JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

An Assessment of Homeownership Determinants for Middle-Class Households in Addis Ababa, Ethiopia

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ABSTRACT

As Ethiopia's capital, Addis Ababa faces a severe housing shortage, with an estimated deficit of over 400,000 units, a challenge compounded by an urbanization rate of 4.1% (EBR, 2023). The research highlights the significant obstacles to homeownership, including demographic and socio-economic disparities, rapid urbanization, policy deficiencies, resource limitations, and housing cost. Despite government initiatives; like the Integrated Housing Development Program (IHDP), the demand for housing remains largely unmet, with 60.8% of respondents indicating a need for residential housing. Vulnerable groups identified in the study include employable households, female-headed families, and large-sized families. The study contributes to the understanding of the housing crisis by underscoring the need for targeted policy interventions. These include increasing the availability of affordable land and construction materials, prioritizing vulnerable populations, expanding subsidized public housing, regulating housing prices and rental rates, enhancing mortgage facilities, and managing the influx of migrants to the capital. These recommendations aim to improve homeownership opportunities for middle-income households and address the persistent housing deficit in Addis Ababa.

Key words: Homeownership determinants, middle-class households, housing deficit,Affordable housing, Urbanization, and Migration

1. INTRODUCTION

In the coming decades, global urbanization is set to escalate significantly, with the proportion of urban dwellers rising from 56% in 2021 to 68% by 2050. This shift will add approximately 2.2 billion people to urban areas. Sub-Saharan Africa has witnessed a dramatic tenfold increase in in the past half century, expanding from 32 million in 1960 to 458 million in 2020 (UN Habitat, 2023). This remarkable growth underscores the continent's rapid urban expansion and the accompanying challenges in accommodating the burgeoning urban populace.

This massive shift exacerbates housing demand and places significant strain on infrastructure. Cities are grappling with complex challenges as people migrate from rural areas in search of better employment, living conditions, and access to services. These dynamics highlight the global struggle to manage expanding urban populations while addressing associated social, economic, and environmental issues. As population and urbanization rates increase, the disparity between housing demand and supply widens. Rapid urban growth drives more migration to cities, leading to overcrowding and severe social problems, particularly in developing nations. Indeed, many African countries are currently facing acute housing crises.

Africa's urbanization rate is projected to experience a substantial increase by 2050, as the continent seeks to align itself with broader global trends. In particular, East Africa is witnessing an even more accelerated population growth rate, averaging 6.5% per year (OECD, 2020b).

Ethiopia, with a population of approximately 123 million in 2022, stands as the second most populous country in Africa. The country's population growth rate has largely stabilized at 2.5% per year (Kihato & Gitu, 2023). However, projections suggest an increase to 2.7% annually, potentially reaching 190 million by 2050. Currently, only 20.8% of Ethiopians reside in urban areas, making it one of the least urbanized countries on the continent. Nevertheless, this situation is changing rapidly. According to the Ethiopian Central Statistics Agency, the urban

population is expected to triple to 42.3 million by 2037, with a growth rate of 3.8% per year. The World Bank anticipates an even more accelerated rate of 5.4% annually (Abebaw, 2019).

Addis Ababa, the capital of Ethiopia, has seen its population surge significantly due to high levels of internal migration. According to the World Bank (2021), migration is a key factor driving this growth. A large proportion of Ethiopia's urban population is concentrated in Addis Ababa, with nearly half of its residents having relocated from other parts of the country. This influx has intensified the strain on the city's housing infrastructure, particularly impacting middle- and lower-income residents. The rapid population increase is placing substantial pressure on the city's ability to provide sufficient and affordable housing.

Addis Ababa faces an estimated housing backlog of 1.2 million units, highlighting the severity of its housing crisis. Between 2015 and 2025, the projected demand for housing in the city stands at 655,800 units, far surpassing the national annual housing supply, which is approximately 165,000 units. A key challenge exacerbating this shortage is the lack of access to affordable land, compounded by the predominantly market-oriented land management system. This land scarcity and high property costs continue to hinder the city's ability to meet the growing housing needs of its rapidly expanding population (Kesto, 2021).

Given this backdrop, the study will delve into the determinant factors of homeownership among the middle class in Addis Ababa, Ethiopia.

1.1 Objectives of the Study

- To identify and analyse the socio-economic and demographic factors inhibiting homeownership among the middle class in Addis Ababa.
- To propose strategic policy recommendations to enhance homeownership accessibility for the middle class in Addis Ababa.

1.2 Rational of the Study

The absence of homeownership is a prominent characteristic of Addis Ababa, primarily due to the city's inadequate housing supply relative to demand. Moreover, there has been limited research on access to housing for the middle-class in the city. Middle-class housing plays a crucial role as an economic foundation of the city and serves as a bridge between affluent and lower-income residents. It encompasses a vested interest in all facets of urban life, including not only affluent living but also public spaces and communal amenities. Therefore, promoting middle-class homeownership becomes vital for fostering a balanced and inclusive urban environment in Addis Ababa.

Therefore the overall need for the study is

- To identify the factors those contribute to the challenges of homeownership in Addis Ababa.
- Propose practical suggestions and strategies to enhance access to homeownership for middle-class households in the city.
- Enable stakeholders involved in housing delivery to adapt their approaches and strategies for future activities aimed at mitigating the housing problem.

1.3 Limitation of the Study

The scope of this study defines its boundaries and specifies which aspects of the research field will be explored. However, some limitations need to be acknowledged:

- Geographical Limitation: The study is confined to four sub-cities within Addis Ababa City Administration, which may restrict the generalizability of findings to other areas within Ethiopia.
- Population Characteristics: The study focuses on middle-class households in the selected sub-cities, potentially limiting the applicability of results to different socio-economic groups.
- Theoretical Focus: The study centres on specific theories relevant to homeownership challenges, potentially overlooking alternative theoretical perspectives.

Expanding the scope of the study beyond these limitations could enhance its generalizability and applicability at a broader national level across Ethiopia.

2. CONCEPTS, THEORETHICAL AND LEGAL FRAMEWORK

2.1 Concept of Homeownership, Middle Class and Affordable Housing

2.1.1 Concept of Home ownership

The concept of housing lacks a universally accepted definition, as its meaning varies significantly across different cultures, regions, and historical periods. This variability is influenced by a range of factors, including cultural values, economic conditions, and social norms. Consequently, what constitutes adequate or desirable housing can differ greatly depending on local practices, socio-economic circumstances, and evolving societal needs. This diversity in definitions highlights the complexity of housing issues and the importance of considering multiple perspectives when addressing housing policies and needs.

Ownership is defined legally as the right to use, control, and dispose of a particular property or asset. This right is typically established and enforced by law, and it grants the owner the authority to make decisions regarding the property, such as selling it, renting it out, or making improvements to it (Will, 2024).

Home ownership is an integral part of a human settlement that fulfils a basic need and has a profound impact on the quality of life, health, welfare as well as productivity of man. It is one of the essential social conditions which define the living standard of a country's citizens. If the housing quality is adequate and available, the citizens and government will spend less on health care, crime prevention, and pollution; leading to increased productivity and prosperity (Olufemi, 2016).

Housing is more than the residential environment; for it is only in relation to those who inhabit and use it that housing has meaning and significance not only physical and economic, but also emotional and symbolic. Housing can be also defined as a process, the actual product of creating human shelter and as a cultural reality. The basic definition is housing as shelter and the provision of human needs (UN Habitat, 2011).

Housing is a residential environment which includes in addition to the physical structure that the family uses of shelter, all the necessary services, facilities, equipment and services needed or desired for the physical well-being of the family and the individual (WHO, 2019).

According to the 1994 Population and Housing Census of Ethiopia, Central Statistical Authority housing is separate and independent place either intended housing of habitation or not intended for habitation but occupied as a living quarter by a house hold.

2.1.2 Concept of Middle Class

The term "middle class" has become a mainstay in socio-economic discussions, yet its definition remains as elusive as ever. The inherent challenge lies in the fact that the concept of the middle class is inherently tied to various socio-economic, cultural, and geographic factors.

A middle class means occupying a position between two extremes, the upper class and the lower class especially**:** a fluid heterogeneous socioeconomic grouping composed principally of business and professional people, bureaucrats, and some farmers and skilled workers sharing common social characteristics and values (Hayes, 2024)

Economists tend to use household income as an indicator of the middle class (OECD, 2019) other social scientists make use of occupation and position in the labour market (Goldthorpe, 2016), assets, or social and cultural capital to measure the middle class (Savage et al., 2013). Subjective class identification has also been used, but less frequently.

2.1.3 Concept of Affordable Housing

Affordable housing is a housing which adequately suits the needs of low and middle income households at costs below those generally found in the existing market. A much more effective way to provide affordable housing is to

reduce construction costs for moderately priced new units. This increases housing affordability both directly by reducing the costs of new housing and indirectly by increasing affordable housing supply (Littman, 2019).

According to the U.S. Department of Housing and Urban Development, if a family pays more than 30% of their income for housing, it is considered a cost burden. To evaluate the real cost of housing then, housing-related expenditures (housing, water, electricity, gas, etc.) should be kept into consideration as well, since those are what make a house healthy and appropriate for living.

One of the central challenges in Ethiopia's housing sector is affordability and accessibility. High construction costs, limited access to mortgage financing, and rising land prices contribute to the affordability gap, making it difficult for low and middle-income households to access decent housing

Ethiopia has made effort in tackling urban housing demand, particularly through its condominium development homeownership programme. However, IHDP units are largely unaffordable for their target of lowest-income households, and the home ownership programme has been unable to meet demand and has incurred unsustainably high costs (Matsumoto, T. and Crook, 2021.)

Housing affordability issues in Addis Ababa indicates rising housing costs outpace income growth, particularly for low and middle-income households. Affordability constraints limit access to formal housing and contribute to the proliferation of informal settlements.

2.2 Theoretical frame work

The theoretical framework presented in this section offers a comprehensive foundation for understanding the complex landscape of homeownership in Addis Ababa, particularly among middle-income households. By engaging with key theories—De Soto's regularization policy, Turner's self-help housing model, and Sheridan’s

asset accumulation strategy—the study integrates diverse perspectives on housing provision, affordability, and the socio-economic dynamics at play in rapidly urbanizing environments.

2.2.1 Hernando De Soto's Regularization Policy

The proliferation of informal settlements in developing cities illustrates increasing disparities in resource allocation and income distribution. In the study area, lack of affordable options have led many poor and middle-class residents to construct homes on illegally purchased land. This widespread issue has far-reaching social, environmental, and political consequences, necessitating immediate and effective policy intervention to address the challenges faced by low and middle-income groups.

Hernando De Soto's regularization theory offers a viable solution by advocating for the formalization of informal property. De Soto argues that regularizing land tenure can significantly reduce social poverty by providing secure property rights, which in turn facilitates access to housing finance and investment opportunities. By integrating informal settlers into the formal housing market, this approach not only enhances their living conditions but also improves their access to essential services such as water, sanitation, and electricity. This formalization can help address the root causes of informal settlements and support broader urban development goals.

To effectively implement De Soto's regularization theory in Ethiopia, the approach must be adapted to the country's specific institutional and socioeconomic context. Successful policy implementation requires coordinated efforts among governmental bodies, business sectors, and civil society organizations to ensure that land regularization is carried out effectively and equitably. It is also crucial to develop strategies to prevent further expansion of urban informality.

2.2.2 Turner's self-help policy

Turner's self-help policy plays a crucial role in addressing residential housing issues, particularly through the state-aided self-help housing (site-and-service approach) and institutionalized self-help housing (cooperative housing). The site-and-service approach involves the provision of basic infrastructure such as roads, water supply,

and sanitation to undeveloped land parcels. This allows households to build their own homes while the state ensures essential services are available. This method significantly impacts housing provision by enabling individuals to construct homes at their own pace, catering to their financial capacity and needs.

