Negotiating the City: Urban Development in Tanzania

by

Kathryn E. Owens

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Doctoral Committee:

Professor Martin J. Murray, Chair
Professor Scott D. Campbell
Associate Professor Lan Deng
Professor Anne Pitcher

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Table of Contents

List of Figures

List of Tables

Chapter 1: Overview

Introduction

At the heart of real estate capitalism is a tension between private profit-driven market forces on the one hand and city-planning efforts on the other (Murray, p. 130). In the past several years protests from Brazil to Bulgaria to Turkey reflect growing dissatisfaction with this tension as profit-driven urban governance systems spread (Xypolia & Gokay 2013; Sweet 2014; Kuymulu 2013). Although the particular causes differ in each country, the protests challenge the premise of market-enabled reforms and the effects of passing urban development costs on to average consumers (Miraftab 2012). In all the protest cases public dissatisfaction grew as formerly publically provided spaces and services were converted to private management. The shift to private management and the resulting protests reflect increased fragility as living conditions persistently deteriorate without public capacity to finance large-scale infrastructure, support affordable housing and provide public services (Birch & Wachter 2011). Urban residents find living costs increasing without a commiserate increases in wages making them more vulnerable to price changes and shocks.

As urbanization increases in Sub-Saharan Africa similar fragility is emerging with increasing dependence on private urban development. Over the past twenty years many African city governments dismantled government-run urban development systems in favor of more market oriented policies (Parnell & Pieterse 2010). In many African cities a small formal tax base limited fiscal resources for public service and infrastructure provision. In response, recent reform programs aimed to improve institutional responsiveness and service provision through capital investment from wealthy investors. In practice, the costs of private investors' full-service communities price out the majority of local consumers and respond to speculative demand rather than demand for shelter.

As reforms proceeded urban amenities became a scarce commodity that exacerbates income inequality and relegates the majority to slums (Okojie & Shimeles 2006). This reality of urban development brings into question the relevance of planning and policy grounded on the experience of Western countries (Robinson 2006). The policy reforms and the underlying urban development theory fail to recognize the importance of preexisting conditions to the desired outcomes of efficient urban forms and improved livelihood for all residents. When accounting for preexisting conditions in the West it is clear that flexible, capable and deep private markets rely on regulatory enforcement of strategic goals by public institutions for urban development to successfully meet shelter needs. This contradicts the assumption that universal market forces appear to meet shelter needs with limited regulation and fluid land markets. In contrast to the West, recent urban development in Sub-Saharan Africa reflects entrenched business structures and plural governance systems producing visually similar modular urban forms instead of responses to market fundamentals. The result is increasing fragility and inequality instead of improved living conditions and opportunities as expected by reform programs and reduced urban planning regulations. In African cities access is increasingly associated with illegal networks or political organizations (McDonald 2008; Simone 2006; Pieterse 2008; Coquery-Vidrovitch 2014).

Tanzania serves as a good site to analyze recent changes in urban development with increasing inequality and large-scale investment. The reform program in Tanzania was clear because pursued one of the most comprehensive socialist planning programs in Sub-Saharan Africa from the late 1960's to early 1990's (Hyden 1980). On the one hand, universal housing provision was a pillar of the socialist program, which led to central government control of a large housing and land portfolio. On the other hand, a focus on dispersing industrial production and encouraging rural agriculture drew resources away from urban areas. Economic crises across the economy led the Tanzanian government into a far-reaching liberalization program in the early 1990's (Tripp 1997). The reform program included land and housing market deregulation, increasing planning autonomy at the municipal level and growing democratic representation through a multi-party system (Shivji 1998). The combination is reshaping the face of

cities across Tanzania through high-rise redevelopment in the central business district (CBD) and satellite cities on the periphery.

Yet, these new developments also reflect decreasing affordability and unresponsiveness to low- and middle-income demands for space, particularly housing. It is estimated that in 2010 Tanzania had a housing deficit of three million units (NHC, 2010). The deficit indicates that reforms failed to release urban development to match demand for shelter. A recent national survey of Tanzanian households found that even though GDP growth has been persistently above seven percent for the last decade, there have been almost no decreases in poverty rates (National Household Budget Survey, 2012). Furthermore, national gains in income were entirely accounted for by Dar es Salaam, the largest city. Yet, the gains in Dar were tempered by increased inequality within the city implying that growth largely benefited a small pool of residents. Thus, the reform programs are also leading to increasing tension about the rights to the city and distribution of benefits as inequality increases and a small minority consolidates the benefits of urban development.

In order to address the problem, the research project investigated urban development since the transition from a state centric urban development to a private sector oriented process in Tanzania. The research examines the political economy of urban development in three cities since the formal end of socialism in 1991. The case studies were chosen to demonstrate the result of these policy changes under different local conditions with a variety of community responses. The sites of observation provide variance in economic and social conditions within the same country. The cases examine urban forms created by similar underlying factors including entrenched business structures, plural governance systems, limited community voice and land use constraints. The case studies demonstrate that variance in the configurations of these factors produces different social outcomes even if the physical forms are similar.

Previous Research

The research builds on a body of work I will refer to as postcolonial urban theory, specifically with reference to African cities. Recent theory departs from earlier

postcolonial analysis in suggesting the development of alternative theories. Early postcolonial analysis dealt with the direct effects of the experience of colonialism (Freund 2007). Postcolonial urban theory advocates incorporating the "ordinary" or "shadow" realities outside the formal economic power structures of the West as a means of "worlding" urban theory (Robinson 2006; Legg & McFarlane 2008; McFarlane 2008; Bunnell et al. 2012; Short et al. 2000; Ferguson 2006a; Murray 2004; Roy 2011). Roy and Ong (2011) suggest that worlding the experience of cities across a broader context would entail accounting for conditions outside the few command centers in the global economy. They submit that the broader experience will reveal relations between the urban and the global therein creating a more useful urban theory (Scott & Storper 2014). The resulting theory questions global convergence of urban development by suggesting that consideration of local agency reveals a myriad of urban experiences that do not conform to one global urban norm.

Worlding acknowledges cities outside a small set of command centers to account for the 'ordinary' cities (Storper 1992; Rogerson 1997; Cooper 2001; Cheru 2002; Mosley & Uno 2007; Rao 2006; Robinson 2002; Mbembe & Nuttall 2004). Postcolonial urban theory suggests grounding urban studies in investigations of subnational government agencies and households (Parnell & Pieterse 2010; Sawyer 2014; Pieterse 2011). Through a comparative micro level analysis postcolonial theory aims to correct the overzealous neoliberal expectation that public goods provision was manageable through private actors alone (Robinson 2011). The analysis generally reveals elite enclaves segregated from the informal unserviced reality of the majority of the city in the global south, and particularly Sub-Saharan Africa (Coquery-Vidrovitch 2014). Postcolonial urban theory raises questions about the viability of using a few Western experiences to theorize about urban development but it does not provide hypotheses about why the processes are different. What creates the fragility that leads to protests across the urban world?

Postcolonial urban theory makes every city different without looking at the recurrent underlying structures and processes (Scott & Storper 2014). Case studies of one major city fail to explore regional and national influences or variance. A more holistic and

empirical understanding of the dynamism and inconsistency of regulation across a whole country would enable a policy that can more closely align with the interests of local leaders or perhaps more importantly enable smaller landholders to engage in formal land development. In many ordinary cities entrenched business structures, plural governance systems, limited community voice and land use constraints drive increasing fragility and inequality rather than market forces.

Research Problem

With that gap in past research, questions regarding ownership and land use in urban areas emerged as central to policy and planning during the post-socialist transition in Tanzania. Numerous attempts have been made to replace the socialist ideology of public ownership with a practice of private real estate development. Policymakers intended the reform process to unlock housing and land markets that had failed to provide new supply or maintain existing assets (URT 2000a). The expectation was that profit driven action would better respond to market needs for middle- and low-income housing and thus improve quality of life (Brueckner, 2009; World Bank, 1993 & 2001; UNCHS 1997; Malpezzi and Sa-Aadu 1996). Another expectation was that removing excessive building regulation would enable self-help processes (Mukhija, 2001). *The research puzzle is why the transition process did not occur as policy and planning models expected but rather created a glut of visually similar high-end urban forms with increasing inequality and fragility.*

Perhaps, the most evident result of the divergence between expectations and reality is the emergence of large-scale urban development. The type and number of projects contradict expected outcomes from national policy programs targeted at increasing the supply of low-income housing and facilitating the emergence of a private real estate market. The new stock is targeted at the elite with access to financing and large capital reserves. While construction of new housing added stock, rental and sales prices rose rapidly creating a very large gap between supply and demand. As a result, Tanzanian development decisions are detached from underlying market fundamentals. So then, the specific research question is:

How are local institutions and regulatory frameworks interacting to create urban development outcomes that fail to address the poor majority or improve living conditions?

The research is significant because it sheds light on the process of urban development in resource-constrained cities. The work builds on studies examining the effects of political interests by local government and elite business actors (Murray 2008a; Murray & Myers 2006). It contributes to our understanding of public-private dynamics in low- to moderate-income cities so that we can explain why policy outcomes fail to improve living conditions in cities. A more systematic understanding of the interaction between local politics and policy will enable nuanced and operational urban development policies as urbanization. Continues across the Global South

Research Approach and Methods

Since the objective was to uncover the processes driving or hindering new forms of urban development, I conducted three case studies, each with two sites of observation at the subnational level. The analysis follows the "most different systems" comparative analysis where the outcomes observed are similar but the underlying processes differ (Meckstroth 1975). The variation allows me to better understand cooperative actions to achieve public and private goals. Thus, I gain insight into how urban regimes dissolve, transform or endure. Furthermore, examining three cities allowed me unpack emerging spatial forms, new architectural models, private sector structure and the role of local government in planning.

Case study research design is appropriate because I analyze an on-going contemporary process (Ragin, 2008; Ragin & Becker, 1992; Yin, 2008). The case study methodology is often criticized for lack of rigorous research standards and generalizability (Ragin 1997; King et al. 1996). Critics point out that case methods are rarely replicable and it is difficult to confirm the results of a study. Critics claim that the selection of case study sites is also problematic because the results do not vary but rather exemplify the phenomenon the researcher is attempting to understand, referred to in statistics as

selecting on the dependent variable. The criticism misses the key feature of case study research that examines a process (Ragin 1997). Thus, selecting sites that have similar outcomes allows the researcher to analyze different processes leading to a similar outcome. Thus case studies may be better used to make analytical generalizations than statistical quantitative analysis.

Given that the research was conducted in a minimally researched and remote location, the criticism about case study replicability must be addressed. As a first step, the analysis and datasets was shared with key informants to better ground and verify the interpretation process. Several research protocols were also employed. Undue bias was avoided by constant comparisons, where difference sources of data are compared for similarities and differences to help establish the veracity of emerging information. In addition, sub-national datasets about urban development collected by a variety of agencies enabled constant comparisons to better verify information collected in the field. The case study sampling is theoretically driven maximizing opportunities to develop concepts and avoid bias. Finally, fieldwork research was continued until saturation with no new themes or concepts emerging. These efforts provided some safeguard against making conclusions without rigorous information and research controls.

The research design has both strengths and weaknesses. The strengths include replication of cases across several economic contexts covering a variety of business and urban regime types. Subnational replication is rarely conducted in the African context and is designed to shed light on the variance in urban governance across individual countries. Another strength is that all the cases share a consistent national political and policy structure, which in theory should be equally influencing each site. One weakness is the lack of information about consumers of new urban development. Due to time and data constraints, the research only examines urban development actors and overall trends in prices rather than individual experiences with new development. Thus, the case studies rely on key informants and other proxies to identify winners of the new developments. Another weakness is that I am an American doing research in Tanzania and thus my ability to converse in Swahili, the language of business, is not fluent. I

attempted to deal with the language barrier by taking Swahili courses at the University of Michigan as well as a three-month intensive emersion course offered through the State University of Zanzibar. Nonetheless, conclusions are limited by the viewpoint as an outsider.

Methodology

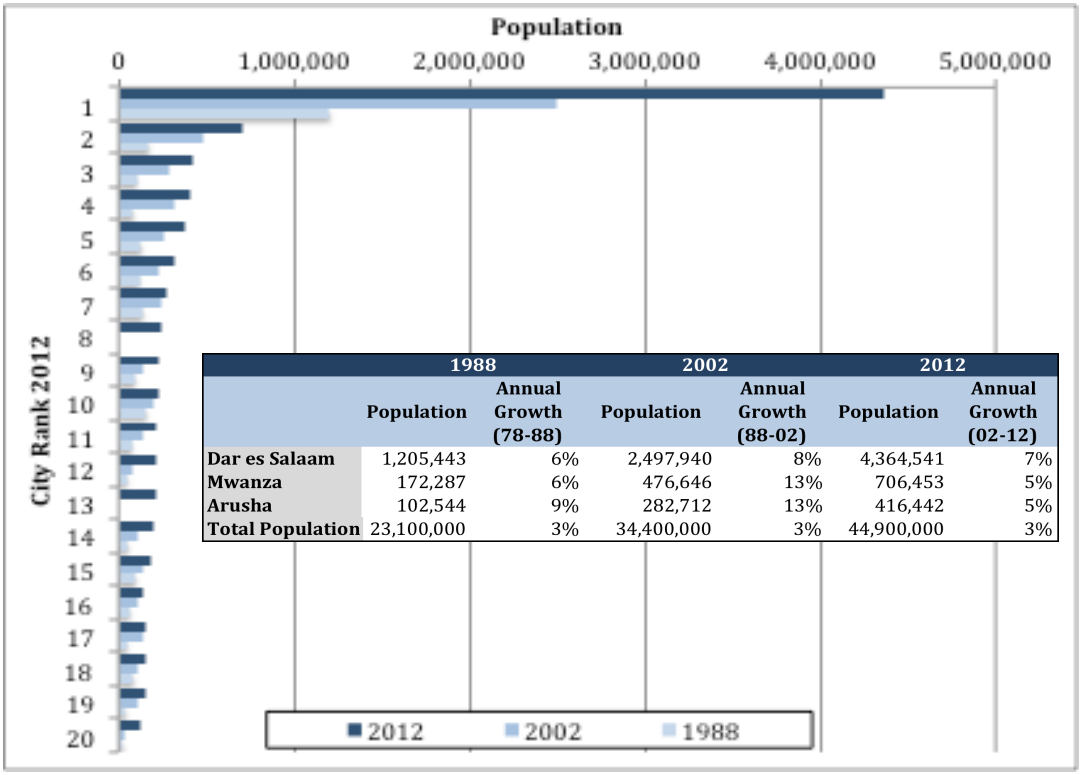
The research followed a subnational urban comparative model in selecting and conducting case studies. The model provides variations in local economic drivers and land use history while holding constant socioeconomic conditions, political rules, governance structure and financing mechanisms (Sellers 2003; Campbell 2003; Snyder 2001b). The research methodology allowed me to gain insight into the responses by private developers, local citizens, and both local and national government representatives. The model differs from many studies in African urban studies, which focus one major city rather than examining regional and national markets.

