critically analyses the interplay between state intervention, market forces, judicial oversight and governance in determining the Programme's effectiveness.

1.2 THEORETICAL FRAMEWORK

This paper examines the AHP using Rostow's stages of economic growth while utilizing three complementary theoretical frameworks; Housing Market Failure theory, Institutional theory and Policy Design theory. Housing Market Failure theory holds that housing markets rarely function as perfectly competitive markets because land is finite, supply responds slowly to demand, and significant information asymmetries exist between developers, financiers and consumers (Glaeser & Gyourko, 2008); justifying public intervention. Institutional theory argues that policy outcomes depend on the quality of the institutions implementing a policy rather than on the stated intentions of the policy alone (North, 1990). Policy Design theory adds that effective public policies require coherence between objectives, instruments, financing mechanisms and institutional capacity (Howlett, 2019). The three theoretical frameworks will thus help unpack the paradox of Affordable Housing Programme.

Rostow's (1960) Stages of Economic Growth, is introduced to situate AHP within a broader developmental trajectory. Rostow's model holds that national economies advance cumulatively through five stages; the traditional society, the preconditions for take-off, take-off, the drive to maturity, and the age of high mass consumption. The stages are distinguished by rising productive investment and the emergence of leading sectors capable of pulling the wider economy forward. Whereas the three theories illuminate the AHP's internal design and governance, Rostow's model provides an external, macro-developmental benchmark against which to ask whether housing investment is functioning as the kind of leading sector capable of sustaining Kenya's transition toward higher stages of growth, and whether that growth translates into human development.

It is imperative to emphasize that the AHP's success should be judged not by the existence of a legal framework, a financing mechanism, or a plausible growth narrative, but by whether that framework, mechanism and the institutions charged with implementing them cohere into outcomes that expand ordinary Kenyans' housing security and capabilities.

2.0 RELEVANCE OF AFFORDABLE HOUSING PROGRAM TO THE KENYAN POPULATION

As established in the background, urban populations around the globe are growing faster than can be absorbed and leading to more slum dwellings with over 2 billion people projected to be living in urban slums by the year 2030 (Aden, n.d). In developing countries, the rapid and sustained population growth and rural-urban migration are fueling the demand for well located, adequate and affordable housing (Bredenoord and van Lindert, 2010). According to the center for affordable housing finance in Africa (CAHF) (2017), there are several things that characterize the African housing market: increased investor interest, but targeted mainly at the high-end market, poor targeting which leads to investors struggling to sell units, insufficient scale of construction as compared to need/demand, and the obvious untapped opportunity in the affordable housing market. Since 2004, housing prices in Nairobi, Kenya, have increased a hundred percent (Aden, n.d). Acumen Fund writes that the Kenyan housing challenge is extreme; the average price for an apartment in Nairobi is Kenya shillings 11.58 million, way beyond the reach of ordinary folk, and there is no home on the formal market at a price below Kenya shillings 2 million, even as property prices continue to rise in the city (Aden, n.d). Within the context of Housing Market Failure theory, which is a utility theory for this study, these issues need attention in order to correct market conditions and effect affordable housing for the population.

The Kenya Property Development Association (KPGA) industry Report (2018), stated that there is, an annual housing deficit of one hundred and fifty thousand units, yet the urban population is growing at the rate of 4.2% annually. The report also noted that as at 2018, the cumulative housing deficit stood at two million houses with nearly 61% of urban households resident in slums. On the demand side, only 8% of urban Kenyans have access to housing finance and only 22000 mortgages were active in the whole country as at the time of the Acumen Report publication (Aden, n.d). The ruling 'Kenya Kwanza' manifesto, baptized 'the plan', observed that more than 60% of urban dwellers in Kenya are living in slums. The manifesto promised to increase the supply of affordable housing from 2% to 50% and to grow the number of mortgages from thirty thousand to one million by enabling low-cost mortgages of Kenya shillings ten thousand. United Nations Sustainable Development Goal number 11 states countries should ensure that all people have access to adequate, safe and affordable housing.