In Addis Ababa, the site-and-service approach is particularly relevant given the city's rapid urbanization and strain on existing infrastructure. By developing new serviced sites, the city can better accommodate its growing population. Residents can acquire land and gradually build their homes, *which* provide a mo*re feasible option for* middle-income households who cannot afford fully developed housing units. This approach not only facilitates access to affordable housing but also empowers residents by involving them in the decision-making process, fostering a sense of ownership and allowing them to shape their living environment according to their preferences.

Cooperative housing, on the other hand, involves a group of individuals coming together to meet their housing needs through mutual assistance. This method reduces costs and addresses housing challenges by pooling resources to acquire land, develop housing units, and manage the project collectively. In Ethiopia, cooperative housing offers a practical solution for middle-income households facing limited formal housing finance options. Government support can enhance this model by facilitating land allocation, providing technical assistance, and offering financing mechanisms. Cooperative housing not only reduces individual financial burdens but also promotes community cohesion and resilience, making it a sustainable solution for inclusive urban development and improved living conditions in Ethiopia.

2.2.3 Sheradden asset accumulation theory

Sherraden's asset accumulation strategy contributes to the study by emphasizing the financial mechanisms necessary to facilitate homeownership. This theory highlights the importance of savings and investment in building the necessary capital for homeownership, particularly for middle-income households facing economic constraints. It also complements the study's exploration of policy interventions that can support financial empowerment and stability.

The strategy is pivotal in helping middle-class families achieve their financial goals, including those related to housing. The strategy emphasizes the importance of financial inclusion, enabling households to build assets through increased savings, which can be utilized for housing expenses such as acquiring land, improving homes, or achieving homeownership. In Ethiopia, where homeownership represents both wealth and social status, this framework offers a promising approach to addressing housing challenges by promoting financial empowerment and enhancing access to affordable housing options.

The Sheraden Asset Accumulation Framework is particularly relevant in urban areas of Ethiopia, such as Addis Ababa, where many low- and middle-income households face limited access to formal financial services. By fostering a culture of asset accumulation and encouraging savings, this strategy can improve the ability of households to make significant investments in housing. Implementing policies that promote regular savings, such as requiring salaried households to save a fixed amount each month can help bridge the gap between housing needs and financial resources.

Integrating Sherraden's asset accumulation strategy into policy recommendations can effectively enhance homeownership accessibility for the middle-income group in Addis Ababa. By supporting savings initiatives and creating a conducive environment for asset building, the government and stakeholders can facilitate the accumulation of capital necessary for homeownership. This approach not only addresses housing challenges but also contributes to overall socio-economic stability and growth by empowering families to achieve greater financial security and improved living conditions.

2.3 Legal Framework on the Right to Housing

Internationally, housing is recognized as a fundamental human right under several key frameworks, notably the Universal Declaration of Human Rights (UDHR) and various United Nations initiatives. Article 25 of the UDHR (1948) affirms that "everyone has the right to a standard of living adequate for the health and well-being of himself

and of his family, including food, clothing, housing, and medical care." This establishes housing as a basic human right, emphasizing that it is essential to ensuring human dignity, security, and well-being.

Beyond the UDHR, the International Covenant on Economic, Social, and Cultural Rights (1966) specifically under Article 11, further solidifies housing as a right by obligating signatory states to take appropriate steps to realize "the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing, and housing." The ICESCR emphasizes not just the provision of shelter but the adequacy of housing in terms of safety, affordability, accessibility, and location. Countries that have ratified the ICESCR, including Ethiopia, are expected to progressively realize this right through policies, laws, and resource allocation.

Additionally, the UN-Habitat program plays a central role in promoting housing rights on a global scale. The Vancouver Declaration from the first UN Conference on Human Settlements in 1976 explicitly recognized the need for governments to ensure access to adequate housing. This has since evolved into global advocacy and policy frameworks, such as the New Urban Agenda (2016), which focuses on inclusive, sustainable urban development, ensuring access to adequate housing for all.

In terms of awareness and advocacy, World Habitat Day, observed annually on the first Monday of October, serves as a key platform to highlight housing as a basic human right. This global event, established by the United Nations General Assembly in 1985, aims to reflect on the state of human settlements and promote the universal goal of "adequate shelter for all." Each year, it focuses on specific themes like affordability, resilience, and sustainable housing development, calling for greater action from governments, civil society, and international organizations to address housing deficits worldwide.

Through these frameworks and initiatives, housing is elevated from merely a need to a recognized right, demanding that governments ensure access to safe, affordable, and adequate housing as a fundamental part of human development and dignity.

2.4 Regulatory Frame Work for housing in Ethiopia

The legal framework governing homeownership varies significantly across countries, often shaped by national policies, regulations, and land management systems. In Ethiopia, the legal framework for homeownership is defined primarily by the Constitution and a series of laws that govern property rights, land tenure, and housing development. The Ethiopian Constitution (1995) establishes that land is publicly owned, and citizens can lease land but not own it outright.

Ethiopia's housing sector is shaped by a variety of internal laws and regulations, which primarily focus on land management, urban planning, and housing development. Central to the regulatory framework is the 1995 Ethiopian Constitution, which stipulates that all land is owned by the state and citizens hold only usufruct rights. This means individuals and businesses can lease land for a specified period but cannot privately own land outright. This arrangement significantly influences homeownership, as individuals must navigate the state-controlled leasehold system to acquire land for housing (Kumsa. 2019).

The Urban Lands Lease Holding Proclamation (No. 272/2002), which replaced the earlier 1993 version, governs the leasing, allocation, and transfer of urban land. Under this law, urban land is leased for periods ranging from 50 to 99 years, depending on the type of use. The law also outlines the procedures for bidding on land leases, the rights and obligations of leaseholders, and conditions for lease renewal or termination. While intended to promote efficient land use and development, the system often contributes to inflated land prices due to speculation and bureaucratic inefficiencies, creating barriers to affordable housing for middle- and low-income groups.

Additionally, the government has implemented housing programs like the Integrated Housing Development Program (IHDP), launched in 2005, which aims to provide affordable housing through condominium construction in urban areas. These housing units are typically sold at subsidized prices to lower-income groups. However, the program faces challenges, including limited supply relative to demand, delays in delivery, and issues with affordability for many intended beneficiaries (UN Habitat, 2014).

Overall, the complex leasehold system, speculative land markets, and limited affordable housing programs continue to pose obstacles to achieving widespread homeownership, especially in rapidly urbanizing cities like Addis Ababa.

Despite various government initiatives to improve housing access, middle- and low-income groups in Addis Ababa continue to struggle with significant barriers to homeownership. The restrictive leasehold system, which regulates land acquisition and ownership, plays a crucial role in limiting access to property. Additionally, escalating property prices and a shortage of affordable housing options exacerbate the difficulties these groups face in securing homeownership. The government has introduced programs like the Integrated Housing Development Program (IHDP) and condominium housing schemes to address these challenges. However, the supply of housing remains far lower than the demand, leaving many potential homeowners without viable options.

The effectiveness of these programs is further hindered by bureaucratic inefficiencies and implementation challenges. Delays in construction in housing distribution have been cited as major obstacles to achieving the intended goals of these initiatives. Moreover, the high demand for affordable housing far exceeds the number of units made available through government schemes, making it difficult for many middle- and low-income households to benefit from these efforts. As a result, while the government's initiatives aim to mitigate housing challenges, these structural and operational issues prevent meaningful progress in addressing the homeownership gap in Addis Ababa.

3. MATERIALS AND METHODS

The study requires both qualitative and quantitative data to achieve its research objectives, thus employing a mixed-methods approach. Pragmatism serves as the study's research paradigm, as it aligns well with the mixed-methods strategy. The selected research design for this study is a descriptive survey, which incorporates both qualitative and quantitative data to gather information and make accurate predictions about a specific problem.

Data is collected primarily through questionnaires, enabling statistical analysis of trends using descriptive statistics. Qualitative data, gathered from interviews and open-ended responses, is categorized through coding and analysed alongside quantitative data to provide richer insights. The mixed-method approach, chosen to integrates the precision of quantitative data with the depth of qualitative analysis. This combination allows for a holistic and nuanced understanding of the research problem, where quantitative trends are clarified by qualitative insights. This integration also supports triangulation, enhancing the validity of conclusions and contributing to more robust and comprehensive research findings.

The study selected four sub-cities of Addis Ababa—Arada, Bole, Gulele, and Yeka—using convenience sampling due to their location, time efficiency, and ease of sample management. Within these sub-cities, districts were chosen via systematic random sampling, while respondents were selected randomly. The total sample size of 424 households was determined using Cochran's formula, adjusted for a 10% non-response rate. Additionally, 12 interviewees, including housing sector officials and real estate developers, were selected through comprehensive and purposive sampling. In total, 436 participants (424 households via survey and 12 interviewees) contributed to the study.

Data for the study were collected from both primary and secondary sources, with triangulation ensuring the validity of the findings. Primary data came from middle-class residents of Addis Ababa, government bodies, and real estate developers, while secondary data were obtained from published and unpublished documents, including government policies, research papers, and statistical reports. Data collection tools included surveys and interviews. Questionnaires, mainly close-ended with some open-ended questions, were administered to a large sample of 424 respondents, allowing the collection of both qualitative and quantitative data. Interviews, both structured and unstructured, were conducted with housing officials and real estate developers to gain detailed insights. While interviews provided in-depth qualitative data, limitations like time consumption and generalizability were mitigated by combining them with surveys and other data collection techniques.

Data from 424 valid questionnaires were analysed using SPSS Version 23, with descriptive statistical analysis applied to assess factors influencing access to residential housing. Cross-tabulation with chi-square analysis helped examine the relationship between housing tenure and various explanatory variables. To ensure the rigor of the findings, Pearson correlation analysis was used to explore the relationships between key variables, such as housing tenure and socio-economic factors, providing insights into the strength and direction of these associations..

A rating scale was also used to gauge respondents' perceptions of the government's commitment to addressing homeownership issues. In addition to the quantitative analysis, interview data were processed using content analysis, narrative analysis, and verbatim quotes to extract qualitative insights. These qualitative methods enriched the study, allowing for a deeper understanding of the participants' views and experiences concerning the challenges in securing residential housing.

Additionally, Cronbach's alpha was used to measure the internal consistency and reliability of the research instruments, such as the questionnaires, ensuring that the data collection tools were both accurate and dependable. A high Cronbach's alpha score indicated that the survey items consistently measured the intended variables, thereby increasing the credibility of the study’s results.

Furthermore, the research adhered to strict ethical principles throughout the data collection process. Participants' informed consent was obtained before their involvement in the study, and they were assured of confidentiality and anonymity. The researchers took steps to ensure that the data collection process was transparent and that respondents were fully aware of their rights, including the option to withdraw from the study at any point. By adhering to ethical standards, the study not only protected the participants' privacy but also enhanced the integrity and reliability of the data collected, leading to more trustworthy and valid conclusions.

4. RESULTS AND DISCUSSION

4.1 Survey Data Results and Discussion

4.1.1 Home ownership Status of the Respondents

Housing is a fundamental component of human life, serving as the foundation for several essential needs, including safety, survival, dignity, and a place for rest and shelter. Beyond its basic functions, housing also holds significant emotional and psychological importance, offering individuals and families a sense of stability, belonging, and social status. For most people, acquiring a home is one of the largest financial investments they will make in their lifetime, reflecting their economic standing and contributing to wealth accumulation. Therefore, housing plays a dual role: it is both a basic necessity and a key economic asset.

Despite its critical importance, a significant gap has emerged between the supply of and demand for housing, especially in rapidly urbanizing areas. Figure 1 indicates more than half of middle-class residents of the study area 58% are living in rental houses. 2.8% are also living in their family house. Only 39.2% of the respondents secured their home ownership status. This shows 60.8% of the respondents need shelter.

