

**THE EFFECTIVENESS OF HOUSE PAYMENT PLANS ON PROPERTY
ACQUISITION OFFERED BY REAL ESTATE DEVELOPERS IN
TANZANIA: A CASE OF NATIONAL HOUSING CORPORATION**

LEVENICO YOHANA MBILINYI

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE MASTER'S DEGREE OF BUSINESS
ADMINISTRATION
DEPARTMENT OF ACCOUNTING AND FINANCE
THE OPEN UNIVERSITY OF TANZANIA**

2020

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation titled '*The Effectiveness of House Payment Plans on Property Acquisition Offered by Real Estate Developers In Tanzania: A Case of National Housing Corporation*' in partial fulfillment of the requirements for degree of Master of Business Administration of the Open University of Tanzania.

.....

Dr. France A. Shayo

(Supervisor)

.....

Date

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DECLARATION

I, **Levinico Mbilinyi**, do hereby declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my lovely wife and my children for the love, support, patience and faith they had in me through the entire journey of this study.

ACKNOWLEDGEMENT

First and foremost, I would like to express my deep thanks to Almighty GOD For the gift of life, strength, peace and protection that He has bestowed upon me and enabling me to complete this research study successfully.

Second, my heartfelt thanks go to Dr. France A. Shayo for his guidance, advice and constructive criticism during the entire period of undertaking this study.

Lastly, my thanks go to those who have devoted their time especially NHC clients in providing their insights and experience concerning the subject matter and also some of NHC staff who also provided me with their professionally opinion on the said matter.

ABSTRACT

Real estate developers are aimed at constructing houses for selling or renting and in achieving that, the real estate developers adopts various house payment plans for customers to acquire properties. This study examined the effectiveness of house payment plans on property acquisition that are offered by real estate developers in Tanzania; a case of NHC. The specific objectives were to assess the effectiveness of cash payments, installments, mortgage financing and tenant purchase in real property acquisition. Multidimensional research design were used and the data were collected by distributing questionnaires to 90 NHC house buyers who are residing in Dar es Salaam and through interviewing NHC staff. The study used Time Value of Money theory and Customer preferences theory and the findings were analyzed descriptively by using frequencies, percentages presented through tables and pie charts. By comparing all the four house payments plans in respect to their effectiveness on NHC clients' perspective, the findings revealed that, majority of clients who are equivalent to 86% argued that tenant purchase is relatively more effective in purchasing NHC houses followed with installments payment plan by 82% of the all respondents. On the other side about 52% of all the respondents argued that mortgage financing is relative effective in purchasing NHC houses followed by cash outright by only 7%. Most of the clients are proposing for extension of the payment plans to cover for longer period than the existing plans basically for installments plan and cash outright house payment plan. The study recommended on the extension of the payment period, the charge of reasonable interest rate and the flexibility of the house payment plans in general.

Keywords: Property acquisition, installment payment, tenant purchase, mortgage financing, outright/cash payment

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CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter presents the background information on the housing market in Tanzania, the chapter narrates the basic information on problem statement, research objectives, research questions, significance of the study and scope of the study.

2.2 Background of the Study

At the global level, the real estate development has been attributed by increasing cross border investments, international development projects, multinational real estate ventures and integrated housing developments (Bardhan and Kroll 2007). This has been evidenced by the operation extension of various builders, brokerage firms, consulting and services firms, real estate finance firms and investors beyond their local markets to the global market (*ibid*). Basically the real estate sector is one of the major sectors in the economic growth of any country, for example in 2010 the contribution of real estate activities to the growth of the GDP was 28% in US, 28% in UK, 25% in Germany, 18% in France, 15% in Italy and 8% in Spain (Kongela 2013).

Over recently real estate accounts for an estimated 45-75% of Sub-Saharan Africa's wealth(Kongela 2013), though the markets has shown the great potential to grow to the maturity level in long-term (Rothacher 2011). South Africa has gone much far in real estate sector in Africa whereby real estate properties have been listed in South African investment market(Wood et al. 2011). In addition, the South African listed property sector has been the best performing sector in comparison to other asset classes(Akinsomi et al. 2015).

The government of Tanzania had established various public housing institutions, housing schemes and projects with the aim of addressing housing poverty in Tanzania. The government established NHC through an Act No. 45 of 1961 aimed at providing and facilitating the provision of housing and other building for the general public (Park 2016).

In addition, the Building Research Unit (BRU) was established through Cabinet Paper ECC No. 7 of 1970 and charged with the role of providing technical support to house construction by increasing the use of local and readily available building materials. An Act of Parliament No.13 of 1971 gave birth to Registrar of Building (ROB) which was charged with the responsibility of managing buildings that were acquired under that Act(*ibid*).

Tanzania Housing Bank was created in 1973 as the sole source of formal housing finance in Tanzania. National Housing and Building Research Agency (NHBRA) was introduced through Act of Parliament No. 30 of 1997 mainly as a specialized institution in research and development in housing building materials and building technologies and during the same year Tanzania Building Agency was established under Section 3(1) of the Executive Agencies Act No 30 of 1997 charged with the responsibilities of government buildings maintenance and provision of building consultancy services to the government on all matters concerning building works(Park 2016).

Tanzanian's real estate market is still young and is characterized by few institutional players, which include NHC, NSSF, LAPF, PPF, PSPF and TBA. Also in addition, private developers are beginning to take a key role in the real estate market (NHC

Strategic Plan 2016-2025). Most of these government developers tend to cater for the need of both government employee and general public while the private developers tend to cater for the small wealthy, expatriates or the diaspora segment (Shelter Afrique, 2010). Still the statistics shows that the real estate activities has contributed much to the growth of Gross Domestic Product (GDP) at the average rate of 2.1% from 2010 to 2017(BOT Annual Report 2017/18).

The presence of few developers in Tanzania has been attributed by the limited access to finance, lack of technical and managerial capacity, high cost of using imported materials and the lack of provision of basic services and infrastructure by local authorities (Shelter Afrique, 2010). The presence of few developers in the industry cannot keep pace with the estimated housing deficit which is around 3,000,000 housing units and it keeps increasing due to the annual demand which is estimated to grow by 200,000 housing units (NHC Strategic plan 2016-2025).

The housing demand in Tanzania is highly growing mainly due to the strong economic growth, which has been growing at an average rate of 6 % to 7% annually. Furthermore the growth of population of the country is also the factor that has stimulated the increase in housing demand whereby it was estimated to be 55 million and expected to double by 2050(Tanzania Mortgage Market Update 2018).

Most of the real estate developers who are dealing with the business of selling houses are trying to research on the various financing approaches that account for the need of their customers and are suitable in term of clients' income and affordability. In NHC the customers might choose between various payment plans that are ranging from cash

options, progressive payment plans, mortgage financing and tenant purchase (NHC Strategic plan 2016-2025).

On the other end Watumishi Housing Company (WHC) offers payment plans ranging from mortgage financing and payments within the construction period and upon the completion also over recently the WHC Board of Directors approved the Tenant Purchase (TP) Scheme for WHC houses where customers can pay for houses they have bought as they continue to stay in such houses (WHC-Annual-Report-2018).

In undertaking this study, the Time Value of Money theory (TVM) and Consumer preference theory were used. Basically these theories congruent with the purpose of this study mainly because they both provide the clear assessment of the attributes that might be used by consumer in examining the effectiveness on house payment plan offered by real estate developers.

1.3 Statement of the Problem

According to Finscope 2017 report carried on Tanzanians financial lives, it was found that housing stand as the number one asset that people want to buy but cannot afford. Due to lack of housing finance most of Tanzanians are able to buy homes often through cash purchases and this has made many of them to opt for building their houses incrementally over longer periods (NHC Strategic plan 2016-2025).

Not only that the house price has been one of the strong factor that influence the housing purchase decision by many customers but also the terms of payments has attributed much in influencing the decision of buying a house (Chia et al. 2016).

Furthermore it was identified that the financial factors which includes the house price, ability to obtain finance and payment terms such as initial deposits, interest rate and the duration of payments are much more influencing home buyers than other factors (Abdullah et al. 2012).

Some of real estate developers are offering house payment options to their clients which are basically a pre-selling scheme whereby the purchasers are allowed to deposit a certain down payment which is normally 20% to 30% of the total house price while the rest of payments are channeled through installments. According to Abdullah et al. (2012) purchasing a home involves a long time commitment starting from the very first down payment to the monthly payment in the future. In contrary to that Shi et al. (2015) argued that only few people can afford paying in installments when buying houses due to the high cost of the total installments than paying in lump sum at once.

One of the housing payment plan that can be used by customers is mortgage financing though most of clients are lacking the access to mortgage financing and also there is a high mortgage interest rates that limit most of the people's ability to purchase houses (NHC Strategic Plan 2015-2025). On the other hand Rubaszek (2012) argued that some of the customers who intended to use mortgage financing in buying houses failed to do so due to the minimum down-payment requirement. Following the report from Finscope 2017, most of people prefer personal and social financing over formal financing. Further contradictions has been raised by the study conducted by Karanja (2013) who explored that only a slim margin of the middle class can outwardly afford to purchase a home without applying for a mortgage financing.

Struyk and Roman (2008) argued that many purchasers opted for all-cash payment at the time of purchase than alternative financing arrangements that involved borrowing. As of June, 2015, NHC had only 30% of the value of all house sales was through mortgages, the remainder was through cash purchase. This has made the corporation to adopt some of the other alternative financing approaches such as the use of tenant purchase scheme and other payment plans that are aligning with the needs of clients (NHC Strategic Plan 2015-2025).

Following this, it is clearly that there are various house payment plans ranging from cash options, installments and mortgages that the real estate developers are adopting in selling their houses, however the above literature does not point out the effectiveness of these payment plans on property acquisition especially in Tanzania, following that this paper calls to examine the effectiveness of house payment plans adopted by real estate developers in Tanzania by using NHC as the case study.

1.4 Research Objectives

1.4.1 General objective

This study examined the effectiveness of house payment plans on property acquisition offered by real estate developers in Tanzania by using NHC as a case study.

1.4.2 Specific Objectives

- (i) To assess the effectiveness of cash payment in real property acquisition.
- (ii) To assess the effectiveness of installment payment in real property acquisition.
- (iii) To assess the effectiveness of mortgage financing in real property acquisition.
- (iv) To assess the effectiveness of tenant purchase in real property acquisition.

1.5 Research Questions

In order to address the main objective of this study, the following questions will be addressed.

1.5.1 Main Question

How effective are home payment plans offered by NHC?

1.5.2 Specific Questions

- (i) To what extent is cash payment effective in real property acquisition?
- (ii) To what extent is the installments payment effective in real property acquisition?
- (iii) To what extent is mortgage financing effective in real property acquisition?
- (iv) To what extent is tenant purchase effective in real property acquisition?

1.6 Significance of the Study

This study is useful to real estate developers in Tanzania by exploring the assessment on the local business environment that help these developers in adopting effective house payment plans that are suitable and relevant to the real estate market in Tanzania. On the other hand the findings from this study provided the guidance for learning and practicing the house payment plans examined under this study in business of selling houses in the country even at the individual level.