Some of the sector issues that have made affordable housing a relevant policy matter for Kenya include the historical trend where most housing projects target the higher echelons of society, who comprise a much smaller percentage of the population. KPGA (2018) notes that Kenya remains one of the countries in Africa with the highest costs in construction. These structural issues in the sector hinder affordable housing in the manner conceived by UN Habitat. Other factors identified in the KPGA (2018) report include inefficient titling processes (which take 61 days and 9 processes to complete, and are further complicated by varying requirements in different devolved units/counties), adverse construction finance terms, high land and infrastructure costs making up to 35% of the total construction cost, absence of implementable urban development plans across Kenya, unaffordable and inaccessible mortgages, very low supply of quality affordable housing units and many hidden costs in real estate development. All these factors make the affordable housing issue relevant for study.

The justification of AHP thus grounds this study; a contestation however arises whether AHP will ease housing pressure. Globally, efforts by both the public and private sectors to address the housing crisis around the world have had less than significant impact,

exposing the process limitations to the ‘universal solution’ approach in diverse contexts (Oyamo and Oyatomu, 2025). This, despite an assessment by Charles et al. (2019), that giving reasonable lodging over cities and districts around the world could be a \$2.3 trillion speculation opportunity. The potential is high but the under-achievements are globally glaring. In our context, AHP’s suitability for the crisis is dependent on the conditions prevailing at the point of initiation of the project, since the parameters of success (goals) are already drawn by global policy frameworks defining what affordable housing actually is. Further, what it would take in the wider social environment to reach those targets. This again brings to mind Rostow’s stages of development theory and its implications on the developmental trajectory especially in the housing sector. Institutional theory on the other hand advances that the institutions managing the housing programmes do have considerable impact on anticipated outcomes. The success and impact of AHP is thus pegged on the collective institutional capacities of the drivers the program.

The concept of ‘project success’ is still an evolving concept. Based on the iron triangle, a project is successful if it is completed on time, within budget and to the desired quality. However, Yan et al. (2018) argued that these goals are only sufficient for assessing smaller projects that have precise scope, fairly accurate schedule and cost estimates, and are not complex. In affordable housing projects, sustainable development is the main measure of success. Sustainable development is the attainment of a better quality of life through the efficient use of resources, which realizes continued social progress whilst maintaining stable economic growth and caring for the environment (Oyebanji et al., 2017). Sustainable development in affordable housing seeks to achieve three main goals: economic, environmental and social goals.

Housing has been recognized by policy makers keen on interventions around redistributive policies on wealth and incomes as an essential means to achieving social goals (Clapman, 2018). One of the key planning principles among contemporary planning strategies is ‘mixed land use’, a planning strategy that ensures mix of shops, apartments, offices and homes for the attainment of sustainability goals. Michael and Albert (2019), found thirteen Critical Success Factors (CSFs) for a sustainable affordable housing program. They grouped these factors into four categories: developer’s enabling CSFs, household-demand enabling CSFs, mixed land-use CSFs, and land use planning CSFs. Rockart (1980, p.4) defines CSFs as “the few key areas of an activity in which favorable results are absolutely necessary for a particular manager to reach his or her goals”. For instance, mixture of complimentary land use promotes transit-supportive development, encourages walkability and bicycle travel, builds a sense of community, and expedites a more economic arrangement of landscape amenities and reserves open space (Koster and Rouwendal, 2012). It is therefore an established fact that the achievements of social goals are founded on housing. For sustainable housing, AHP projects should mirror the planning strategies theorized through CSFs.

On affordability of housing, UN-Habitat recommends that housing should neither consume more than 30% of a person’s income nor cost an amount equivalent to rental rate for similar accommodation per month. Affordability, as another essential element of adequate housing, inevitably involves the cost of housing unit, its quality, household income and non-housing necessities after meeting the housing expenditure (Eddie, 2001). An important factor that intensifies unaffordability in public housing is “home financing cost”. Households face difficulties in securing home financing from private financial institutions. In the Kenyan case, there has been an on-going argument on accessibility of financial resources for the low and middle-income population to actively participate and consume the housing program benefits. The Kenyan government’s Affordable Housing Program (AHP), launched in 2017 with the ambitious goal of delivering 500,000 low-cost housing units within five years, faced significant challenges even before the new ‘Kenya Kwanza’ government took over and ‘improved’ it. The challenges include escalating construction costs, inadequate supply of serviced land, and prolonged regulatory processes (State Department for Housing and Urban Development, 2018). As an example, the average construction cost per square meter rose by 27.0% in 2023 due to increased prices of key materials like cement and steel (Kenya National Bureau of Statistics, 2023). Also, the shortage of affordable land with necessary infrastructure, such as water and electricity, compromised project quality. Lengthy property registration process, averaging 159 days at a cost of 2.8% of construction expenses, further delayed project timelines (Kenya National Bureau of Statistics, 2023). The architecture of AHP is therefore to address the housing “affordability” paradox by reducing associated costs.