In many cities, including Addis Ababa, the middle class faces increasing challenges in accessing affordable housing, as the demand for residential properties far outweighs the supply. These challenges highlight the urgent need to understand the complex interplay of factors that affect homeownership, particularly for middle-income households.

4.1.2 Factors Affecting Homeownership

Due to different factors huge gap has been created between supply and high need of residential demand, particularly in urban areas. Therefore this section emphasizes to examine different variables that affect the homeownership status of middle-class households in the study area. By analysing these variables, the study seeks to provide insights into the broader housing issues faced by middle-class families, offering potential pathways for addressing the on-going housing crisis in urban centres.

4.1.2.1 Demographic and Socio-economic Characteristics of Household: The demographic and socio-economic characteristics of a given population can affect the housing condition. Age, educational attainment, employment/occupational status, work experience, marital status, household head, family size, income status / financial capacity, and non-housing expenditure are among the factors the study takes in to consideration.

4.1.2.1 Demographic and Socio-Economic Characteristics of Households: The demographic and socio-economic characteristics of a population play a significant role in shaping housing conditions. Factors such as age, educational attainment, employment or occupational status, work experience, and marital status all influence housing choices and needs. Additionally, characteristics like household headship, family size, income level or financial capacity, and non-housing expenditures are crucial in determining a household's ability to access and maintain suitable housing. This study considers these variables to assess their impact on the housing conditions and homeownership status of middle-class households in the study area.

4.1.2.1.1 Age Structure: The age structure of the respondents is crucial for this study as it significantly influences housing conditions, representing a key demographic characteristic with major social and economic implications. Figure 2 reveals a direct relationship between age and tenure status: only 4.8% of those under 35 own homes, while 66.7% rent and 28.6% live with family. Homeownership increases with age, peaking at 48.1% among those over 64, though 51.9% in this group still rent. Most respondents fall within the age groups 45-54 (33.5%), 55-64 (28.3%), and 35-44 (26.9%), with only 4.9% under 35 and 6.4% over 64. A significant association between age and housing ownership is confirmed by the X^2 result [$X^2(8) = 64.256$, $p = .000$; $P < .05$] (Table1). Despite 93.6% of households being under 65 and capable of earning income to alleviate housing issues, 61.5% do not own homes, creating pressure and widening the demand-supply gap in housing as they seek stability and resources to own a home.

4.1.2.1.2 Education Level: The educational level of respondents is relevant variable for this study because it greatly influences housing conditions, with higher education typically leading to better income and efficiency. Figure 3 reveals that 67.3% of those with a second degree or higher live in rental houses, while 32.7% own homes. Among first-degree holders, 39.5% are homeowners, and 60.5% are not. For diploma holders, 42.5% own homes,

and among those with secondary education, 45.7% are homeowners. The X^2 test shows no significant association between education level and homeownership [$X^2(6) = 74.195$, $p > .05$] (Table 2). Despite 70.3% of respondents having a first degree or above, education status alone does not guarantee homeownership in Ethiopia due to low salaries.

Although research by Wang et al. (2022) and Fiori et al. (2020) show a positive correlation between educational attainment and homeownership, the housing status of residents in the study area does not vary by education level due to low salaries. As a result, educated households require special attention from authorities, since a well-educated population is crucial for the country's development and progress, along with their right to adequate housing.

4.1.2.1.3 Employment/Occupation/ Status: Employment and occupational status are crucial variables for studying housing as they reflect the respondents' overall socio-economic conditions. Employment increases the likelihood of homeownership compared to unemployment. Figure 4 shows that 53.9% of business owners are homeowners, 44.7% are renters, and 1.4% lives with family. Government workers have 35.3% homeownership, 60.3% rent, and 4.4% live with family. For those in the private sector, 28.6% own homes, 68.7% rent, and 2.7% live with family. The chi-square test reveals a significant association between employment status and homeownership [$X^2(4) = 22.095$, $p < .05$] (Table 3).

Despite all households having income sources, 60.8% face challenges in owning homes. Business owners have better homeownership access than those in other employment categories. Employment enhances household welfare, but job security alone doesn't guarantee homeownership; income level is crucial. This is supported by Debele and Niguse (2021) and Bangura & Chyi (2021), who found that wage level, occupational category, and income affect urban housing development. In Ethiopia, low wages and high living costs make it difficult for low- and middle-income households to afford homes, necessitating special attention from city administrators.

4.1.2.1.4 Income Status /Financial Capacity/: Income status is a crucial variable in determining homeownership, as residents with better financial capacity are more likely to have improved housing opportunities. Higher income increases the likelihood of better housing by covering both housing and non-housing expenses. Figure 5 indicates that, 15.1% of households earning 2-4 USD per day are vulnerable to poverty, while 38.2% earn 13,001-26,000 birr per month, 31.6% earn 6,500-13,000 birr, 12.3% earn 26,000-55,000 birr, and 2.8% earn 55,001-70,000 birr. The X^2 test indicates a significant association between monthly income and homeownership [$X^2(8) = 51.146$, $p = .000$; $p < .05$] (Table 4).

Literature supports the strong relationship between income and housing status, with studies showing that income dynamics influence homeownership aspiration, affordability, mortgage access, and housing development. Despite this, most respondents' wages are insufficient to meet their housing needs. In the study area, high earners have better access to homeownership, with only 15.1% of sampled households earning 26,000 birr or more. During the survey, respondents cited inflation and low salaries as factors preventing them from covering monthly expenses, let alone purchasing homes. The government needs to adjust living conditions for vulnerable segments of society to address the persistent housing issue.

4.1.2.1.5 Marital Status: Marital status is a significant variable in housing studies because it influences homeownership, with married individuals less likely to fall into poverty compared to unmarried or single-parent families. Figure 6 shows that married couples have the highest homeownership rate at 48.2%, while widowed and single households account for 12.9% and 9.7%, respectively. Among divorced individuals, 29.3% own homes, and 70.7% rent. Of the respondents, 66.1% are married, 19.4% are divorced, 7.3% are widowed, and 7.2% are unmarried. The X^2 test reveals a significant relationship between marital status and homeownership [$X^2(6) = 93.240$, $p = .000$; $p < .05$] (Table 5).

Married households have better conditions for homeownership, while divorced or widowed individuals face financial challenges and societal stigmas, particularly women with children who often remain single due to fears of

abuse by stepfathers. Therefore, housing policies should address the specific vulnerabilities of widowed and divorced households to improve their chances of attaining and maintaining homeownership.

4.1.2.1.6 Family Size: Family size, defined as the number of people living in the same dwelling, significantly impacts housing consumption due to the increased demand for non-housing costs associated with larger families. Figure 7 indicates homeownership status in the study area varies with family size: 16% for families with 1-2 members, 87.2% for 3-4 members, 42.9% for 5-6 members, and 4.1% for families with more than 6 members, indicating a negative association with homeownership for extended and single households compared to medium-sized families. Among respondents, 45.0% had household sizes of 3-4 members, 43.9% had 5-6 members, 5.9% had 1-2 members, and the remainder had more than 6 members. The X^2 test confirms a statistically significant association between family size and homeownership opportunity [$X^2(6) = 194.243$, $p = .000$; $p < .05$] (Table 6).

The study suggests that medium-sized households have a higher probability of homeownership, while large families face significant challenges, making them vulnerable and in need of special attention.

4.1.2.1.7 Living Cost: Household expenses represent a per-person breakdown of general living expenses. They include the amount paid for lodging, food consumed within the home, utilities paid, and other costs (Kagan, 2022).

According to the 50/30/20 rule, 50% of income should be allocated to needs, 30% to wants, and 20% to savings or debt repayment. In the study area, housing expenses were analysed to determine if households were cost-burdened. Figure 8 reveals that homeowners and those living with family have lower expenses compared to renters, with 26% of homeowners and 73.7% of renters spending more than 50% of their monthly income on living costs. Overall, 68.2% of households spend more than half their income on housing expenses, while 31.8% spend 50% or less. The chi-square test shows a significant association between household expenses and homeownership opportunities [$X^2(2) = 194.98.665$, $p = .000$; $p < .05$] (Table 7).

The study indicates that most respondents spend more than half their income on living costs, impacting their abilities to own homes. Respondents highlighted that inflation increases living costs, devaluing money as wages fail to keep pace. Enhancing earning potential and managing living expenses are crucial to improving homeownership status in the study area.

4.1.2.2 Population Growth/ Migration/: Migration significantly impacts population pressure in destination areas, influencing social infrastructure like housing. People often migrate to the capital city, viewing it as a key opportunity for improving their earnings and labour market position. Figure 9 illustrates that 50.4% of those born in the city are homeowners, while only 24.3% of migrants own homes, with 74.6% renting and 1.1% living with relatives. Internal migrants make up 43.6% of Addis Ababa's population, while 56.4% are natives. The chi-square test shows a significant association between migration status and homeownership opportunities [$X^2(2) = 194.98.665$, $p = .000$; $p < .05$] (Table 8).

The study reveals that migration drives population growth, increasing the demand for housing. Evidence from various studies indicates that immigration leads to higher house prices and rents, with a 1% increase in immigration causing a 0.5–1% rise in rents and a doubled effect on house prices (Cochrane & Poot 2021). Therefore, migration is a key factor driving housing demand, necessitating efforts from both public and private sectors to address this challenge and meet the growing needs of the urban population.

4.1.2.3 Housing Related Cost: Housing is a key component of wealth, but rising rent and house prices make homeownership difficult. Understanding how increasing housing costs affect households' ability to own a home is crucial, as these rising prices significantly impact homeownership decisions.

4.1.2.3.1 Home price: Home prices are a critical factor in determining property ownership, and despite homeownership being a significant aspiration for many households, high prices and increasing rents pose major

barriers. As shown in Figure 10, nearly all respondents find housing in Addis Ababa unaffordable, with 71.9% describing it as "very expensive" and 26.2% as "expensive," while none consider it cheap.

The most common way to measure 'affordability' is by comparing house prices or rents to household incomes. The rule of thumb states that housing is generally deemed affordable when the price-to-annual gross household income ratio is below 3. For many buyers, a good guideline is to look for a home that is about 3 to 5 time's household annual income which is affordable (Fidelity, 2023).

According to Reporter (2023), the disparity between housing demand and supply has driven up prices, exacerbating the affordability crisis for low and middle-class residents. To address this issue, it is essential for various stakeholders to work together, and for the government to implement measures to control housing costs and stabilize the market.

4.1.2.3.2 Rental Cost: Rental markets can provide housing for families who are unable to own a home, but renting is often the highest monthly expense and can significantly impact an individual's ability to achieve homeownership. Housing is generally considered affordable if its cost (mortgage or rent) is below 30% of household income (Habitat, 2024). The 30% rule recommends that renters should allocate no more than 30% of their gross monthly income for rent and utilities, with the remaining income for other costs and savings.

Figure 11 shows that 85.8% of renters spend over 30% of their income on rent, leaving only 14.2% within the affordable range. The study reflects that high rental costs in Addis Ababa force many renters to spend more than recommended, often compelling them to live farther from the city centre in search of lower prices. Thus, the study indicates that most households are cost-burdened, and the government must control housing prices and rents to help citizens build savings for homeownership and regulate the market.

4.1.2.3.3 Interest Rate: Interest rates significantly impact mortgage affordability. Most respondents view the 9% interest rate for a 10-year mortgage as high, especially for low and middle-income households. Despite subsidized housing costs for condominiums, the high interest payments make homeownership unaffordable for many, as they significantly increase the total cost of the house. Figure 12 show that 40.8% and 38.9% of respondents find the current bank interest rates very expensive and expensive, respectively, while only 18.2% find them moderate.