The findings from this study is useful to the government and its organs in formulating the housing policy that cater for the current housing market needs. In addition to that,

the findings proposed for the convenient ways that help the government to facilitate and provide the homeownership to many people in the country.

The findings provided the guidance to the other organizations that are dealing with selling of goods which are relatively requires the complex buying decision due to the reason that they usually takes the big portion of one's income in buying them. By comparing with the business of selling houses these other organizations might incorporate the examined payment plans in their business operations.

The management of NHC is in the position of evaluating the effectiveness of the existing house payment plans adopted by the corporation and at the same time to capitalize on the proposed inputs, which were gathered from the field. Furthermore, study shed light on how the house purchase scheme impacted the real estate business performance and also this study offered empirical evidence on what factors should real estate developers consider in formulating house purchase scheme.

Also the findings of this study provided a resource that assist and encourage other researchers' curiosity to conduct a deeply research in the area related to home purchase in Tanzania.

1.7 Scope and Limitation of the Study

This study has been conducted in Dar es Salaam region whereby NHC was the case study. The main reason of choosing NHC as the case study is due to the evidence that the corporation stands as the leading real estate developer in Tanzania (NHC Strategic Plan 2016-2025).

To cover all NHC clients in the entire country was impossible since there was a limitation of time frame and amount of funds for this research. For this reason, the research was conducted in Dar es Salaam region by targeting some of NHC clients in the successful NHC residential projects which were sold out from 2011 up to date.

The study's sample included staff from NHC specifically those who are in directorate of sales and marketing and those who are in the directorate of business development, but the major targeted ones are NHC clients who have managed to buy houses from NHC or those who were interested to buy those houses but the available house payment plans were not favorable on their side. The limitation of the study is the shortage of local literature review on the house purchase payment plans and in order to overcome the shortage of local empirical literature review, the researcher used the empirical literature from abroad.

1.8 Organization of the Dissertation

This dissertation is divided into five chapters; chapter provided the introduction and background of research problem, research objectives, research questions and scope and limitation of the study. Chapter two of this research covered literature review on theoretical review, empirical review and conceptual framework. Chapter covered the methodologies while Chapter and Five covered the presentation of data, analysis, findings discussion, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents the review of literature related to payment plans adopted in buying houses, the chapter covers mainly five parts such as definition of key terms, theoretical literature review, empirical literature review, conceptual framework and research gap.

2.2 Definition of Key Terms

2.2.1 Real Estate

The term real estate is used to refer to things that are not movable such as land and improvements permanently attached to the land (Brueggeman and Fisher 2011). Jacobus et al. (1999) defined real estate as the land and the improvements made to land, and the rights to use them. In this definition the term rights to use them has been added as compared to the first definition.

Generally, real estate can be clearly explained from the composition of two terms which are land and the improvements permanently attached to the land. Land does not only cover the surface of the earth but it starts at the center of the earth, passes through the earth's surface and continues on onto space. Due to this division it is possible for the particular parcel of land to be owned separately by provision of surface rights to the one with the rights to use its surface, provision of subsurface rights to the one with the rights to drill or dig below and also provision of air rights to the one with the rights to use the airspace (Jacobus et al. 1999).

Improvements has been defined by Jacobus et al.(1999) as anything affixed to the land with the intention of being permanently attached to that land and it is considered to be the part of that land. Furthermore this definition considers houses, schools, factories, pipelines, fences as the real estate mainly because they improve or develop the land.

For the purpose of this study, Real Estate can be defined as the immovable improvements attached permanently to the land with the specified ownership right and clear defined use of that property. This definition provided the foundation for undertaking this study as it deals with the acquisition of residential properties. Basically the acquisition clarified for the ownership right of the client while residential properties defined the use of that property.

2.2.2 Real Estate Developers

Are group of professionals who coordinate and organise actions of all other parties involved in undertaking a real estate project. The function of real estate developers ranges from creating a preliminary concept of the project, search for a plot, its valuation and acquisition, making a detailed plan of the project, preparing project development documents, securing project's funding, designing by coordinating the work of architects and designers, the property developer organizes construction and coordinates work of contractors, subcontractors and technical supervisors, undertaking the marketing activities of the project or deciding on whether to sell the entirely project or retain it for renting purpose, quality assurance during the warranty term(Kaklauskas et al. 2012).

Real estate developers buy land, finance real estate deals, build or have builders build projects, create, imagine, control, and orchestrate the process of development from the

beginning to end. Developers purchase a tract of land, determine the marketing of the property, develop the building program and design, obtain the necessary public approval and financing, build the structures, and rent out, manage, and ultimately sell it (Encyclopedia 2018). For the purpose of this study, Real Estate Developers are firms that undertakes the establishment of various real estate properties for sale or lease to their targeted market.

2.2.3 Housing Property

According to Sheibani and Havard the housing concept has been much developed over the last two decades from narrow concept that defines housing to the dwelling where people live or materialistic building established from the walls and roof to the broad concept that includes assistance services attached to the house that motivate people to live in that particular house.

According to Brueggeman and Fisher (2011) housing properties are those properties that designed to provide residences for individuals or families. This housing properties range from single family dwellings to multifamily properties. In Tanzania, there are about 9,362,758 households (Census General Report, 2012). For the purpose of this study, housing property means the house or Unit that has been designed to provide residential accommodation to individuals or families.

2.2.4 Mortgage Finance

Brueggeman and Fisher (2011) defines a mortgage as a transaction whereby one party pledges real property to another party as a security for an obligation owed to that party, the elements essential to the existence of a mortgage are an obligation to pay and a

pledge of property as security for that obligation. Kunkel et al. (2015) explained on how mortgage works whereby the buyer sign a promissory note that narrates the promise to pay for financing the purchase and second the buyer executes a mortgage on the land to the lender and the lender pays the seller of the property in full and the lender has a claim on the property which gives him/her the ability to foreclose on the property if the buyer defaults on the note.

The mortgage financing has been played a significant role in the development of the economy and enabling people to be homeowners, at an individual level housing finance makes it possible for people to have shelter and a real asset which might be the largest investment a household makes (Ngugi and Njori 2013). Most of the lenders requires that a certain portion of the total purchase price is paid by the buyer's own resources as the down payment (Edwards 2015) and according to Kotler and Keller (2012) mortgage banks stretch loans over longer periods which automatically lower the monthly payments and many customers who intent to opt for mortgage loans are worrying only on the affordability in meeting the monthly payments and not much on the interest rate (Kotler and Keller 2012).

Porteous (2006) stated that it is only a quarter to a third of households in most emerging markets can afford a mortgage to purchase the least expensive house that has been developed by the real estate developers. Furthermore Ferguson and Smets (2010) argued that the traditional mortgage finance has been irrelevant to the majority of people in most of the developing countries.

In Tanzania the mortgage market is still growing whereby there are 31 lenders in the market who offer the mortgages loans at the average interest rate between 15% - 19%.

As at 30 June 2018 total lending by banking sector for the purposes of residential housing was TZS331.49 billion. The main five leading lenders were Stanbic bank commanding 18 percent of the mortgage market share, followed by Bank M (14 percent), CRDB Bank (12 percent), Azania Bank (9 percent) and Commercial Bank of Africa (6 percent) (Tanzania Mortgage Market Update 30 June 18).

The main obstacles to the growing of mortgage market in Tanzania is the housing loans remains extremely high but is constrained by inadequate supply of affordable housing and high interest rates. The study conducted by Samuel (2013) analyzes the factors that affect the acquisition of mortgages in Tanzania which are bank capital, ability to repay the loan, collateral securities, policies and repayment period.

Furthermore Kyessi and Furaha (2010) argued that most of housing financing initiatives carried out by governments and large financial institutions are ended up benefiting only high to middle income earners leaving out the high big number of low income earners.

2.2.5 Tenant Purchase

Tenant purchase has been one of the most notable alternative way that enables tenants to acquire their homes at homes at discounted rates from local authorities (O'Connell 2007). (Galante et al. 2017b) elaborated more on these rental agreement wherein the tenant has the option to purchase the home after a predetermined amount of time. The contract includes provisions for rent increases throughout the rental period, and an agreement for how the home price will be determined at the time that the tenant buys the home. Rents are typically market-rate, though some nonprofit programs targeting low-income borrowers restrict rents to lower levels. Most programs require tenants to

make an upfront “option” payment or an initial deposit to indicate their interest in purchasing the property.

2.3 Theoretical Literature review

The following theories relate to the research topic and the objectives set forth within the study.

2.3.1 Time Value of Money (TVM)

Time value of money is the concept according to which a sum of money owned in the present has a greater value than the value of the same sum received at a moment in the future by taking into account the opportunity of the one presently owning the sum of money to invest it and to obtain future gains such as interest or profit. The concept is more applicable in day to day life mainly because individuals prefer present consumption to future consumption and in order to induce them to give up present consumption you have to offer them more in the future (Irena and Mariana 2017).

Buying a real estate properties involve borrowing on a long or short term arrangements which calls for the need of understanding the financing costs in making the decision of buying that property. The concept of TVM helps the one to determine how much should be paid today for an investment that is expected to generate income in the future. Furthermore the concept lays the foundation for calculating mortgage payments, determining the true cost of mortgage loans and finding the value of an income property (Brueggeman and Fisher 2011).

TVM is very useful and connected to this study due to the nature of the decision that relate to real estate. Real estate property can be described as the investment good that

made the one to undertake the complex decision in selling or buying the property. The TVM concept assist both the sellers and the buyers of real estate property either to choose of the right house payment plans to offer to the market or to choice the right house payment plans to use respectively.

Some other studies applied TVM concept in conducting their studies relating to real estate in general. For example, Winkler and Jud (1998) used the concept of TVM to provide for graduate payment solutions with the aim of finding the initial payment for first home buyer to acquire property through the graduate payment mortgage.

The other study conducted by Hoesli et al. (2006) suggested for the use of discounted cash flow method in valuing the real estate or property only because the method has accounted for the TVM. Gaffaney (2008) argued that one of the way to increase homeownership is through the use of mortgage finance where the borrower will be charged the interest rate arises due to the TVM.

2.3.2 Consumer Preference Theory

The individual consumer has a set of preferences and values whose determination are outside the realm of economics, this usually depend upon culture, education and individual tastes. In purchasing a certain good a consumer has to make choice between certain bundles of goods and forgone other goods the consumer could have bought instead. The main objective of consumer is to choose the bundle of goods which provides the greatest level of satisfaction but consumers are very much constrained in their choices and these constraints are their individual income and the prices for the

particular goods considered to be chosen, so consumer must make an optimal decision that align with their preferences and their budget constraints. Furthermore, this theory assumes that the consumer's preferences are decisiveness, consistency, non-satiation and convexity.

This theory is very useful and connected to this study due to the fact that the buying of house is the one of the high involvement decision that takes large portion of the personal income and hence most of these clients are constrained by the level of their income and price of those houses. Following this the clients who considered to buy houses will more like to choose the house payment plans that provide the greatest level of satisfaction as far as their income and the price of those houses is considered. Other studies are, Rahadi et al. (2012) studied on the consumer preferences and the value determination for the residential product pricing, the study stated the positive influence of meeting consumer preferences towards the selling of residential product. Gibler and Nelson (2003) suggested that the concept of consumer preferences is very useful in studying behavior of consumers in making real estate decisions.

