

Housing Situation in Kumasi

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Introduction

Ghana's urban population has been increasing in an unprecedented manner over the last thirty years. The 2000 Population and Housing Census indicated that the nation's urban population was 43 percent of total population (Ghana Statistical Service, 2002). Estimates in 2005 showed an increase of 5 percent (that is, to 48 percent). It has further been estimated that by 2025 Ghana's urban population will be 63 percent of the total national population (UNHABITAT, 2008). However, the distribution of this population is skewed towards Accra, Kumasi, Sekondi-Takoradi and Tamale, which experts indicate will represent 44 percent out of the estimated 63 percent urban population. The 2000 Population and Housing Census indicated that Kumasi has a population of 1,171,000 people. Despite the fact that the 2010 Population and Housing Census results is not out, current estimates put the City's population at about 1,826,000 (UNHABITAT, 2008). It has further been estimated that Kumasi's population will reach 2,667,000 by 2025 as indicated in Table 5.1 (UNHABITAT, 2008).

Table 5.1 – Kumasi's Population by Year and Growth Rates, 1990-2025

Year	Population	Growth Rate	
1990	696,000	1990-1995	5.34
1995	909,00	1995-2000	5.34
2000	1,171,000	2000-2005	4.92*
2005	1,518,000	2005-2010	3.69*
2010	1,826,000	2010-2015	2.91*
2015	2,112,000	2015-2020	2.50*
2020	2,397,000	2020-2025	2.16*
2025	2,667,000	-	-

Source: UNHABITAT, 2008 and Ghana Statistical Service, 2005

*Based on UNHABITAT projections in 2008.

The steady growth in urban population has not been matched by a corresponding growth in the housing stock. The Ghana Real Estate Developers Association (GREDA) asserts that in order to remove the deficit, national housing production should be 130,000 units annually. However, the current supply capacity of the nation is in the region of 42,000 units per year. Demand for housing is higher in the major cities like Accra, Kumasi, Tema and Sekondi-Takoradi. In Accra, the impact of urbanization on the housing situation is especially apparent. For example, it is

estimated that 61 percent of the population of the Accra Metropolitan Area live in informal housing which lacks most basic community and domestic facilities and services (Co-operative Housing Foundation International, 2010).

The current estimates put Kumasi's total housing stock at 67,434 (Ghana Statistical Service, 2005). According to the Ghana Statistical Service, about 2.4 percent of households in Kumasi lived in containers and kiosks as of the year 2000.

During the 1970s and the 1980s the declining economic fortunes of the country brought about constraints in the delivery system, which ultimately affected many housing projects at various stages of completion in both the private and the public sectors. In addition, there is serious deterioration in the general housing environment in the metropolis as a result of long period of inadequate repair and maintenance (Owusu, 2000). The effects of all these have been high room occupancies, poor environmental conditions and the attendant deterioration of housing facilities in most urban settlements including Kumasi. This gloomy scenario painted about Kumasi's housing situation is very worrying and calls for pragmatic measures to deal with the situation.

Using primarily secondary sources of information, this chapter looks at the housing situation in Kumasi in the context of the housing market in the City. The housing demand and supply interactions in the City alone do not shape the market as it does in other countries but also other socio-cultural factors come into play. The issues underpinning the market have been discussed. The chapter begins with a brief introduction and a review of housing policies in Ghana. It also discusses the housing characteristics and delivery system as well as the demand and supply of housing in the City. The chapter ends by looking at what the future housing situation will be in the City by 2020 if the current scenario painted is allowed to continue.

Housing Policies in Ghana

Ghana, like many developing countries, has had a chequered housing policy since colonial times with a number of development plans highlighting plans and programmes in the housing sector. Before the 1980s, the focus of housing policy in the country was the provision of adequate housing for the greater majority of the citizenry by embarking on mass housing projects with government being the sole financier of these projects. Government's mass housing projects were predominantly urban biased and emphasised owner-occupancy as well as tailoring them along the lines of single family housing to the detriment of multi-habitation occupancy and rental housing.

The failure of government policy interventions is partly responsible for the undeveloped nature of the housing market in the City, which ultimately affected the production levels. The formulation of policies and programmes has been quite easy as compared to their implementation. In fact, the implementation of policies has generally been unsuccessful and as a result, housing production has still lagged behind population growth in the cities. The failure of the various housing policies may be attributed to frequent policy abandonment due to political instability from

the 1960s to the 1980s, lack of coordination, poor housing management practices and corruption. Even under the 1992 Republican Constitution, frequent overhauls of housing policies have created uncertainty and disorientation which have disrupted long-term and sustainable programmes of the ministry responsible for housing. Added to this is the strong rent control regime that was enforced between the 1970s and the 1980s which stifled private sector initiative in the supply of housing in Kumasi (Tippie, 1987).

Empirical evidence on the housing sector suggests that governments that pursue housing policies based on the 'enabling market approach' have better results than those that rely on traditional policies of direct public sector supply and financing of houses for low-income households (Mahama and Antwi, 2006). The former approach relies on the private sector as the main supplier of housing and issuer of long-term financing for households of all income levels, with the government playing the facilitator and regulatory role in the delivery system.