4.1.2.4 Resource Constraints: Resources like land, construction materials, and government finance are crucial for homeownership. Efficient resource use is essential to meet the growing housing demand in Addis Ababa. Persistent barriers such as land scarcity, high construction costs, and limited access to finance hinder efforts to improve homeownership

4.1.2.4 1 Residential Land: Under Proclamation 721/2011, the Ethiopian government declared urban land as state property, allowing citizens to acquire land through a leasehold system under Proclamation No. 80/1993. This policy enables land acquisition for residential and rental purposes with a lease term up to 99 years. Despite this, Figure 13 shows that 92.5% of respondents find it difficult to access residential land due to high costs and bureaucratic challenges which significantly impact housing affordability. The World Bank (2019) also estimates a severe housing backlog in Addis Ababa due to inadequate land supply. Consequently, many are forced into informal land transactions to meet their housing needs.

4.1.2.4.2 Construction Materials Cost: According to Figure 14, all respondents view construction materials as unaffordable, with 72.9% finding them very expensive and 27.1% finding them expensive. Ionesco (2022) and *James (2023)* highlights that construction costs are a major factor in housing affordability, The study also shows that high construction material costs are a significant barrier to affordable housing for low and middle-class families, underscoring the need for better price regulation and improved local production capabilities.

4.1.2.5 Housing Policy: The housing policy environment includes government interventions that significantly impact the housing sector's performance. In Ethiopia, the Condominium Proclamation No. 370/2003 was

established to address the housing demand-supply gap by offering various housing options and promoting collective ownership of urban land. The policy aimed to improve urban land use and provide affordable housing through leasehold systems and cooperative housing. However, Figure 15 shows that 71% of respondents view the policy positively but criticize its inefficient implementation and inadequate housing delivery, particularly for low- and middle-income earners.

Studies by Hilber & Schön (2022) indicate key policies to tackle affordability issues include rent control, social or public housing, housing vouchers, low-income tax credits, inclusionary zoning, mortgage subsidies, or government equity loans.

The findings suggest that strengthening policy execution and fostering public-private partnerships are crucial for addressing housing challenges and achieving sustainable development

4.2 Interview Result:

4.2.1 Interview result from government officials

The interview results with government officials indicate that Ethiopia's current housing policy employs diverse strategies to promote homeownership and address the housing demand for low- and middle-income residents. Key programs include the Integrated Housing Development Program (IHDP), cooperative housing, private real estate development, and leasing agreements. However, officials acknowledged that IHDP, the dominant scheme for affordable housing, has not been effectively implemented, leading to a significant gap between housing supply and demand. Major challenges such as delayed delivery of units, unaffordable down payments, substandard construction quality, and insufficient access to essential services like electricity and sanitation were noted. Furthermore, while the policy provides various housing solutions, the state's control over land ownership and the complex bureaucratic processes involved in land provision have hindered effective housing delivery.

Officials also highlighted that internal migration and resource limitations exacerbate the housing shortage in Addis Ababa. Migrants driven by political instability and economic opportunities increase the strain on the housing market, particularly for middle-income residents. In response, the government has focused on constructing high-rise condominiums and developing peripheral areas for residential expansion, though these efforts have not adequately met the demand. Additionally, the lack of a regulated private rental market and affordable housing construction options further complicates access to housing for low- and middle-income families. While policies are in place to address these issues, implementation remains slow, with ongoing challenges like migration and bureaucratic delays continuing to hamper progress.

4.2.1 Interview result from real estate developers

The interview results with real estate developers reveal that land acquisition for development is mainly done through government lease agreements, though the process is often burdened by bureaucratic delays. While some developers receive the land they requested, others struggle with insufficient land size, leading them to purchase adjacent properties from private sellers. Developers predominantly serve high-income clients because rising land and construction costs make it difficult to offer affordable housing for middle- and low-income families. Although developers try to offer mortgage options, the high cost of materials and limited access to financing create significant barriers to affordability.

Furthermore, developers highlighted several challenges they face in delivering affordable housing, including high land prices, financing limitations, and foreign currency shortages. They recommend that the government allocate more subsidized land, provide construction materials at reduced costs, and implement better housing policies to support middle- and low-income families. Despite these challenges, developers agree that government policies have potential, but improved implementation and support are essential to meet housing needs effectively.

4.3 Reliability and Validity Test

Table 9 demonstrates the reliability of the data, with Cronbach's Alpha for all data at 0.874 and standardized Cronbach's Alpha at 0.878, both above the acceptable threshold of 0.7. This indicates strong internal consistency, showing that the instrument reliably measured the intended variables.

Table 10 supports the validity of the instrument, with an average Pearson correlation of 0.718 and a significance level below 0.05. This strong correlation and statistical significance confirm that the instrument effectively captured the relationships between the variables and addressed the research objectives.

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Housing deficit in large extent is described as urban phenomena. Housing crisis has become one of the most pressing challenges in the capital city Addis Ababa facing a significant imbalance between the supply of housing and the growing demand due to rapid urbanization, population growth, increasing economic disparities, limited land availability, slow construction processes and poverty.

The impact of rapid population growth on housing development is usually of the push of the rural areas and the pull of the town. People always tend to congregate in city centres which have an adverse influence on the supply of housing.

In the study area the question of home ownership is becoming more persistent. There is a huge gap in housing demands and supply. 60.8% of the middle-income dwellers are demanded their own shelter. For the existing gap demographic and socio economics of households, population growth, housing related cost, resource constraints, housing policy, and government commitment are contributory factors for the deficit of housing supply.

Even though all of the above stated factors have direct relation with housing deficit, education status of household has no association with homeownership. In addition employment is not guarantee to be homeowner. Majority of elites are renters. Those who are employers of government or private sector are also suffering in housing crises. The main reason for these groups of society for being unable to fulfil their residential need is the low salary level in Ethiopia. Inadequate monthly salaries with rising living costs are challenging to reach their shelter need.

Among the personal circumstance of household, Income status plays a very significant role in the determination of homeownership. Income is the core determinant to own a home. Households with higher income would be more likely to choose to own their home rather than rent it. Most of the personal obstacles for home ownership are directly or indirectly related with financial constraints. Only 19.1% of sampled households are well paid to afford better housing. Majority of the households are incapable to live in their own unit.

From the relationship category widowed and divorced female headed families are challenged by residential unit because in Ethiopia context majority of women are economically dependent on her husband. Thus, losing their husbands by any means affect their financial capacity. Therefore they need more consideration. In relation with family size extended family are more affected than their counterpart.

Because of the increment of the inflation rate in Ethiopia, living cost is expensive. 68.2% of the households are cost burdened spend 50% and above of their monthly income which in turn affect housing. Internal migrants are another factor which aggravates the problem. 43.6% of the dwellers are internal migrants which is responsible to burden housing supply. There is no sound controlling strategy to reduce the flow to the study area.

Housing related cost like purchasing a home and renting better house are becoming beyond the reach of the middle and low income earners. There is no any control mechanisms for unreasonable increment. Resource constraints like land, fiancé and cost of construction material is also among the factors affecting home ownership. These major resources are not easily accessible for the dwellers.

The most vulnerable households are employable either government or private, household with extended family, and female headed household. These segments of the society need urgent support or being privileged in any type of public subsidized housing.

Government has a duty to ensure peoples living in their respective area to have decent, secure, stable, safe and affordable homes to live in.. Thus, the following strategies are recommended in delivering affordable houses to the urban poor.

5.2 Recommendation

To address Ethiopia's persistent housing crisis, particularly in urban areas like Addis Ababa, several strategies are recommended.

- Resource allocation with affordable price:

  The accessibility of resource such as residential land and construction material is beyond the reach of most of low and middle income dwellers in the Ethiopia urbanites. Ethiopia's housing policy has been characterised by public ownership of land and a predominantly government-led supply of housing. The government needs to promote policies that will address resource related problems. Much emphasis should be given particularly on accessibility of residential land allocation system in addition to subsidies on the sale of building material. Since the government is the only supplier of land in the study area, the city administrators should take the following initiatives.

  Provide vacant urban land or underutilized periphery of the city on affordable price for residential housing to tackle shortage of land and make available related infrastructure. Through the provision of housing land, access the needy individuals to construct their own houses /Site and service approach/

  Kebele housing stock is located in central areas of the city. These units (older flat housing) area also serve as a source of residential land to build multi stories to accommodate more needy dwellers.

Thus allocation of resources is crucial for effectively addressing housing challenges in Addis Ababa. By strategically allocating resources, such as land, financing, and infrastructure, authorities can optimize the development of housing solutions tailored to the needs of the middle-income. This involves identifying suitable land parcels for construction, and streamlining regulatory processes to facilitate affordable housing projects help to increasing the attractiveness of affordable housing options for middle-class residents.

- provide adequate public housing for rent and ownership

  Ensuring sufficient availability of public housing for both rental and ownership purposes in Addis Ababa offers a practical solution to the home ownership challenge faced by middle-income earners. By offering affordable housing options and increasing supply, directly address the affordability gap and stabilize property price and making it feasible for middle-income earners to secure housing in Addis Ababa's rapidly growing urban landscape.

  Provide incentives to investors and developers for affordable rental housing which in turn offer an opportunity for the government to decrease the financial burden on the public sector.

  The city administrators therefore, emphasize on housing with non -profit entities for low and middle income dwellers which fills a gap in the housing supply by inviting low cost house developers and make unreserved support and monitoring for the implementation of the program to provide affordable market and rental homes for low and middle income households.

- Establish legislative framework to Control cost of private rents and house prices:

  In Ethiopia rent control applies to kebele and federal Housing Corporation units but is not extended to the private rental market. Implementing ‘First generation’ rent control which refers to hard forms of rent

control, in which no rent increases are permitted at all. The rent is effectively frozen at the rate that existed when the law was enacted.

The government also have to develop appropriate legislation that limits prices of house to protect citizens from the extraordinarily cost set by brokers. The issue of brokers needs a great concern by the government and better to exclude them from the market. They are the main actor in the housing market and also responsible for the existed unpredicted price.

Controlling housing prices through government intervention can indeed play a crucial role in addressing the home ownership problem. The government can address issues of affordability and establish a more stable housing market by enacting policies including controlling rent prices, home purchase costs, and regulations on property speculation. This not only makes home ownership more feasible for middle-income families but also fosters inclusive urban development and social stability. Additionally, such interventions ensure that housing remains a fundamental right accessible to all citizens, ultimately promoting economic equity and sustainable growth.

- Expand housing delivery options:

The lack of affordable housing is a problem in cities throughout the world. Many Sub-Saharan, cities urban poverty, rapid population growth, and inappropriate or inadequate institutional arrangements complicated the challenge. Therefore, expanding housing delivery option is important to address the housing need of low and middle- income residents in Sub-Saharan cities.

To address the housing needs of different earners in Addis Ababa, a variety of housing options can be considered based on their total cost and standards. Different units could be priced at a level that is affordable for the demographic while still meeting basic living standards. More cost-effective housing

options which allowing for lower construction and maintenance costs which can offer a range of housing options to different income levels can provide viable pathways to homeownership for its diverse population.

Expanding housing delivery options based on the income status of households can effectively mitigate home ownership challenges for middle-class residents of Addis Ababa. By diversifying the types of housing available, the city can provide to the specific needs and financial capabilities of middle-income earners. This practical approach ensures that a range of housing options is accessible, promoting affordability and increasing the likelihood of homeownership among different demographic.

Increasing housing supply option will enable people to have access to the type of housing scheme suitable for their needs and circumstance such as social housing, cooperative housing, and condominium housing and the like adequately for different segment of societies by considering their income level to benefit the middle and low income households.