2.4 Empirical Literature Review

The issue related to payment plans adopted in buying houses has been discussed by various authors in different angles ranging from mortgage arrangements to private financing or direct cash from the customers. Adedeji and Olotuah (2012) evaluated the accessibility of low income earners to housing finance in Nigeria. The study used survey method whereby a total of 350 questionnaires were distributed and out of that only 297 were returned for analysis. The major findings were the housing item can rarely be purchased directly using the cash outright from the one's earnings hence there

should be access to formal financing especially for low income earners. Furthermore the study explored that many developers are financing their projects on short term loans which must be repaid within short period, due to this it has been difficult for them to offer long term payment plan to their customers and hence they only save for wealthy individuals leaving out the majority of low income earners.

Larsen (2016) studied on installment land contracts, single family houses and bargaining power in Montgomery County - Ohio between January 2002 and March 2011. The data were collected from 998 installment land contracts transactions and 19,376 traditionally financed transactions which occurred at that particular time and were analyzed by using two-stage least squares regression method. The results indicated that the buyers opted for installments payment experienced disadvantages on bargaining power whereas they paid approximately 6.64 per cent more than the buyers who opted for traditional financing in purchasing the same houses.

Li and Yi (2007) studied on financing home purchase in China specifically at Guangzhou. The main purpose of the study was to examine the role of commercial banks mortgages and the housing provident fund in urban China. The data were collected by using a survey method whereby households in Guangzhou were survey during 2001 and 2005. The findings showed the role and the access of mortgage financing have played the minor contribution towards homeownership in China.

Carpenter et al. (2017) studied on informal homeownership issues by tracking contract for deed sales in Southeast. The study used the data collected from the national survey data on homes purchased with land contracts by the U.S. Census Bureau American

Housing Survey ended in 2009, the study used only data gathered from 2001 to 2009. The study explored how this informal homeownership is practiced whereby the purchaser of a house under terms of contract for deed does not provided with the title deed until the last payment has been made, also the purchaser has eviction risks and the property may be forfeited back to the seller when the purchaser misses the payment of plan. Furthermore it was found that despite of those disadvantages, many people opted for this installments plan due to unqualified for mortgage credit or failure to save for down payment.

Au (2016) studied on the effectiveness of tenant purchase scheme Hong Kong, the data in this study were collected mainly through surveying the three estates which are Lei Tung Estate, Chuk Yuen North Estate and Kin Sang Estate. The findings showed that more than half of those people who were contacted, they were not interested to buy the residential apartment through the use of tenant purchase scheme. Furthermore it was concluded that the scheme has failed to attract many potential buyers due to its weakness.

Yeung (2001) studied on the impact of the tenants purchase scheme in Hong Kong housing market. The data were collected through survey method were the questionnaires of about 5700 were distributed and only 950 were used for the analysis through standard statistical and econometric techniques. The findings showed home ownership scheme market will loss more than 82,000 potential buyers over a period of 10 years as a result of the introduction of tenant purchase scheme.

Lawton (2012) studied on the issues of tenant purchase as a means of creating and preserving homeownership, the study were carried out in Washington Dc. The study

analyzed various measures and schemes that were aimed at improving the homeownership in the particular area. The finding from the study suggested that tenant purchase schemes is the effective scheme in improving home ownership in that area.

Lai et al. (2004) studied on the sale before completion of development in real estate by applying the model in Asian cities. The study used the real options framework model and findings suggested that developers adopt the pre-sale system by selling their projects before completion dates whereby the buyers is supposed to complete their payments both down payment and last payments within the construction period. Furthermore the study postulated that the main reason that many developers are adopting this system is to reduce bankrupt and marketing risks although this system allows buyers to default on the contract.

Galante et al. (2017) studied on expanding access to homeownership through lease purchase agreements in US. The study used the lease – purchase model and found that most of the households lack the access to credit for buying their first houses therefore the study propose for the having the sustainable homeownership lease purchase mortgage that allows the household to rent the home for a period of time while at the same time intent to buy the house.

Findings from the reviewed literatures explored the various payment options that have been adopted in selling or buying the houses in different countries. In some cases the papers postulated the limited access to the mortgage financing by the majority buyers of houses. On the other hand the payment of houses in installment has been regarded as the reliable and affordable way for buying houses though according to Larsen (2016)

the buyers who opted for the installments payment plan will ended up paying much more than the one who opted for the other source of financing the purchase of house.

The house payment plan can be extended to cover for the construction period that calls for the adoption of pre-sale system, which will lead into the provision of installments payment and the payment of a down payment. Other papers argued on the tenant purchase payment plan that allows for the buyers to move in the houses while continue paying for the monthly payments that covers for rent and any other cost related to the buying of the house. Following this, there is a need to conduct further study the effectiveness of the house payment plans adopted by the real estate developers.

2.4 Conceptual Framework

This study aimed at examining the effectiveness of house payment plans adopted real estate developers in Tanzania by taking a case of NHC. Taking into account on the research objectives both general and specific, and by also relating to the previous studies done in relation to this study. According to the nature of this study both independent variables and dependent variable were identified.

Independent Variables: The conceptual framework below is built based on the four groups that are forming the independent factors under this study which are basically the housing payments plans which are cash payment, installment payment, mortgage payment and tenant purchase. NHC has adopted four house payment options which are cash outright, installments/progressive payment plan, mortgage financing and tenant purchase (www.nhc.co.tz).

Dependent Variable: In this study the real property acquisition forms the independent factor.

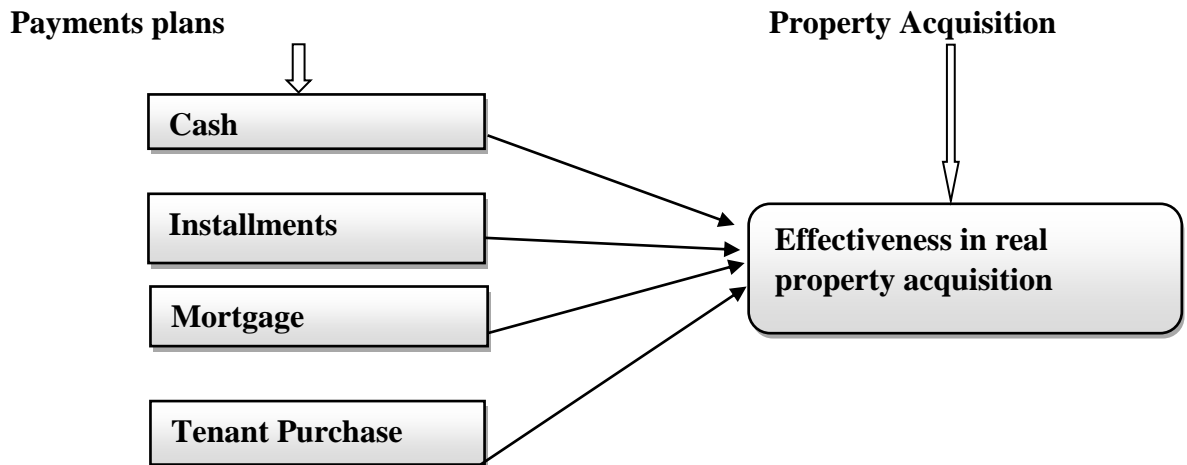


Figure 2.1: Conceptual Framework of the Study

Source: Researcher's Own Design (2019)

According to the study conducted by Stein (1995) the minimum down payment is one of the basic requirement for the house buyers, the access to mortgage has been explained in studies such as Adedeji and Olotuah (2012) and Galante et al. (2017) who explained the access to mortgage has influenced the home ownership to many middle income buyers. On the other hand there are various studies that has been conducted on the issue of payment of houses through installments basis, these studies are (Custard 2018; Kunkel et al. 2015; Carpenter et al. 2017).

According to the TVM theory which postulates that the money owned in the present has a greater value than the value of the same sum received at a moment in the future by taking into account the interest or profit that can be obtained by present investment of that money. Under this concept the duration of payment through installments can be

much explained by this concept and also the interest rate charged through different payment plans. Furthermore various studies such as the one conducted by Lai et al. (2004) and the other conducted by Chan et al. (2008) elaborated the payments plan that applied the pre-sale concept and their importance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the research methods used for this research under study and included area of the study, research design, targeted population, sampling technique, data collection and data analysis.

3.2 Research Philosophy

Research philosophy is the belief that guiding the way the data regarding certain phenomena are gathered, analyzed and used. This research is based on the philosophical position of positivism since this enables the researcher to establish relationships between variables of interest and to test theories discussed in the literature review. Crossan (2003) argued that positivism adopts a clear quantitative approach in investigating a particular phenomenon.

3.3 Research Design

Research design is the general plan on how the research questions will be answered, it also provides the road map on how the data will be collected and analyzed(Kothari 2004b). The study employed multidimensional research design that permits the collection of both qualitative and quantitative data. In this study the qualitative approach has been used in examining the kinds of house payment plans adopted by NHC and also in identifying the solutions of overcoming challenges experienced in the existing house payment plans adopted by NHC.

On the other hand the quantitative approach has been used in finding out kinds of existing house payment plans which are preferred by NHC clients and in examining the factors that affect the choice of house payment plan by NHC clients.

3.4 Area of the Study

The study was carried out at NHC - Dar es Salaam whereby the corporation has allocated its head office in this city. The reason of choosing NHC as the case study for this paper is mainly because the corporation has been leading into the real estate market in Tanzania and most of their properties by 70% are located in Dar es Salaam (NHC Strategic Plan 2015-2025).

Second the corporation has put much emphasize on the business of real estate development than its predominant business of real estate management, this has provided the researcher with an opportunity of examining how effective are the payment plans adopted by the corporation in aligning with the objectives of the corporation at large. Furthermore NHC has managed to construct many residential projects in Dar es Salaam which were sold out to clients, this has helped the researcher in collecting relevant data from existing NHC clients who bought houses from the corporation.

3.5 Population, Sampling Methods and Sample Size

3.5.1 Study Population

The targeted population of this study is the NHC clients who have been experienced or used the house payment plans offered by NHC. The composition included 804 clients who bought houses from the seven sold out NHC residential projects, which are

Ubungo project, Mindu place, Mchikichini residential apartments, Eco residential apartments, Victoria project, Kigamboni housing estate and Mwongozo housing estate.

On the other hand the population under this study considered some of NHC Staff who are working under the directorate of sales and marketing and those who are working under the business development department mainly because they are the ones who are directly dealing with clients who are buying houses from the corporation. In addition to that, these are the person who are constantly collecting feedback and opinion from their clients concerning NHC product and selling process in general.

3.5.2 Sampling Procedures

The study applied both probability and non-probability sampling techniques in collecting data. The essence of using both sampling techniques is to make sure that in-depth data are collected so as provide the clear assessment on the study under review.

For the case of probability sampling techniques, the study used simple random sampling technique. Simple random sampling is the technique that assign equal chance for each and every item in the population to be included in the sample (Kothari 2004a).