It is estimated by World Bank Kenya Economic update 2017 that 90 percent of Kenya’s urban households live in rented houses. This implies that in urban areas, only about 10 percent of the population own the houses they live in. This is part of the starting point of this assessment of whether AHP will ease pressure on housing in Kenya. Inaccessibility to adequate and affordable housing and homelessness are the growing plights in many developing countries, threatening standards of health, security and life of the people (UN-HABITAT, 2011). Kenya is not spared. Rapid and sustained population growth and rural-urban migration are fueling the demand for well located, adequate and affordable housing (Bredenoord and van Lindert, 2010) in developing countries like Kenya. According to the ruling ‘Kenya Kwanza’ manifesto, more than 60% of urban dwellers in Kenya are living in slums. The manifesto promises to increase the supply of affordable housing from 2% to 50% and to grow the number of mortgages from thirty thousand to one million by enabling low-cost mortgages of Kenya shillings ten thousand. Looking back to the under-achievement of the previous ‘Jubilee’ administration in Kenya, the tendency to overpromise and under-achieve is likely to again reemerge considering the parameters of what affordable housing entails in global policy understanding.

United Nations Sustainable Development Goal number 11 states countries should ensure that all people have access to adequate, safe and affordable housing; the ‘Kenya Kwanza’ manifesto appears to be addressing this phenomenon. However, policy-makers’

interventions for sustainable, affordable housing markets can be inefficient and even counterproductive. In a study by Mujammad, Ahamed and Dzuljastri (2019) aimed at developing an alternative affordable public housing model, issues of “unaffordability”, “poor maintenance” and “mismanagement”, were identified in the contemporary public housing schemes in Malaysia as major challenges. The study offered guidelines to government officials and managers of public housing schemes in their attempts to resolve three core issues in public housing schemes: reducing the financial burden on low- and middle-income households, improving maintenance work, and enforcing effective management practices with residents’ participation.

Quality housing requires an adequate maintenance and management to provide a decent, healthy living environment for residents and to ensuring neighborhood stability (Foster, 2000). The residents’ participation in public housing has significant influence on maintenance cost (Yusof, et al, 2012). Multiple factors, such as, expectations of residents, usage of the property, vandalism by the residents, delay or failure to report problems are among major causes of maintenance problems in public housing (El-Haram and Horner, 2002). To wrap-up the housing affordability debate, it is essential to evaluate the quality housing even within the AHP context. For quality to be realized in AHP, adequate public participation which should precede the project is demanded.

3. POLICY INTERPLAY IN AFFORDABLE HOUSING FOR HUMAN DEVELOPMENT

3.1 Rostow's Stages of Growth and the Positioning of Kenya's Housing Trajectory

Rostow's (1960) Stages of Economic Growth offers a linear-sequential account of national development in which economies move cumulatively through five stages. When applied in the Kenyan case, it offers a benchmark against which to locate the Affordable Housing Programme. AHP's proponents emphasizes that each unit built generates three to five direct jobs and eight indirect jobs, formalizes the Jua Kali sector, and stimulates demand for cement, steel and other locally produced construction inputs, (Kenya Permanent Mission to UN-Habitat).

In Rostow's lenses, Kenya's position is between the preconditions for take-off stage and take-off itself. This is because the preconditions identified for take-off such as infrastructure investment and a dedicated capital-mobilization mechanism through Housing Levy are deterministic of sustained growth. AHP could satisfy Rostow's leading sector logic - generating construction jobs, materials demand and aggregate output consistent with a take-off narrative - while still failing the human-development test set out in the theoretical framework. That is if the units produced do not reach the specific low-income and informal-sector Kenyans whose payroll deductions financed them. AHP's own data, that only 52,000 of 547,000 Boma Yangu registration had saved toward a unit, and that fewer than 2,000 units were fully completed and occupied against an annual target of 200,000, suggests that whatever aggregate growth signal the AHP is generating is not yet being distributed to its intended beneficiaries in a manner that Rostow's growth stage logic would either predict or measure.