- Rent-to-own situation

Rent-to-own programs offer a useful solution to the home ownership problem in Addis Ababa by providing a pathway for individuals and families to gradually transition from renting to owning a home. In this arrangement, tenants pay rent towards the eventual purchase of the property over a specified period, typically with an option to buy at the end of the lease term. This model addresses the challenges faced by middle-income earners who may struggle to save for a down payment or qualify for a mortgage upfront. By allowing renters to accumulate equity while paying rent, rent-to-own programs enable them to establish a financial track record and build equity over time, making home ownership more attainable. Additionally, these programs can offer greater flexibility and security compared to traditional renting: and are less susceptible to sudden rent increases or eviction. Rent-to-own programs thus offer a viable path to property ownership for ambitious homeowners in various income brackets.

To implement this strategy in to practice the government required to deliver sufficient public housing for rent then fix the price based on the standard of the building. Based on the agreement the renters have to pay the required amount for fixed period of time to own the home. This strategy can protect low and middle earner from unreasonable private rental cost and guarantee them to be future homeowner, In addition this strategy help to regulate the price of house and private rental housing.

- Expand Government led Mortgage Bank:

Establishing a government-led mortgage bank in Addis Ababa presents solution to the home ownership problem for the middle-income. By providing accessible and affordable mortgage financing, this initiative empowers middle-income earners to purchase homes without the burden of heavy upfront costs. The mortgage bank can offer favorable terms, such as low-interest rates and longer repayment periods, enhance the financial capabilities of middle-class borrowers. Moreover, the government's involvement ensures stability and trust in the mortgage market, attracting private sector investment and fostering conducive environment for sustainable homeownership. Overall, a government-led mortgage bank serves as a catalyst for increasing homeownership rates among the middle-income in the study area, promoting social and economic stability in the city.

The city administrators with the main stakeholders such as Commercial banks, regional banks, microfinance, development banks, and others should lead the development of the housing finance system and take the housing sector as a major source of loans. This would support demand and essential to encourage supply by enabling households to purchase their own homes with mortgage products through saving and capital accumulation.

- Encourage forced saving:

Urban housing problems are persistent challenges of the civil servants who live in Addis Ababa. Particularly majority of the civil servants have financial constraints even to pay down payment for condominium housing.

By implementing policies that mandate a portion of individuals' incomes particularly employers to be automatically directed towards savings accounts earmarked for home purchases, the government can help middle-class residents accumulate the necessary funds for down payments or mortgage payments. These forced saving mechanisms could take the form of employer-sponsored savings programs or government-administered savings schemes, ensuring a steady accumulation of funds over time. This approach not only promotes disciplined saving habits but also facilitates access to homeownership opportunities for middle-class families who may struggle to save independently. Ultimately, by incentivizing and facilitating savings specifically for housing, this strategy empowers middle-class individuals to achieve their homeownership aspiration.

Thus, to solve financial problem, starting from the date they employed every civil servants must be forced to save fixed amount of money based on their salary scale from their monthly income to ease their financial shortage /Force asset accumulation/.

- Regularize irregular settlements:

By formalizing informal settlement settlements through land tenure regularization programs, residents gain legal recognition of their property rights, enabling them to access formal housing finance and government support for infrastructure development. Regularization also encourages investment in these areas, leading to improved infrastructure, services, and property values, thereby increasing the attractiveness of these neighbour-hoods to middle-class buyers. Additionally, regularizing irregular settlements promotes social inclusion and stability by integrating informal residents into the formal urban fabric. This practical

approach not only expands housing options for the middle-income but also contributes to sustainable urban development.

Therefore, government has to allow people living in informal settlements to regularize their plots on their own initiative and resources with specific criteria to be satisfied. The city administrators are supposed to allow regularization policy only for those who already settled informally for specific period of time to control further expansion of illegality.

- Manage migration to the capital city:

Ethiopia is the second most populous and the fifth least urbanised country in Africa. The rapid pace of urbanisation in Ethiopia could generate challenge of urban sprawl, which must be met through controlling rural urban migration to the capital city. The regional governors should enable conditions to increase investment in their respective areas and create opportunities like social security, education, job opportunity, health facilities and different infrastructure in rural area to control push factors.

Managing migration to the capital city of Addis Ababa can be practical in addressing the home ownership problem for the middle-income. By implementing policies and incentives that encourage decentralization of economic activities and job opportunities to other regions of the country, the pressure on housing demand in Addis Ababa can be alleviated. This could involve promoting investment in infrastructure, industries, and services in other urban centres, thereby dispersing economic growth more evenly across the country. Additionally, offering housing subsidies or incentives for middle-class families to settle in emerging urban areas outside of Addis Ababa can reduce competition for housing within the capital city, making home ownership more attainable. By managing migration effectively, the government can ease the strain on housing resources in the capital city, creating a more balanced and sustainable housing market that benefits the middle-income.

- Target vulnerable groups:

  High private rents and costly house prices pose significant challenges for middle and low-income individuals, especially vulnerable groups such as public service workers, female-headed households, and large families. These segments of society often struggle to afford housing costs, making subsidized housing essential for their well-being. Addressing the housing needs of these vulnerable groups is crucial, as it ensures that everyone, regardless of their socioeconomic status, has access to safe and affordable housing options. Expensive private rents and house prices have challenged middle and low income earners. Employed particularly Public service workers, female headed households and large sized families are the most vulnerable groups who struggle to meet their housing costs. It is critical to consider the vulnerable groups from different segment of the society through subsidized housing

  Targeting vulnerable groups as part of housing policies can indeed be practical in addressing the home ownership problem for the middle-income. Prioritizing affordable housing initiatives for vulnerable populations through subsidized housing programs or public housing projects, the government can alleviate pressure on the overall housing market. Targeting vulnerable groups with housing assistance measures can addresses immediate housing needs. In addition it can create a more balanced and accessible housing market in their residential area.

Generally, government is a major actor to ensure the best interest of the citizen and do what is necessary to reduce or eliminate hardship by investing in a national house building programme to provide the supply of affordable house in the study area. The government has a number of tools to intervene when problems arise. They may use regulations, funding, below- market interest rates on mortgages; down payment assistance, and providing a forum for policy debate to implement alternative solutions and invite different stack holders.

It is imperative that legislators, representatives of the public and private sectors, the financial institutions, service providers, and community work together productively to address the challenges and explore potential solutions. Thus City administrators with the proposed actors can protect the citizens against abuses and guard the overall success of the economy which in turn can play a decisive role in satisfying unmet housing needs'.

Finally, the research recommendations allow suggesting specific interventions or strategies to address the issues and constraints identified through the study. It responds to key findings arrived at through data collection and analysis. However, making future research suggestions can also lead to entirely new avenues to explore in future studies.

5.3 Directions for future research

Recommendations for future research play a crucial role in guiding subsequent studies and providing a rationale for examining relevant variables. By offering evidence-based suggestions, these recommendations highlight how a particular field of study can be further developed and improved. In the context of this study, outlining areas for future research is particularly important for advancing affordable housing solutions for low- and middle-income residents in urban areas. These directions aim to provide valuable social, economic, and spatial insights that can contribute to more effective housing strategies. Three potential areas for future research are proposed:

First, exploring the constraints on the effectiveness of international grants in addressing urban housing needs for targeted beneficiaries is essential. Although various international grants are directed towards ensuring housing rights and dignity for all individuals, particularly in the Sub-Saharan Africa, millions of people still lack access to safe, affordable, and habitable housing. Non-profit organizations have made significant efforts to finance affordable housing for low- and middle-income residents, yet many vulnerable and marginalized communities continue to experience homelessness. A longitudinal study that examines the effectiveness of these grants across different dimensions is recommended to better understand the factors limiting their impact.

Second, a comparative study of the house price-to-income ratio among African countries could provide valuable insights into the housing affordability crisis across the continent. In many Sub-Saharan cities, urban poverty, rapid population growth, and inadequate institutional frameworks exacerbate the challenge of providing affordable housing. By analysing the house price-to-income ratio, researchers can quantify the extent of the housing affordability problem and compare it across different African nations. This comparative analysis would be instrumental for donors and policymakers in identifying the most affected countries, enabling them to prioritize their efforts and resources more effectively.

Finally, assessing the impact of government political ideologies on housing affordability offers another critical area for future research. Adequate housing is a fundamental human right, yet governments in the Africa often struggle to implement practical solutions that improve housing conditions and protect the rights of vulnerable populations. By examining how different political ideologies influence housing policies and their effectiveness, researchers can identify which approaches are most successful in addressing the shelter needs of residents. This knowledge can help policymakers and administrators revise their housing policies to better align with the needs of their populations and ensure that housing remains a priority in national development agendas.

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TABLES

Table 1: Age structure and home ownership status

Age structure of the respondents * Home ownership status of the respondents cross tabulation									
			Home ownership status				Chi Square Tests		
			Home owner	Renter	Family's home	Total	Pearson X^2	df	Sig.
Age structure of the respondents	<35	Frequency	1	14	6	21	64.259	8	.00
		% within Age structure	4.8%	66.7%	28.5%	100%			
		% within Homeownership status	0.6%	5.7%	50.0%	4.9%			
	35-44	Frequency	37	74	3	114			
		% within Age structure	32.5%	64.9%	2.6%	100%			
		% within Home ownership status	22.3%	30.1%	25.0%	26.9%			
	45-54	Frequency	61	79	2	142			
		% within Age structure	43.0%	55.6%	1.4%	100%			
		% within Home ownership status	36.7%	32.1%	16.7%	33.5%			
	55-64	Frequency	54	65	1	120			
		% within Age structure	45.0%	54.2%	0.8%	100%			
		% within Home ownership status	32.5%	26.4%	8.3%	28.3%			
	> 64	Frequency	13	14	0	27			
		% within Age structure	48.1%	51.9%	0.0%	100%			
		% within Home ownership status	7.8%	5.7%	0.0%	6.4%			
Total		Frequency	166	246	12	424			
		% within Age structure	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100%	100%	100%	100%			

Source: Field Survey

Table 2: Educational level and Home ownership status

Educational level * Home ownership status Cross tabulation									
			Home ownership status				Chi Square Tests		
			Home owner	Renter	Family house	Total	Pearson X^2	df	Sig.
onal	Secondary	Count	21	15	10	46			

	school	% within Educational level	45.7%	32.6%	21.7%	100%	74.195	6	.062
		% within Homeownership status	12.7%	6.1%	83.3%	10.8%			
	Diploma	Count	45	60	1	106			
		% within Educational level	42.5%	56.6%	0.9%	100%			
		% within Home ownership status	27.1%	24.4%	8.3%	25.0%			
	First degree	Count	64	97	1	162			
		% within Educational level	39.5%	59.9%	0.6%	100%			
		% within Home ownership status	38.6%	39.4%	8.3%	38.2%			
	Second degree and above	Count	36	74	0	110			
		% within Educational level	32.7%	67.3%	0.0%	100%			
		% within Home ownership status	21.7%	30.1%	0.0%	25.9%			
Total		Count	166	246	12	424			
		% within Educational level	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100%	100%	100%	100%			

Source: Field survey

Employment/occupational status of the respondents * Home ownership status of the respondents Cross tabulation

			Home ownership status				Chi Square Tests		
			Home owner	Renter	Family's home	Total	Pearson X^2	df	Sig.
Employment	Government employed	Frequency	48	82	6	136			
		% within Employment status	35.3%	60.3%	4.4%	100%			
		% within Home ownership status	28.9%	33.3%	50.0%	32.1%			
	Private	Frequency	42	101	4	147	22.095	4	.000

		% within Employment status	28.6%	68.7%	2.7%	100%			
		% within Home ownership status	25.3%	41.1%	33.3%	34.7%			
	Own business /Self employed	Frequency	76	63	2	141			
		% within Employment / status	53.9%	44.7%	1.4%	100%			
		% within Home ownership status	45.8%	25.6%	16.7%	33.3%			
Total		Frequency	166	246	12	424			
		% within Employment status	39.2%	58.0%	2.8%	100%			
		% within Home ownership	100%	100%	100%	100%			