By using this technique the questionnaires were distributed to NHC clients who are living in Dar es Salaam and in those residential projects developed and sold out by the corporation. The main reason of using simple random sampling technique is to provide the equal chance to all NHC clients to participate in this study.

On the other hand the study applied the purposive sampling technique under non-probability sampling techniques. In this technique the researcher conducted the

interview with NHC staff especially those who are dealing with sales and marketing and other ones who are under business development department.

3.5.3 Sample Size

The study used a sample size of 90 respondents, which includes NHC clients, and on the other hand the researcher has conducted an interview to NHC staff who are working at sales department, marketing department and business development department.

The main reason of using the sample of 100 clients is because the total population of the study is derived from the total number of units/houses that has been sold in all 7 projects located in Dar es Salaam. These projects comprised with the total of 804 units/house as following.

SN	NHC PROJECT NAME	NUMBER OF UNITS/HOUSES SOLD
1	Ubungo Residential Apartment	80
2	Mindu Place	60
3	Mchikichi Residential Apartment	50
4	Eco Residential Apartment	118
5	Victoria Place	88
6	Kigamboni Housing Estate	200
7	Mwongozo Housing Estate	208
		804

Source: www.nhc.co.tz

Due to the number of units of all completed projects that were sold to NHC clients, the following formula were applied to obtain the convenient sample size that has been used in this study.

$$\frac{N}{1+N(e^2)}$$

$$n = \frac{N}{1 + N(e)^2}$$

n = Sample size

N = Population 804

e = Level of precision (sampling error) 10 percent or 0.1

$$n = 804 / 1 + 804(0.01)$$

$$n = 804 / 1 + 8.04$$

$$n = 804 / 9.04$$

$$n = 88.93805 = 90$$

The determined sample size is **90** respondents

The questionnaire were distributed to those 90 respondents so as to come out with the answers from the objectives depicted under this study, for example the NHC clients helped the researcher to come out with the clear picture on the assessment of the effective and preferable house payment plans. On the other hand the NHC staff were contacted to assist the researcher with the overview and in-depth knowledge of the kinds of house payment plans offered by the corporation and also to provide the challenges experienced from the existing house payment plans offered by the corporation and the proposed solutions.

3.5 Data Collection Methods

In order to align at the desired results on examining the effectiveness of the house payment plans adopted by NHC and in order to answer all research questions raised in chapter I, the researcher used questionnaires, interviews and documentary review method to collect data.

3.5.1 Questionnaire

The study used questionnaire method of data collection where structured and semi structured questions which were distributed to the respondents who are mainly NHC clients. The main reason of using both structured and unstructured questions is to provide the opportunity to respondents to give out their deep understanding of the matter under review. The questions were designed to provide answers to the research questions which aimed to find out the effectiveness of cash payment or installment, mortgage and tenant purchase in real property acquisition.

3.5.2 Interviews

This study has used interview method of data collection mainly from the NHC staff who are directly involving with the sale of houses to clients. The semi – structured interview were adopted in conducting one to one interaction with NHC respondents, the adoption of this technique assisted the researcher to find the answers of the raised research questions.

Basically this method of data collection has helped the researcher to understand in-depth the applicability of all kind of house payment plans and the practical experiences gained by NHC staff in selling houses. The clear assessment from these staff helped the researcher in finding out the effective house payment plan to be adopted.

3.5.3 Documentary reviews

This study used this method of data collection by reviewing different reports published by the corporation concerning selling of houses and the payment plans offered by the corporation. By reviewing these documents the researcher obtained the depth understanding of all the house payment plan adopted by the corporation, their intended objectives and implications. On the other hand the study used various available articles,

government provision, books, dissertations and other related documents so as to examine the effectiveness of those payment plans adopted by the corporation.

3.6 Data Processing and Analysis

The quantitative data relating to the effectiveness of house payment plans offered by real estate developers were analyzed using descriptive statistics. The data were presented through the use of charts, tables, percentages and frequencies.

On the other hand the content analysis has been used in analyzing qualitative data obtained through unstructured questions which were gathered from the NHC clients and the qualitative data gathered from NHC staff.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the analysis of the findings that were collected by using questionnaire method by contacting NHC clients who are living in the selected NHC projects in Dar es Salaam. On the other hand the findings include all the data that were collected through the use interview method targeted NHC staff who are directly involving in selling of NHC houses. This chapter has been divided into two sections which are respondents' characteristics and data findings on the specific questions.

4.2 Respondents' Characteristics

This section presents the general profile of all the respondents who were engaged in the conduction of this study.

4.2.1 Age of Respondents

Out of 90 respondents who were involved in this study, 4 respondents equivalent to 4% were below 30 years of age, 19 respondents equivalent to 21% were falling into age range of 30-40 years, 39 respondents equivalent to 43% were falling into age range of 41-50 years, 24 respondents equivalent to 27% were falling into age range of 51-60 years and 4 respondents equivalent to 4% are those respondents who are above 60years of age. Table 4.1 indicated that 74% of all the respondents are those with 41 years and above while 26% of all respondents are those with the age of below 40 years of age.

4.2.2 Sex of Respondents

Out of 90 respondents who were involved in this study, 52 respondents equivalent to 58% were Male and 38 respondents equivalent to 42% were female.

4.2.3 Respondents' Marital Status

Out of 90 respondents, 7 respondents equivalent to 8% were single, 77 respondents equivalent to 86% were married, 2 respondents' equivalent to 2% were divorced and 4 respondents equivalent to 4% were widowed.

4.2.4 Respondents' Education Level

Out of 90 respondents, 2 respondents equivalent to 2% have acquired a primary education, 11 respondents equivalent to 12% have acquired a secondary education, 15 respondents equivalent to 17% acquired a diploma education, 45 respondents equivalent to 50% acquired a Bachelor education and 17 respondents equivalent to 19% acquired a Master degree or above.

4.2.5 Respondents' Occupation

Out of 90 respondents, 33 respondents equivalent to 37% are employed in a public sector, 41 respondents equivalent to 46% are employed in a private sector while 16 respondents equivalent to 18 were engaged in either public or private sector.

Table 4. 1: Overall Respondents' Characteristics

S/N		Frequency	%
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1	Age		
	Below 30	4	4%
	30 – 40	19	21%
	41 – 50	39	43%
	51 – 60	24	27%
	Above 60	4	4%
2	Sex		
	Male	52	58%
	Female	38	42%
3	Marital status		
	Single	7	8%
	Married	77	86%
	Divorced	2	2%
	Widowed	4	4%
4	Education level		
	Primary	2	2%
	Secondary	11	12%
	Diploma	15	17%
	Bachelor	45	50%
	Master degree or above	17	19%
5	Occupation		
	Employed in a Public Sector	33	37%
	Employed in a Private Sector	41	46%
	Other	16	18%

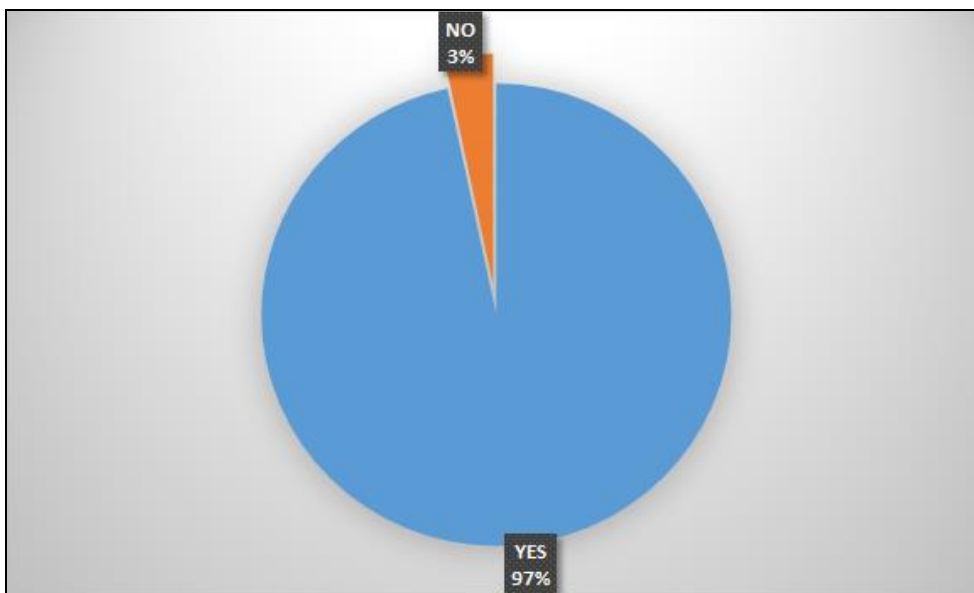
Source: Field Findings, (2020)

4.3 General Questions on NHC house buyers, house payment plan and satisfaction level.

4.3.1 NHC House buyer

The data were collected to assess whether all the respondents were the real buyer of those houses or not. Out of all 90 respondents, 87 respondents equivalent to 97% were the real owners of the houses while 3 respondents equivalent to 3% were the tenants of those houses with the full information on the process of acquired them.

Figure 4.1: NHC House buyer



4.3.2 Payment Plan Used

The data were collected to examine the general payment plan that these house buyers were used to acquire those houses. The data collected were aimed to spotlight the all four houses payment options that NHC Corporation is offering to her clients. These payments plan are cash basis, installment basis (progressively payment plan, tenant purchase and mortgaging finance.

Table 4.2: Payment plan used

	Frequency	Percent	Valid Percent	Cumulative Percent
Cash Basis	6	7%	7%	7%
Installments Basis	67	74%	77%	84%
Tenant Purchase	0	0%	0%	84%
Mortgage	14	16%	16%	100%
Total	87	97%	100%	
Missing	3	3%		
Total	90	100%		

Source: Field Findings, (2020)

Table 4.4 implied that, out of all 90 respondents only 87 respondents confirmed to have used some of the payment plans offered by the corporation whereby 6 respondents equivalent to 7% used cash basis, 67 respondents equivalent to 77% used installments basis, 14 respondents equivalent to 16% used mortgage financing and there were no respondents on the use of tenant purchase in all the NHC projects located in Dar es Salaam.

4.3.1 Level of satisfaction on the payment plan used

The data were collected by finding the general assessment on the four payments plans used by NHC clients and their corresponding level of the satisfaction for each payment plan used by the specific respondents. From Table 4.5 out of 6 respondents who used cash basis as the house payment plan, all of them were unsatisfied, Out of 67 respondents who used installments basis only 32 were satisfied whilst 29 respondents

were unsatisfied, out of 14 respondents who used mortgage financing 13 clients were unsatisfied and there were no any respondents who used tenant purchase scheme.

Table 4.3: Level of satisfaction on the payment plan used

	Frequency	Very Unsatisfied	Unsatisfied	Neutral	Satisfied	Very Satisfied
Cash Basis	6	4	2	0	0	0
Installments Basis	67	7	22	6	25	7
Tenant Purchase	0	0	0	0	0	0
Mortgage	14	4	9	1	0	0
Total	87	15	33	7	25	7

Source: Field Findings, (2020)

4.4 Cash basis

The data were collected to examine the effectiveness of cash basis as the house payment plan offered at NHC. These questions were specifically addressing the objective number one in this paper.