The main analysis focuses on case studies of three cities: Arusha, Dar es Salaam and Mwanza. The following figure shows the ranking of the twenty largest towns in Tanzania according to preliminary Census results from 2012 (Figure 1). Census statistics show that between 1967 and 2002 the urban population in Tanzania quadrupled but the overall urbanization rate of 1.7 percent annually is still low by global standards (World Bank 2009).[1] Although there are now thirty-two towns with populations exceeding 50,000 compared to eleven in 1978, there are few large cities in Tanzania. In fact, Dar es Salaam remains by far the largest city with nearly 4.4 million inhabitants. The next largest city is Mwanza with approximately 700,000 people

[1] There are several definitions of urban areas in Tanzania, which leads to a relatively large variance in urbanization statistics. The smallest estimate is based on administrative designations, which using 2002 census statistics resulted in 17 pecent urbanization rate. Meanwhile, the NBS's definition categorizes enumeration areas resulting in an urbanization rate of 23 percent. Another definition measures areas with densities higher than 150 people per km2 leading to a 33 percent urbanization rate (World Bank, 2009). The implication is that the political designations do not capture the full reality of communities dealing with urban-like conditions. Furthermore, the current definitions may also distort the primacy of Dar es Salaam because areas surrounding secondary cities are often still designated as rural areas.

followed by Arusha with about 415,000. The inset table also shows that growth in all three cities outpaced overall population growth since 1978. Furthermore, growth in the two smaller cities exceeded Dar's growth between 1978 and 2002 but slowed down since 2002.[2] Furthermore, the three cities generate well over 80% of the country's GDP (NBS 2012b). The three cities account for a large share of national formal urban development and FDI (URT 2013e). Finally, by choosing cities beyond Dar es Salaam the sampling methodology responds to urban theorists' calls to examine new metropolises outside the major ones (Elsheshtawy, 2008, p. 32)

Figure 1: Tanzania Urban Population Rank



	1988		2002		2012	
	Population	Annual Growth (78-88)	Population	Annual Growth (88-02)	Population	Annual Growth (02-12)
Dar es Salaam	1,205,443	6%	2,497,940	8%	4,364,541	7%
Mwanza	172,287	6%	476,646	13%	706,453	5%
Arusha	102,544	9%	282,712	13%	416,442	5%
Total Population	23,100,000	3%	34,400,000	3%	44,900,000	3%

Source: Author's calculations based on URT Census 1978, 1988, 2002 and 2012

The commonalities between these cities relate to colonial and post-colonial functions. They were all originally structured as towns to support colonial extraction and governance (McHenry 1976; Lugalla 1995). They all have large under serviced informal

[2] It is difficult to determine if the increase in urban population is due to administrative boundary changes or actual demographic shifts due to limited spatial data. So then, census data is considered the best approximation of urban growth.

housing developments with an overtaxed road infrastructure, which occurred as public investment in infrastructure and services waned throughout the post-colonial period (Kombe 1994; Kombe 2000). All three cities experienced increases in population and sprawl due to liberalization policies introduced in the late 1990s (Bah 2003; Kombe 2005).[3]

The three cities also have key differences. The cities are at different points of urban development. Dar es Salaam is a larger sprawling city with a pattern of development largely determined by past informal investments. Large plots of available land are on the outskirts of Dar es Salaam. In contrast, Mwanza is relatively compact with undeveloped areas still available within the central business district. Arusha's urban development is somewhere between the two with more built up suburbs and central business district than Mwanza but not yet as sprawling as Dar es Salaam. The drivers of these differences include the local political and programmatic history, the local economic drivers, the land use history and the amount of undeveloped land. Dar es Salaam is the commercial capital of Tanzania. Arusha is the tourism capital of Tanzania. Mwanza is a regional trading center. These characteristics allow me to determine the impact of national constants and local variants over the last fifty years, with a particular focus on the last thirty years of market-driven policy reforms.

Within each case study I selected two sites of observation with a combination of public and private investment. In each case study city, I selected a high-rise redevelopment site and a satellite city site (Table 1). These two investment types encompass new urban development forms in Tanzania. The site selection is similar to one used by Daher in Amman Jordan where he divided sites into gated communities and exclusive towers (Daher 2005). In Amman, these forms represent a shift in the municipal government's approach to urban development where the primary role is to provide utilities, future development planning, and heritage management. Furthermore, these forms represent elite withdrawal from the existing city either pursuing a garden city

[3] The Tanzanian liberalization process began in the late 1980's but housing and land markets were not addressed until later in the process thus the research spans 1991 to 2012.

utopian experience or "living above the city in the clouds" (Daher 2005, p.62). In order to discern the process of development in Tanzania I selected sites that had a variety of characteristics. All sites included government and private investors. The types of partnerships between investors varied as well as the resulting type of investment. Finally, the community response to the sites ranged from direct protest to pressure on the area's Member of Parliament (MP) to no organized response. These variations allow me to consider a range of causes and effects.

Table 1: Characteristics of Sites of Observation

	Dar es Salaam		Arusha		Mwanza	
Location	CBD	Periphery	CBD	Periphery	CBD	Periphery
Site	Upanga	Kigamboni	Kaloleni	Usa	Mirongo	Kiseke
Developer	Local Investor & Parastatal	Local Investor & Ministry	Local Investor & Municipality	Local Investor	Local Investor & Parastatal	Parastatal
International Investors	Yes	No	No	Yes	No	No
Partnerships	Mixed	Mixed	Private	Private	Private	PPP
Predominant Type	Residential	Residential	Hotel	Residential	Office	Residential
Community Response	None	Pressure on MP	Protest	Protest	None	None

Source: Author's fieldwork

The dissertation fieldwork took place between August 2011 and September 2012. Early semi-structured interviews revealed that the motivations and structure of urban development actors were still poorly accounted for in planning and policy literature. Thus the original intention to conduct a household survey would not reveal these issues. I conducted 96 face-to-face interviews ranging from 15 minutes to 2 hours. The interviews included individually specific questions, sector specific questions, and

general urban questions administered to all respondents. Interviewees were chosen because they were key figures in contemporary urban development nationally and in the case study cities. These interviewees helped me understand different perspectives on the practices of actors from local government, central ministries, pension funds, parastatals, banks, private businesses, and non-profits. The combination of these perspectives provided an overview of the urban development process. Other interviewees were local residents who shared their experiences with the new urban development. These interviews gave some indication how urban development is changing local livelihoods but the sample size and informality of the interviews do not provide detailed insight. In most cases, interviews were obtained using references from previous interviewees or snowballing. The appointments were generally made by phone and conducted in a combination of English and Swahili. Generally, I conducted the interviews myself but in some cases, particularly in Mwanza, a local colleague accompanied me. In these instances the interviews were largely in Swahili and we would discuss the veracity of information and the overall tone of the interview after we completed our appointment.

I also collected and analyzed secondary data on urban development. Although there have been several attempts to collect pricing and ownership information the effort has yielded limited results, therefore there is no up to date property or population registry. I had originally hoped to use transaction and ownership information but the data was not available to outsiders. In fact, in some instances basic planning documents were not even available. Furthermore, there is a frustrating lack of secondary data on the property market. I was not able to find a way around the lack of information in either Arusha or Mwanza, thus those case studies do not address price dynamics. Although in Dar es Salaam, I collected information from a free weekly newspaper archive, Advertising Dar, which gave me some insight into how pricing had changed across the city and over time. I was able to obtain national data on construction costs, construction contract expenditures, real estate investment and annual bank reports. These data helped me understand the change in urban development investment over time.

At each case study site I conducted a land use analysis on the ground and verified the data by using satellite imagery. I verified field notes on existing land use with current Google Earth imagery and then compared with historical Google Earth imagery. In each city I also analyzed the macro level change in urban forum using census data from 1967 through 2012 to create a density profile. In addition, I analyzed the evolution of housing and urban planning policies by examining national policy documents, laws and municipal plans since the end of colonialism. The analysis reveals an increasing focus on local capacity to implement and manage urban planning projects, which gives further credence to the subnational research design. The analysis provides an overview of the changing sociopolitical and economic conditions in which urban development takes place in Tanzania.

Conclusion: Main Findings and Future Research

The project contributes to our understanding of urbanization outside the western context through a comparative approach of the politics of urban development in the global south compared to our model of urban regimes in the American context and the questions raised by African urban planning literature. South-South globalization increasingly influences the form of urban development. That is, the analyzed forms are based on ideals generated in Singapore, China and Dubai. In fact, designs replicate best practices from these markets. In Tanzania, these forms contribute to a modular urbanism that is brought about by a plural and opaque development process. Urban development is driven by the interaction of informal and formal rules, which are determined by local land use history, the structure of business elites, and the degree of control by the central government. In internationally connected and economically dynamic cities the interaction can create a price inflationary moment causing a bubble and development cascade (Adams & Füss 2010; Brunnermeier & Julliard 2008; Bunda & Ca' Zorzi 2009). The result is a glut of development for high-income consumers and marginalization of existing low-income majorities.

Instead of minimizing government agencies' role in urban development recent governance changes created a competition to capture the benefits of increasing land value. Plural governance systems allow the manipulation of contradictory planning

schemes for the benefit of existing powerbrokers (Schlyter 2004). They have access not only to land claims but also financing mechanisms from both domestic and international capital (Jenkins, 2006). Rather than unleashing market forces the changes in regulation and ownership increased the dominance of existing business structures, coalitions, power distribution and informal leveraging for elites to continue gaining power. The private sector remains a vague rhetorical policy device for planning agencies that need to give the appearance of reform and action in the face of legitimacy threats (Schlyter 2004). The community response varies but seems to become violent when informal land use rules are no longer available in situations of land scarcity.

Urban theory can move past the current cul-de-sac of question posing towards a more explanatory model accounting for existing conditions. Both enabling markets and postcolonial theory focus on the wrong problems. The result of both theories to date is an undue focus on the steps involved in getting a permit, obtaining title and accessing finance. The focus distracts from providing infrastructure and services that would reduce project costs so that urban development could respond to local shelter and business needs. Thus, a more beneficial focus might be empowering local entities to prioritize, plan and provide infrastructure and services. While measuring the steps in the construction process is important, the effort should not detract from ensuring a long-term vision and development plan for a city.

The research opens up many avenues for future work. One important question I did not answer is who is consuming the new urban development spaces and how are they gaining access. Another line of research would compare the experience in Tanzania to other countries in the region. Finally, looking across more protests to better understand insurgent planning and demands for greater voice across. These moments might shed light into rising urban opposition parties across Sub-Saharan Africa and the potential to improve the status quo in urban areas. This research would create opportunities to generalize across different contexts about increasing inequality and fragility in the face of larger investment and development.

Chapter Outline

Private Market Outcomes: The chapter investigates the roots of policy and economic theory that encourages private led urban development. The chapter begins by detailing the enabling markets theory expectations and assumptions. Out of enabling markets theory grew a new type of urbanism that depends on standardized development, investment that is disconnected from local demand and forms that are detached from the rest of the city. In particular, I submit that a type of modular urbanism resulted in redeveloped high-rise central cities and satellite cities. Much like the suggestion of post-colonial theorists, these outcomes are the result of failing to account for specific reality including entrenched business structures engaged in resource capture as well as plural governance structures that use urban development as a political tool of deflection.

Tanzanian Urban Policy History: The chapter provides an overview of policy and institutional changes related to urban development since Tanzania gained independence in 1961. While highly descriptive, the chapter provides a context for urban development in Tanzania. The analysis reveals two reform programs. The first followed a socialist ideology and the second a market oriented approach. The institutional power structure shifted along two dimensions: public to private and informal to formal.

Arusha: The chapter demonstrates the importance of land use history and investment in contributing to community protests. Politics of ownership (Ponte 2004) results in negative reactions to changes in informal land use because the value of land is so high and attractive to investors from outside the local market. Arusha also highlights the variation in international influence across one country because the tourism industry attracts investors from abroad. The emerging modular forms in Arusha highlight private sector focus on the short-term profitability rather than a coherent long-term urban planning vision, which responds to local supply and demand drivers.

Dar es Salaam: The chapter examines the experience with redevelopment in Upanga as well as attempts to build a satellite city in Kigamboni. The case studies reveal central government agencies projecting power through policy and program pronouncements

that create competition with the private sector. Meanwhile, the private sector behaviors differently in the central city compared to the periphery. In the central city private investment is a networked web of businesses that obscure ownership and allow informal practices. On the periphery private investment is more limited and fails to compete with central government investments. Overall, the development process demonstrates modular urbanism.

Mwanza: The chapter details that Mwanza's development does not exhibit modular urbanism but rather development connected to local demand. While Mwanza's urbanization is increasingly dense and large-scale investors are local with linear structures that do not obscure power structures. The governance structure is singular with some degree of regulatory capacity. The result is urban development that responds to local demands and precedes population growth.

Chapter 2: Private Market Outcomes

Introduction

Accounting for for local conditions, as suggested by postcolonial theorists, reveals that private market reforms created conditions for the development of large-scale urban forms targeted at a small portion of the population. These forms reflect a strategy employed by political actors and business elites to cut through on the ground issues related to the construction and development process. Issues include opaque land markets, infrastructure as a premium good, undeveloped financial markets, and poorly enforced planning regulations. In response urban development becomes a selective process of minimizing exposure to these issues through replication of similar forms without regard to local market demand for space. The resulting urban development meets speculative demand rather than theoretical expectations of responsiveness to shelter demand and improved livelihoods. Urban development is determined by the structure of the relationship between private and public entities and plural governance removing local agency of the majority. With private market reforms urban development became a political process controlled by a small group of local stakeholders. This helps explain that recent protests against private urban development are a response to a set of reforms that failed to consider existing conditions and left the majority with few options to access the city.

In many countries in the late 1980s, the pressure to reorient urban planning, development and management grew as social experiments failed due to declining economic and living conditions (Krijnen & Fawaz 2010; McCann & Ward 2011; Wakely 1988; Arku 2006b; Pugh 1994a; Pugh 1994b; Pugh 1995; Snyder 2001a). Across many sectors, government agencies pursued courses of liberalization to minimize the role of the state (Brenner & Theodore 2002; Weber 2002; Valenca 2010; Bond 2005). In the urban context, the pressure to reorient originated from advocacy groups delineating the

"right to housing" for all urban residents (Turner 1983; Pugh 1994b; Mukhija 2001; Mukhija 2004). With pressure to change, municipal and central government agencies acknowledged growing urban failures and consulted international arenas for a new approach (Harris & Arku 2006). Existing policies were revaluated across the globe through a series of international conferences, calls to action and large-scale analytic programs (Pugh 2001).