The thrust of the current policy is that government will play a facilitator role in the construction of houses and provision of urban services. It is in the light of this that the Government of Ghana signed an agreement with STX Company Ltd of Korea for the construction of 200,000 housing units in the country within five-year period. Out of this number, 30,000 units will go to the security services and a further 60,000 to MMDAs as duty post housing. The remaining 140,000 will be sold to the general public under the auspices of the Home Finance Bank Ltd. The bank will provide mortgage loans to credit worthy potential owners to purchase some of the units. This implies that low-income households in the country's urban centres will not benefit under this agreement. Housing policy in Ghana does not adequately address the housing needs of the majority who live in the informal housing areas.

Housing Characteristics and Delivery

This section discusses the main characteristics of housing in Kumasi and the delivery mechanisms in the metropolis.

Housing Stock in Kumasi

The 2000 Population and Housing Census reports revealed that the housing stock in the Metropolis was 67,434, constituting 20.5 percent of the regional housing stock of 328,751 and increasing at an annual rate of 2.4 percent. Estimates in 2009 indicated that the total housing stock in the metropolis was 83,693 (KMA, 2010). The housing stock in the Metropolis is fairly distributed among the ten Sub Metropolitan Councils. Nevertheless, majority of this housing stock is concentrated at Kwadaso, Manhyia and Old Tafo Sub-metro. These sub-metros comprise the core and indigenous towns in the Metropolis such as Old Tafo (Mile 3), Old Tafo (Moshie Zongo), New Tafo and Kwadaso Nsuom. They also have communities such as Pankrono, Buokrom Estate and Asuoyeboah. The above communities

collectively host one-fifth of the housing stock in the Metropolis (Ghana Statistical Service, 2005).

Available statistics indicate that about 70 percent of households in the City live in single rooms while 2 percent out of the total number has 9 rooms at their disposal as sleeping rooms. Coupled with an average household size of 5.1 in the metropolis, this phenomenon is worrying and needs comprehensive and strategic interventions to mitigate the current overcrowding crisis and its attendant effects, which have already reflected in room occupancy rate of 2.8 (KMA, 2010).

Housing Characteristics

Kumasi's housing stock is characterised by poor housing conditions. Notable features of the City's housing stock are deteriorated buildings, poorly designed structures, poorly maintained houses and general housing decay. Buildings that have deteriorated are a common feature of the metropolis, especially in the old villages that have been incorporated into the metropolis. Houses in these areas have run-down to such an extent that some of them are even dangerous to the safety of their occupants. Added to this, is the fact that some of the houses are not properly designed by professionals, while others do not have designs on them at all. This apparently affects their structural stability, strength and quality. To worsen the situation, most of these houses are not maintained on regular basis. In most cases, maintenance is done when there is an impending funeral and even during this occasion, maintenance is not intensive in all parts of the house. This has resulted in general housing squalor, decay and despondency in the City.

Housing Types, Sectors and Densities

Housing in Kumasi displays six distinct house types, namely:

- i) The single storey traditional compound house;
- ii) The multi-storey compound house;
- iii) Small self contained units (two to three bedroom units);
- iv) Large single family house built on large plot sizes (Villa type);
- v) Blocks of flats or apartments, which occur in pockets in the metropolis; and
- vi) Terrace housing.

The traditional compound house is usually built in the indigenous housing areas of the City (refer to Figure 5.1). A typical traditional house in the City is a single storey structure with unroofed interior compound of either rectangular or square shape. Rooms are arranged around the compound with shared facilities such as kitchen and toilet. In most cases, tenants do not have access to the toilet which is exclusively used by the landlord and his household. Most of the traditional single storey compound houses in the traditional settlements are built of 'atakpame' (rammed earth balls placed on top of each other in stages). Compound houses built with local materials and with local know-how allow relatively low-income

households in the City to build for themselves. They usually add extra rooms to rent to outsiders or rent free extended family members. However, from the 1980s, sandcrete blocks have replaced the rammed earth balls and even have become popular with low-income households in the City. The traditional compound type is widespread throughout the City and is found in Bantama, Kwadaso, Fanti New Town, Asafo, Anloga, Ayigya, Old Suame, Old Tafo, Bremang, Asuoyeboah and all the old settlements or villages that have been absorbed into the Kumasi Metropolitan Area.

The multi-storey compound house is similar to that of the traditional compound house, in terms of room and arrangement of facilities, except that it may be up to about five floors high in certain instances (see Figure 5.2). The upper floors are reached via the staircase in the courtyard and each floor has a veranda opening into the courtyard. As in the case of the traditional compound houses, facilities are shared by all households on each floor. Multi-storey compound houses constitute about 15-20 percent of the total housing stock. As a result of resource constraints, multi-storey compound houses are built on piecemeal or incremental basis. The lower floors are normally inhabited while the upper floors are being constructed. They are mostly found in Ashanti New Town, Bantama, Adum, Asafo, Dichemso, New Tafo, Amakom and Yennyawso.

The small self-contained units are usually made up of two to four bedroom units and are mostly developed by the middle income household purposely for owner occupation. Vacant rooms are not rented out because all the rooms have one common living area (known locally as hall). These are found mostly in the peripheral and newly developing areas in the City (Figure 5.3).

Blocks of flats or apartments occur in pockets throughout the City, though very rarely in the indigenous sector, but some are found in the tenement sector. Unlike the multi-storey compound, they are not built around an interior courtyard (Figure 5.4). A typical example is the Social Security and National Insurance Trust (SSNIT) housing in Asuoyeboah and can also be found in some Senior High Schools in the City.

Terrace housing also known as row housing normally ranges between one and two bedroom units with common bath house and sometimes kitchen. Examples of this type of housing in the City can be found at Asawasi and North Suntresu Housing Estates and Hall Six housing areas of the Kwame Nkrumah University of Science and Technology. Over 60 percent of the Asawasi and North Suntresu housing estates are of the terrace type.