4.4.1 Specific questions on cash payment plan

The questions addressed were to find out if cash payment plan has included any interest rate, the duration of the cash basis payment plan and also to find out some other benefits attached by cash basis payment plan.

Table 4.4 Specific questions on cash payment plan

	Frequency	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
NHC does not include any interest in cash payment plan.	90	0	0	0	32	58
Cash payment plan offers enough period for the customer to pay.	90	61	29	0	0	0
Cash payment plan offered by NHC is attached with more benefits than other house payment options.	90	87	3	0	0	0

Source: Field Findings, (2020)

Table 4.2 implied that all the respondents totally agreed that NHC charged no interest on cash house payment plan while all the respondents disagreed that cash payment plan offered enough period for the customer to complete their payments and lastly all the respondents disagreed on whether cash payment plan is attached with more benefits than other payment plans.

4.4.2 Effectiveness of cash payment plan

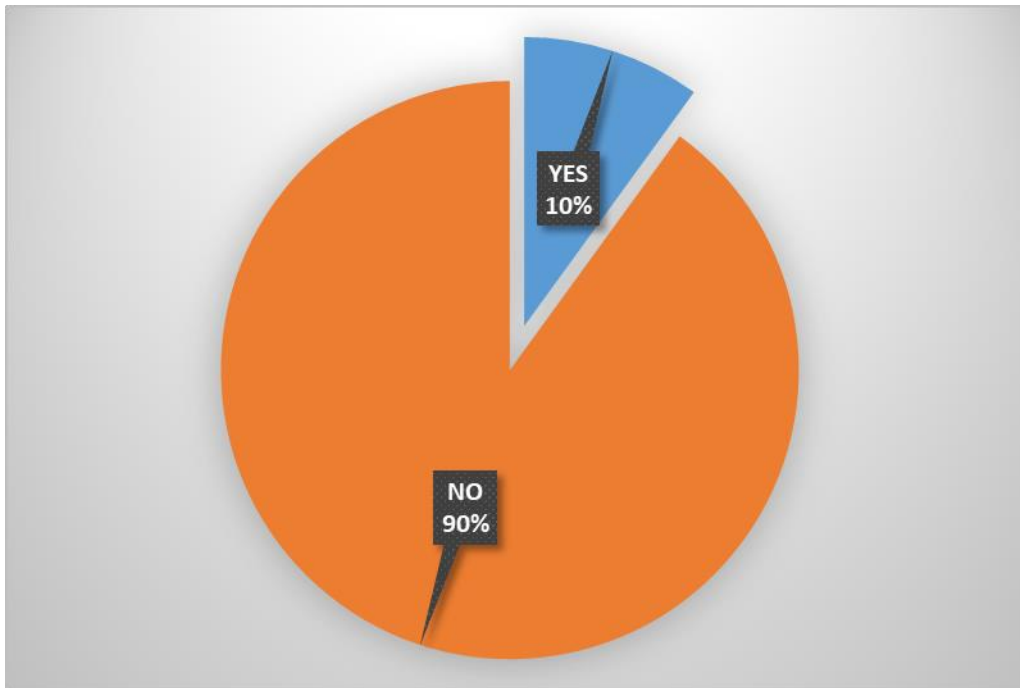
The data were collected to examine the effectiveness of the cash basis payment plan in property acquisition and the respondents were asked in question 10(a) whether the Cash

payment plan is the most effective payment plan in buying NHC houses. The data collected is presented in the Figure 4.2 whereby out of 90 respondents only 9 respondents which is equivalent to 10% agreed that cash basis as a house payment plan is more effective payment plan in buying NHC houses.

Following the presence of majority of respondents' equivalent to 90% of all the respondents disagreed on the effectiveness of cash basis as the effective house payment plan. In analyzing all of their responses on why cash basis/cash house payment is not effective house payment plan, the following are generalization on the importance content from those responses.

The respondents argued that many clients are not able to manage paying for house prices within the short period of time due to the house prices charged by NHC takes large portion of their income. All of these opponents for this house payment plan argued that the duration of time that NHC offers to the clients who opted to use this payment plan is not enough for the majority of clients who are not high income earners.

Figure 4.2: Effectiveness of cash payment plan



Source: Field Findings, (2020)

4.5 Installments

The data were collected to examine the effectiveness of installment plan within the construction period as the house payment plan offered at NHC. These questions were specifically addressing the objective number two in this paper.

4.5.1 Specific questions on installments payment plan

The questions addressed were to find out whether installments payment plan has included any interest rate, the duration of the installment payment plan and also to find out whether the installments requirements are convenient to customers.

Table 4.5 Specific questions on installments plan

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Frequency					

NHC does not include any interest in installments plan.	90	0	0	0	41	49
NHC installments payment are covering enough period for the customer to pay	90	0	30	15	45	0
Installments requirements at NHC are convenient to customers.	90	0	36	14	40	0

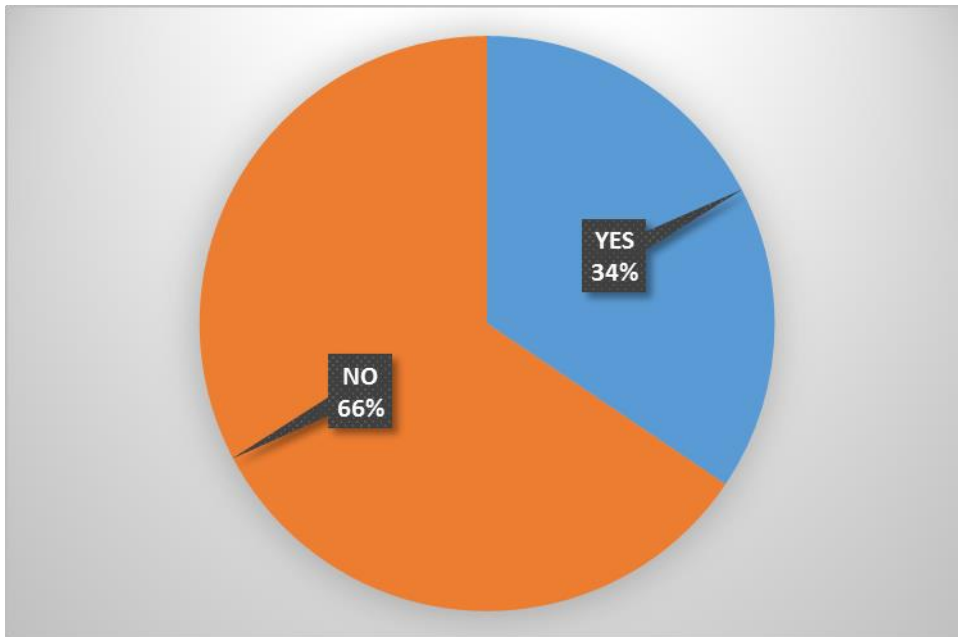
Source: Field Findings, (2020)

Table 4.5 implied that all the respondents were totally agreed that NHC charged no interest on installment payment plan that has been designed to cover for the construction period only. On the other hand 50% of all the respondents agreed that installments payment plan offered enough period for the customer to complete their payments and lastly 40 respondents equivalent to 44% agreed that installments payment plan are convenient to customers.

4.5.2 Effectiveness of installments payment plan

The data were collected to examine the effectiveness of the cash basis payment plan in property acquisition and the respondents were asked in question 12(a) whether the installments payment plan is the most effective payment plan in buying NHC houses. The data collected is presented in the Figure 4.3 whereby out of 90 respondents only 31 respondents which is equivalent to 34% agreed that installments plan as a house payment plan is more effective payment plan in buying NHC houses.

Figure 4.3 Effectiveness of installments plan



Source: Field Findings, (2020)

From the Figure 4.3 it implied that majority of respondents' equivalent to 66% of all the respondents disagreed on the effectiveness of installments payment plan as the effective house payment plan. In analyzing all of their responses on why installments payment plan is not effective house payment plan, the following are generalization on the importance contents from those responses.

Firstly, it has been reported that the period of installments payment plan covers only the construction period which is basically the pre-sale mode of purchase and relatively the period is not real enough to be convenient to all clients as per their income segments categorization. Secondly, more customers have experienced the delay in completion of some of the projects they have purchased from the corporation hence they have reported that there is undelivered of those projects within the agreed specified period of time. Lastly, in some of the high end projects the monthly or quarterly installments are still very high to be practical for the one to manage paying through their own financing.

4.6 Mortgage financing

The data were collected to examine the effectiveness of mortgage financing payment plan as the house payment plan offered at NHC. These questions were specifically addressing the objective number three in this paper.

4.6.1 Specific questions on mortgage financing payment plan

The questions addressed were to find out whether the interest rate charged by NHC financial partners on mortgage financing are much more convenient, second is the mortgage financing offering enough period for the customer to pay and lastly are the mortgage requirement conveniently to customers.

Table 4.6 Specific questions on mortgage financing payment plan

	Frequency	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The interest rate charged from mortgages offered by NHC financial partners are much convenient	90	71	11	8	0	0
Mortgage payments are covering enough period for the customer to pay	90	0	0	0	48	42

Mortgage requirements are convenient to customers	90	38	41	2	9	0
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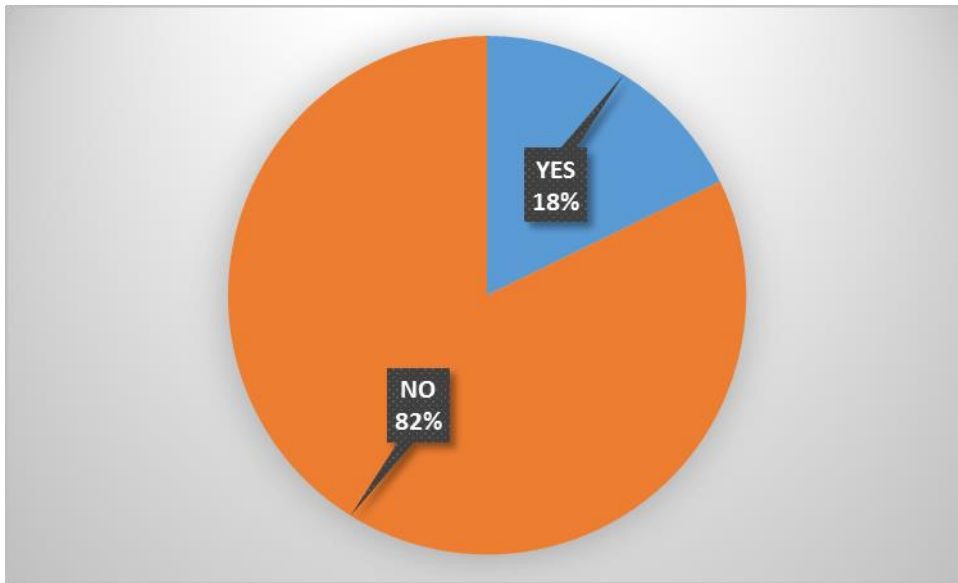
Source: Field Findings, (2020)

Table 4.6 implied that out of 90 respondents, 82 respondents were totally disagreed that the interest rate charged by NHC mortgage financial partners are much more convenient. On the other hand, all the respondents agreed that the period covered by mortgage financing is enough while 79 respondents out of 90 respondents disagreed that mortgage requirements in general are more convenient to customers.