A further limitation concerns Rostow's silence on spatial distribution within a national economy. The stages of growth model treat the nation as the unit of analysis and says relatively little about whether a leading sector's benefits are concentrated in particular regions or settlement types. In that dimension it will be proper to understand AHP's underlying objective, whether an urban infrastructural facelift or a rural one. Largely, AHP projects have been concentrated in cities like Nairobi (Mukuru slums and Shauri Moyo estates), Kisumu (Lumumba project), Mombasa (Buxton project), Eldoret (Pioneer project and Eldoret Railway city project) and other county headquarters that are urban and peri-urban in nature. The Programme as is, utilizes housing levy collected from workers across Kenya to predominantly undertake urban and peri-urban construction. Rostow's grounding was that such projects should uniformly spur national growth rather than create rural-urban disparities in human development outcomes.

3.2 Housing as a Public Policy Problem

Unaffordable housing is often less a consequence of individual poverty than of structural market failures characterized by speculative land markets, weak regulatory institutions, inadequate infrastructure and limited housing finance (Tsenkova, 2022). Evidence from the Centre for Affordable Housing Finance in Africa indicates that land acquisition, infrastructure provision and regulatory compliance account for about 40% of total housing development costs in African cities. In tying the Housing Market Failure theory to AHP, the provision of serviced land, infrastructure and fiscal support seeks to address the market failures thereby lower the final cost of home ownership. This essentially impacts on individual's ability to acquire the housing units in a functional market.

However, the above assumption that reducing production costs automatically improves affordability deserves sustained scrutiny. The Kenya National Bureau of Statistics' 2023/24 survey found that 55.5% of Kenyans prefer to build their own homes rather than buy from a developer, (KNBS, 2024). Fundamentally, this means that the demand-side assumptions underlying the AHP's supply-led model may not match the housing preferences and financial realities of the target population. Further, the affordability must be evaluated from both supply and demand perspectives rather than through production costs alone. The key takeaway from KNBS (2024) findings is, even where supply-side subsidies lower production cost, demand-side access to finance can remain the binding constraint. Simply put as cost reduction on the production side does not automatically translate into improved access if the financing architecture on the demand side has not been addressed.

In assessing AHP against the Policy design theory, strengths and weaknesses are identified. On the strengths side, AHP links constitutional obligations, housing finance, employment creation and urban development within a single intervention. The

mandatory Housing Levy establishes a predictable financing mechanism, while public-private partnerships mobilize private-sector expertise in housing delivery. Notwithstanding the highlighted strengths, important design weaknesses persist. First, mandatory payroll contributions have generated sustained public resistance because contributors are not guaranteed direct access to housing units. The levy was converted from a voluntary savings contribution as conceived under Big Four Agenda into a compulsory tax without an accompanying guarantee of individual benefit. This disconnect weakens perceptions of distributive fairness and policy legitimacy.

Second weakness boarder eligibility criteria, allocation procedures and beneficiary prioritization remain insufficiently transparent. As of the 2025 Budget Policy Statement, only 52,000 of the 547,000 Kenyans registered on Boma Yangu had actually saved toward a unit, representing roughly 0.18 per cent of the adult population (Eastleigh Voice, 2025). Third, although the Affordable Housing Act, 2024 formally extended the levy to informal-sector income earners, the government has yet to operationalize a structured collection mechanism for a segment that constitutes more than 80 per cent of Kenya's labour force (Business Daily, 2025). This raises serious inclusivity concerns for a programme whose constitutional justification rests on universal access to housing. On that backdrop, the weaknesses illustrate that policy success depends not merely on legislative enactment but also on public acceptance, institutional legitimacy and implementation credibility; precisely the variables that Institutional Theory identifies as decisive.