The villas are usually large single family houses and these do not have courtyards like the traditional compounds. Those who cannot afford accommodation in other parts of the City may live in a part while construction is in progress. Those who can afford alternative accommodation elsewhere in the City entrust their houses under construction to rent free tenants who act as care-takers. The responsibility of the care-takers primarily is to keep the house from being overgrown with weeds and also take care of the construction materials that may be stored there. Such arrangements are very common, especially in the peripheral areas.



Figure 5.1 – Single Storey Compound House



Figure 5.2 – Multi-Storey Compound House



Figure 5.3 – *Small Self-Contained house*



Figure 5.4 – *A Block of Six Apartments*

A study by Tipple (Tipple, 1987) classified the housing areas into four sectors namely: (i) High cost sector; (ii) Tenement sector; (iii) the Indigenous sector; (iv) the Government built housing estate; and (v) Institutional housing.

The high cost sector is made up of government-built, single family high-income housing, block of flats that occur in pockets in the City. The houses in this sector consist mainly of large single-family houses in the form of villas, bungalows or flats/apartments built on large plots. The emerging trend in the City is that most of the new constructions since the middle of the 1990s are single family units on large plots. The high cost housing areas include Asokwa, Nhyiaeso, Bomso, Ridge, Danyame and Atasomanso New Town. Other high cost houses (Villas) occur in pockets throughout the metropolis.

The tenement sector comprises multi-storey compound houses that tend to have the largest number of rooms. The rooms may be even up to between 15 and 50. Housing areas under this sector comprise Asafo, Amakom, New Tafo, Bantama and Yennyawso. The number of persons per house in this section is 50-200 people.

The indigenous sector is made up of single-storey traditional compound houses that are mostly occupied by low-income household residents of the City. Most of these housing areas were villages that have been incorporated into the Kumasi Metropolitan Area due to the expansion of the City. Housing in these areas is crowded with high housing and population densities and have poor spatial arrangements as well as low level of services (Owusu, 2000). Examples of such areas are Adum, Kwadaso, Fanti New Town, Suame Zongo, Bremang, Aboabo, Anloga, Moshie Zongo, Kotei Old Town, Ayigya, Ayeduase Old Town, Old Tafo and Kentinkrono.

The government-built sector consists of mainly low and middle income housing estates built for civil servants. These estates are designed for single household occupation and are well-serviced with infrastructure. All the housing estates in Kumasi come under this sector. They include Asawasi Estate, North and South Suntresu Estates, Kwadaso and Patasi Estates, Ahinsan and Chirapatre Estates, Buokrom Estate and Pankrono Estate (see Figure 5.5). Government stopped the construction of these estates because of change in policy, and the ownership of the houses have been transferred to individuals. The government-built sector constitutes about 19 percent of the total stock.

Institutional housing is found in all the government-assisted Senior High and Technical Schools in the metropolis, public universities, training colleges, the Kumasi Polytechnic and the Komfo Anokye Teaching Hospital staff housing. Houses built for these institutions are basically for the staff as duty post housing. The percentage share of institutional housing in the metropolis is about 1-2 percent of the total stock. Though the government has discontinued the construction of estate housing, institutional housing provision continues.

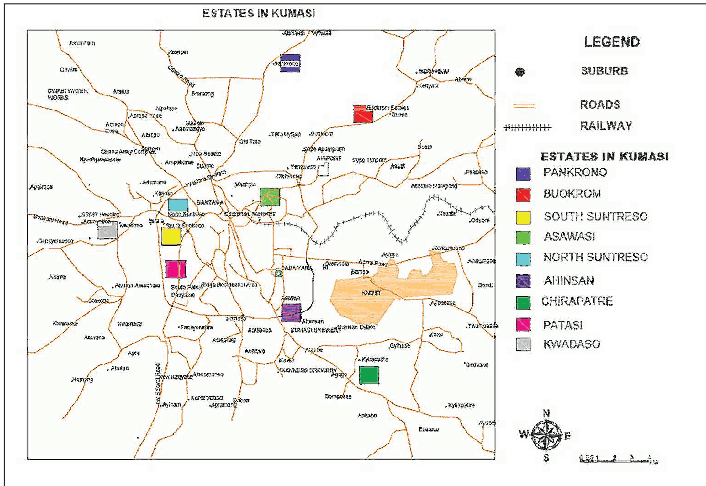


Figure 5.5 – Government-Built Housing Estates in Kumasi

Source: Town and Country Planning Department, KMA, 2011 and Author's Construct

Households in Kumasi live in high densities, though the City-wide average housing density is 5.4 houses per hectare (Afram, 2007 and KMA, 2010). This notwithstanding, in some localities, densities are as high as 7 houses per hectare. The average household size is between 5.1 and 5.8 and the City-wide room occupancy is 2.8. The average room occupancy for the high cost and tenement areas are 1.9 and 3.0 respectively. The indigenous areas have an average of 2.8 persons per room, while the government sector has room occupancy of 2.5 (KMA, 2010). However, some indigenous and tenement areas in the metropolis record room occupancy rate as high as between 6 and 8 persons per room. The room density data as they are currently, indicate overcrowding in the City.