The resulting enabling markets theory suggests a restructuring of the state at all levels where efficiency and competition drive government investment while relying on filtering to provide housing for the neediest (Krijnen & Fawaz 2010; McCann & Ward 2011; Gibbs et al. 2013; Baer 1991; Harris & Arku 2006; Pugh 2001). Market enabling emphasizes strengthening the role of the private sector, community organizations and the individual (World Bank 1993; UN-HABITAT 2008a; United Nations 1992; UN-HABITAT 2006; UN-HABITAT 1988; UN-HABITAT 1996). The pluralistic conception of housing provision leverages cost savings on land, building materials, and finance through private and community resources to create a more affordable and equitable housing sector. Enabling markets theory suggests a specific set of deregulations will improve living conditions and urban form through competitive private investment.

Yet, enabling markets theory does not fully account for the "ordinary" or "shadow" realities of urban development in many countries (Robinson 2006; Legg & McFarlane 2008; McFarlane 2008; Bunnell et al. 2012; Short et al. 2000; Ferguson 2006a; Murray 2004). Widespread attempts to follow an urban development path underpinned by the enabling markets theory led to increased development but also inequality. Increasing inequality suggests that markets are not inherently competitive with a more limited government role (Mukhija 2001). Instead in many "ordinary" cities the reality is that local governments have few resources for public good provision or regulatory enforcement. Furthermore, private sector investors are drawn from a small elite network of local powerbrokers. So even though policy ideas are transferred across the globe, implementation is grounded in local context and growth coalitions (McCann & Ward 2011, pp.xiv – xv). In sum, enabling markets theory broke urban planning down into an assemblage of policy ideals without a means to account for local reality.

The outcome of overlooking reality is modular urbanism with a glut of exclusive urban spaces in redeveloped high-rise central business districts and satellite cities[4] (Watson 2013). Modular urbanism is the production of identical urban forms without regard to the local context by mobile investors with access to liquid capital. It is the result of investors' and government agencies' drive for more consistent and predictable cash flow. So the outcome is standardized urban forms designed to facilitate capital movement rather than responses to local demands for space. Modular urbanism is observable in two forms – redeveloped high-rise central business districts and satellite cities. These forms are large-scale, contemporary, expensive and opportunistic. The traditional supply and demand drivers described by urban economics play a very limited role in the emergence of these forms but rather a distorted secondary set of drivers aimed to protect investors and capital (Arnott 2008; Malpezzi 1994). These forms are mimic global ideals of efficiency and modernity. The project designs are homogenous with steel and glass towers targeting elite consumers with access to global flows of capital. Modular urbanism contributes to a splintering or collaged urban form with new developments separated from the informal unserviced reality of the majority of the city (Elsheshtawy 2008, p.49; Coutard 2008; Graham 2001; Odendaal 2011; Zerah 2008; Davis 1992; Davis 2006; Caldeira 1996; Marvin & Graham 2001).

The following chapter will first explore enabling markets theory and the policies that followed from it. Although the theory was first posited in the 1980's it continues to dominate urban management with widely adopted reform programs across not only Africa but the entire globe (Tibaijuka 2009). Municipal governments across the global south dismantled rent control legislation and public housing portfolios (Tibaijuka 2009; De Magalhaes 2002). Then potential causes of the failure to transform urban development in many low-income countries are detailed. Overall, relying on private investment to overcome planning issues created the conditions for modular urbanism. Thus the chapter investigates the type of urban development that did proliferate and

[4] I will use the term satellite cities to encompass developments variously termed gated communities, satellite cities and new towns.

the underlying realities that drive the proliferation of similar urban forms across the globe. The rapid proliferation of modular forms is explained by the interplay of two realities. The first reality is that modular forms reflect a political opportunity. Modular forms result from government agencies' interest in claiming cutting edge changes while avoiding the backlash against failures of locally driven forms. In particular, African leaders find modularity attractive when facing rising electoral challenges from urban-based opposition parties. This becomes important when considering the Tanzanian case studies. A second reality is elite power consolidation. Modularity is an outcome of elite networks' domination of business structures, coalitions, and power distributions. With the proliferation of modular urbanism the potential for expanding the rights to the city beyond the urban elite remains unmet by private sector led investment.

Enabling Markets Theory

The enabling markets theory derives assumptions from urban economics and financial market theory instead of urban space as a human right guaranteed by citizenship (Elsheshtawy 2008). According to the theory, resource constrained governments ineptly manage urban development as a social asset. A better alternative would be urban development driven by individual choice as suggested by urban economics. It follows that the supply of urban space becomes inelastic when regulation decreases consumers' options thus pushing up prices (Buckley & Mayo 1988; Malpezzi & Mayo 1997b; Malpezzi & Mayo 1987; Green et al. 2005; Malpezzi & Mayo 1997a). The result is that ultimate shape of land use in a given city is driven by a rental threshold determined by a bid-rent process where various uses vie for land and property assets (Alonso 1960; Demsetz 1967; Alchian & Demsetz 1973). The enabling markets theory posits that bad regulations and institutions distort the bid-rent process. The combination creates a vicious cycle of insecure unsustainable living conditions and housing disinvestment (World Bank 1993; United Nations 1992; UN-HABITAT 1988; Mabogunje 1990; Strassmann 1982). Within this theoretical framework, the aim of urban policy becomes profit maximization through market based real estate development coinciding with the highest and best use of the bid-rent process (Malpezzi 2000; Buckley & Mayo 1988). The democratic nature of this process then creates efficiency and reduces costs.

In addition, assumptions from financial market theory suggest that increasing access to financing mechanisms will further democratize urban development. The theory is that mortgage financing equalizes buying power across income groups by allowing lower-income individuals to smooth their housing consumption across the term of the loan (Renaud 1997; Tipple 1994; Piazzesi et al. 2007). Mortgages then reduce demand-side bottlenecks and allow greater consumer choice. Meanwhile on the supply side, developers' ability to build improves with access to debt financing that allows them to overcome construction project's large start up costs. With wider availability of debt, property functions as a financial asset managed by the individual and a for-profit real estate industry (Mukhija 2001; Ndubueze 2009; Mukhija 2004). As a result, land use distortions disappear and consumer choices multiply through increased construction projects made possible by fewer financial restrictions (Malpezzi 1994). These assumptions lead to a focus on reforming mortgage finance markets, increasing home ownership and reducing direct public provision of construction projects (Chiquier & Lea 2009).

The reform process resulting from enabling markets theory calls for reduced subsidies, regulations and public institutions and increased private investment. The first step in the reform process is a cost-benefit analysis of policy options revealing the "right" regulations as well as the "wrong" regulations creating bottlenecks (Malpezzi 1994). Viewed through the lens of cost benefit, many state sponsored subsidy programs are "wrong". These programs lack financial sustainability, are untargeted, and are susceptible to government corruption. In place of these programs, the "right" subsidies are income targeted lump sum transfers enabling individual choice (Choguill 2007). In turn, lump sum transfers remove the involvement of institutions creating bottlenecks. Fewer public institutions interfering leads to the second step in the reform program: implementing changes that decentralize decision making, privatize property assets, and deregulate land markets (Pugh 1994b; Mukhija 2001; Zanetta 2004). The role of government agencies becomes reducing externalities to competitive urban development. In order to reduce externalities, government agencies should focus on provision of universal infrastructure, clear property rights, and mortgage market

support (Fay & Opal 2000; Noronha & Lethem 1983; Migot-adholla et al. 1991). Within the enabling markets theory, reforming institutions to fulfill these roles is costless with seamless implementation of new regulations (Arnott 2008). Reformed institutions and regulations "democratize" land and property markets leading to the emergence of a more efficient sustainable city serving all income segments. With more democratic markets, low-income households benefit through filtering of older space due to increased space in the city (Baer 1991).

Problematic Assumptions within Enabling Markets Theory

The enabling markets theory offered many insights with the potential to improve urban development, yet it doesn't account for the underlying causes of limited access, financial resources and capacity within the existing system. The result is that the theory has limited applicability in the majority of the world attempting to solve urban development issues. The theory is predicated on several assumptions that don't occur in many contexts, particularly in Africa. Missing variable bias occurs because the underlying causes of shelter and urban development issues in much of the global south are not accounted for. In many contexts urban development is not just about limited supply and availability of finance but rather overall access to jobs and affordable accommodation.

The first problematic assumption is that in the absence of distortions created by institutions, such as unclear property rights, urban development is a perfectly competitive market (Arnott 2008). In theory, externalities are minimized through piecemeal policies. In practice, minimizing externalities requires large-scale coordinated and expensive reform programs. For instance, land titling programs on a small scale create opportunities for resource grabbing by wealthy or well-connected individuals. Furthermore, there is mounting evidence that formal title decreases security of tenure and leads to increased economic polarization (Mitchell 2006). The implication is that an informal market discount makes housing more accessible for many households (Payne et al. 2009). With partial reforms land management systems remain ambiguous, plural and indeterminate creating increased power disparities (Peters 2004, p. 270). Creating clear property rights require comprehensive, well-

coordinated, expensive reforms by strong public agencies that are missing from the enabling markets theory of urban development.

Another problematic assumption is that prioritization and sequencing of reforms does not affect the outcome leaving policymakers to muddle through. Consider the difficulty of municipal governments across the globe to smoothly transition to universal water and wastewater treatment, even in the Western context (Gandy 2006; Gandy 2004; Gandy 2005; Gandy 2002; Gandy 2008). The provision of nearly universal water service in the nineteenth century industrial city was a long-term process that required a moral obligation by municipal management to extend service over many decades. The process required strong expropriation rights, relocation, and the use of municipal bonds as well as a strong public governance system. The messy history of infrastructure provision in the Western context is ignored in current theory. In contrast the laissez-faire approach of enabling markets assumes that universal of water provision is costless and timely. The need to prioritize service provision prior to development is ignored in favor of reducing institutional control of land and construction markets. Without commitment to or resources for minimizing externalities through universal provision of services policymakers pick and choose politically and financially feasible programs. Urban planning becomes an expensive process of retroactively catching up. In many cities development occurred without services and relying on private capital to provide services is not feasible. The financial and political resources required to reduce externalities caused by uneven service and infrastructure provisions are rarely available in the global south.

These partial reform programs inadvertently create plural governance regimes that reduce access and transparency. Plural land regimes are well documented in rural Africa where the coexistence of customary and statutory law creates ambiguity (Feder & Noronha 1987; Payne et al. 2009).[5] In the urban context, plurality results from a different process unrelated to colonialism and customary law. Decentralization and

[5] Customary law allows community ownership and management while statutory law is focused on the rights of the individual.

privatization multiplied the number of agencies with regulatory control of urban development creating unclear and overlapping institutional roles (Kelsall 2002). In addition, these reforms created national level parastatals with large budgets and little local accountability or oversight. Therefore, local leaders have no incentive to follow reforms, which would imply reducing their power. Without incentives many reform efforts remain superficial. In fact, local leaders have an interest in continuing plural and complex governance regimes because it allows them to continue manipulating the market by granting multiple claims to one land parcel or maintaining slum-like conditions (Peters 2004; Amis 1984). For investors, plurality creates the option to comply with one regime and avoid another. Individuals leverage the discrepancies between systems to their advantage making motivations unclear and increasing speculative development (Boone 2003; Odgaard 2003; Onoma 2010). As a result, short term profits drive private investment more than encouraging locally relevant investments (Paling 2012; Robinson 2008; Baan et al. 2007; Shatkin 2014; Nuttall & Mbembe 2005). The enabling markets theory justifies partial reforms therein multiplying governance regimes and creating opportunities for noncompliance with new regulations.

Another problematic assumption within the enabling markets theory is that all qualified entities equally access the asset bidding process. The existing power structure in many cities in the global south does not offer equal access to bidding. The causes of skewed initial power structure include: uneven colonial distribution of land, rapid privatization programs in the 1990s, and the co-existence of customary and statutory land title (Coquery-Vidrovitch 1991; Fekade 2000; Quang & Kammeier 2002; Iyer 2005; Jenkins 2009). In theory, the turn towards enabling markets opens urban development to a range of stakeholders locally and internationally. Yet, in practice there are few qualified individuals with access to capital to enter the for-profit urban development market. More often than not property market ownership affords only a few well-positioned individuals the opportunity to bid on any given sale. The pre-existing ownership structure often blocks the majority from either land or property sales. The reality is

evident in many developing cities where poverty is pervasive and many structures are self-built (Arnott 2008).

Similarly, enabling markets incorrectly assumes that when formal rules are strengthened informality and opacity will disappear with universal access to information. In reality, opaque informal regulatory frameworks obscure long-term market trends even with formal rules. The result is that assessing construction and sell out risk is impossible. Without a clear estimate of risk, private investors are highly unlikely to enter the market because transaction opacity creates pricing variability unrelated to market dynamics. For instance, in many cities basic information on ownership, sales prices, construction costs and rental rates does not exist on any large-scale. So, prices vary based on an individuals' access to information through market pricing rumors or gossip. Pricing variability creates the opportunity for speculative development and power grabbing. Without reliable information to gauge supply and demand, large-scale housing construction becomes highly risky and thus must be supplemented with alternative risk reduction techniques. Developers avoid long term risks by financing through pre-sales reducing the need for construction financing and post completion sales (Shatkin 2014, p.10). Without publically available sales information developers can set pre-sale prices artificially high while also reporting low values to tax authorities. The pre-sales model encourages developers to use individual previous experience about pricing creating over confidence about the market and encouraging overbuilding (Wang et al. 2000; Shiller 2000). Opacity disconnects property investments from local needs leading to speculation and often misinterpretation of demand all together (Watson 2013).

Information asymmetries created by an uncompetitive bidding process create opportunities for power consolidation and crowding out competition by elites rather than responsive markets (Valenca 2010; Zaki & Amin 2009; Abdullahi et al. 2011; Daher 2013). Well-positioned individuals grab land and property as a diversification

mechanism against cash holdings.[6] For example, in Indonesia and Cambodia well-connected developers coopted urban development because of unclear planning processes so that benefits of development remained within a small group of powerbrokers who had limited alternatives for investment (Percival & Waley 2012; Bunnell et al. 2012; Firman 2000). In turn, unequal power distribution leads to unreliable market data and further impedes the emergence of competitive markets. The result is that in many countries, particularly in Africa, formal land markets remain limited and a majority of property transactions take place in a misunderstood, poorly regulated, and unplanned property market (Amis 1984; Gulyani & Talukdar 2008; Watts 2005).

Finally, enabling markets theory reforms socializes the costs of urban development through infrastructure provision while privatizing the benefits to individual project owners creating incentives for speculative development (Obeng-Odoom 2009; Keivani et al. 2008; Keivani & Mattingly 2007). Individual speculative development is encouraged through strict development controls, financial market deregulation, slack credit controls and limited financial monitoring capacity (Herring & Wachter 1999; Goetzmann & Wachter 2001). Speculation contributes to a boom and bust cycle disproportionately affecting low-income individuals by creating a development cascade where perceptions of high potential returns drive a rapid succession of project starts (Malpezzi & Wachter 2005; Kim & Suh 1993; Malpezzi 1994; Kim & Kim 1999; Roehner 1999; Grenadier 1996; Grenadier 1995; Herring & Wachter 1999; Van den Bergh & Edwards 2005). Therefore, construction becomes detached from demand for space. The result is that urban development is a commodity that is susceptible to wide variations in value over time. These variations result in declining affordability and increasing economic vulnerability instead of the predictions of enabling markets theory (Kim & Renaud 2009).