Table 3: Employment/occupational status and home ownership status

Source: Field survey

Table 4: Monthly income of the respondents and home ownership status

onthly income of the respondents * Home ownership status of the respondents Cross tabulation

		Home ownership status			Total	Chi Square Tests		
		Home owner	Renter	Family's home		Pearson X^2	df	Sig.
3,200-6,500 Birr	Frequency	18	38	8	64	51.146	8	.000
	% within Monthlly income	28.1%	59.4%	12.5%	100%			
	% within H. ownership st	10.8%	15.4%	66.7%	15.1%			
6501-13,000 birr	Frequency	39	93	2	134			
	% within Monthly income	29.1%	69.4%	1.5%	100%			
	% within H. ownership st	23.5%	37.8%	16.7%	31.6%			
13,001-26,000	Frequency	69	92	1	162			
	% within Monthly income	42.6%	56.8%	0.6%	100%			

	Birr	% within H. ownership st	41.6%	37.4%	8.3%	38.2%		
	26,001-55,000	Frequency	30	21	1	52		
		% within Monthly income	57.7%	40.4%	1.9%	100%		
		% within H. ownership st	18.1%	8.5%	8.3%	12.3%		
	55,001-70,000 birr	Frequency	10	2	0	12		
		% within Monthly income	83.3%	16.7%	0.0%	100%		
		% within H. ownership st	6.0%	0.8%	0.0%	2.8%		
	otal	Frequency	166	246	12	424		
		% within Month income	39.2%	58.0%	2.8%	100%		
		% within H. ownership st	100%	100%	100%	100%		

Source: Field survey

*Table 5: Marital status of the respondents * Home ownership status*

Marital status of the respondents * Home ownership status of the respondents cross tabulation

			Home ownership status			Total	Chi Square Tests		
			Home owner	Renter	Family's home		Pearson X^2	df	Sig.
Marital status of the respondents	Single /Not married	Frequency	3	20	8	31	93.240	6	.000
		% within Marital status	9.7%	64.5%	25.8%	100.0%			
		% within Home ownership status	1.8%	8.1%	66.7%	7.3%			
	Married	Frequency	135	144	1	280			
		% within Marital status	48.2%	51.4%	0.4%	100%			
		% within Home ownership status	81.3%	58.5%	8.3%	66.0%			
	Divorced	Frequency	24	57	1	82			
		% within Marital status	29.3%	69.5%	1.2%	100%			

		% within Home ownership status	14.5%	23.2%	8.3%	19.3%			
	Widowed	Frequency	4	25	2	31			
		% within Marital status	12.9%	80.6%	6.5%	100%			
		% within Home ownership status	2.4%	10.2%	16.7%	7.3%			
Total		Frequency	166	246	12	424			
		% within Marital status	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100%	100%	100%	100%			

Source: Field survey

Table 6: Family size of the respondents and home ownership status

Table 4.8 Family size of the respondents * Home ownership status of the respondents Cross tabulation

			Home ownership status				Chi Square Tests		
			Home owner	Renter	Family's home	Total	Pearson X^2	df	Sig.
Family size of the respondents	1-2	Frequency	4	15	6	25	194.243	6	.000
		% within Family size	16.0%	60.0%	24.0%	100%			
		% within Home ownership status	2.4%	6.1%	50.0%	5.9%			
	3-4	Frequency	75	10	1	86			
		% within Family size	87.2%	11.6%	1.2%	100%			
		% within Home ownership status	45.2%	4.1%	8.3%	20.3%			
	5-6	Frequency	82	107	2	191			
		% within Family size	42.9%	56.0%	1.0%	100%			
		% within Home ownership status	49.4%	43.5%	16.7%	45.0%			
	>6	Frequency	5	114	3	122			
		% within Family size	4.1%	93.4%	2.5%	100%			
		% within Home	3.0%	46.3%	25.0%	28.8%			

		ownership status							
Total		Frequency	166	246	12	424			
		% within Family size	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100.0%	100.0%	100.0%	100%			

Source: Field survey

Table 7: House hold expense and home ownership status

Table 4.9 House hold expense* Home ownership status of the respondents Cross tabulation

			Home ownership status			Total	Chi Square tests		
			Home owner	Renter	Family's Home		Pearson X^2	df	Sig.
Households expense	<50% of their monthly income	Frequency	91	33	11	135	98.665	2	.000
		% within Households expense	67.4%	24.4%	8.1%	100%			
		% within Home ownership status	54.8%	13.4%	91.7%	31.8%			
	>50% of their monthly income	Frequency	75	213	1	289			
		% within Households expense	26.0%	73.7%	0.3%	100%			
		% within Home ownership status	45.2%	86.6%	8.3%	68.2%			
Total		Frequency	166	246	12	424			
		% within Households expense	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100%	100%	100%	100%			

Source: Field Survey

Table 8: Migration and Home ownership status

Table 4.10:Migration status* Home ownership status of the respondents Cross tabulation

			Home ownership status			Total	Chi Square tests		
			Home owner	Renter	Family's home		Pearson X^2	df	Sig.
Migration status	Addis Abeba	Frequency	121	108	10	239	37.518	2	.000
		% within migration status	50.6%	45.2%	4.2%	100%			
		% within Home ownership status	72.9%	43.9%	83.3%	56.4%			
	Addis Out	Frequency	45	138	2	185			
		% within migration status	24.3%	74.6%	1.1%	100%			
		% within Home ownership status	27.1%	56.1%	16.7%	43.6%			
Total		Frequency	166	246	12	424			
		% within migration status	39.2%	58.0%	2.8%	100%			
		% within Home ownership status	100%	100%	100%	100%			

Source: Field survey

Table 9: Reliability test

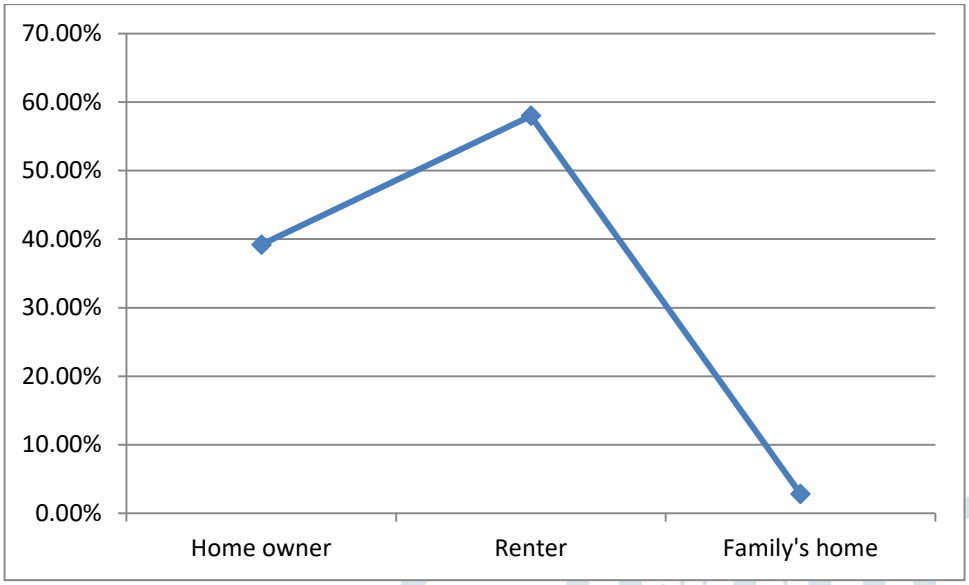
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.874	.878	20