Table 5.2 – Housing Supply in Kumasi by Sectors, 1960 – 2020

Sector	Number of Houses						Absolute Change 2010 – 2020
	1960	1980	1988	2000	2010*	2020*	
High Cost	1575	3950	4350	5019	6362	8064	1702
Tenement	2646	4110	4520	5186	6536	8285	1749
Indigenous	4800	8380	9500	16,896	21,418	27,151	5733
Government	2257	4160	4390	6357	8058	1024	2156
Total	11278	20600	22760	33458	42374	44524	11340

Source: Opoku, 1990; Ghana Statistical Service, 2005

*Author's estimates based on 2000 figures

Housing Services and Facilities

A shelter is classified as a housing unit if it comprises the physical structure and the amenities needed to ensure decent life. Basic amenities that a housing unit must possess include water facility, toilet facility, electricity and lighting system among others. With regard to water supply, the options available include Pipe-Borne, Tanker Supply, Well, Borehole, Spring/Rain Water, Rivers/Stream and Dugout.

Statistics available reveal that majority (97 percent) of the households in the City have access to potable water facilities. About 60 percent of these households have pipe-borne water facility inside their houses. Pipe-borne water is available to over 80 percent of the households in the Metropolis. Notwithstanding this fact, the supply of potable water by pipe-borne facilities is plagued with irregular flow. This has contributed to the increase in the number of households using water from wells. Those without such facilities in their neighbourhoods have to cover some distance to fetch water.

Another key housing amenity that contributes to decent living is toilet facility. Available data on toilet facilities in the metropolis indicates that majority of the households do not have toilet facilities inside their houses. As a result of this, most residents patronise public toilet facilities in their communities. Because these people exceed the limits required for the public toilets in their communities, residents have to join long queues during early mornings and in the evenings. For example in Atonsu, there are only two public toilets, serving over 10,000 people who do not have this facility in-house. This makes it over 300 people per squat-hole (Devas and Korboe, 2000). Those who cannot contain the pressure often resort to indiscriminate defecating. This is a major cause for concern in Kumasi. This situation has led to pollution of the environment in some localities in the City.

Energy is another component of housing amenity that plays a significant role in households' day-to-day activities. Electricity is the major source of energy for domestic activities. It is used for cooking, storage, entertainment, lighting and for ironing. About 88 percent of households in the Metropolis have access to electricity and 10 percent use kerosene (Ghana Statistical Service, 2005 and KMA, 2010). The supply of electricity in the Metropolis has always lagged behind demand. The inability of Electricity Company of Ghana Ltd to supply electricity to meet the needs of residents has resulted in frequent power cuts and fluctuations.

Out of the 88 percent households with electricity as the main source of energy, some of them in areas like Hemang, Magazine Zone 3, New Road Junction, Kokoso New Site, Anomanye, Nkontwima and Asubonteng experience low voltage because of overloading of the transformers, some of which are very old.

Inadequate access to basic services and facilities, coupled with housing shortages and poor housing conditions in some localities in the City, have led to a deteriorating housing environment, giving room to the emergence or development of slums in the metropolis.

Housing Delivery System

Housing delivery in Kumasi is basically of two types, namely estate housing and private housing construction. Private housing accounts for over 80 percent of the housing stock in the City.

Estate Housing

Government's efforts in the past to improve housing situation in Kumasi have mostly been in the form of estate housing built by the then State Housing Corporation (now State Housing Company Ltd) for low to middle income households and semi-detached and single household houses for senior public sector employees. In all, there are eleven government-built housing estates in the City. They are made of small detached or semi-detached units, rows or terraces of single rooms with detached kitchens and communal bathing and toilet facilities. Unfortunately, like many other estates in other parts of the country, the housing estates in Kumasi failed to solve the housing problems of the low-income households as a result of the fact that, the supply was too limited in relation to demand as well as the inability of the poor to afford their rental or outright purchase prices. Government has stopped the production of these estates houses since the early 1980s.

Private Housing

Housing delivery by the private sector is by individuals whose singular efforts account for over 80 percent of the total housing stock (Sinai, 1998a; Sinai, 1998b). These individuals engage the services of local builders to do the house construction based on incremental development (as and when money is available) and the houses are in the form of compounds or villas. Unfortunately the developers who supply most of the traditional compound houses in which the urban poor typically lived, do not operate as formal sector entrepreneurs and as a result do not benefit from government incentive packages such as loans for residential development.

The conventional development process, which has been practiced in most developed countries, starts from Planning and continues through Servicing, Building and Occupation (PSBO). The practice in Ghana does not actually follow the practice in the developed countries. The pattern in Kumasi is the model that can be described as Plan, Build, Occupy and Service (PBOS) (Owusu and Asamoah, 2005). The general approach to housing development in Kumasi, shows that when any of the surrounding villages is engulfed by the expansion of the City, the chief who owns land in the area requests Town and Country Planning Department (TCPD) to prepare a layout for the area. The TCPD in turn, also request survey Department (SD) to provide base maps for the area in question to enable TCPD to prepare the layout. As a result of a number of problems including inadequate staff and funding, in most cases, SD is not able to perform this assignment. The land owner then falls on quack surveyors or survey technicians to prepare base maps and demarcate the land into building plots without approval from the Kumasi

Metropolitan Assembly. This is also done without recourse to other social services and infrastructure agencies.