[6] Some of the potential issues with cash include subjectivity to highly volatile interest rates, tax obligations and political machinations.

Due to these oversights and false assumptions, reform outcomes contradict enabling markets theory (Watson 2013). Studies from across the globe document increasingly exclusionary urban spaces despite the inclusive rhetoric of new urban policies (Bogaert, 2011; Daher, 2013; M. Davis, 2006; Gibbs et al., 2013; Zemni & Bogaert, 2011). A majority of new construction targets high-end luxury consumers. The glut of high-end housing exacerbates existing issues with supply. Take the recent development experience Accra, Beirut, Dubai, Cambodia, Istanbul, Hanoi (Krijnen & Fawaz 2010; Percival & Waley 2012; Christiaanse et al. 2009; Labbé & Boudreau 2011; Quang & Kammeier 2002; Arku 2009a). All these cities experienced large increases in urban development without commensurate increases in affordability. Private investors maximized their returns through speculative investment in high-end space while ignoring low-income demands. Public entities had varying success in minimizing externalities through infrastructure provision and clear property rights, yet nearly universally failed to plan strategically to create more inclusive spaces. In sum, enabling markets reforms resulted in limited reductions in inequality at best and more often increased resource capture by local elite.

Political Maneuvering and Elite Capture

Enabling markets reforms encouraged political maneuvering and elite capture resulting in similar modular urban forms across the globe. Modular urban forms expands on the concept of modularity described in reference to the oil industry in Equatorial Guinea (Appel 2012). That is, modularity is the outcome of a process that disentangles oil companies from local sociopolitical issues through making investments mobile, compliant, and self-contained (Appel 2012). Modular forms make infrastructure and labor supporting oil drilling similar in any context. In turn, modularity offers more consistent returns increasing isolation from locally risky environments. More broadly, modularity reflects that capital 'skips' from one location to the next, instead of flowing over space to spread investment evenly (Ferguson 2005; Ferguson 2006b). Global capital markets do not provide ubiquitous access but rather accumulate in a few geographic locations.

Considering recent urban development reveals homogenized urban development that reduces exposure to issues facing the rest of the city through high-rise redevelopment in central business districts and satellite cities.[7] In response to geographic fixity or stickiness investors search for similar design models that allow them to control costs and extract cash flow even if the asset is fixed. Large-scale privately planned development achieves sales prices well beyond the local capacity to pay. The price points offer self-contained living with a full suite of private services provided by the developer. Private provision of services transfers responsibility from the public sector and isolates development from the local issues (Zaki & Amin 2009; Dowling et al. 2010). Modular urbanism is also akin to enclave urbanism where there are specialized areas regulated through privatized governance regimes creating zones of exclusion and inclusion (Douglass et al. 2012). Yet, it differs from enclave urbanism because it draws on global ideals and transfer of private capital tied to the enabling markets reform model. Profit maximizing investment from private sources does not correct inefficient land use or increase provision of public goods (Barthel 2010; Shatkin 2008; Flyvbjerg 2003).

Designs are replicated without regard to local land use by recycling architects, construction companies, financial models, and policies distilling global experience. Modular urbanism adds a spatial dimension to mobile urbanism, which describes a network of actors and policies creating urban planning policies in the global era (McCann & Ward 2012; McCann 2011; McCann & Ward 2011; Guggenheim & Soderstrom 2010). The enabling markets theory created modular urbanism by minimizing public agencies' role to providing connecting infrastructure and encouraging private investment based solely on financial returns. The results are strikingly similar urban forms rather than contributions to the race for uniqueness, much commented on in the entrepreneurial cities literature (Acuto 2010; Choplin & Franck 2010; Barthel 2010; Mohammadzadeh 2011; Barthel & Planel 2010). The

[7] John Friedmann referred to modular cities but as a solution to overcoming the rural urban divide (Freidmann, 1996). His argument contributes to the policy assemblage supporting the use of modular urban forms.

entrepreneurial cities literature considers the competitive process of attracting investment as urban leaders by developing unique assets expected to distinguish the city from its competition. Modular urban forms reflect a different process of homogenized design. Replication creates compliance across countries with the goal of achieving similar financial returns (Bogaert 2011; McFarlane 2008). The restructuring of the city with high-end residential developments, shopping malls, luxury hotels, and office complexes is evidence of modular urbanism. These investments reflect a global drive for predictable profitability more than local responses to violence or urban growth issues (Dupont 2011; Murray 2004; Murray 2008b; Murray 2014).

Modular satellite developments reflect a desire to overcome existing issues in the city center (Shatkin 2007). Government agencies bypass existing issues while claiming to be addressing affordable housing and attracting international investment resulting in satellite cities (Tibaijuka 2009; UN-HABITAT 2010a; UN-HABITAT 2008a; UN-HABITAT 2010c; UN-HABITAT 2010e). Satellite cities demonstrate a response to increasing congestion as well as public service provision failures by planning on the urban edges to avoid the thorny planning issues in the city center. Satellite cities provide a rhetorical solution to many existing issues including affordable housing, attracting international investment and infrastructure provision. Yet, satellite cities do not reference the US post-modern process of gated community sprawl. The projects draw from the more recent Asian process of large-scale full-service city building (Roy 2011; Shatkin 2011; Grant 2005; Society for International Development 2011; Chen & Wang 2009). Korean and Chinese firms designed the satellite cities across Africa (Society for International Development 2011). The designs use experience from Vietnam, Korea, China, and Malaysia to guide development. The result is a predictable modular urbanism.

Meanwhile, redeveloped high-rise central business districts do not address larger structural issues in the city's development pattern. Redevelopment rhetoric claims to be remaking the city for a sustainable future with dense high-rises respond to issues related to dilapidated often low-rise buildings considered an inefficient use of valuable land. Government agencies redevelop well located high value land under the auspices of improving urban form for a more sustainable and modern future (Watson 2009; Rabe

2009; Merrill & Suri 2007). Yet, redevelopment fails to address citywide issues related to energy use, urban form, affordability and infrastructure provision (Burgess et al. 1997; UN-HABITAT 2010d; UNECE 2009; Salat 2010; Arku 2009b; Pow & Neo 2013). Real estate developers extract value as quickly as possible by building modular high-rises in central business districts without supporting long-term investments in infrastructure and community amenities that would create land use efficiency (Shatkin 2014; Quang & Kammeier 2002). Redevelopment draws on images of global cities where the service economy creates profit and increases the value of property in business districts (McDonald 2008; Sassen 2000; Weber 2010). High-rise buildings then shift from iconic structures to a modular urbanism. Modularity reflects elite retreat to "living above the city in the clouds" (Daher 2013, p.104) without dealing with infrastructure and other planning issues.

Government Agencies and Policy Demands

Government agencies choose modular urbanism because it avoids negative feedback encountered in past models of urban development. Modular development is a less politically complicated alternative to universal service and infrastructure provision. Furthermore, past experience with smaller scale attempts to address wider provision of services often financially and politically costly. One example of the difficulty is neighborhood level upgrading where individuals are relocated to provide community infrastructure and improve services. The programs were pursued in many cities but proved difficult to scale up beyond a few neighborhoods (Arku 2006a; Keivani et al. 2008). The results were spatially limited and financially costly decreasing political interest in expanding the program. The programs often resulted in criticism about limited implementation monitoring capacity that demonstrated a lack of power and control by local politicians. In contrast, modular projects provide voters and opposition parties with evidence of action and allusions to the future of the city. Indirect public involvement in a politically charged issue creates modular urbanism where government agencies facilitate but do not directly manage development. Therefore, modular urbanism projects solve implementation issues without risking power redistribution through "getting the institutions right". The search to limit implementation and

negative feedback associated with the community input of previous models led to modular urbanism.

With failing services and growing externalities, government agencies need to give the appearance of reform resulting in modular urbanism with a packaged, clear, and contained outcome. Reduced control implied by enabling market reforms led government agencies to develop new strategies to maintain power while reducing direct responsibility. Daher proposes a new set of state strategies including: utopian and emancipatory rhetorical devices, claims of social sustainability, socio-spatial inclusion or exclusion, proliferation of iconic buildings, new governing bodies, informalization of decision making, shifts in the regulatory and subsidy process, and circulation of global capital (Daher 2013). These strategies renew the presence of government agencies while reducing accountability and transparency leading to modular urbanism because it complies with the need to demonstrate reform and cutting edge policy making (Labbé & Boudreau 2011). Government agencies project power even if a large share of financial benefits stay in the private sector. In brief, market oriented strategies facilitate the transfer of similar forms through a policy and political orientation grounded in enabling markets theory.

Privately led development also provides access to cash flow for agencies with limited financial resources increasing incentives to ignore larger issues in favor of short-term gains. Through privatization and decentralization many government agencies became land rich but cash poor. Modular urbanism offered a means to increasing capital flow through partnerships with private investors. Government agencies leverage their property portfolios to access to cash flow otherwise unavailable to these agencies. Therefore, modular urbanism allows individual agencies to gain from development without addressing overall reform needs. As central government agencies pursue enabling market reforms, modular urbanism gives the appearance of overcoming externalities while demonstrating political legitimacy.

Elite control of private resources

The existing private sector favors large-scale modular development because it reduces development risk. The structure of private investors varies. Modular urban forms result from investor preferences to reduce local inputs, create political cover and hedge development risk. In addition, modular urbanism reduces competition because few individuals can engage in large-scale projects. That is, development on small parcels and with modest units would lower the barriers to entry and create competition. The current business structure is entrenched and discourages competition by blocking smaller development. Competition presents risks for the existing private sector because prices and investment returns would drop. Instead, the existing private sector prefers to maintain rules and encourage development that blocks the majority of potential investors from entry. The outcome is an ad hoc and opportunistic approach to urban development where elites are well positioned to capture the benefits of production (Krijnen & Fawaz 2010; Paling 2012). In sum, existing power structures block the emergence of efficient and responsive markets.

The packaged replication of modular urbanism matches the ephemeral nature of cooperation and visioning in existing cities. Modular urbanism results from short-lived cooperative moments increasing opacity. Existing power brokers block the formation of a comprehensive vision for the future of urban development that would increase efficiency because it would introduce competition and reduce profits. Enabling markets theory led to a focus on engaging private sector resources, which in turn drew on existing urban regimes. Urban regimes are long lasting coalitions between the business community and political actors (Imbroscio 2003; Imbroscio 1998; Fainstein 1995; Stone 2005; Sellers 2002; Mossberger & Stoker 2001). Yet, in many cities an unclear vision for the future makes the formation of long-term coalitions between business and political actors more unlikely (Burns, 2006; Dowding, 2001; Fainstein, 1995; Imbroscio, 1998, 2003; Mossberger & Stoker, 2001; Sellers, 2002; Stone, 1993, 2005). The are no moral obligations to provide universal services or improve living conditions through particular investments. The relationship between public and private actors is opportunistically guided by resource capture instead of long term urban planning. The

contrast between the Chinese and Indian cases demonstrates the importance of a stable vision in the formation of coalitions (Shatkin 2014; Douglass et al. 2012). In India maximizing profits drives urban development resulting in few coalitions. Without a shared vision for the city, short-term goals of political leaders or investors influence outcomes. Meanwhile, Chinese urban development is driven by a close coalition between parastatals, municipal governments and individual investors because there is a clear vision regulated by government agencies (Shatkin 2011; Shatkin 2007).

Modular urbanism results from informal practices because projects are removed from the local context. Informality is an intentional strategy providing flexibility, organizing development, and benefiting individual visions and goals (Krijnen & Fawaz 2010). Informality is used by all socioeconomic groups in the urban development process, from construction contractors to an individual's source of income (Fay & Opal 2000; Annez et al. 2010; Robinson 2002; Robinson 2006; Simone 2004a; Simone 2010; Ghertner 2011; Roy 2011, p.233; Arnott 2008). The appeal is universal because transactions and development occur without records avoiding taxation, regulation and compliance with zoning regulations. For business elites, informality allows construction outside formal construction codes and unclear ownership structures to guarantee market share without increasing interference from government agencies. Thus, in many instances the world-class developments of elites are also violations of legal rules but are not often considered informal (Krijnen & Fawaz 2010). For instance, an expensive office tower may violate zoning codes, fail to obtain building permits and tap into existing electricity connections. All of these tactics are the same as those used by low-income slum dwellers considered illegal and informal. The complexity of informal rules allows well-positioned elite to capture land and property value increases. Informality guarantees elite businesses profits and market share. Local business leaders then have an interest in continuing plural and complex land regimes because it allows them to engage in rental and development activity that is not sanctioned by formal codes. In turn, development disconnected from planning codes and local demands becomes possible. In sum, informality reduces local transparency and control over urban development allowing projects that do not respond to the local context.

Conclusion

The enabling markets theory offered a more inclusive path to urban development than modernism but resulted in unexpected urban forms that increase inequality without improving living conditions. The policies motivated by the enabling markets ushered in modular urbanism because entrenched business structures and political maneuvering were enabled rather than fluid responses to demand for urban space. New legislation aimed to increase responsiveness to demand across all income levels and decrease construction process bottlenecks. Yet, achieving large-scale coordinated and expensive are long-term efforts that require large investments and institutional coordination. The market alone does not provide this coordination. The result is urban development that does not benefit the majority who are then left with few options besides protest as their livelihood becomes more fragile.

Enabling markets theory rests on difficult to achieve assumptions about existing conditions leading to asymmetry and mismatched outcomes (Hansen 2003). Competitive, efficient, and democratic markets for urban development remain a theory. Instead, elite capture, political posturing and informality lead to modular urban development that excludes the majority. Modularity is the result of investors' search for profitability and politicians' search for legitimacy in the face of mounting dissatisfaction with the status quo. The process creates an urbanism that is disentangled from broader sociopolitical and structural issues. Modular urban forms offer clear opportunities to transform a portion of the urban landscape without directly addressing the causes of informal growth. Modular forms overcome existing issues such as weak regulatory enforcement, corrupt institutions, and a nascent banking system without improving market efficiency or responsiveness to demand beyond the highest income individuals (Labbé & Boudreau 2011, p.281). Modular urban forms offer clear opportunities to transform a portion of the urban landscape without directly addressing the causes of informal growth.

Urban development depends on ephemeral relationships between the ruling political party, government agencies and business elites. These fleeting relationships encourage projects that maximize profits and short-term political goals rather than improving

livelihoods and urban form. In many cities, the existing power structure, poverty and informal rules make it impossible for the conditions fomenting equitable and efficient markets to arise. The resulting projects do not form the smooth, integrated, and efficient urban fabric anticipated by economic theory. Fundamentally, private sector driven urban development fails to address the limited provision of infrastructure and services creating urban form issues leading to increasing traffic, pollution and public health issues. A focus on private provision of urban space will not improve livelihood for the majority of the city but rather increase fragility.