4.6.2 Effectiveness of mortgage financing payment plan

The data were collected to examine the effectiveness of the mortgage financing plan in property acquisition and the respondents were asked in question 14(a) whether the mortgage financing is the most effective payment plan in buying NHC houses. The data collected is presented in the Figure 4.4 whereby out of 90 respondents only 16 respondents which is equivalent to 18% agreed that mortgage financing is most effective payment plan in buying NHC houses.

Figure 4.4 Effectiveness of mortgage financing payment plan



Source: Field Findings, (2020)

From the Figure 4.4 it implied that majority of respondents' equivalent to 82% of all the respondents disagreed on the effectiveness of mortgage financing as the effective house payment plan. In analyzing all of their responses on why mortgage financing plan is not effective house payment plan, the following are generalization on the importance contents from those responses.

Mortgage requirements are more complicated especially for the people who are self-employed or employment in small private companies. Most of the respondents argued that the mortgage financing is for the salaried people and not non salaried ones. The other important argument is that, interest rate charged by NHC financial partners and the overall mortgage financing market in Tanzania are little bit very high to be conveniently to the majority of customers, in addition most of the clients are defaulting from servicing their mortgage loans to unforeseen financial difficulties sourced with the high interest rate charged.

4.7 Specific questions on tenant purchase

The data were collected to examine the effectiveness of tenant purchase as the house payment plan offered at NHC. These questions were specifically addressing the objective number four in this paper.

4.7.1 Specific questions on tenant purchase payment plan

The questions addressed were to find out whether the interest rate charged by NHC on tenant purchase is much convenient, second is the tenant purchase offering enough period for the customer to pay and lastly are the tenant purchase requirements conveniently to customers.

Table 4.7 Specific questions on tenant purchase payment plan

	Frequency	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The interest rate charged by NHC in tenant purchase scheme is much convenient	90	63	13	5	9	0
Tenant Purchase payments arrangements are covering enough period for the more customers to afford	90	0	6	9	39	36
Tenant purchase requirements are convenient to most of the customers.	90	39	46	5	0	0

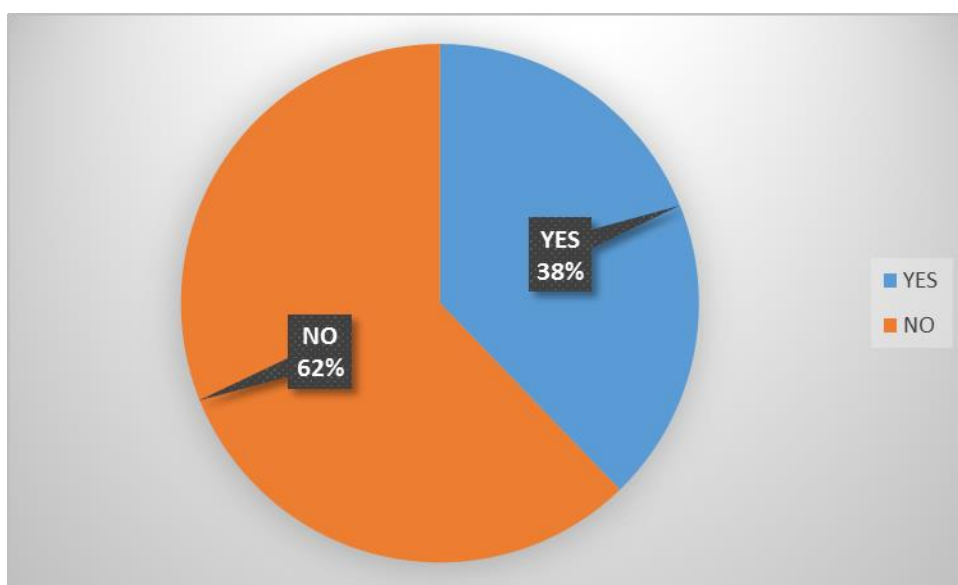
Source: Field Findings, (2020)

Table 4.7 implied that out of 90 respondents, 76 respondents were totally disagreed that the interest rate charged by NHC through the tenant purchase scheme is convenient to clients. On the other hand, 75 respondents out of 90 respondents agreed that the period covered by tenant purchase scheme is enough while 85 respondents out of 90 respondents disagreed that tenant purchase requirements in general are convenient to most of the customers.

4.7.2 Effectiveness of tenant purchase payment plan

The data were collected to examine the effectiveness of the tenant purchase scheme in property acquisition and the respondents were asked in question 16(a) whether the mortgage financing is the most effective payment plan in buying NHC houses. The data collected is presented in the Figure 4.5 whereby out of 90 respondents only 4 respondents which is equivalent to 4% agreed that mortgage financing is most effective payment plan in buying NHC houses.

Figure 4.5 Effectiveness of tenant purchase payment plan



Source: Field Findings, (2020)

From the Figure 4.5 it implied that majority of respondents' equivalent to 62% of all the respondents disagreed on the effectiveness of tenant purchase scheme as the effective house payment plan. In analyzing all of their responses on tenant purchase scheme is not the effective house payment plan, the following are generalization on the importance contents from those responses.

Most of the respondents argued that there have been requesting for that payment plan but it seems that there are no any NHC project in Dar es Salaam attached with that payment plan. Following this, most of the clients argued that the tenant purchase payment plan is still impractical to NHC projects in Dar es Salaam region. Second for some clients who reviewed the requirements for the clients to use tenant purchase scheme are much more complicated and the total cost incurred by the clients will be much more or equivalent to other options like the use mortgage. Lastly some respondents were not happy with the interest charged by the corporation under this tenant purchase scheme.

4.8 Comparison of all house payment options

The data were collected to analyze the general perception of all the four house payment plans on customer's perception. The use of Likert scale was adopted so as to come out with the clear comparison of those four house payment plans. The findings from that assessment were presented in Table 4.8

Table 4.8 Comparison of all four house payment options

	Frequency	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
It is relatively more effective to use cash payment plan in acquisition of real estate properties than other options	90	66	18	0	3	3
It is relatively more effective to use installments payment plan in acquisition of real estate properties than other options	90	4	6	6	61	13
It is relatively more effective to use mortgage financing payment plan in acquisition of real estate properties than other options	90	0	23	20	10	37
It is relatively more effective to use tenant purchase payment plan in acquisition of real estate properties than other options	90	3	8	1	22	56

Source: Field Findings, (2020)

Table 4.8 shows that the overall responses from all the participants indicating that out of 90 responses on cash payment plan only 6 agreed that the said house payment plan is the relatively more effective than other options. On the other hand, out of 90 responses on installments payment plan only 74 responses agreed that installments payment plan is the most effective than other options. Out of 90 responses on mortgage financing only 47 agreed that the use of effective payment plan is the most effective payment option than other options while 78 responses out of 90 responses agreed that the use of tenant purchase scheme is the most effective payment plan than other options.

4.9 Challenges Eexperienced by NHC clients

The data were collected concerning the challenges that NHC clients have experienced in using NHC housing payment plans. The questions were designed in the way that it provides the general challenges on the said four house payment plans. The findings shows that, about 72 respondents which is equivalent to 80% of all the targeted population responded on this question. In analyzing this, the researcher summarized their responses as follows.

4.9.1 Period of payments

About 46 respondents which is equivalent to 50% argued that the payment period offered by NHC Corporation is still very short for the client to complete their payments timely. Most of the payment plans offered are aimed to capitalize on the raising fund within the construction period which is basically the adoption of pre-sale concept. Most of the NHC projects took 2 to 3years till completion whereby the clients are also supposed to complete their payments within that period of time. A respondent had the following view:

“...Some of the house payment plans requires a client to complete their payments just within 90 calendar days and this made the plan to be inconveniently to the eyes of the majority of clients who are falling into low to medium income earners”(Source: Research Field Data, 2020).

4.9.2 Untimely delivered of NHC projects

It was also reported that some of the NHC projects took more time to be completed while on the other hand the payment plans offered to clients tied them to complete their payments within construction period which was pre-determined before the actual completion of the projects. Due to this, some of the clients experienced some delays while on the other side, they have completed their payment timely.

4.9.3 High interest rate charged by NHC financial partners

It was reported that the interest rate charged by mortgage lenders in Tanzania ranges from 19% to 23% which is quietly high rate and unaffordable to majority of the clients. On the other hand, some of the clients complained that the mortgage lenders are concentrated with only salaried people and leaving out all the clients who are running their own business. A respondent had the following view:

...the possibility of defaulting on mortgages loans accessed by clients is very high due to the high rate that are charged by mortgage lenders in Tanzania (Source: Research Field Data, 2020).

4.9.4 High price and unachievable installment payments

It was reported that house prices charged by NHC with their associated payment plan are providing the installments plan which are unachievable. For the price that is ranging

from Tshs 53million to Tshs 152 million for houses sold at Kibada and Mwongozo projects in Kigamboni, required the client to pay the range of Tshs 2million to Tshs 6million per month for the period of 2years respectively so as to complete the payments. This assessment leaves out some of the high end projects like Mindu, Victoria and Chato which are relatively priced above Tshs 321 million. More challenges are exposed in term of the affordability of the majority of the clients to comply with the stated monthly installments. . A respondent had the following view:

“.....it is only for few people or not at all who can manage to pay more than Tshs 20million per monthly consecutively within construction period” (Source: Research Field Data, 2020).

4.9.5 Few projects on sale

Lastly the respondents argued that NHC lacks varieties of projects that are on sale targeting all the income segments. Respondents stated that most of the NHC projects are targeting only high income earners, in addition to this, some of the clients tried to name some of NHC projects which are basically for high income earners such as Morocco and Victoria projects. The presence of few projects on sale especially in Dar es Salaam made the clients not to manifest the effectiveness of the said house payment plan only because they see it only on the certain scope of few projects. Other argued some of the house payment plan such as tenant purchase was only designed for affordable projects on which most of them are not in Dar es Salaam region and hence made the respondents who are living in Dar es Salaam out of the scope. . A respondent had the following view:

“...we need some of the projects in Dar es Salaam that will be priced more affordably and attached with the house payment plan which are conveniently to the majority of people” (Source: Research Field Data, 2020).

4.10 Recommendation from NHC clients on the improvement on NHC housing payment plans

The data were collected to find out some of the recommendations from NHC clients who have been the users of those house payment plans offered by NHC. Most of the recommendations were stated in the way of addressing the challenges experienced by these clients. For example most of the clients are proposing for extension of the payment plan to cover for longer period than the existing plans which are covering only construction period and few months after construction completion. Also it was recommended that the corporation should improve their tenant purchase scheme to cover for more projects and to reduce the interest rates and other complicated requirements.

4.11 Finding from NHC

NHC designed four house payment plans which are through outright cash, progressive payment plan, mortgage financing and tenant purchase. Basically the corporation has adopted the concept of pre-sale whereby the actual selling activities begin after the official launch of the project with all clear project descriptions that allows the client to start paying for the house even within construction period. The corporation has managed to develop many houses units countrywide and segmented them to cater for all income segments starting from low income earners, mid and high income earners.