When allocation is made from these unapproved areas in the City, the allottee normally does not make any attempt to secure development and building permits. The reason for this is that the KMA Planning Committee will not issue development and building permits for areas with unapproved layouts. Even in areas where approval had been given, most developers do not apply for any of the permits and start house construction straight away by stock piling sand and building blocks on the plot. Depending on the finances of the developer, construction is either done incrementally (in phases) or in one phase. It is after construction that services like water and electricity are extended to the area. Such areas have poor road access, inadequate refuse disposal points or transfer stations (Owusu and Asamoah, 2005). As a result of this situation, a significant proportion of all the houses in Kumasi (except the high cost government built housing estates), are unauthorised or lack planning permission. Examples of such areas in the City include all the villages that have been absorbed into the Kumasi Metropolitan Area, most of the newly developing peripheral areas and the emerging slum areas. Many developers also attempt to obtain development and building permits but are unsuccessful because of bureaucratic processes and poor development control regime. However, this trend is changing with the advent of Act 462, which enjoins developers to commence development after three months of their application.

Construction of houses in the City is done by individual developers, who engage the services of artisans through hired labour on daily basis and supervise the construction by themselves generally to satisfy family needs and social status. It is very rare for developers to award house construction on contract; it is always done by informal sector labour. The choice of drawings, building materials, labour, and type of landscaping are at the instance of the developer. This phenomenon is not only peculiar to the low-income developers but also the rich as well. This is as a result of lack of a functional housing market in the City and the vibrant nature of the informal sector of the City's economy.

Between 1990 and 2000, only 7.2 percent of the buildings in the metropolis had permits. It is learnt that all those who have permits are those who can access loans from the banks. Housing stock and conditions in Kumasi have changed since 1960 when there were 8,475 houses in Kumasi as against 22,800 in 1991. Currently, the figure has risen to about five fold representing an increase of over 500 percent (Mahamah and Antwi, 2006). The trend, according to a recent study could be attributed to basic legal problems described by development officers as 'very cumbersome,' lawlessness and apathy on the part of the Kumasi Planning Committee whose meetings had not been regular over the years (Mahama and Antwi, 2008). The result is that the issuance of permits has been very slow generally even though permits are supposed to be granted or issued within 90 days. The requirement for a lease before one applies for permit has also been cited as a major obstacle. By regulation, housing developers are required to obtain development permit from the Town and Country Planning Department and building permit from

the KMA. But due to the cumbersome nature of the procedure and cost (in terms of time and actual payment of fees) many developers avoid applying to obtain the required permits. When granted, the development permit allows the developer to proceed with the approved type of development (residential or whatever) at a particular location. Building permits are required for the purposes of ensuring that the Metropolitan authorities scrutinize the architectural and engineering details of the design of the proposed development, as well as its potential impact on the surrounding environment. It is required that a Building permit should be issued before any house construction starts, but because of delays in processing documents, and lack of education most developments start before permits are issued.

Demand and Supply of Housing

Contrary to the apparent neglect in mainstream macroeconomic analysis in the past in Ghana, the housing market in the country has become so important and strategic now a-days to policy makers, investors and players in the housing sector. This notwithstanding, compared with other countries, Ghana's housing industry is at a rudimentary stage (Bank of Ghana, 2007). Generally activities in the housing market affect the well being of people in terms of size and composition of the household's wealth, accessibility to credit, labour productivity, employment and other macroeconomic variables. Housing is one sector that has multiplier effects on any economy globally. This situation is not different in Ghana as the housing industry promotes the building materials industry, the labour market, the household appliances market and many others.

In Kumasi, demand for housing can be grouped into two, namely: (i) Demand for owner-occupied housing. This is the demand that leads to investment in new construction and new housing starts and completions; and (ii) Demand for housing units or rooms by renters.

Statistics indicate that there is insufficient housing stock to meet the ever-increasing demand for housing in the metropolis. There is a continuous rising housing demand deficit as a result of inability of supply to meet demand in the City. This has led to overcrowding as depicted by high room occupancy of 2.8. The City's population is growing at 5.7 percent per annum, while that of housing is growing at 2.4 percent per annum. This clearly indicates a huge housing deficit in the metropolis. The deficit is so alarming, as indicated in Table 5.3, that urgent attention is needed to address the situation. According to the table, in 2000 the housing need was 231,653 but supply was 67,434. Supply has not been able to meet housing need over the years and estimates indicate that by 2020 the housing deficit in the City will hit 381,000.

Table 5.3 – Housing Supply and Demand from 1984 to 2020 in Kumasi

Year	Population	Housing Stock (supply)	Need	Housing deficit
1984	487,781	23,634	95,589	71,955
2000	1,170,270	67,434	231,653	124,159
2010*	1,826,000	77,530	358,039	280,509*
2020*	2,397,000	89,091	470,000	381,000*

Source: Ghana Statistical Service, 2005; UNHABITAT, 2008

*Author's estimates based on 2000 growth rate

Demand Factors

The factors that affect the demand for housing in Kumasi, in particular and Ghana as a whole, are many but the most important are:

- i) *Demographic Patterns:* The aspects of population that affect demand for housing are, population size in terms of growth or numbers, class structure, age distribution (a population composed of relatively young adults will require smaller housing units), household size, rate of household formation and population mobility.
- ii) *Household Income:* Household income and its distribution are the main factors influencing demand for housing. High income households have a higher propensity to consume high quality housing than their low-income counterparts. If income distribution is skewed toward a few people, there is the likelihood that greater majority of the populace would be cut off from the demand channel. This phenomenon is gradually developing in Ghana.
- iii) *Cost of available housing units:* In Kumasi, high house price acts as a disincentive for many potential households and individuals to own a house. Cost of houses are as high as GH¢45,000 (US\$32,143) in the informal housing market and a three-bedroom house costs GH¢70,000 (US\$50,000) in the formal housing market (Bank of Ghana, 2007). Affordability is very critical in determining the demand for housing.