Chapter 3: Tanzanian Urban Policy History

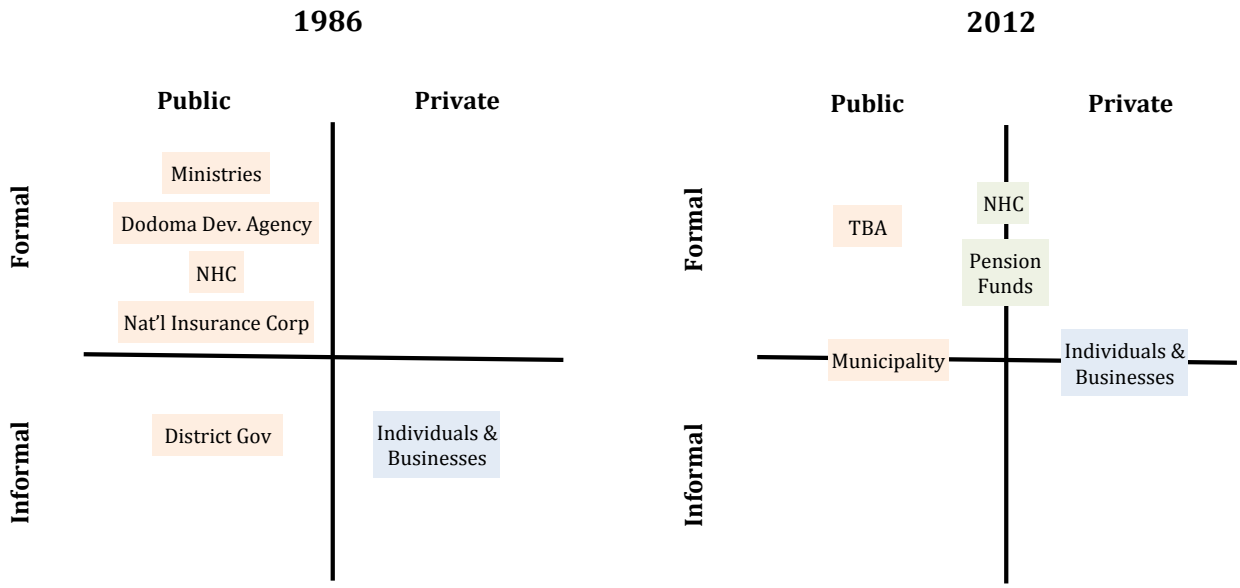
Introduction

Tanzania's policy reform history demonstrates the failure of private market reforms to improve the efficiency of urban form or livelihoods of urban residents. After independence, two broad reform programs shaped the form, the rules, the stakeholders and the power structure of urban development in Tanzania. The first set of reforms instilled a socialist ideology known as Ujamaa entrenching the colonial legacy of "bureaucratic urbanism" (Hamouche 2008, p.192). State driven investments define urban development in bureaucratic urbanism. The second set of reforms followed a market-oriented ideology aiming to enable markets with "global urbanism" (Hamouche 2008, p.209). International trends in large-scale investments redefined urban policy to meet ideals related to a global urbanism defined by private sector investment. The same reform program also introduced a multi-party political system. Tanzania's reformed institutions and new policy tools did not overcome existing issues related to land use planning, infrastructure provision, investor capacity and coordination between public and private entities. These issues highlight the theoretical concerns raised in the discussion of enabling markets theory. It also sets the scene for the stakeholders that are important in the case studies as well as the important policies that created the conditions that will be examined.

The policy reform process rearranged stakeholders' along two spectrums determining the power structure in Tanzania without fundamentally addressing the problems facing urban planning (Figure 2). One spectrum is between public and private. The other is between formal and informal informing the rules available to stakeholders. After the first reform program in 1986 the dichotomy between public and private roles was clear. Formal development was dominated by public entities. Redistribution by public entities

was justified as a means to correct inequality created by colonialism (Nyerere 1968a). Yet, the majority of development took place outside the formal power structure. After the second set of reforms in 2007 the dichotomy between public and private was not as clear. New legislation repealed the direct role of the state creating a monitoring role to guide private sector urban development. The NHC and pension funds are semi-private but end up playing a large role in urban development because of the limited depth of private investment and lack for fiscal resources available to municipal agencies. Municipalities and private investors move between formal and informal roles. The result is urban development projects on a larger scale than in the past with modular qualities.

Figure 2: Major Stakeholders in Urban Development in Tanzania



Source: Author's interviews and fieldwork notes

The following outlines the national urban policy trajectory from bureaucratic to global urbanism. First, the centralized planning system of colonialism and its major stakeholders will be detailed. Next, market oriented reforms and their expected outcomes will be explained. Finally, the chapter examines unintended consequences from the second round of reforms. Through this discussion the important public

institutions shaping urban form will be detailed, but the specific private actors remain undefined both legally and locally. The concept of private business remains an elusive concept with a community of business people whose role is rarely fully defined. Yet, reoriented public institutions lack the necessary resources to implement large-scale investment programs to create universal services and infrastructure provision. As a result these institutions compete with private investors for control and development opportunities in order to leverage speculative increases in land value. The resulting system benefits existing business elites without empowering local governments to implement programs or investments that might ensure more equal distribution of benefits. The description will make clear how the spurious outcomes might be explained as development cascades, which reinforce existing power relations, allow a power grab and encourage investments that are not beneficial to either social equity or spatial efficiency.

Colonialism to Ujamaa: Evolving patterns of Urban Land Use

Socialism underpinned early postcolonial planning providing an ideological counterpoint to colonialism and a state centric model of urban development.[8] Julius Nyerere, the country's first president, outlined the socialist ideology, known as Ujamaa, in the 1967 Arusha Declaration (Nyerere 1968b). The resulting rhetoric was optimistic about overcoming colonialism's highly unequal distribution of resources without dismantling the central role of the state. Colonial authorities maintained inequality through a set restrictions on the migration of rural Africans (Lugalla 1995). Using the 1956 Town and Country Planning Ordinance, colonial town planners developed different zones for various racial categories in each major town (Topfer 2002). The process entailed demolition of so-called slum housing of migrant African workers. Colonial town planning justified demolitions as an effort to create disease free environments (McHenry 1976). Implicitly these motivations were guided by racist beliefs that led to segregation (Mabogunje 1990; Armstrong 1987; Brennan 2006). High

[8] The United Republic of Tanzania was formed from the unification of Zanzibar and Tanganyika in 1964. Tanganyika gained independence from Britain in 1961 and Zanzibar in 1963.

building standards, taxes and policy maintained racial segregation. The standards and taxes were unaffordable to African rural migrants. For instance, flush toilets were required in the European sections of Dar es Salaam while traditional building materials were acceptable in African neighborhoods (Smiley 2012). As a result, the Europeans were in low-density neighborhoods, the Asians in medium-density and the Africans in high-density (Alexander 1983). With a highly centralized and segregated system, there was very little local input leaving many Africans disenfranchised. Ujamaa maintained colonialism's centralization but aimed to undo segregation by focusing on redistribution and agricultural development.

Table 2: Major Urban Planning Legislation: 1895 - 1986

Year	Title	Major Change
1895	Crown Land Ordinance	Required registration of all land Unoccupied Land was given to the Crown Authorized reserved lands on village outskirts
1923 & 1928	Land Tenure Ordinance No 3	Authorized 99-year leases for granted right of occupancy Authorized 5-year CRO for deemed right of occupancy Gave power over unoccupied land to Governor Revised to include customary land
1956 & 1961	Town & Country Planning Ordinance	Stipulates zoning and planning roles Creates the structure of large-scale urban planning
1962	NHC Act	Established National Housing Corporation
1967	Land Acquisition Act	Made the private sale, purchase and rent of land illegal Land has no value only structures
1969	Second 5 year Plan	Designated 9 growth pole towns Resettled 1,390 squatters for industrial development
1971	Buildings Acquisition Act	Nationalized buildings over a certain value
1973	Rural Lands Act	Does not address planning and utilization Made customary land rights illegitimate Vested expropriation powers in the President Enabled the declaration of vague specified areas
1981	Housing Policy	Does not result in any legislation or programming Encourages self-help and public agency housing provision
1984	Rent Restriction Act	Limits rent's ratio to income or construction cost

Sources: Author's fieldwork, Debusman and Arnold 1996, Shivji 1998, Goran 2007, BoT 2009

Parliament abolished private sales and formal land valuation increasing the central government's urban development power. Party officials understood urban development as a necessary evil to agricultural production that needed to be controlled but not encouraged (Lugalla 1995). Thus, Parliament's reforms attempted to replace

the capitalist private market system by eliminating officially recognized commercial land values (Nnkya 1999a). During German and British colonial rule, planning decisions were highly centralized but based on commercial valuations. For instance, the German Crown Ordinance in 1895 and the British Land Ordinance in 1923 gave all land to the central colonial authorities which could be leased by individuals for a price (Gastorn 2008) (Table 2). In order to address the capitalist system Parliament enacted the 1967 Land Acquisition Act (Briggs & Mwamfupe 2000). The 1967 Act maintained colonialism's centralized control by nationalizing control of all land. At the same time, the Act made the sale, purchase and rent of land illegal, which effectively eliminated leases. Then the 1973 Rural Land Act and the 1975 Ujamaa Village Lands Act gave the president wide ranging expropriation powers and undermined customary land rights (Shivji 1998). These Acts further centralized planning and urban development. Nyerere summed up the approach to urban development by writing "We must not forget that people who live in towns can possibly become the exploiters of those who live in the rural areas."[9]

Villagization or "vijiji vya ujamaa" further centralized power and drove infrastructure investments away from cities. Villagization relocated rural and urban residents to new villages centered on communal agriculture (Stren 1981; Burton 2007b). Unraveling the perceived fiscal urban bias of the colonial era motivated villagization (URT 1975). Central government and ministry investment shifted towards supporting these villages (Hyden 1980). As a result, throughout the 1970's and 1980's the central government provided minimal fiscal allocations to urban development (Armstrong 1987; Burton 2007b). In urban areas, villagization sites on the outskirts became centers of population growth (Komu 2011b). The focus on villagization undermined urban management by starving the large towns of fiscal capacity, well-trained technocrats and land development potential. Yet, villagization did not stop migration to cities putting pressure on overstretched local governments and infrastructure (Hyden 1980;

[9] Nyerere, Freedom and Socialism, 1968, pp. 242-243

Bryceson 2006; Burton 2007a). Thus, villagization left urban local governments unprepared for population growth and urban management.

In addition, the 1975 and 1988 capital relocation plans to Dodoma reduced existing municipalities' power and funneled resources into the Dodoma Development Agency (DDA). In 1973, Parliament chose Dodoma as the capital relocation site due to central location, transportation linkages, and the poverty of the surrounding region (Hoyle 1979). The plan for Dodoma fit with a series of post-colonial new city plans across many African countries.[10] Across Africa, new modernist capitals included large green belts, motorized transportation, separation of social classes and groups of high and low-rise neighborhoods (Mabogunje 1990). The modernist plans were strikingly similar to Garden City inspired colonial town plans (Bigon 2013). Yet, without industrial development, Garden City ideals had limited applicability in many Sub-Saharan African cites leading to the first informal unplanned settlements in the 1950's (Mabogunje 1990). The 1975 Plan for Dodoma adhered to modernization ideology drawing inspiration from North American car centric urban planning (Siebolds & Steinberg 1981). Foreign consultants created the Dodoma Plan without local input (Siebolds & Steinberg 1981; Hoyle 1979). The Plan did not provide for the self-help incremental housing that defined Tanzanian urbanization, rather the DDA would construct new civil servant housing and state-owned corporations would build industrial estates. The 1975 Plan for Dodoma was revised in 1988 but has yet to be fully executed. That is, Parliament officially meets in Dodoma but all of the other ministries and bodies of the government are still located in Dar es Salaam (Makalle et al. 2011). Dar remains the cultural and economic capital with a majority of the government and private sector functions. The fiscal and human resources drain created by the Dodoma project put added pressure on other city's infrastructure and services while increasing DDA's urban development power.

[10] These cities include Abuja in Nigeria, Gaborone in Botswana, Lilongwe in Malawi, Nouakchott in Mauritania, and Yamassoukro in Cote D'Ivoire.

Resources were further dispersed through the 1969-74 Second Development Plan. The Plan empowered ministries and state-owned corporations with urban development powers through a growth pole program. Under the program, nine growth pole towns would discourage migration to Dar es Salaam and spread economic growth throughout Tanzania (Brennan & Burton 2007; Sawers 1989).[11] Colonial underinvestment in the rural hinterland justified the focus outside of Dar es Salaam (Nyerere 1968a). Party officials considered Dar es Salaam a "parasitic" financial and social drain so they wanted to drive urban development to other towns (Lugalla 1995). Through the program state agencies would distribute economic development to predominantly rural areas (Doherty 1973). The growth pole program was possible because Parliament nationalized many sectors of the economy (Hyden 1980). Nationalization gave Ministries urban development power because control of an entire sector was vested in a single state agency, which then made industrial location decisions. These decisions in turn determined the land use in urban areas. New states across Africa invested in growth poles hoping to counterweight colonialism's large magnet cities (Mabogunje, 1990, p 131). The industrial base left by the program provided impetus for population growth and economic diversification particularly in the secondary cities of Arusha and Mwanza (Lugalla 1995). On the one hand, the growth pole program distributed urban development resources to secondary cities. On the other hand, it reduced already limited resources for managing the development of Dar es Salaam, the primary urban area.

At the same time, the National Housing Corporation (NHC) and the National Insurance Corporation (NIC) became the primary developers of formal commercial and residential space. Provision of affordable secure housing for all citizens as one of the founding pillars of the postcolonial government (Kironde 1992). In 1962, Parliament created NHC with the mandate to fulfill the promise of universal housing. Housing provision recognized the rights denied to many black Tanzanians during colonialism. The first step in achieving the housing mandate was redistribution of the existing stock, vacant

[11] These towns include: Tanga, Moshi, Arusha, Mwanza, Tabora, Dodoma, Morogoro, Mbeya and Mtwara.

land and old agricultural estates (Brennan & Burton 2007). Thus, a large share of the NHC's portfolio was obtained through the 1971 Acquisition of Buildings Act (Komu 2011a). The Act gave the central government power to acquire buildings that were either of high value or did not serve as a primary residence.[12] Although, NHC only actively acquired assets between 1972 and 1984 the policy was not repealed until 1990 in the National Housing Corporation Act (URT 1990; Hussey 1997). The persistence of the 1971 Act created a disincentive for private formal development while strengthening NHC's position as the primary provider of formal housing. Between 1962 and 1972, the NHC built approximately 11,000 units and acquired about 8,500 more, but the pace of development dropped precipitously when government transfers ceased in 1973 (Komu 2011a; Lugalla 1995).[13] NHC's portfolio accounted for about seven percent of rental housing stock (Komu 2011a). With limited budget allocations, the idealistic housing mandate was not met through the state-sponsored acquisition and construction programs. Yet, the NHC became a major stakeholder in urban development with well-located properties and land parcels across the country. Meanwhile, NIC became the primary developer of commercial space. NIC provided the central government with a large pool of investment capital for office, retail and hotel construction throughout the country.[14] NIC constructed buildings, which were then leased by individual ministries.