Table 10: Summary from Validity test

Variables	Pearson correlation	Sig.(Two Tailed)
	0.718	.000

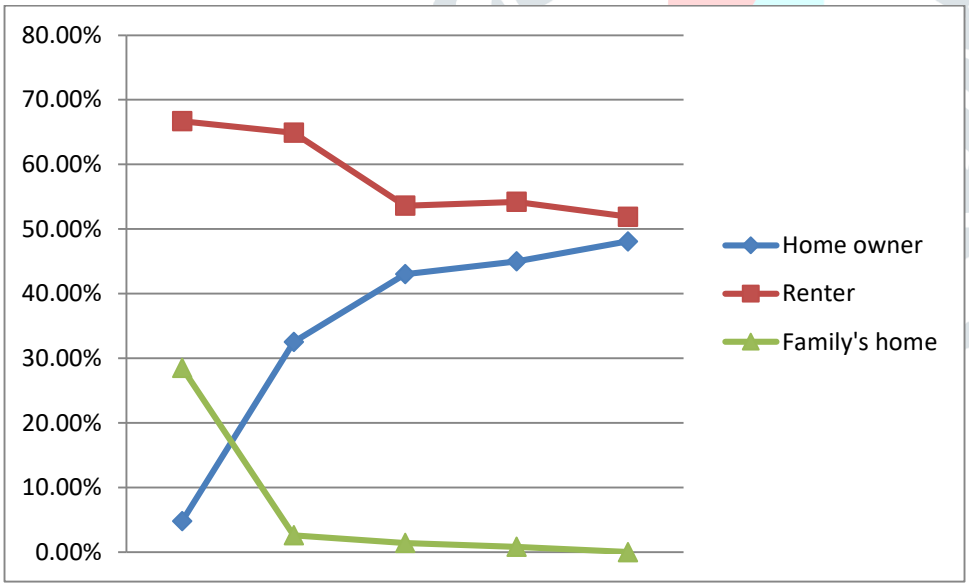
LIST OF FIGURES

Figure 1: Housing condition/Tenure status of middle class respondents



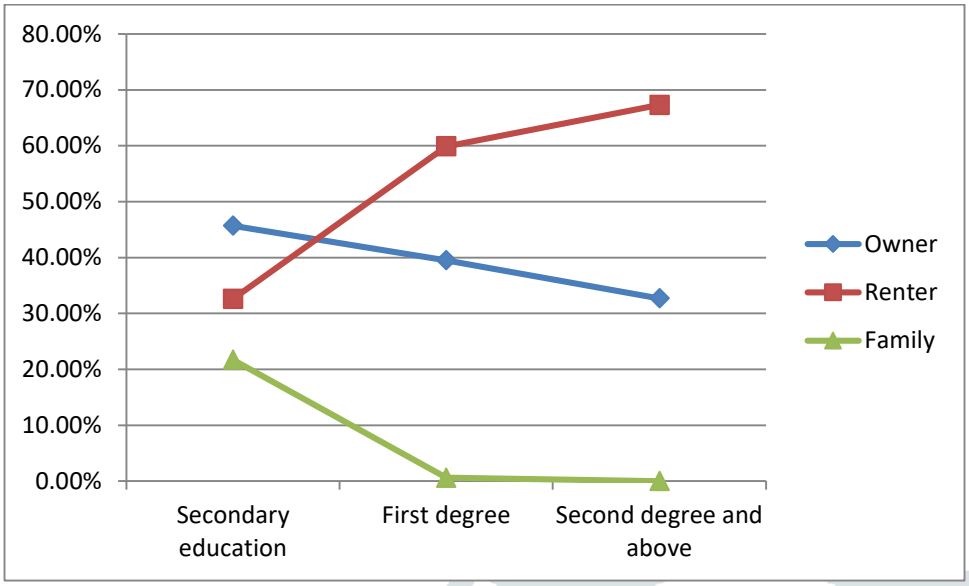
Source: Survey data

Figure 2: Age and home ownership status of the respondents



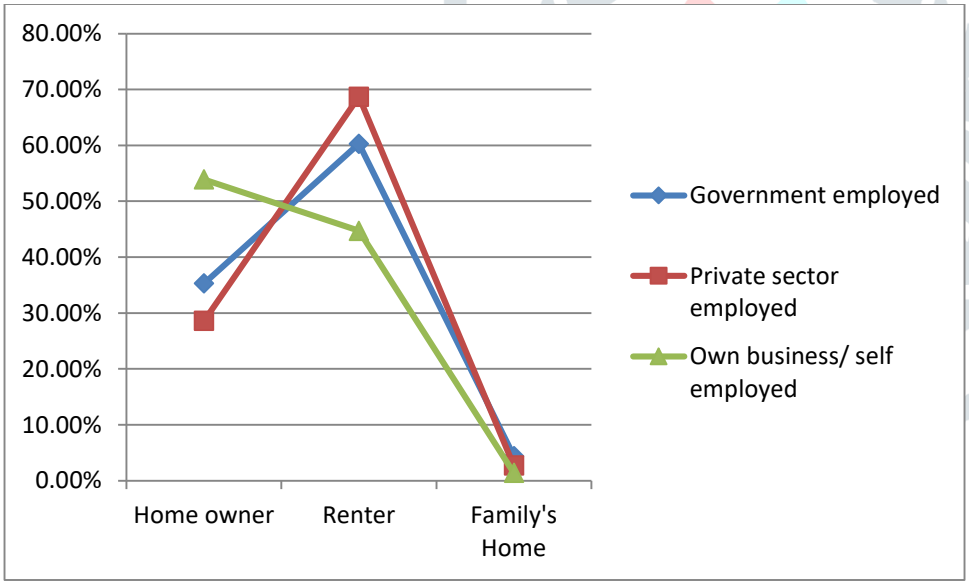
Source: Survey data

Figure 3: Educational attainment and homeownership status of the respondents



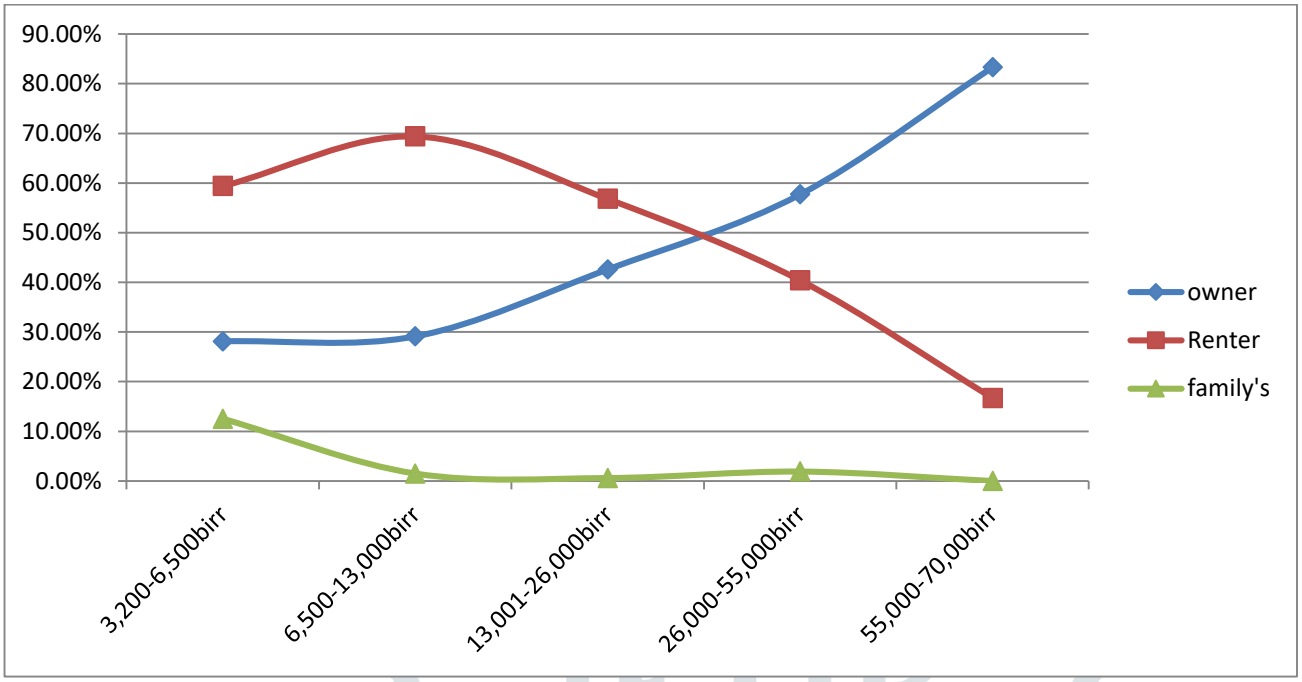
Source: Survey data

Figure 4: Employment status and homeownership status of the respondents



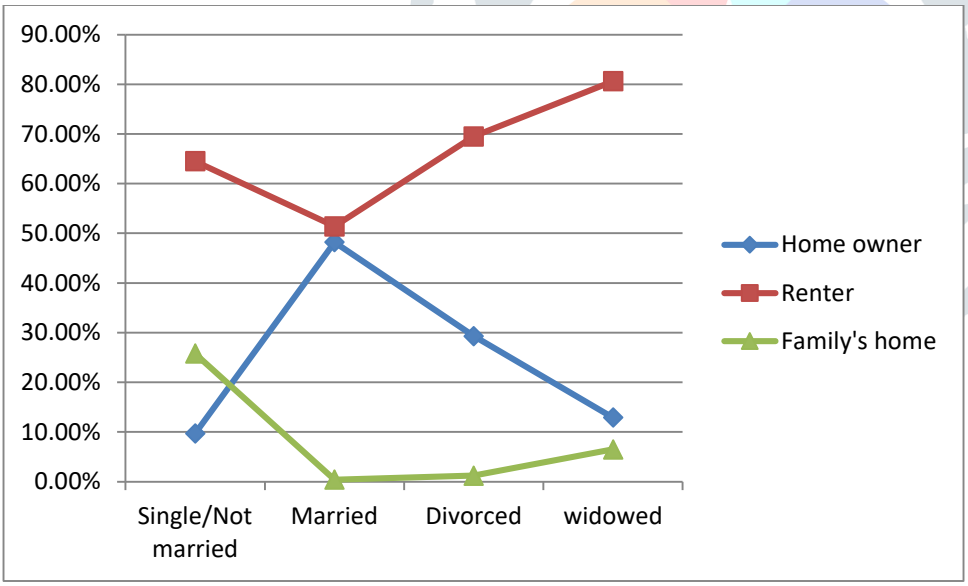
Source: Survey data

Figure 5: Income status and homeownership status of the respondents



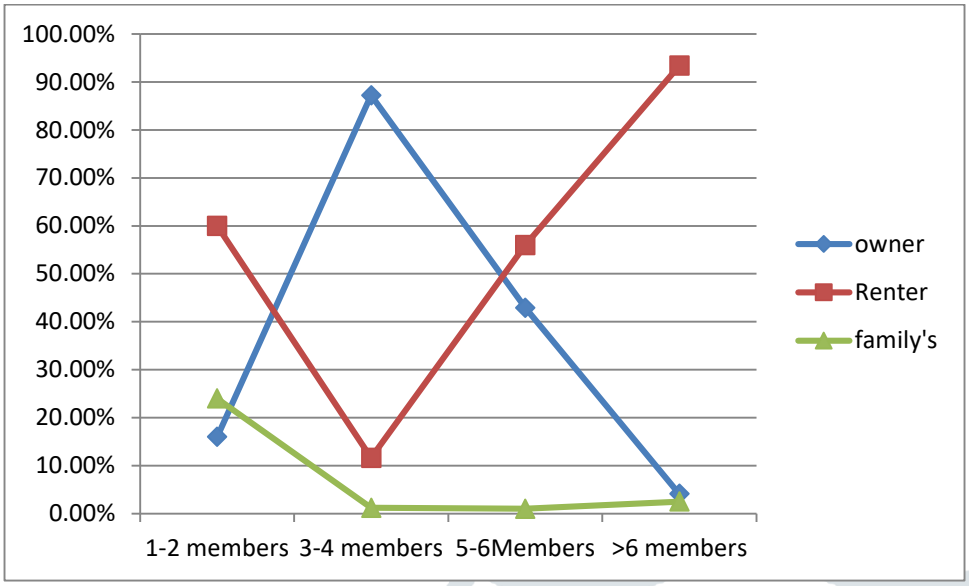
Source: Survey data

Figure 6: Marital status and homeownership status of the respondents



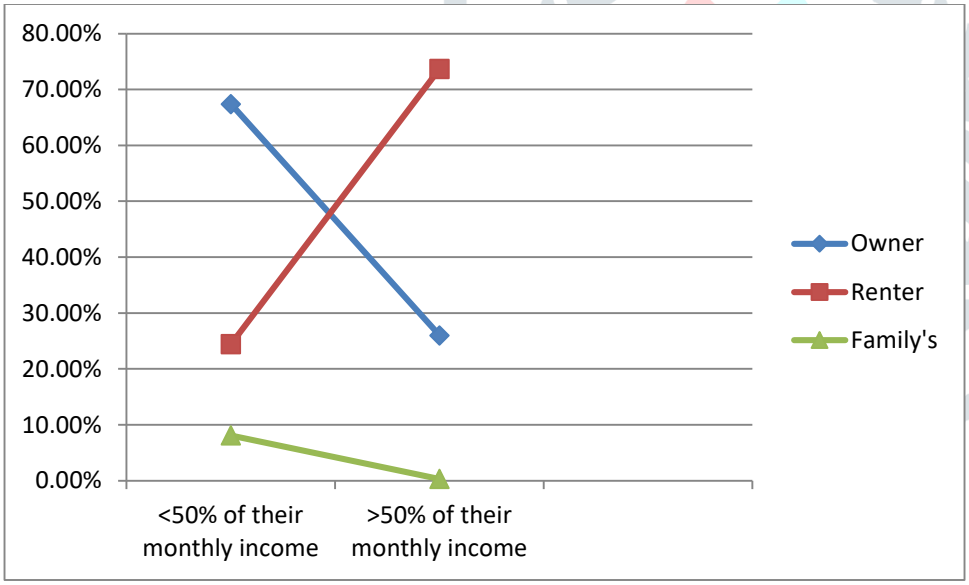