Following this, the corporation has two product portfolio which are medium to high projects portfolio and affordable projects portfolio.

Some of completed medium to high projects in Dar es Salaam are Mindu, Mchikichi, Chato, Victoria and Ubungo which were priced from the range of Tshs 80 million to 844 million. Other projects Raha leo and Shangani in Mtwara and Medeli apartment in Dodoma which were priced in the range of Tshs 186 million to Tshs 224 million.

Some of the Affordable projects which are countrywide located are Bombambili-Geita, Ilembo – Katavi, Mkuzo –Ruvuma, Mlole –Kigoma, Uyui –Tabora, Kongwa – Dodoma, Unyakumi –Singida, Muleba –Kagera, Longido –Arusha, Igunga – Tabora, Mkinga –Tanga, Mvomero –Morogoro, Bukondamoyo – Shinyanga, Makete – Njombe, Buhare – Mara, Inyonga – Katavi and Masasi- Mtwara. The price ranged from Tshs 36 million to Tshs 70 million. The following are the four house payment plans adopted by the corporation.

4.11.1 Cash outright

The adoption of cash outright house payment plan has been designed to make sure that the corporation is collecting all payments of selling houses within 90 calendar days. The client is required to pay at least 10% of the purchase price and the rest will be paid within 90 days. Following the commitment level of at least 10%, the client may pay any amount above 10% or full amount even at once. The following are sales procedures that the corporation has adopted.

Submission of the dully filled “House Purchase Application Form” together with the proof of payment of application fee of Tshs. 10,000 and the down payment of 10% of the house purchase price, as commitment by the applicant of his desire and ability to

purchase the house. After the applicant receives the letter of offer for house purchase application, she/he will be given 90 calendar days from the date of the letter, to finalize payment of the remaining 90% of the house purchase price.

Upon the expiry of these 90 days without the submission of the proof of payment plan, NHC will allocate the house to another prospecting client from the waiting list. The 10% down payment paid by the client, will be given a choice of either being used to apply for another house in other NHC projects or to be refunded to the applicant.

4.11.2 Installments house payment within construction period/Progressive payment plan

This mode of payment was developed to cover for the much longer period of payment than the previously adopted ones. The corporation aimed to provide the advantageous of the pre-sale concept by giving the room to the NHC clients to pay in instalments and within the construction period. This method allows for the down payment of 10% and the rest of 90% should be paid within the construction period, the main intention of this method is to make sure the corporation is raising the required fund to assist the corporation in financing the projects progressively. On the other hand, it gives the client the convenient room to pay for the houses than paying the whole amount at once.

4.11.3 Mortgage financing through financial partners

NHC has signed mortgage agreements with 17 banks for clients who are interested to opt for mortgage financing. These banks are Azania Bank, Bank of Africa(BOA), Commercial Bank of Africa(CBA), Exim Bank(T) Ltd, Kenya Commercial Bank(KCB), NBC BANK Ltd, NMB Plc, Stanibic Bank, Banc ABC, CRDB Bank Plc, DCB Commercial Bank Plc, NIC Bank, First National Bank(FNB), International

Commercial Bank(DTB), Equity Bank(T) Ltd and I & M Bank, NHC has managed to have a big number of financial partners whereby the whole mortgage market in Tanzania is having only 31 lenders in which the typical interest rates offered by these mortgage lenders ranged between 15-19 percent(Tanzania mortgage market update-June 2018).

These mode of payment, involves three stakeholders which are the developer who is NHC, the financial partners who are responsible for provision of the mortgage loans and the client who is benefiting from the mortgage loan. At first the client will have to pay for the down payment of at least 10% and allocated a unit by being provided with an official offer letter which will latterly be used in securing loans from the said bank partners, note that banks partners applied their banking appraisal methods to access the eligibility of the applicants and the ability of repaying the loan, upon the successfulness of the process, the bank will confirm the disbursement of the mortgage amount by requesting the letter of undertaking from NHC so as upon the completion of transfer of unit title process the title will be direct submitted to the bank for perfection, note that the bank will disburse the mortgage amount direct to NHC.

NHC has been the one of the leading real estate developer in Tanzania to take the advantage of the Mortgage Financing (Special Provisions) Act of 2008 to promote home ownership (NHC Strategic plan 2014/2015-2024/2025), furthermore though the different projects that are on the sale (completed ones and ongoing one) NHC has brought much of the positive impact towards the growth of the mortgage market in Tanzania (Tanzania mortgage market update-June 2018).

4.11.4 Tenant Purchase Scheme

The Tenant Purchase scheme is designed to give customers convenient option to purchase houses by payment of agreed down payment and then finalize the balances on long term installments during the tenor of the scheme while occupying the unit, basically this scheme was developed purposefully for the NHC Affordable projects which are countrywide located which are Bombambili-Geita, Ilembo – Katavi, Mkuzo – Ruvuma, Mlote – Kigoma, Uyui – Tabora, Kongwa – Dodoma, Unyakumi – Singida, Muleba – Kagera, Longido – Arusha, Igunga – Tabora, Mkinga – Tanga, Mvomero – Morogoro, Bukondamoyo – Shinyanga, Makete – Njombe, Buhare – Mara, Inyonga – Katavi and Masasi- Mtwara.

The interested client should make the down payment of 25% of the house purchase price, as commitment by the applicant of his desire and ability to purchase the house and the remaining balance will be paid by equal monthly installments which will be deducted from his/her bank account through standing order (Direct Debit) for the maximum tenor of ten years (120 months). Furthermore a client will have to pay for a provision for life insurance of 1% of the house, paid annually on the loan balance in advance and a provision for fire insurance of 0.077% of the house purchase price, Note that the client will be allowed to live in the particular unit after the initial payment and meeting those two requirements including the responsibility of paying service charge and maintenance cost of a unit purchased, after completion of the final installment then the client will be provided with sales agreements and unit title of the particular unit.

4.11.5 Effectiveness and the common feedback from NHC clients regarding house payment plans.

The data were collected through the interview method whereby the people who are in direct contact with clients were contacted. The questions were designed to cater for the effectiveness of the adopted house payment plans and to assess the overall common feedback from these buyers or prospective buyers of NHC houses. The following were the findings

Majority of the clients argued that the duration of payment for house payment plan offered by the corporation are not giving them enough time to conveniently pay for the house they have bought. This covers most for the cash house payment plan whereby the client is supposed to finalize the whole balance in the period of 90days.

In addition to this, many clients are positively commenting on the installment house payment plan mainly because it is relatively gives them enough time for paying for their houses. Although many of them are still requesting for the more time that extent even after the construction completion.

Majority of the clients are likely interested with the duration that the mortgage loans covers whereby most of the banks which financial partners with NHC in providing mortgages to NHC clients are regulated to extend their mortgage loan period up to 20years. On contrary, the majority of clients are totally not comfortable with the interest rates charged by banks which ranges from 19% to 23%, this has made many of them to fail in securing these loans.

Majority of the clients are more interested with tenant purchase scheme whereby it allows for the clients to pay in installments and at the same time enjoying the use of the

particular house. Basically the scheme at the moment does cover for the all NHC projects that are on sale but majority of the clients are preferring that all the NHC projects should be covered.

4.12 Discussion of findings

This section shows the critical interpretations and discussions of the findings that was obtained from the research objectives described under this study, basically all the findings from the research objectives are precisely interpreted and discussed in relations with empirical literatures. The specific objectives were to assess the effectiveness of cash payment in real property acquisition, to assess the effectiveness of installment payment in real property acquisition, to assess the effectiveness of mortgage financing in real property acquisition and to assess the effectiveness of tenant purchase in real property acquisition. In light with these objectives, the following section analyses the finding discussion of each objective.

4.12.1 The effectiveness of cash payment in real property acquisition

The data were collected in examining the effectiveness of using cash payment plan in real property acquisition whereby out of all the respondents who are NHC clients only 7% confirmed to use cash payment plan in buying their houses. Furthermore the study found that majority of the all respondents were unsatisfied with the use of cash payment plan. On the examination of the interest rate and period of payment attached with this house payment plan, the majority of the respondents agreed that there is no any interest charged in this method but the duration of payment is not enough for them to finalize their payment conveniently. Overall, majority of the respondents which is equivalent to 90% agreed that the cash payment as a house payment plan is totally not effective at all

while in relating to other house payment plans being adopted by the NHC, cash payment plan accumulated only 7% rate of its effectiveness compared to other house payment plans.

Relating this findings to the consumer preference theory, majority of clients are constrained with the level of income in relating to price and choice of various goods/products. They most prefer to buy a product that will conveniently utilize their confined budget. By comparing the prices of houses and the majority's income level, it is true that few of them will be able to buy houses from their income within short period of time. The findings from the study relates with the findings of Adedeji and Olotuah (2012) who argued that it is rarely for the house to be purchased directly using the cash outright from the one's earnings hence there should be access to formal financing especially for low income earners.

4.12.2 The effectiveness of installments payment in real property acquisition

The data were collected in examining the effectiveness of using installments payment plan in real property acquisition whereby out of all the respondents who are NHC clients only 77% confirmed to use installments payment plan in buying their houses. The study found that 48% of the all respondents were satisfied with the use of installments payment plan. On the examination of the interest rate and period of payment attached with this house payment plan, the majority of the respondents agreed that there is no any interest charged in this method but 50% of all the respondents agreed that the duration of payment is enough for them to finalize their payment conveniently. Overall, majority of the respondents which is equivalent to 34% agreed that the installments payment plan as a house payment plan is effective while in relating

to other house payment plans being adopted by the NHC, it has been concluded that the installments payment plan has accumulated about 82% rate of its effectiveness compared to other house payment plans.

The adaptation of the installments house payment plan incorporated the principles of TVM whereby the real estate developers are discounting or projecting their finances by considering the real time value of their investments. As far as the payment period is conveniently, the clients will also assess the TVM for whether to buy the property currently or in the near future.

The findings from the study relates with the findings of Lai et al. (2004) who studied on the sale before completion of development in real estate whereby clients are conveniently pay in installments and complete their payments within the construction period. Carpenter et al. (2017) argued that most of the people opt for installments plan due to unqualified for mortgage credit or failure to save for down payment.

4.12.3 The effectiveness of mortgage financing in real property acquisition

The data were collected in examining the effectiveness of using mortgage financing as the house payment plan adapted by NHC in real property acquisition whereby out of all the respondents who are NHC clients only 16% confirmed to use mortgage financing payment plan in buying their houses. The study found that 93% of the all respondents were unsatisfied with the use this method. On the examination of the interest rate and period of payment attached with this house payment plan, the majority of the respondents' equivalent to 91% agreed that the interest rate charged by financial partners is very high and inconveniently while all the respondents agreed that the duration of payment offered by this method is quite enough. On the other hand, 82% of

the all respondents agreed that mortgage requirements are much more complicated and hence leaving a lot of prospective unsuccessfully in securing loans. Overall, majority of the respondents which is equivalent to 82% agreed that the mortgage financing as a house payment plan is not effective while in relating to other house payment plans being adopted by the NHC, it has been concluded that the mortgage financing payment plan has accumulated about 52% rate of its effectiveness compared to other house payment plans.