Even with the widespread reform program, private owners continued to build informally partially due to the expropriation risk associated with formal transparent urban development. On the one hand, reduced private investment was the goal of the Ujamaa's socialist reform program. On the other hand, the NHC did not keep pace with the new housing demand but blocked other formal provision of housing (Komu 2011a). Rather than replacing the capitalist system of profiteering from housing provision the centralized power structure pushed construction into opaque small-scale businesses.

[12] The Act applied to all properties valued over Tsh 100,000 or renting for more than Tsh 833 per month.

[13] The construction total includes 3,400 units built as part of a slum clearance program that included a sites and services component, which did not increase the housing stock but rather replaced existing informal units.

[14] Interview with Mary Kyomo, Planning and Investment Manager at NIC, August 15, 2012.

Informal housing and self-help construction came to define urban housing conditions during the Ujamaa era (Kombe 1994; Lewinson 1998). Lingering expropriation risk led to the development of entrenched practices of obscuring ownership. Property owners were incentivized to use complex ownership structures with limited documentation. These alternative development rules avoided official consent or compliance with utopian ideals. Informal development allows ownership transfers outside the public regulatory framework. Informal housing nearly doubled over the socialist period (Table 3). An estimated 11 percent of land in Tanzania fully complies with public regulations with 50 to 80 percent of urban residents living in informal settlements (World Bank 2009; Kombe 2005).

Table 3: Share of informal housing in Tanzania

	1967	1972	1995	2002
Total Mainland	36	44	70	
Dar es Salaam		60	70	68
Mwanza			40	
Arusha			70	

Source: UN Informal Settlements and Finance in Dar es Salaam, 2009, p. 24-26

The private sector's incentives to informally development increased in 1972 when the Ministry of Lands[15] and District Governments[16] accepted informal development and agreed to end slum demolition. In the 1960's the Ministry of Lands continued the colonial policy of demolishing slum settlements deemed unsanitary and illegal (Kironde 1991; Brennan & Burton 2007). Then the Ministry placed a moratorium on demolition as part of the 1972 Sites and Services Program (Kironde 1991; Siebolds & Steinberg 1982). Between 1973 and 1981, five municipalities upgraded community facilities in eleven existing unplanned settlements (Kulaba 1989; Siebolds & Steinberg 1982). The

[15] The Ministry responsible for land administration changed names several times before the current MLHHSD. When the sites and services program was active it was named the Ministry of Lands, Housing and Urban Development (MLHUD),

[16] Note that municipal governments were abolished during the period so higher-level district governments implemented urban programs.

program provided approximately 20,000 self-built homes and surveyed 25,000 plots (Siebolds & Steinberg 1982; Kironde 1991; Materu 1986; Rakodi 1991). Through the program, the District Government's role shifted from enforcing strict formal regulatory codes to assisting informal development. At the same time, increased informal tenure security coupled with formal expropriation risk reduced incentives to privately construct large-scale urban projects. Small-scale informal private sector projects dominated development throughout the Ujamaa era yet the quality of construction materials increased. For instance, between 1978 and 2002 the national share of urban houses with concrete walls nearly doubled although the share of houses with piped water and latrines decreased (Table 4). Lack of financing and effectively strong tenure rights, created a very long-term development process with many unfinished projects across Tanzanian cities (Halla & Mang'waru 2004).

Table 4: Urban Housing Materials & Services in Tanzania: 1978 & 2002

Urban Area	1978				2002			
	Concrete Walls	Metal Sheets	Piped Water	Latrine	Concrete Walls	Metal Sheets	Piped Water	Latrine
Arusha	31%	77%	92%	97%	48%	96%	99%	78%
Dar es Salaam	34%	86%	98%	99%	88%	92%	88%	83%
Mwanza	29%	81%	82%	91%	45%	91%	83%	71%
Total Urban	*26%*	*74%*	*88%*	*96%*	*49%*	*86%*	*83%*	*83%*

Source: National & Regional Census Reports 1978 & 2002

The Rent Restriction Act of 1984 provided a limited safety net for formal housing but further reduced incentives for private formal urban development. The Rent Restriction Act set rental rate ceilings ranging from 12.5% of income to 14-18% of the unit's construction value (Kironde 1992). The legislation justified the restrictions because a majority of urban residents were tenants (Table 5). A small minority benefited because rent control enforcement only applied to formal housing. Rent control created a disincentive to maintain or construct formal housing. The disincentive further encouraged private informal development while eroding NHC's potential profits for the central government. Nonetheless, rent control was the only housing subsidy available.

Table 5: Tenure Structure in Urban Tanzania 1978

Urban Area	Owner	Tenant	Other
Arusha	24.5	71.2	4.3
Dar es Salaam	32.5	65.8	1.7
Mwanza	39.0	59.1	1.9
Total Urban	***41.0***	***56.3***	***3.5***

Source: National Census 1978 Table 16.9, p. 488

After Tanzania's first set of reforms, the power structure reflected entrenched socialist bureaucratic urbanism that encouraged informal development. Socialist urban planning maintained colonialism's central control, modernization goals and high development standards (Sawers 1989). There was a clear dichotomy between public and private actors. Districts financed development from their own budgets without consistent revenue raising mechanisms, making it difficult to achieve the large-scale visions of socialist planning. The result was that most urban administration program came to depend on some foreign donor or multilateral agency (Mabogunje 1990). Individual ministries provided employee housing estates and often constructed their own office buildings. Meanwhile, the NHC provided public housing and the NIC invested in infrastructure and commercial real estate projects. These actors provided the majority of formal urban development during the ujamaa period. The central government retreated from service provision in urban areas rather equalizing land and housing ownership. Socialist urban development instilled a lack of confidence in public formal development, endowed several institutions with power and reduced the role of formal private development. Lack of confidence gave rise to informal practices to compensate for the central government's failure and municipal government's limited resources. The private sector's role was informal though it provided a majority of urban development investment. The resulting urban development led to sprawling cities, over used infrastructure and very limited formal housing supply (Hill & Lindner 2010; Abebe 2011).

Urban Policy Reform: Liberalization and Private Market Development

In Tanzania's post-socialist transition,[17] national legislators reconfigured urban development policy providing new tools and powerbrokers (Table 6).[18] Policy and legislative rhetoric claimed the right combination of reforms would encourage efficient urban development (URT 2000a). Efficiency would cater to a variety of income levels and improve overall living conditions (URT 1999b). Implied in the move towards efficiency is a much greater role for the private sector and market mechanisms. Nonetheless, similar to India, a persistent socialist rhetoric pervades reform attempts complicating the ongoing urban transformation and integration with the global urbanism (Shatkin 2014). Reforms reoriented the institutional mechanisms and structural roles of urban development stakeholders but maintained centralized government control over many aspects of urban development. The reforms reduced barriers to entry for private businesses but also dismantled the safety net built into socialist bureaucratic urbanism. The result was state rhetoric steeped in making private development possible, formal and simple without regard to affordable and livable conditions for the urban majority. Yet, informal development rules pervade formal private urban development resulting in projects targeting the high-income sector. The reform process created some competition, resembling a market, but did not engender transparency or create incentives to increase formal development on a large-scale.

[17] The end of the socialist era, Ujamaa, and the beginning of the liberalization area, Mageuzi, is understood to have begun with the 1986 IMF structural adjustment program when Tanzania's per capita GDP had eroded to one of the lowest in the world.

[18] Many studies documented the immediate impact of post socialist liberalization in reducing public expenditures on infrastructure and services in urban areas, but is not the focus of the current review. Good examples of can be found in the following (Kombe 1994; Shitundu 2007; World Bank 2007).

Table 6: Urban Planning Legislation: 1990 – 2012

Year	Title	Major Change
1990	NHC Act	NHC becomes parastatal
1991	Banking & Financial Institutional Act	Banks privatized
1991	Presidential Inquiry in Land	Land Commission begins the discussion on process of reform
1995	National Land Policy	Radical title in the hands of the President Authority in the Commissioner of Lands Requires village certification Reinstitutes customary title or deemed right of occupancy
1996 & 2009	The Insurance Act	Insurance firms are privatized New independent regulatory board created
1997	National Investment Act	Gives coordination and oversight rights to Tanzania Investment Center Allows foreigners to hold land through JV partnerships
1999	Land Act No. 4 & 5	Operation of General & Village Lands Establishes that land has value Requires government compensation for land seizure
2000 & 2006	Local Government Acts	Reestablishes local government Municipalities and Cities under control of Ministry Redevelopment plans?
2000	Human Settlements Policy	Make serviced land available Encourage private sector participation Plan for new sub-centers
2002	Land Disputes Act	Establishes ward or district land tribunals Creates separate land court
2005	Miscellaneous Act	NHC establishes right to increase rents and buy land Repeal of rent restriction
2007	Land Use Planning Act	Enables authorities to take loan defaulters to court Provides new procedures for land use plans
2007	Urban Planning Act	Requires plans in annexed urban areas
2008	Unit Titles & Mortgage Finance Act	Enables more than one title holder to land parcel Increases bank foreclosure rights

Source: Author's interviews, fieldwork and review of Legislative Acts

Urban land development remains centralized even though the Land Act of 1999 officially gave land value and individual rights to title. The socialist legal system placed no value on land but only on buildings (URT 1999b). The 1999 Act outlined value based on market transactions as well as guaranteed government compensation for any appropriation based on those values (URT 1999b). The Office of the President

maintains ownership of all land but long-term leases offer individual land tenure.[19] As a result of the 1999 Act, urban land planning is controlled by national agencies while village councils control land planning in rural areas. The resulting distribution in power gives villagers more power than central city residents. Therefore, villages close to urban areas have an incentive remain autonomous as long as possible.

The 2002 Local Government Acts fiscally empowered municipalities' to engage in formal development. The Acts increased the role of municipal authorities in urban development but also limited their own sources of revenue.[20] Municipalities now have authority to plan and implement urban development projects (URT 2002c; URT 2002b; URT 2006a). Planning authority also enables local authorities to buy and sell land for development purposes. Local authorities can also condemn buildings for redevelopment. At the same time, municipalities have few revenue raising tools. For many ministries and parastatals land and property portfolios comprise a majority of their independent financial resources because they are dependent on budget distributions from the parliament for liquidity (Boex & Muga 2009; Fjelstad et al. 2003; Tidemand 2005). Prior to the start of the reform program each local authority could set their own fees and taxes, which led to some confusion and complaints about inefficiency (Sarzin & Raich 2012). The Urban Authorities Rating Act 1999 allowed local governments to assign property values and levy taxes (URT 2000b). The legislation

[19] Individual leases are dichotomized into statutory granted right of occupancy and deemed, or customary, right of occupancy. Granted right of occupancy leases may not exceed 99 years or be less than 33 years. Meanwhile, deemed right of occupancy does not expire, but is governed by a separate set of laws, which apply only to village land. Thus, the differentiation between customary and granted rights does not apply in established urban areas because all land is classified as general land, which is managed by the statutory system and the central government. Yet, the differentiation is relevant in peri-urban areas where village land is rapidly being converted to urban land uses by often speculating investors. Village land is administered by the village council, which is then supposed to offer CRO's to individuals once the village itself is certified. The process is often opaque, slow and extremely complex allowing many individuals to grab land for speculation and large-scale development.

[20] The Acts refer to the Urban Authorities Act and the District Authorities Act, which together define the local government role throughout the country.

claims that property taxes will enable wider provision of infrastructure and services. Yet, property tax collection remains low and municipalities have few consistent sources of income (Kironde 2009).

The 1990 NHC Act reoriented NHC's role from a low-income public housing provider to a semi-public for-profit urban development agency. The 1990 Act set new requirements that NHC pay dividends to the central government through commercially viable urban development projects. With the reform, the central government expected NHC to overcome its poor performance throughout the 1980's and become financially independent. Due to low rent collection rates during the 1980's, the central government made large cash transfers to NHC to cover basic operations (Komu 2011a). In fact, over the decade NHC's cash flow decrease creating a vicious cycle of declining revenue where buildings were not maintained or new stock constructed.[21] Restructuring NHC as an independent parastatal shifted the mandate and role of the agency. NHC continued to struggle financially until 2005 when the Miscellaneous Act provided greater ability to determine market rents, acquire land and compete in any sector of the housing market (URT 2005). The restructuring emboldened the NHC to see itself as the country's largest and most successful private real estate developer (NHC 2010). Furthermore, official statistics claim the national housing deficit is close to three million units (NHC 2010; URT 2000a).[22] In response to the housing deficit, the National Human Settlements Development Policy of 2000, outlines issues with adequate shelter, land delivery system, service provision and better rural housing but did not provide specific actions (Urban Solutions 2012). An update to the 1968 housing policy remained in the consultant phase for the last decade.

Another important institutional shift was the establishment of the Tanzanian Building Agency (TBA) in 2002. While the TBA has existed in various forms since 1969 it was

[21] Interview with Hamad Abdallah, Director of Property Management at NHC, June 26, 2012.

[22] I was unable to uncover the underlying data or studies that led to the calculation. It might be a political move by NHC and other advocates for state led housing investment by claiming the private sector had failed.