Source: Survey data

Figure 7: Family size and Home ownership status of the respondents



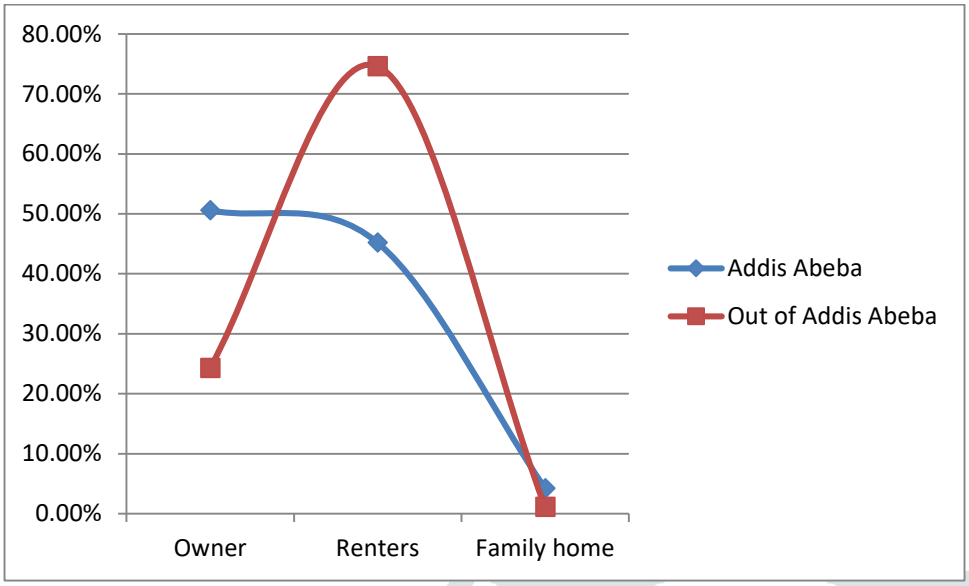
Source: Survey Data

Figure8: Living cost and homeownership status



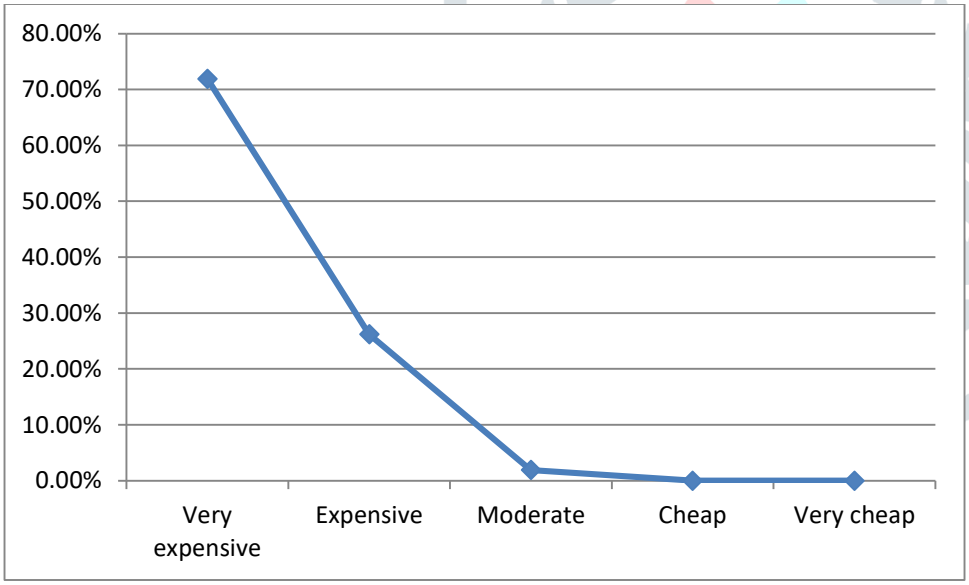
Source: Survey data

Figure 9: Migration status and homeownership condition of the respondents



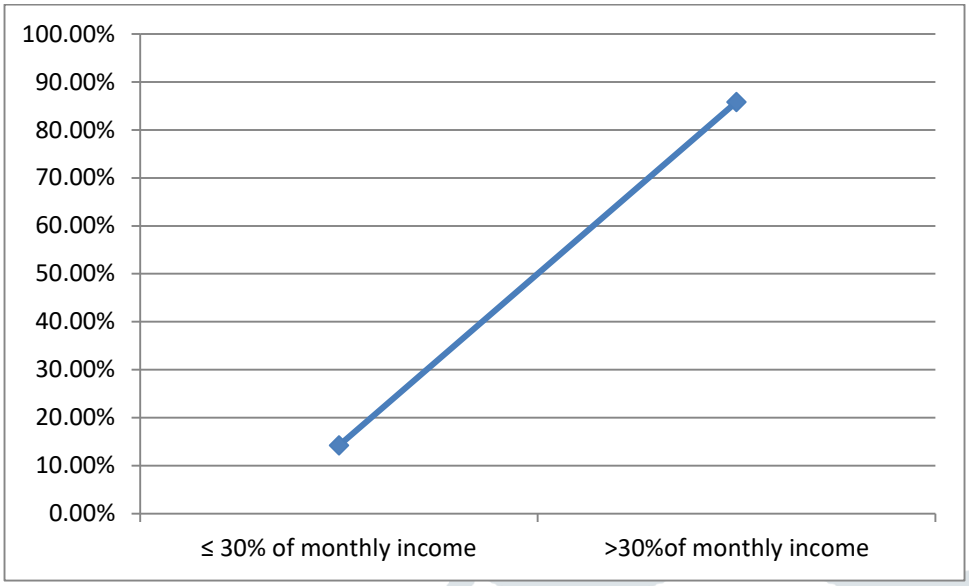
Source: Survey data

Figure 10: Home price



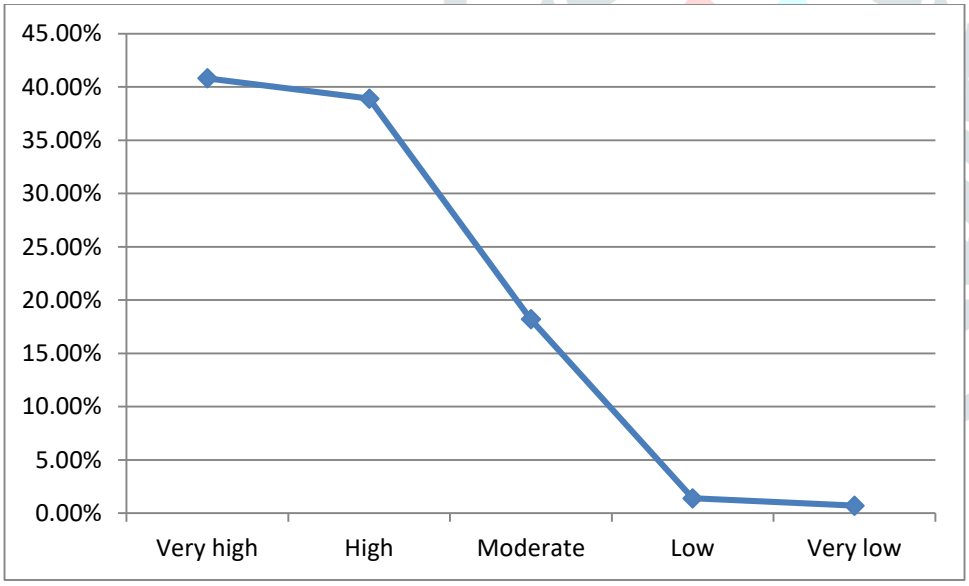
Source: Survey data

Figure 21: Rental cost



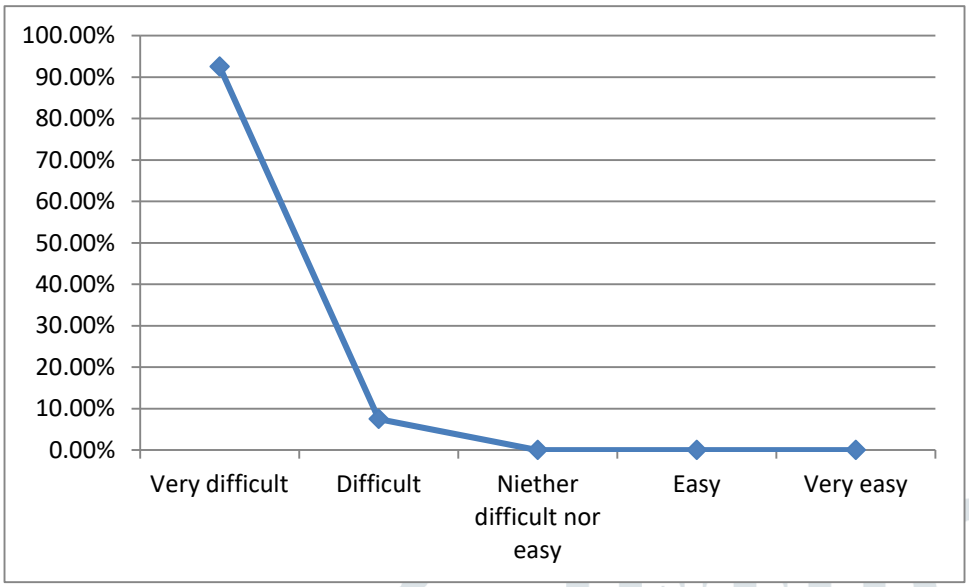
Source: Survey data

Figure 12: Bank interest rate in the study area



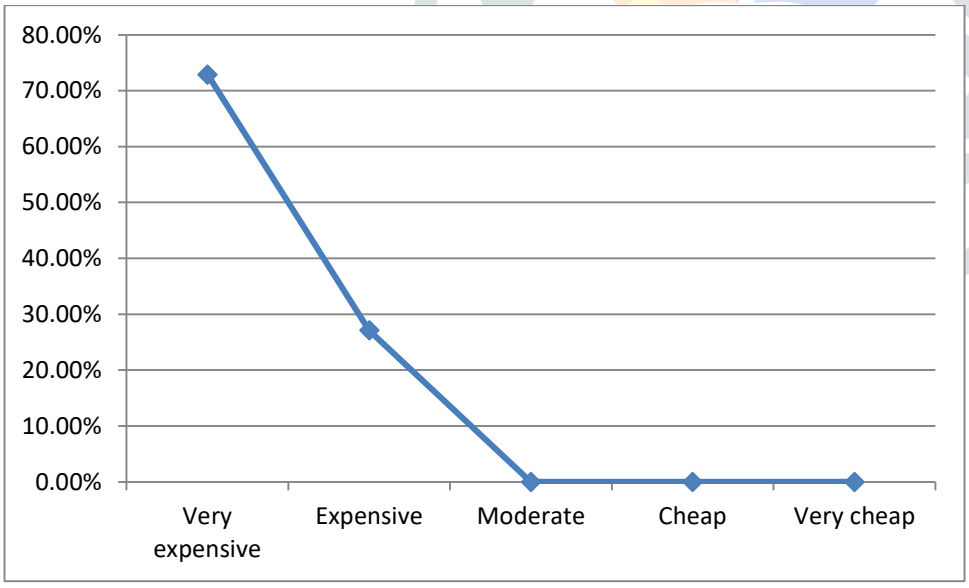
Source: Survey data

Figure 13: Residential land accessibility



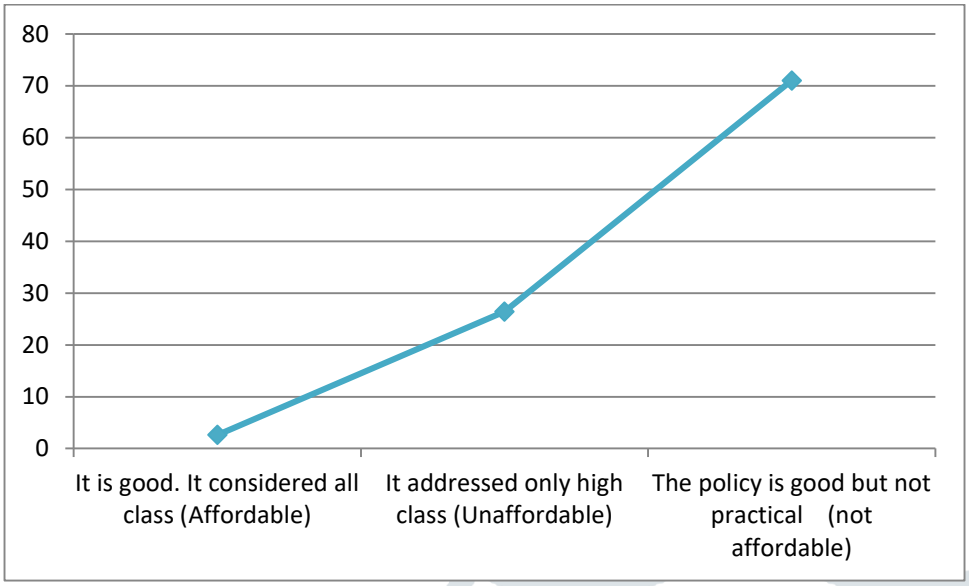
Source: Survey data

Figure 14: Construction cost



Source: Survey data

Figure 15: Opinion of the respondents regarding housing policy



Source: Survey data