The TVM stipulates that the interest rate is charged for the compensation of time and opportunity cost of using the limited funds. Due to this the mortgage lenders are charging the high interest rate at the reasonable repayment period. This made only few people to qualify for mortgage financing. The findings from the study relates with the findings of Li and Yi (2007) studied on financing home purchase in China and argued that the mortgage financing has played the minor contribution towards homeownership in China.

4.12.4 The effectiveness of tenant purchase in real property acquisition

The data were collected in examining the effectiveness of using tenant purchase as the house payment plan adapted by NHC in real property acquisition whereby out of all the respondents who are NHC clients there were no any client who confirmed to use this method despite of being aware of core information on this method. On the examination of the interest rate and period of payment attached with this house payment plan, the majority of the respondents' equivalent to 84% agreed that the interest rate charged in this house payment plan is high and inconveniently while 83% of the all the respondents agreed that the duration of payment offered by this method is quite enough.

On the other hand, 94% of the all respondents agreed that tenant purchase requirements are much more complicated. In addition, 38% of all the respondents agreed that the tenant purchase scheme as a house payment plan is effective while in relating to other house payment plans being adopted by the NHC, it has been concluded that the method has accumulated about 86% rate of its effectiveness compared to other house payment plans.

The findings are connected with the TVM theory, whereby the corporation has adopted the house payment plan that gives the client enough period of time while at the same time there is an element of interest rate charges. In addition to this, the findings are also relates to the study conducted by Lawton (2012) who studied on the issues of tenant purchase as a means of creating and preserving homeownership in Washington Dc and argued that tenant purchase schemes is the effective scheme in improving home ownership in that area.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study findings, conclusions, recommendations, and areas for further research.

5.2 Summary

The main objective of this study was to examine the effectiveness of house payment plans offered by real estate developers in Tanzania by using NHC as a case study at NHC. The specific objectives of the study were:

- i. To assess the effectiveness of cash payment in real property acquisition
- ii. To assess the effectiveness of installment payment in real property acquisition
- iii. To assess the effectiveness of mortgage financing in real property acquisition
- iv. To assess the effectiveness of tenant purchase in real property acquisition.

Both quantitative data and qualitative data were collected mainly by distributing questionnaires to 90 NHC house buyers who are residing in Dar es Salaam in all seven NHC residential projects which are sold out to them. These projects are Ubungo project, Mindu place, Mchikichini residential apartments, Eco residential apartments, Victoria project, Kigamboni housing estate and Mwongozo housing estate. On the other hand the qualitative data were obtained through conducting interview with NHC staff who are direct contacting with NHC house buyers.

The findings were analyzed descriptively by using frequencies, percentages which was presented through the use of tables and pie charts. The findings of the study revealed that about 77% of all the clients used installments house payment plan for those houses bought in NHC, followed by 16% of all the clients who managed to purchase those houses by using mortgage financing while only 7% of all clients managed to purchase those houses by using cash outright house payment plan and none of them used tenant purchase in purchasing houses at NHC.

On the other hand, the comparison of all the four house payments plan in respect to the effectiveness on the eyes of NHC clients the findings revealed that, majority of clients who are equivalent to 86% argued that tenant purchase is relatively more effective in purchasing NHC houses followed with installments payment plan by 82% of the all

respondents. On the other side about 52% of all the respondents argued that mortgage financing is relative effective in purchasing NHC houses followed by cash outright by only 7%.

In addition to that, most of the clients are proposing for extension of the payment plans to cover for longer period than the existing plans basically for installments payment that cover only the construction period and few months after construction completion and cash outright that cover for only 90 days. Also it was recommended that the corporation should improve their tenant purchase scheme to cover for more projects in all regions and to reduce the interest rates and other complicated requirements attached to the scheme.

5.3 Conclusion

The study examined various house payment plans adopted real estate developers by using NHC as the case study, these house payment plans are such as cash outright, installments house payment plan, mortgage financing and tenant purchase scheme. In general majority of clients are preferring the house plans that gives them the enough time to finalize their payment, with low or no interest rate and uncomplicated requirements. Following this, the results revealed that many clients are ranking tenant purchase scheme to be more effective payment plan followed by installment payment plan, mortgage financing and at last cash outright house payment plan.

The study used two theories which are TVM theory and consumer preferences theory. The main reason of using TVM to this study is due to the nature of the decisions that relate to real estate, these decisions involve the consideration of time value in buying or selling real properties. On the other hand, consumer preferences theory is very useful

and connected to this study due to the fact that the buying of house is the one of the high involvement decision that takes large portion of the personal income and hence most of these clients are constrained by the level of their income and price of those houses.

The formulation of these payment plans takes the consideration of both time value and the preferences of the targeted clients. Due to this, many clients are preferring those house payment plans that are giving them enough time to finalize their payments conveniently. Majority of the respondents proposed for extension of the payment plan to cover for longer period than the existing plans which are covering only construction period and few months after construction completion and also to modified the tenant purchase scheme so as to more effective and practical.

5.4 Recommendations

Following the objectives of this study and the findings that was revealed from the particular examination of the effectiveness of all the four house payment plans used by the corporation under this case. The study provides recommendations to real estate developers who are using some or a combination of various house payments plans as prescribed in this paper. The followings are some of the recommendations.

Duration of payments, one of the basic items that is analysed by many clients who are interested in making the house purchase is the duration of payment. Due to complexity of house purchase as it involves large portion of the accumulated income of clients, then the only comfortability is obtained by looking for the reasonably time given by the vendor for the purchaser to finalize the whole payment. So the developers are required to assess the nature of their clients and tailor-made the payment plan that allows for the

conveniently payment duration. In addition to this, this study propose for the duration of payments to be extended more to allow the clients to move in the particular house still finalizing the payment of the outstanding balance. This will boost the financing ability of these clients and to be able to reduce the number of the defaulters due financial difficulties raised due combinations of various financial factors.

Reasonable interest rate, knowing that the longer period accumulates the need to account for the interest rate that covers for the financial costs as it has been stipulated by the TVM theory. The study recommended that, for the house payment plan to be more effective and practical it should account for the reasonable interest rate that can be affordable and conveniently to the targeted or majority of the clients.

Flexibility, due to the requirements that are attached in various house payments plan and the unforeseen financial conditions experienced by the majority of the clients, this study proposed for the flexibility house payment plans that allowed the clients to use the multiple house payment plans that are adjusted to accommodate changes in income and other situations. For example the clients should be flexible to ask for the extension period even if it accumulates the reasonable of interest or fees.

5.5 Areas for further study

The study centered into examination of the effectiveness of house payment plans offered by real estate developers in Tanzania by using NHC as a case study at NHC were by the all the four house payment plans were examined. Despite this coverage, the study propose for the further investigation to be conducted on the areas of finding the effectiveness of the pre-sale arrangements of unfinished houses in the Tanzania

environment by targeting the majority of clients who are falling into low income earners.

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Appendix I : Questionnaires for NHC Clients

Dear Respondent

This Research study is being carried to find out how effective is house payment plans offered by real estate developers in business of selling houses, the study is using National Housing Corporation as the case study. Kindly note that all information you provide will be strictly confidential and will be used for the purpose of this study only.

Please tick where is appropriate

Part A: Respondent Characteristics

1. Age of respondent (years)

- a) Below 30 ()
- b) 30 – 40 ()
- c) 41 – 50 ()
- d) 51 – 60 ()
- e) Above 60 ()

2. Sex of respondent: (a) Male () (b) Female ()

3. Marital Status

Single	Married	divorced	widowed

4. Highest Education Level

Primary	Secondary	Diploma	Bachelor	Master degree or above

5. Occupation

Employed in a public sector	Employed in private sector	Self-employed	other

Part B: Specific Objectives

6. (a) Are you a buyer of NHC house?

Yes () No ()

7. If the answer is Yes, What was the payment plan you used?

- Cash basis ()
- Installments basis ()
- Tenant Purchase ()
- Mortgage Financing ()

8. How satisfied are you with house payment you used

- a) Very Unsatisfied ()
- b) Unsatisfied ()
- c) Neutral ()
- d) Satisfied ()
- e) Very satisfied ()

Cash payment

9. On a scale of 1 to 5 (Where 5 means strongly agree and 1 means strongly disagree) express the extent to which you agree with the following statement:

	1	2	3	4	5
NHC does not include any interest in cash payment plan.					
Cash payment plan offers enough period for the customer to pay.					
Cash payment plan offered by NHC is attached with more benefits than other house payment options.					

10. (a) Is the Cash payment plan the most effective payment plan in buying NHC houses?

Yes () No ()

(b) If No Please explain

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Installments payments within construction period

11. On a scale of 1 to 5 (Where **5 means strongly agree** and **1 means strongly disagree**) express the extent to which you agree with the following statement:

	1	2	3	4	5
NHC does not include any interest in installments payment plan.					
NHC Installments payment are covering enough period for the customer to pay.					
Installments requirements at NHC are convenient to customers.					

12. (a) Is the installments plan which covers construction period the most effective payment plan in buying NHC houses?

Yes () No ()

(b) If No Please explain

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Mortgage Financial and NHC financial partners

13. On a scale of 1 to 5 (Where 5 means strongly agree and 1 means strongly disagree)

express the extent to which you agree with the following statement:

	1	2	3	4	5
The interest rate charged from mortgages offered by NHC financial partners are much convenient.					
Mortgage payments are covering enough period for the customer to pay.					
Mortgage requirements are convenient to customers.					

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14. (a) Is the mortgage financing most effective payment plan in buying NHC house?

Yes () No ()

(b) If No Please explain

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Tenant Purchase

15. On a scale of 1 to 5 (Where 5 means strongly agree and 1 means strongly disagree) express the extent to which you agree with the following statement:

	1	2	3	4	5
The interest rate charged by NHC in Tenant Purchase Scheme is much convenient.					
Tenant purchase payment arrangements are covering enough period for most of customers to afford.					
Tenant Purchaser requirements are convenient to most of the customers.					

16. (a) Is the Tenant Purchase most effective payment plan in buying NHC house?

Yes () No ()

(b) If No Please explain

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17. On a scale of 1 to 5 (Where 5 means strongly agree and 1 means strongly disagree) express the extent to which you agree with the following statement:

	1	2		4	
It is relatively more effective to use Cash payment plan in acquisition of real estate properties than other options.					
It is relatively more effective to use Installments payment plan in acquisition of real estate properties than other options.					
It is relatively more effective to use Mortgage financing in acquisition of real estate properties than other options.					
It is relatively more effective to use Tenant purchase in acquisition of real estate properties than other options.					

General Questions

18 What challenges have you experienced using NHC housing payment plans?

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19. What would you recommend to improve NHC housing payment plans?

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**Appendix II: In-depth Interview Guide for NHC staff who are direct/indirect
 involving in selling of NHC houses.**

- i) What kind of house payment plans that NHC is offering to their clients?
- ii) How effectiveness are these house payment plans
- iii) What are common feedback from NHC clients regarding house payment plans?
- iv) What should be done to improve the existing NHC house payment plans?