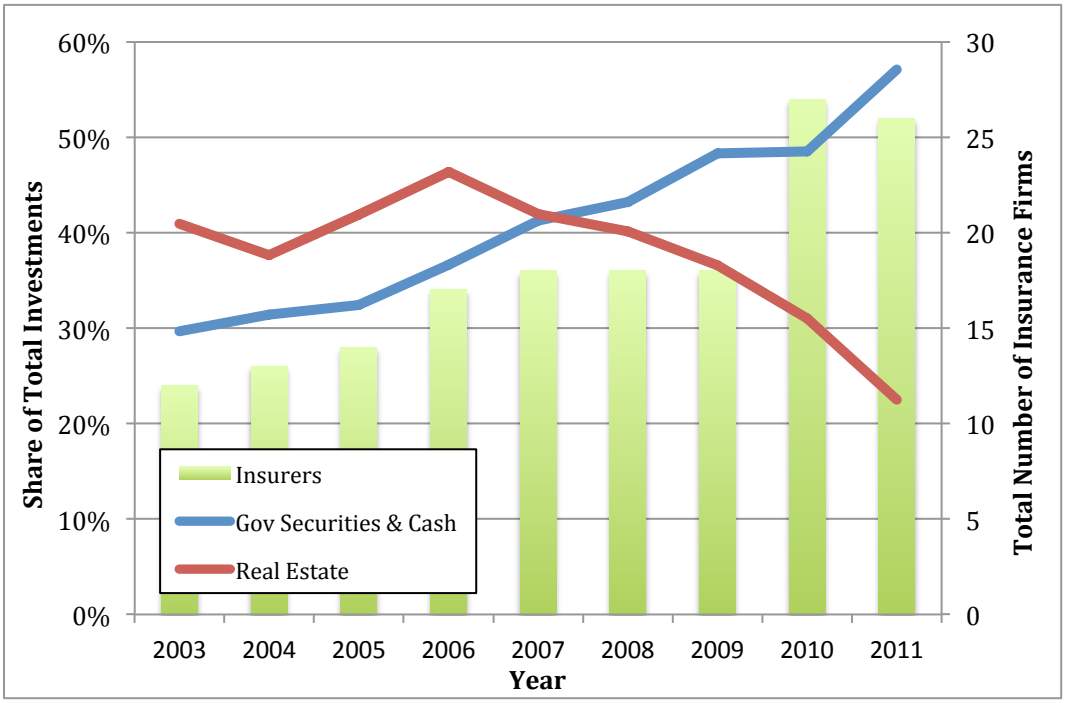
transformed in 2002 to fill the some of voids left by privatization. That is, the President's Privatization Review commission designated various industries for private operation including ministry owned real estate portfolios throughout the late 1990's and early 2000's (Shitundu 2007). The TBA was established to manage the privatization process of individual ministry assets. The role endowed the TBA with considerable land wealth and power to distribute well located assets throughout Tanzania. Furthermore, the TBA is responsible for the construction of all property demands for state agencies. The construction mandate puts TBA in competition with NHC. In sum, the privatization process reoriented urban development power away from individual ministries towards private investors and parastatals.

In contrast, privatization of the insurance industry led to decreasing investment in commercial projects. When the insurance industry was privatized in 1996, the NIC was the only insurance provider. By 2011, there were 26 commercial insurance firms (TIRA; URT 2011). In 1996, the NIC owned many of the largest office buildings across the country as well as several large housing estates.[23] NIC began divesting their land and property portfolio as part of 2010 effort to remain solvent.[24] As of 2012, NIC's portfolio included only its own office spaces throughout the country. NIC's trend reflects a trend throughout the insurance industry. As the industry grew the share of total investments in real estate shrank from 41 percent in 2003 to 23 percent in 2011 (Figure 3). The lack of continued investment in urban development signals private firms' more conservative risk profile as well as a lower degree of political influence. The lack of investment differs from the Western context, where insurance firms are a major source of institutional capital for direct and indirect investment in large-scale real estate projects.

[23] Interviews with: Anne Mbughuni, Finance Director at NIC, August 6, 2012; Mary Kyomo, Planning and Investment Manager at NIC, August 15, 2012.

[24] NIC was directed to give preference to other government agencies in the sales process. Initially they attempted to sell to the Tanzania Building Agency, but the deal fell through because of lack of capital. So then, they have sold most of their assets to the pensin funds.

Figure 3: Insurance Industry Investment in Real Estate: 2003 - 2011



Source: Author's calculations based on TIRA Annual Insurance Market Performance Report 2004 – 2011

As the insurance sector moved away from urban development and political influence, pension funds increased power and investment. Between 1997 and 2006, individual acts restructured the four major pension funds as parastatals with limited regulatory oversight (URT 2002a; URT 2001; URT 1997; URT 2006b; URT 1999a). Then in 2012, the Ministry of Labor increased oversight and required all pension fund investments to remain within Tanzania. Through the restructuring processes the pension funds became a source of project funding for government projects.[25] Pension fund managers justify national development investments low financial returns as having immeasurable socio-economic multiplier effects.[26] That is, pension funds often are a source of investment capital to fill the gap left by Parliament's annual budget allocations. In addition, pension funds also make prudent property investments with solid investment

[25] ibid. These projects include the New Parliamentary Debating Chamber, the University Colleges in Dodoma, the Kigamboni Bridge.

[26] Interviews with : Godfrey Mollel, Investment Director at PPF, July 31, 2012, Gerald Sondo, Planning Officer at NSSF, August 15, 2012, Elias Baruti, Planning and Investment Manager at LAPF, on July 25th 2012.

justifications. For instance, the Public Service Pension Fund built an 18-story office tower in Dar es Salaam in 2008 (URT 2011b). The tower provides positive rental returns because it is fully leased to private tenants. With the turn towards global urbanism, pension funds' role became increasingly important to financing politically motivated and large-scale modular urban development investments. Pension funds lead the transition to global urbanism by providing capital for often politically motivated large-scale urban development projects.

The experience of one fund, the National Social Security Fund (NSSF), illuminates the new role of pension funds in the post-socialist era. In 2010, NSSF's direct investments in real estate accounted for about 30 percent of total investments and another 30 percent were construction loans for various government projects. Direct investment in real estate achieved small returns (NSSF 2009). Between 2003 and 2010 real estate investments provided the lowest returns on investment (Figure 4). Returns from government construction loans are negligible with high default rates and repayment periods as long as 50 years.[27] In contrast, government securities provided returns ranging from 8 to 12 percent. NSSF provided the Dar es Salaam City Council a $9 million loan for the Machinga Complex, which has five stories and 10,000 stalls where street vendors were expected to relocate.[28] The Machinga Complex was a response to a promise made by President Kikwete that street vendors would be given a formal space to operate.[29] It is only 20 percent occupied does not cover operating costs much less providing a positive return for loan repayment.[30] The Machinga Complex project was not to be based on underwriting or market understanding but rather on political

[27] ibid

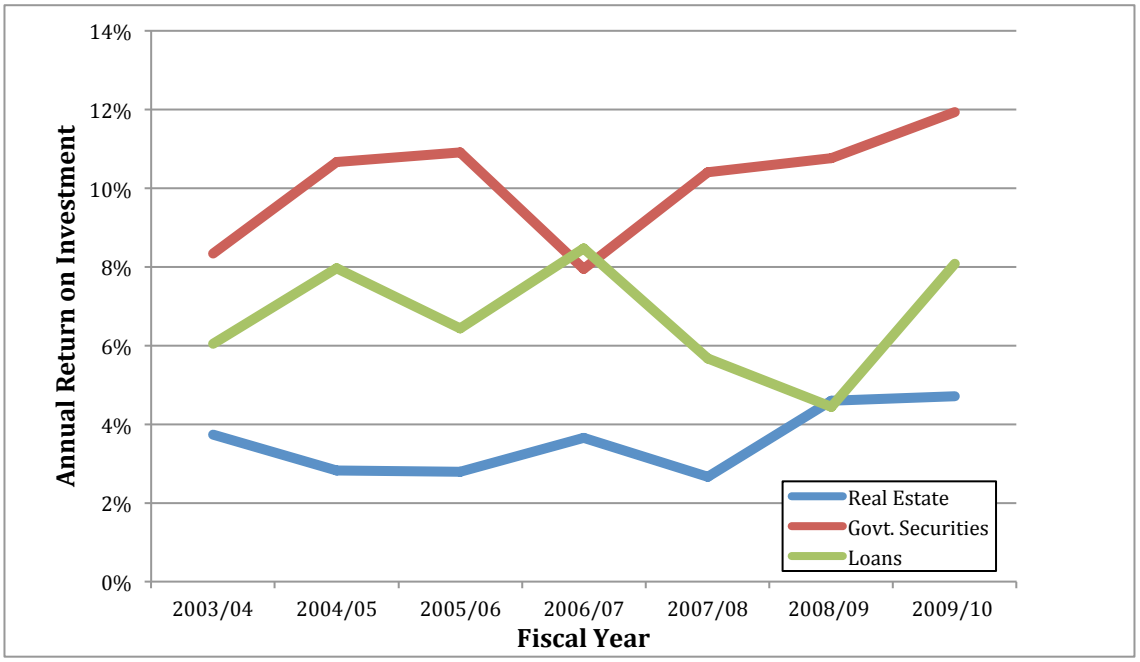
[28] Correspondent. "Dar's Machinga Complex to open before October, Parliament told". *The Guardian*, June 24, 2010, online. Joan Karaze. "Machinga Complex ready for business." *The Citizen*, August 21, 2010, online.

[29] Saumu Jumanne. "Let's Think: City Fathers: Reconsider Machinga Complex usage". *The Citizen*, April 10, 2011.

[30] Correspondent. "Tanzania: Machinga Complex Board 'Under Fire'". *Tanzania Daily News*, August 16, 2013, online. Prosper Makene. "Machinga Complex turns White Elephant". *The Guardian*, May 13, 2013, online.

promises. Political interference with projects like the Machinga Complex makes urban development projects risky investments with small returns.

Figure 4: NSSF Return on Investment: 2003 – 2010



Source: Author's calculation from NSSF Annual Reports 2003-2010

Private investors' role in formal development increased through NHC's Public Private Partnership Program (PPP) in 1999. The NHC was faced with limited cash flow from existing buildings, but a large portfolio of underlying land in the high value areas (Hussey 1997). The PPP program offered a means to scale up redevelop of existing properties at higher density therein increasing cash flow by leveraging land value. NHC PPPs were build-operate-transfer partnerships with a 25 percent ownership share in completed buildings regardless of the land value to project cost ratio (NHC 1990; NHC 2005). Private partners assumed all project development costs. NHC gives developers' 75 percent ownership in the land title (NHC 1990; NHC 2005). After 12 years of operation, NHC has a buyback option to increase ownership share up to 50 percent by purchasing units at market rates. The original expectation was that the NHC would use the proceeds from these new buildings to cross subsidize low income housing construction and maintenance on the remaining, less well located, stock.

The program included 170 projects throughout the country with 141 in Dar es Salaam alone (NHC 2012b).[31] A few private businesses and high-income buyers gained access to formal development without diminishing informal practices. NHC is not in a financial position to exercise their buyback option, particularly since property values increased with the new developments. Furthermore, many of the projects stalled, site designs changed and construction quality is poor.[32] For instance, the collapse of one of the buildings in 2013 led to the death of 36 people because the construction was faulty and the building size nearly twice as large as the NHC PPP agreement.[33] Even prior to the collapse, there were 30 pending court cases between the NHC and their private development partners.[34] The outcomes decreased private developer's and NHC's willingness to partner.[35]

Nonetheless, the PPP program encouraged private businesses and individuals to invest in urban development. Projects are larger than any development in Tanzania's history reflecting global urbanism contributing to the redevelopment of Dar es Salaam's central city. As a result, NHC returned to a vertically integrated development model where they hope to control the construction materials, building process and sales. Without a low income public housing mandate, NHC now considers itself a competitor with private developers of high-end property.[36]

The 2007 Land Use Planning and Urban Planning Acts broadened the private sector's role in urban development. The 2007 Acts created pluralities that allows the private sector to leverage benefits from informal rules within formal development projects. The Land Use Planning Act 2007 set mandates for municipalities to provide universal

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[31] While NHC first entered into joint ventures in 1979, the early ventures were with other government agencies rather than private sector owners and developers (interview with Lussagano).

[32] Interviews on June 27th 2012 and July 30th 2012 with Andrew A Rugarabamu, NHC Joint Venture Legal Officer and Lussagana Lussagana, NHC Joint Venture Project Manager.

[33] Karama Kenyunko. "Dar collapsed buildings: Suspects granted bail." *IPP Media*, April 17, 2013, online.

[34] Interview with Andrew A Rugarabamu, NHC Joint Venture Legal Officer, June 27th and 30th 2012.

[35] Interview with private developer, July 27, 2012.

[36] Interview with Nehemiah Mchechu, CEO at NHC, June 26, 2012

serviced land and requires land use plans in every district. The central government, through MLHHSD, has an oversight role rather than providing direct guidance, timelines, or priority actions. Peppered throughout the legislation are vague references to encouraging individual ownership and housing provision by the private sector. Beyond the PPP program, the central government did not follow up with specific programs and policies to encourage formal private investment.

The Planning Acts allow individual owners to bypass local planning bodies when developing planning schemes or subdividing land. The central government retains control while allowing individual developers to bypass slow and understaffed local planning authorities. The institutional arrangement presents pluralities where a private landowner can choose to follow the rules that best suit their conditions to develop land and exert their influence. The legislation fails to provide clear development rules, yet it provides the individual bargaining power by requiring that all requests receive an official response within 60 days of submittal. If a private owner does not receive a response they can then proceed with development. The time limit is meant to put the onus on the local planning authorities and MLHHSD to act quickly in approving plans and speed up the development process. There is no evidence that planning authorities act more quickly as a result but private landowners have greater power to proceed with development.

The 2008 Units Title Act allows private sector to develop large-scale projects without formal financing and Parliament repealed the Rent Restriction Act in 2005 increasing private sector construction incentives. The Unit Title Act allows multiple titles on one plot of land encouraging high-density construction by making ownership terms clear and easy to transfer. Foreigners can own units without presidential approval or partnership with a local. The designation of multiple titles remains a high-income tool.[37] Project financing through pre-sales becomes a formal means of development financing for private developers. Large-scale projects remain all cash transactions. The financial

[37] No development to date used multiple titles for low-income cooperatives (interviews with WAT, CCI, Habitat for Humanity)

sector was privatized in 1991 but the construction and mortgage finance market remain very thin. The number of banks exploded with 40 new institutions opening between 1990 and 2012 (Serengeti Advisers 2012). Yet, only five banks offer either construction and mortgage loans. More generally, lending to deposit rates remain low at around 40 percent (BOT 2010). These banks only offer mortgages to very wealthy individuals with high value properties, interest rates in excess of 20% and monthly income requirements of more than $2,000.[38]

Access to debt financing from local banks remains an issue for developers and buyers. Construction financing is limited to corporate and investment banking so that the beneficiaries are high-net worth individuals with large business holdings. For example, one specialty bank allocates approximately 25 percent of their loan portfolio, or $57 million USD in 2013, to the real estate and construction sector. Yet, more than 80 percent of their clients are large companies with whom they do other business.[39] Developers and bankers reported that they don't need construction financing but they take loans for 20 to 30 percent of the construction cost to avoid questions about project cash flows from the Tanzanian Revenue Authority.[40] Developers have other assets with the banks and therefore construction loans are a bank provided service to maintain the customers business. The majority of project financing comes from pre-sales and equity gained through other businesses. The financial landscape limits the potential urban development investors to existing elites

[38] Interviews with the following: Arun Chauhan, Senior Vice President at Bank M, Hasnain Dinani, Relationship Officer at I&M Bank, Oscar Mgaya, Chief Operating Officer at Tanzania Mortgage Refinance Company Ltd, Aaron Henry Mrina, Credit Analysis Officer at Azania Bank, Rosemary Ihadike, Relationship Manager at CBA, Jane Christopher, Relationship Manager at CRDB Bank.

[39] Interview with Arun Chauhan, Senior Vice President at Bank M, August 18, 2012.