The first highlighted weakness of AHP, funding, has made legal contests a defining feature of the AHP. On 28 November 2023, the High Court declared the Housing Levy, as introduced through the Finance Act, 2023, unconstitutional, holding that the levy discriminated between formal and informal-sector workers, lacked an administrative framework, and was not adequately justified (The EastAfrican, 2023). The Court of Appeal subsequently granted a temporary stay of that judgment pending appeal (KPMG East Africa, 2024). Rather than await the outcome of that appeal, the Executive and Parliament moved rapidly to cure the identified defects. On 19 March 2024, President William Ruto signed the Affordable Housing Act, 2024 into law, re-establishing the levy at 1.5 per cent of gross salary (matched by an equivalent employer contribution) and, for the first time, extending the same rate to gross business income for persons not in formal employment (Lexology, 2024).

The Act itself attracted fresh petitions. In October 2024, a three-judge High Court bench comprising Justices Olga Sewe, John Chigiti and Josephine Mong'are dismissed a consolidated petition led by Senator Okiya Omtatah and others, holding that the levy was a legitimate taxation measure anchored in the State's constitutional duty to provide housing, that public participation had been adequate, and that the levy did not unfairly discriminate against salaried workers (Capital Business, 2024; Daily Nation, 2024). The petitioners appealed, and in December 2025 the Court of Appeal directed that, given the constitutional weight of the questions raised, an expanded five-judge bench would hear the matter, with a hearing scheduled for January 2026 (Daily Nation, 2025). The appellate determination still pending, meaning that the legal foundation of AHP core financing instrument has not been conclusively settled. A level of legal uncertainty that is unusual for a programme already collecting and disbursing tens of billions of shillings annually. In juxtaposing the protracted litigations against Institutional theory, indicators of weak policy design are exposed. The multiple rounds of litigation reflect an initial failure to embed adequate public participation, distributional fairness and legal robustness into the policy from the outset.

3.3 State-Market Interplay and Comparative Lessons

AHP demonstrates the evolving relationship between the state and the market in development policy. Welfare-state perspectives justify government intervention where markets fail to deliver socially desirable outcomes. Davidson and Malloy (2009) argue that affordable housing increasingly depends on public-private partnerships capable of combining public interest with private-sector efficiency. However, such partnerships require robust governance mechanisms to prevent cost inflation, elite capture and declining construction quality. In the Kenyan context, the alignment of AHP to the ideals espoused by Davidson and Malloy is thus very vital. At the very core of AHP should be public interest, the polity targeted by the policy. This should be closely followed by private sector efficiency in delivering the housing units at market friendly costs thus addressing the market failure. This state-market relationship has helped states arrest runaway social problem globally.

Evidence from developed nations demonstrates mixed outcomes from comparable interventions. The United States' Low-Income Housing Tax Credit significantly expanded affordable housing production but did not eliminate housing shortages because structural constraints such as land scarcity and zoning regulation remained unresolved (HUD, 2005). Canada's National Housing Strategy has improved housing supply nationally, yet affordability challenges persist in major cities such as Vancouver (Bond, 2022). These experiences suggest that increasing housing production alone cannot resolve affordability without complementary reforms in land governance, urban planning, tenure security and housing finance. This paints a picture of the background upon which affordable housing has been premised globally.

The Kenya's state-market collaboration model, through the KMRC, has itself become a site of accountability concern. The Auditor-General's 2025 report on the World Bank-financed Affordable Housing Finance Project found that KMRC's disbursement of a Kshs. 19.6 billion to intended beneficiaries could not be confirmed. KMRC's management disputed the report, stating that the funds had refinanced over 5,100 mortgages (Daily Nation, 2026), but the unresolved audit-scope dispute itself signals a governance gap in the

state-market financing architecture that the original theoretical literature on public-private housing partnerships does not fully anticipate.

Successive Auditor-General reports have identified recurring weaknesses in the financial management of AHP-linked institutions. The Auditor-General's report on the Affordable Housing Board for the year ended 30th June 2025 was accompanied by findings that the government could not produce title deeds for AHP construction contracts worth approximately Kshs. 49.5 billion. More broadly, the Auditor-General's 2025 review of Kenya Kwanza's Bottom-Up Economic Transformation Agenda flagged funding shortfalls leading to project delays across its flagship programmes despite rising levy collections, alongside inconsistent government reporting on job-creation numbers for the housing pillar specifically (Daily Nation, 2025). The Auditor General's findings on accountability of funds utilizations raising many questions on the governance mechanisms put in place for AHP.