Housing Market

The Housing market is the arrangements for the production and sale of housing as well as the interplay between the forces of demand and supply. In other words, it is the sum of transactions of buying, selling and renting of houses, including the framework for supply and demand of housing (Di Zhu, 2001; Di Zhu et. al, 2003; and Rohe et. al, 2002). The framework for supply and demand in this sense is the set of institutions and procedures for distributing households in a given area across

housing units. However, the housing market in Kumasi is not the normal type relying on the forces of demand and supply as a regulatory mechanism.

Kumasi does not have a well structured housing market like the fastly developing market in Accra. There are only a few real estate companies in Kumasi which are not even into the production of housing. Ideally, they can be classified as agents and not estate companies. Their activities are centred mainly on linking people who want to buy land and property or secure rental accommodation. The market is based on hearsay, personal search and contacts through friends, radio announcements and newspaper advertisements.

The state of income and employment levels and the cost of housing clearly indicate that most households in the City cannot afford rental apartments and owner-occupied units. Housing cost, is beyond the affordable limit of majority of households in Kumasi, implying generally low housing affordability levels (Karley, 2008). The income and house price level released by Bank of Ghana indicates that a household in Kumasi would have to save its entire annual income for, at least, thirty-nine years before that household can own a house. Generally in Ghana, the level of income and unemployment partly account for the inadequacy and poor conditions of housing in the country. Though rental housing accounts for over 40 percent of housing stock or supply in the City, demand for high quality rental housing has been rendered ineffective by rental agreements requiring upfront payments of two to three years rent advance (Quayson, 2007). A study by Karley (2008) indicated that, a two-bedroom apartment in a good location in the City cost between Gh¢250 and Gh¢300 per month. Income levels have serious implications for the development of shelter and housing loan products for low-income households, which are in the majority, since the level, source, and sustainability of a household income impact on the determination of mortgage terms, size, cost, collateral requirements and repayment methods (Cooperative Housing Foundation, 2004). High eligibility requirements normally deny most households from benefiting from mortgage loans in Kumasi.

As a result of the pattern of distribution of incomes and the characteristics of the major players in the supply chain in Kumasi, a three-tier market operates, namely: high income household market, middle income household market and low-income household market.

The high income market stratum is found at the top of the structure and it is patronised by households who can afford housing of high quality villas in fully serviced neighbourhoods of low density. Examples of such areas in the City are Nhyiaeso, Danyame, Atasomanso New Town and many other places dotted in pockets in the City. In Kumasi, it is estimated that the upper income households control about 17 percent of house construction in the City. The middle income households are the target of financial institutions in the City and are the major beneficiaries of specialised financial mortgage financing schemes. They are mostly senior civil and public servants and middle level employees of private multinational companies, such as Ghana Breweries Ltd, Coca-Cola Bottling Company, MTN, Vodafone and the financial institutions operating in the City. Others are

the numerous self-employed in the City's informal economy. Numerically, the low-income housing market is the largest housing market group and belongs predominantly to the informal housing sector with little resources. They consist of low wage earners in both public and private sectors. Rental housing is the major housing tenure choice and their housing environment is very poor, in terms of both facilities and services. The upper lower income group in the City struggle to provide housing for themselves and the vacant rooms in their houses are rented out with shared facilities. All these players in the housing market in Kumasi are regulated by the government through the Kumasi Metropolitan Assembly.

Factors Inhibiting the Market in the City

The housing market in Kumasi is influenced by a range of factors which include economic factors, social factors, location factors, pricing as well as government policy. The economic factors mostly relate to the general economic situation in the country, which include income levels, unemployment levels in the City and interest rates. Demand for housing in Kumasi is basically dependent on income. Therefore, with higher economic growth and rising income, people's aspiration and need for housing become paramount on their list of needs and would be prepared to spend more on accommodation/houses, thereby increasing demand for housing, both owner-occupied as well as rental and consequently push up prices. Related to economic growth is unemployment. Clearly, when the rate of unemployment is rising, fewer people will be able to afford quality housing. In addition, unemployment leads to less household formation and the ability of the unemployed to either marry or move from parents' houses. The Ghana Living Standards Survey 5 of 2008 indicates that overall unemployment in the country is 3.6 percent. However, the unemployment rate in the City is 11 percent and includes disguised unemployment and even those who are employed earn low wages (Ghana Statistical Service, 2008). During the 1970s and the late 1980s the housing supply in the City was greatly affected because of the general economic conditions and therefore it has been asserted that the huge housing deficit the City is experiencing now was from that period (Tipple, 1987; Tipple and Korboe 1998; Boamah, 2010). Government policy can greatly affect the housing market by either encouraging or discouraging supply and demand. During the early 1980s when rent control laws were strictly enforced in the City, supply became constricted and this consequently increased the housing backlog. For example, PNDC Law 138 of 1986 forbids landlords from raising rent without prior approval of the Ministry of Works and Housing (now Ministry of Water Resources, Works and Housing). The Legislative Instrument 1318 of March 1986, raised rent levels tenfold for single room accommodation but was still on the low side because it was still below the UN recommended rent being 15 percent of one's monthly income. Generally, rent levels in Ghana as proportion of one's income are abysmally low (below 10 percent). In Kumasi the average rental charges are about 5 percent of households' total monthly income. It is the lowest in Africa in comparative terms as opposed to the UN average

of 15 percent in Sub-Sahara Africa (Annor, 1996). Rent control is basically a subsidy intended to favour low-income households but is rather borne by landlords and not the government. Rent control regimes have been counter-productive and have not served the best interest of the poor it is intended to protect.

Social factors are generally the underpinning forces of Kumasi's housing market. Aside the economic factors, housing is considered as a sign of affluence and a person's status in society. Therefore people build in the City not because of the market trend but because it is prestigious to own a house in Kumasi. There are many houses in Kumasi whose owners are not resident in the City; they live in their home towns. The mere fact that one has a house in Kumasi gives him a sense of pride. Among the Ashantis, one major measure of wealth is the number of houses one has in the City even if one is not domicile in the City. Culturally, it is believed that a house constructed today is for both the living and the unborn generation and therefore there are many houses in the City which have become family owned (extended family). Any member of a family who sells his house for economic reasons is considered selfish by his extended family. People talk of 'building' houses and not buying houses. Houses offered for sale in the City hardly find buyers. This is attributed mainly to cultural, spiritual and economic reasons.

Within the City, status and class are determined by the location, size and pricing of one's housing and not by the regulatory mechanisms in the housing market. Developers within the City actually relish the uniqueness of their houses within the environment they are located in, hence the near absence of real estate companies in the City. The reason is that real estate companies build prototype houses, which do not suit the taste and status of those who can afford them in the City. The failure of the Parakuo Estate experiment in Kumasi in the early 1990s was as a result of this reason. The private estate project did not offer the variety and uniqueness people desire. Added to this is the traditional nature of the City as the seat of the Asante Kingdom. Almost all the paramount stools constituting the Asanteman Council have houses in the City not because they live in the City but because it is an unwritten rule for them to do so. This also serves as catalyst for citizens under these traditional areas to build in the City. Building for cultural and traditional reasons does not actually facilitate a vibrant housing market in the City.

Housing Supply

This sub-section focuses on housing supply in the City and the factors, which have far reaching implications for the supply chain. These factors have shaped the housing environment in the City. Housing supply in the metropolis is mainly by individuals and their effort is complemented by government through institutional housing. Previously government went into direct production of houses but stopped, except for the uncompleted affordable housing scheme at Asokore-Mampong. The private sector currently produces about 83 percent of the total housing stock in the metropolis (Boamah, 2010). Over the years, supply has not been able to meet demand and thereby creating a huge housing deficit (see Table 5.2). This

phenomenon is attributable to supply factors. The factors are land, labour, building materials and the financing mechanisms.

Land

Urbanization, coupled with rapid increase in the City's population and the expansion of Kumasi's economy exerts pressure on available land resources in the metropolis. The problems of land for housing development in the City are not due to lack of land, but rather to the acquisition processes and procedures, as well as title registration and pricing. The land acquisition processes in the City are in three major stages. Grant of government land is the prerogative of the Regional Lands Office and is also cheap and straight forward. Allocation of stool land to a prospective developer rests with a number of chiefs of matrilineal descent and the lessee enters into a relationship with a group of ancestors through a recognised intermediary, who is the chief, and the Golden Stool, through the Asantehene (Asamoah, 1997). The first stage is for a prospective developer to approach any caretaker chief with land in the City through an intermediary. He is then shown a piece of building plot by a palace messenger or the representative of the land allocation committee in the community, and if he or she is interested a 'drink money' is paid. The 'drink money' depends on the location and size of the plot. Allocation note is issued to the prospective developer. The next stage of the land transaction is that the allocation note is taken to the Asantehene's Land Secretariat for him to counter sign because of the fact that all lands in Ashanti belong to the Golden Stool and that all chiefs in the region are caretakers. The prospective developer pays one-third of the amount that was paid to the caretaker chief to the Asantehene. The next step is to apply to Lands Commission for preparation of lease document, which can take about a year before the lease is prepared. Each of the stages is cumbersome and time consuming and lend itself to bribery and corruption.

These have made it extremely difficult for prospective developers to access land with adequate security. In addition to these are also the problem of land use control and standards, land information system and institutional problems.

Finance

In spite of the network of banking and other financial institutions in the City, there is little mobilisation of savings that can be channelled into the housing sector. The HFC Bank Ltd whose focus is primarily to offer mortgage loans to prospective developers does not address the needs of most low-income and middle income households building houses in Kumasi. The vast majority of builders in the City still rely on funds from personal sources for the purchase or acquisition of land and payment for building materials, labour and for utility connections. Formal financial sources are little used in the construction of houses and rental incomes are also not enough for housing investments in the City. This has resulted in a situation where the housing market operates outside the formal economic system. The financial institutions in the City mainly cater for the middle income and the high income

because of the high interest they charge on loans which the low-income households cannot afford. As a result of limited flow of funds, most houses in the City take between five to ten years to construct. It is a lack of finance which impedes the rapid completion of houses in the metropolis. Though people may be poor on the average, there is a substantial volume of cash in the informal economy, which could be used for housing development purposes. By developing innovative interventions, it may be possible to attract such latent capital for low-income housing investment.