These findings matter for two distinct reasons. Substantively, unverified land title and unaudited fund flows raise the practical risk that subsidized housing assets or public funds could be diverted, lost to procurement irregularities, or allocated non-transparently. AHP financed through a compulsory levy on every payslip in the formal economy carries a distinct social contract. Citizens are being asked to trust an institution with mandatory deductions from their income in exchange for a credible promise of housing infrastructure. Repeated audit qualifications and inconsistent official statistics erode that trust thereby delegitimize the concerned institutions in the eyes of the public. Institutional theory lays so much emphasis on the pillar of public trust especially in realizing legitimacy.

AHP should be evaluated through the lens of human development rather than construction output alone. Human development extends beyond economic growth to encompass expanded capabilities, improved wellbeing, security and social inclusion. Adequate housing on the other hand includes dimensions such as accessibility, safety, environmental quality, participation and habitability. The listed dimensions being aligned with UN-Habitat's understanding of adequate housing. Implementation evidence, however, remains mixed. Observations that some affordable housing units provide floor space below internationally recommended standards (Musitwa et al., 2025) suggest that increasing housing quantity may, in some projects, be pursued at the expense of housing quality. As suggested earlier, proper governance mechanisms will limit instances of quality compromise likely to arise in public-private partnership model.

Similarly, as discussed in the Housing as a Public Policy Problem theme, limited public participation in project design continues to raise concerns about policy responsiveness. Participatory policy design improves legitimacy and ensures that housing developments reflect community preferences regarding space, accessibility, social amenities and cultural practice. Scholarship on Nairobi's informal settlements has long argued that top-down slum-upgrading approaches are less durable than multi-stakeholder, community-led alternatives. For instance, comparative research on Kibera has found water and sanitation interventions delivered through genuine multi-stakeholder involvement to be more successful and sustained than top-down government delivery (Bianchi et al., 2020). It is on those established grounds that AHP should be based; participatory policy design and review of Nairobi's informal settlement upgrade.

4. AHP AND HUMAN DEVELOPMENT: WHOSE DEVELOPMENT?

On one hand, AHP has undeniably mobilized a large, dedicated and legally anchored revenue stream for housing at a scale no prior Kenyan housing intervention has achieved. On the other hand, the ratio of levy revenue collected to units fully completed and occupied remains extremely low by AHP's own stated targets. Official statistics on completion and job creation have been internally inconsistent across government sources, AHP's financing instrument has twice been challenged successfully, the Auditor-General has repeatedly been unable to verify significant fund flows and land-title documentation, and the informal-sector workers who make up the majority of Kenya's labour force, and who are disproportionately likely to need low-cost housing, remain both under-covered by levy collection mechanisms and under-represented in the Programme's benefit-allocation data. On human-development, there is little to celebrate. AHP should address the housing security, tenure certainty and capabilities of those it meant to serve. There is a mandatory housing levy with no realistic route to benefit from the units being produced due to lack of transparency in units allocation.

As established in the opening paragraph, an evaluation of AHP against its own production and revenue metrics, yields a mixed record. An evaluation against a human-development standard, is considerably more troubling. First and importantly is to define and set what that standard requires before invoking it. The capability approach, developed by Sen (1980) and extended by Nussbaum (2011), holds that development should be judged not by resource mobilization or output volume but by the extent to which people's real freedoms - their capability to achieve the "functioning" they have reason to value - are expanded. Kimhur (2020) argues that housing policy has been losing its human and social dimensions amid growing financialization. Further proposing that evaluating housing policy against the capabilities it enables rather than the units it produces. In that upshot, a comparative assessment of AHP against Nussbaum's (2011) list of ten central human capabilities will help us understand AHP in the context of human-development. Nussbaum avers that the ability to hold property, and to do so on equal terms with others, secure from arbitrary interference - as a freestanding capability rather than a mere means to other ends. Sen, by contrast, insists that the relevant capability set must be defined contextually through public reasoning rather than fixed a priori (Sen, 1999). These analogies are thus useful in evaluating

AHP. They demand that AHP be assessed against the specific capability Kenyan households actually lack. Ability for ownership is thus one measure of human capability. Despite increase in supply side, very little had taken place to address the demand side inadequacies.

The writings De Soto (2000) echo current debates on AHP. He posits that assets without formal, transferable title constitute "dead capital". Dead in the sense that it is physically real but legally inert, unable to be mortgaged, inherited with certainty, or defended in a court of law. This therefore means that despite acquisition of AHP unit, the owner is unable to generate the downstream economic capability (credit access, investment, intergenerational wealth transfer) that formal title unlocks. Looking at the works of De Soto (2000) against the Auditor-General's finding that the majority of AHP's underlying land parcels lack verifiable title, paints a bleak future for the unit owners. The existence of physical units can thus not be equated to human development on the basis of its downward economic incapacities. Further, this is construed to as failure by the state to deliver specific capability for secure, defensible control over one's living environment. This we believe should be the grounding of a sound housing policy.

The human-development debate is inconclusive without assessing Kenya's place in Human Development Index. As per the 2022 index, Kenya's Human Development Index stood at 0.601, ranking position 146 out of 193 countries. This places Kenya under "medium human development" classification that lags its lower-middle-income peers on the standard of living dimension in particular (UNDP, 2024). A programme with AHP's fiscal scale had a genuine and rare opportunity to move that standard of living dimension, and specifically the housing security component, in ways not comparable to any prior government intervention. That said, evidence on AHP documents resource mobilization substantially outpacing verified capability gains. This thus impeaches the programme's implementation institutions laying a basis for the empirical puzzle the "whose development" question. A mandatory levy that a majority of contributors cannot see translate into secure, titled housing is, in Sen's terms, resource expenditure without capability expansion. Similarly, De Soto terms it as capital formation that remains dead until title catches up with construction. Whose development then has AHP served? On the present evidence, the plausible answer is, "the state's fiscal and construction-sector capacity" and not "the housing capability of low-income Kenyans." Specifically, it is this gap between resource mobilization witnessed through AHP and human development, that this paper investigates to establish capability.

5.0 CONCLUSION

This paper set out to examine the policy interplay underpinning Kenya's Affordable Housing Programme (AHP) and its implications for human development. Guided by Housing Market Failure Theory, Institutional Theory, Policy Design Theory and Rostow's Stages of Economic Growth, the study established that although the AHP addresses a genuine and pressing public policy problem. Its contribution to human development depends less on the number of housing units constructed than on the coherence of its policy design, institutional effectiveness, financing architecture and governance arrangements.

We thus establish that the programme responds to a substantial housing deficit, rapid urbanization and persistent market failures that have historically limited access to affordable housing for low- and middle-income households. State intervention is therefore justified to correct these market imperfections and advance the constitutional right to adequate housing. However, evidence indicates that affordability cannot be achieved through supply-side interventions alone. Persistent challenges relating to housing finance, serviced land, regulatory inefficiencies, construction costs and accessibility continue to constrain the realization of the programme's objectives.

The analysis further reveals that the effectiveness of the AHP is shaped by the interaction between policy design, institutional capacity and state-market relations. While the programme has established an unprecedented financing mechanism and stimulated public-private collaboration in housing delivery, concerns surrounding the mandatory Housing Levy, transparency in beneficiary allocation, inclusivity of informal-sector workers, recurring legal disputes, audit queries and accountability weaknesses undermine public confidence and institutional legitimacy. Comparative experiences equally demonstrate that increasing housing supply without complementary reforms in land governance, urban planning, financing and institutional accountability is unlikely to deliver sustainable affordability.

Most importantly, the paper finds that evaluating the AHP solely through construction targets or fiscal mobilization provides an incomplete assessment of policy success. From a human development perspective, the programme should be judged by its capacity to expand people's capabilities through secure tenure, equitable access, quality housing, participation, transparency and improved living conditions. The available evidence suggests that resource mobilization has outpaced demonstrable improvements in housing capabilities for the intended beneficiaries. This raises legitimate questions regarding whose development the programme is currently advancing. Unless implementation institutions strengthen governance, accountability, public participation and equitable access while ensuring that housing assets translate into secure ownership and enhanced wellbeing, the Programme risks falling short of its broader developmental promise. Ultimately, the Affordable Housing Programme will realize its transformative potential only when policy coherence, institutional credibility and human development become the primary measures of success rather than housing output alone.

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