Labour

The metropolis has a pool of both skilled and unskilled labour from which to draw from for house construction. The Kwame Nkrumah University of Science and Technology trains high calibre professionals (architects, civil engineers, building technologists, land economists and planners) for the general construction industry. There are other institutions in the City which train middle level construction workers like masons, electricians, carpenters and plumbers. The efforts of these institutions are complemented by apprenticeship training through the numerous master craftsmen in the City. Many members of the labour force in the housing sector are trained through the apprenticeship system. This group is responsible for the construction of about 90 percent of houses in the City. Most of the artisans in this group do not have any certification and as a result most of their works are shoddy and are of low quality. Many of them also lack modern construction technology because of their unskilled nature. The numbers in this group also keep on fluctuating because of the easy entry to the profession and the freedom to exist as well as the irregular nature of their work.

Building Materials

House building in Kumasi is mostly dependant on imported materials and components. The choice of building materials depends on the taste and preference of the developer. The most common wall fabric is cement based. Most of them are in sandcrete blocks for which the cement is imported as bagged ready to be used or in the form of clinker to be grounded and bagged in the country. Most of the sandcrete blocks used for housing construction are produced by small scale entrepreneurs, moving from site to site using labour intensive production methods. Roof coverings are basically aluminium sheets or alu-zinc (a combination of aluminium and zinc base), concrete tiles, or clay tiles. Sanitary wares have high imported components because the local industries are not able to meet the demand of developers. Paints, cables and solvents rely mostly on imported raw materials for their production. The micro concrete tile when used as roof covering demands excessive rafters and purlins and therefore it is the rich who can afford it. Some suitable or alternative building materials developed locally such as concrete and clay roofing tiles are gradually becoming popular with developers in Kumasi. Many of the locally developed building materials have not had the desired impact on the housing construction industry in the country in general and Kumasi in particular.

Key players in the City's housing supply

Within the housing supply chain in Kumasi, there are major stakeholders or players whose actions and inactions positively or negatively affect the supply and delivery situation. They are made up of landowners/chiefs, construction companies, informal sector housing operatives, financial institutions and land sector agencies. Others are utility agencies, Kumasi Metropolitan Assembly and building materials producers and importers. All these players in the housing market in Kumasi are regulated by the government through the Kumasi Metropolitan Assembly.

Problems of Housing Supply in the City

The problems confronting housing supply in the metropolis are many and varied but can be summarised as follows: (i) inadequate supply of serviced land; (ii) lack of land information system on land and institutional bureaucracies; (iii) inadequate in-house facilities and services; (iv) inability of utility agencies to expand and improve on infrastructure network and services; (v) ineffective housing finance mechanisms; and (vi) non-utilisation of local building materials and technologies. These problems have negatively affected the metropolis' housing environment and therefore there is the need for a cross-cutting and concerted effort by the City authority and central government and all other stakeholders to address the issues.

Looking into the Future

It has been estimated that Kumasi's population will hit 2,397,000 by the year 2020 (UNHABITAT, 2008). Judging by the current housing growth rate of 2.4 percent per annum, the City's total housing stock will also be around 89,091. The housing need at that period will be around 470,000 units. With current average room occupancy of 2.8, the metropolis will need to provide about 37,100 housing units annually to reduce the overcrowding by 2020. Failure to achieve this target will worsen the housing situation and the number of slums in the City (both originating from squatter settlements and from indigenous communities incorporated into KMA) will increase threefold. Many more residents will be squeezed out of the rental market in addition to those who will not be able to afford decent owner-occupied housing in the City. Housing deprivation will also worsen the poverty levels in the City and may consequently lead to increase in crime activities.

Access to housing facilities and services like potable water, public toilets, electricity and refuse disposal and management will be seriously constrained. The hardest hit will be the low-income household in the City. The gloomy picture painted about the future housing situation in Kumasi demands concerted efforts by the three major stakeholders who shape the City's housing environment: government, KMA and residents. Resources are needed from government and its facilitator role should be proactive and forthcoming in enhancing the supply channel mechanisms; KMA and its allied agencies must enforce its by-laws on housing development; and residents should be disciplined, proactive and law

abiding in their attempt to provide shelter for themselves. This is as a result of the fact that the informal sector will continue to dominate housing provision in the City. If pragmatic interventions are not put in place to facilitate housing delivery in Kumasi, the future of housing in the City will hang precariously in the balance and residents' hope of decent and affordable housing will be a mirage. This therefore calls for appropriate macroeconomic policies, improvement in the technological base for housing development as well as improving the infrastructure base for new housing areas in the City and flexible housing finance mechanisms.

Conclusion

Housing in Kumasi is not adequate and many of the houses are also of poor quality. The performance of the formal finance sector in housing financing in the metropolis has not been encouraging because most households are not able to meet the basic affordability ratio required by lenders as a result of low income. The housing market in the City is under developed and therefore, real estate companies do not find it lucrative to operate in Kumasi. The few that are operating in the metropolis are rather estate agents. The bulk of housing in the City is provided by the informal sector housing operatives and most of the houses provided by the sector do not have building and development permits.

Sanitation facilities are not available in most houses especially in the high density areas of the metropolis. The poverty levels of majority of residents have also contributed to the demand for single rooms with shared facilities. This, in no small way has increased the overcrowding, which reflects in high occupancy rates. Housing provision in the City currently is geared toward single family units, and this has squeezed out the low-income households from the shelter market.

It is therefore important for government to commit more resources to housing infrastructure development in the City and also play a proactive facilitator role in removing the supply bottlenecks. The City authority and its allied agencies must enforce the by-laws regulating housing development. Developers/residents should also abide by development control regulations in their attempt to provide shelter for themselves. It is through these efforts that the City's housing deficit can be addressed.

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