[40] Interviews with the following: Arun Chauhan, Senior Vice President at Bank M, Hasnain Dinani, Relationship Officer at I&M Bank, Oscar Mgaya, Chief Operating Officer at Tanzania Mortgage Refinance Company Ltd, Aaron Henry Mrina, Credit Analysis Officer at Azania Bank, Rosemary Ihadike, Relationship Manager at CBA, Jane Christopher, Relationship Manager at CRDB Bank.

Private development is dominated by cash transactions, so that it becomes a conduit for laundering money. Real estate investment offers a means for removing, hiding and repatriating capital for the investor and the developer. Without formal financing mechanisms it is not necessary to record either the source of funds or the sales price. As a result, development becomes an avenue to hide cash from authorities. Properties are purchased in the names of family members or businesses that are not easily traceable to an individual. For instance, in Dar es Salaam one government official purchased 20 units in a building using different names for each unit.[41] The purchase and sale processes leaves room for capital to either flow into Tanzania or out. For capital to flow in developers use off-shore entities to transfer cash. Development projects allow repatriation of capital deposited outside Tanzania. The property is bought with cash from accounts held abroad. The property provides large sums of cash through resale or rental.[42] It also offers the opportunity to extract cash from other countries, making Tanzania a conduit for capital flight from other countries. Buyers purchase a presale unit then sell the unit, often before it is completed, for an equal or lesser value, depending on the market and fees charged by the developer. The buyer purchases in cash and then sales can be transacted in domestic or off-shore accounts.

The reforms reoriented the power structure to reflect global urbanism but added pressure to the urbanization process at the same time. Yet, the private sector continues to operate in a grey area between formal and informal, legal and illegal, public and private. The result is that in nearly thirty years of policy and institutional reforms there is not a more diverse and dynamic private sector market that creates highest and best use real estate assets that eventually trickle down to the poor. Partnerships between public and private are opaque. New development is targeted at high-income buyers. The reform program expects the private sector to appear from thin air. Policies and programs reference private financing and engagement without involving business owners or surveying potential investors' interest. The existing network of private

[41] Interviews with Lussagana Lussagana, NHC Joint Venture Project Manager on June 27th 2012 and July 30th 2012.

[42] A $10,000 cap on cash transactions making it difficult to access large sums of illicit capital

businesses is not incentivized to fully engage in the formal urban development. As a result, the businesses that do participate take advantage of the few opportunities to engage in the formal sector to build high-income products because they can guarantee returns and short-term profits. Government agencies are in direct competition with private businesses building high-end properties. Reforms enabled continued power grabbing by existing elites and growth of informal remote neighborhoods.

Conclusion

Tanzanian urban policy transitions have long lasting implications on urban development. In each period urban management remained elusive, yet the central government announced adjustments to overcome the errors of the previous period. During the early years of independence reforms were infused with socialist modernist ideals aimed at overcoming colonialism's underdevelopment and segregation. The reforms created a highly centralized formal system of urban development with control over various aspects of urban development vested in government agencies. The reforms spread limited human and financial resources across the country in an attempt to decrease the economic and social dominance of Dar es Salaam. By spreading resources so thinly local governments struggled to keep pace with population growth and demand for services. In the absence of government provision informal private development came to define residential urban development while commercial development was limited to small areas controlled by central government agencies. Informality was encouraged through strong tenure rights and several policies creating disincentives for formal development.

In response, another set of reforms increased the potential for formal private sector urban development and decentralized government influence. The reforms blurred the line between informal and formal development as well as private and public stakeholders. The blurriness increased opportunities for government agencies and private powerbrokers to engage in questionable development projects with large short-term benefits in the absence of a long-term strategic goal. On the one hand, the results are more limited than expected because formal sector development remains small relative to informal development with a small elite group of business men engaging in

urban development projects. On the other hand, since the changes took effect repositioning of government held assets, redevelopment of central cities and master planning in peri-urban areas has taken place on a larger scale than ever before. The institutional reforms enabled this development but fail to provide a more equitable and efficient city.

Chapter 4: Arusha

Introduction

In Arusha the urban planning reform program mixed with existing business structures and political demands to influence urban development outcomes. The outcomes in Arusha do not provide evidence of universal market responses to rents. The Arusha case shows that the reform program created plural governance with public entities seeking means to increase cash flow through tourism related urban development. It also created a network of private business structures that benefitted existing elites to engage in speculative development. In this case, land use history created scarcity and additional pressure on local communities to resulted in community level protests. The case shows the spread of similar modular forms and that under some circumstances it leads not only to fragility but community engagement and protest.

Recent urban development outcomes in Arusha are modular and speculative in both the central city and peri-urban areas. Development responds to an external demand for profit through the tourism sector. Developers provide a full set of services that isolate development from the existing city. Tourism encourages investors to build assets that don't respond to local demands, are standardized and self-contained. Modularity is perpetuated by the local political economy that encourages over-investment in tourism related development. Due to a plural governance structure, government entities compete for investment in attempts to gain legitimacy and increase cash flow. There are at least three layers of contradictory planning regulations between national, regional and local. The result is a regulatory stalemate that creates opportunities for informal development. Investors are then freed to pursue modular developments that consider only short-term profits. Private investors form tourism conglomerates operating in regional networks of hotel operators. In turn the local community feels threatened as they experience shrinking affordable and informal housing options.

The combination of threats to political legitimacy and tight land markets leads to insurgency (Holston 1998; Miraftab 2009). Undeveloped land in Arusha is scarce therefore informal use rights become important to perceptions of security. When modular urbanism disrupts informal land use it encourages insurgent reactions from local communities. Protests in both the central city and outskirts forced developers to make small concessions that give communities access to infrastructure and alternative land uses. The experience in Arusha suggests that under some circumstances modular urbanism can lead to insurgent planning.

The following chapter will first provide an overview of Arusha's urban form and economic drivers. The overview sets the context for an in-depth examination of redevelopment and satellite city development. The redevelopment case study examines government agencies attempts to reposition housing estates as retail projects and a private sector driven development cascade in hotels. Local communities protest the repositioning attempts and corrupt behavior calling for more affordable options but get only political pronouncements in return. In contrast, the satellite city case study examines the development of Usa River. Where the combination of a planning stalemate, a gated community development and contentious elections caused local communities to demand some of the benefits of modular high-end residential development.

Overview of Arusha's Urban Form and Economic Drivers

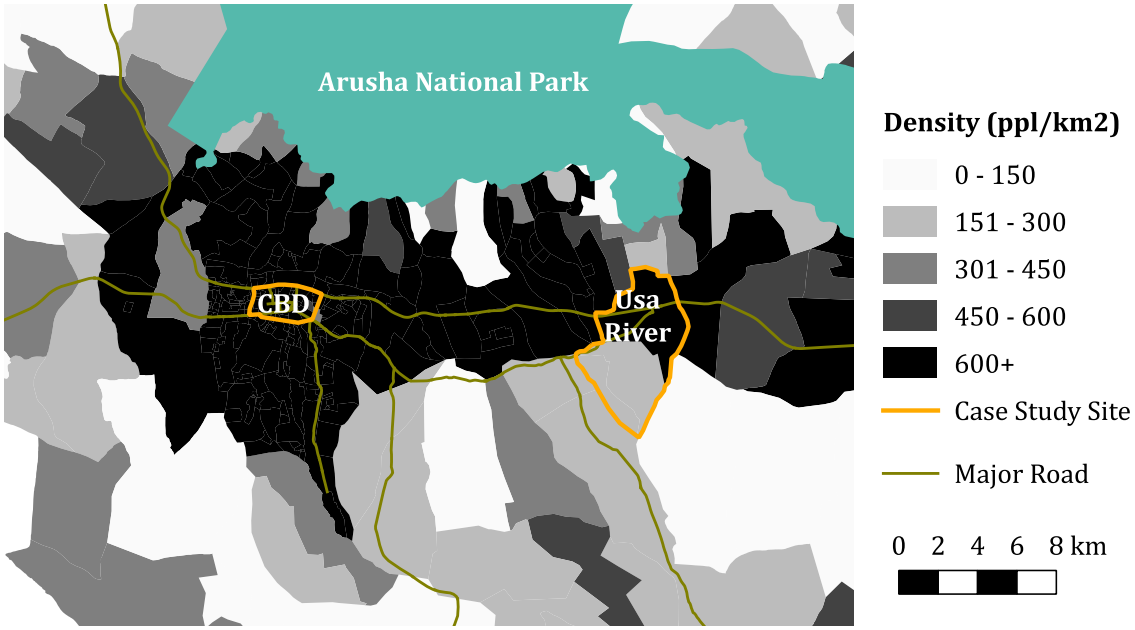
The southern slopes of Mount Meru, Africa's second highest peak, define Arusha's urban form (Arusha City Council & URT 2013). A game reserve, the Arusha National Park, bounds the city to the North (Figure 5).[43] Urban development follows the major road connecting Arusha with Moshi to the east and Nairobi to the north. Small creeks provide water throughout area but do not create major impediments to development (IUCN 2007; Ngereza 2005). Informal settlements are dispersed throughout the built up area.[44] The resulting urban form is one of the most contiguously dense and developed in

[43] Matilda Kirenga. "Arusha National Park expands to forest area." *Arusha Times*, September 16-22, 2006, p. 5.

[44] John F Masare. "Arusha's urban growth nagged by squalid slums." *Arusha Times*, July 22, 2004, p. 1.

Tanzania stretching into the surrounding Meru District (Coulson 1982).[45] Large agricultural estates or plantations account for rapid density decrease on the eastern and southern edges of the city.

Figure 5: Arusha Density Map 2002



Source: Author's calculations based on 2002 URT Village Census Statistics

One method of analyzing urban form measures average density in one-kilometer bands across the built up area of a city creating a density profile (Clark 1951; Bertaud 2004). The built up area excludes "contiguous open space larger than 4 hectare, agricultural land, forests, bodies of water and any unused land. In addition, land used by airports and by roads and highways not adjacent to urban used land is not included in the area defined as built-up area." (Bertaud 2004, p.10) The resulting density profile demonstrates the extent to which the classical model of land rents holds in a given city (Clark 1951). The classical model predicts that unrestrained private land markets create a negatively sloped exponential curve due to transportation costs creating a

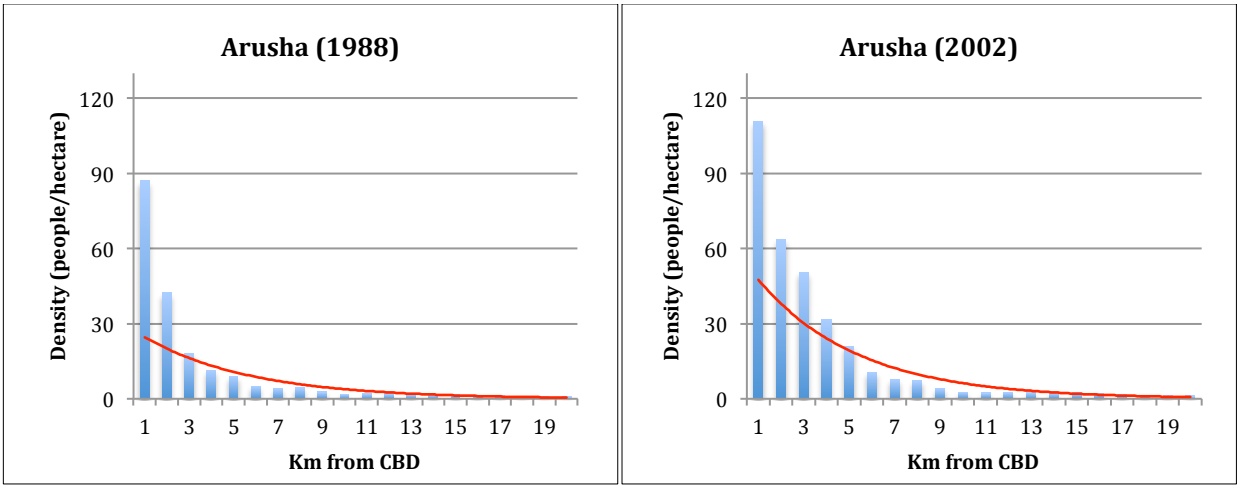
[45] Note that density above 500 people per km2 is considered urban land use even as the center of the city is higher density and administratively many areas are rural.

trade-off between job access and amenities (Turok 2011; Gordon 2008; Mills & Tan 1980). Observations from around the world provide robust evidence of the relationship (Bertaud 2004; Bertaud & Malpezzi 2003; Bertaud 2001). Deviations from a negatively sloped curve and variation in the rate of decline are then explained by policy choices that alter the set of available trade-offs (Bertaud & Renaud 1997). Given the long-term nature of investments, the relationship is path dependent and difficult to alter (Bertaud 2004; Turok 2011).

The following figure compares Arusha's density profile at two points in time (Figure 6). The first represents the end of socialist planning in 1988 when the area's total population was approximately 340,000. The second demonstrates changes after more than 10 years of active privatization programs and encouragement of private sector participation in real estate markets when population nearly doubled to 610,000.[46] Between 1988 and 2002, Arusha's core continued to fill in with large increases in density. Yet, the largest changes in population occurred between 3 and 6 km, just outside the main commercial area of the city (Figure 6). The change reflects urban infill resulting in a smoothing of the urban form from center to periphery. Nonetheless, over the time period a larger share of the total population shifted to the peri-urban areas. That is, in 1988 49 percent of the population lived more than 8 km from the city center, whereas by 2002 it was 70 percent of the population. The shift towards the periphery confirms that Arusha is expanding and has few geographic constraints on development.

[46] NBS has not yet released geographic information about the 2012 Census so it is not possible to create a more recent profile.

Figure 6: Density Profiles: 1988 and 2002



Source: Author's calculations and Tanzanian Regional Census Tables 1988 and 2002

Tourism and agriculture drive Arusha's economy putting high demands on the land market shaping both urban form and the private sector (Arusha City Council & URT 2012). Arusha is the gateway for visitors to a series of five national parks, known as the Northern Circuit (Mariki et al. 2011; Larsson 2001). In 2011 89 percent of the visits to safari parks in Tanzania were to the Northern Circuit (URT 2012b). Furthermore, the total number of visitors to the Northern Circuit tripled between 2005 and 2011.[47] These visitors seem to account for a large share of the total visitors to the country.[48] Visitors often spend at least one night in Arusha on either end of their safari, creating significant demand for hotels even if the city is not a tourist destination (Arusha City Council & URT 2013). As a result, there are 84 tour operators based in Arusha (Arusha City Council & URT 2012; Arusha City Council & URT 2013). Arusha also hosts several regional development organization headquarters, including the East African Community. These organizations create more demand for hotels but often of a different

[47] Calculations from MNRT, Tourism Bulletin, 2011

[48] It is not possible to determine the share because tourists because the aggregate numbers of visitors to the parks likely double counts individuals. Furthermore the total statistics on visitors include transit visas. Yet given these caveats, in 2011 there 867,000 visitor arrivals in and 492,000 visits to the Northern Circuit by non-resident visitors, so it seems likely that these parks account for a significant share of unique individuals visiting Tanzania.

quality than international safari tourists. The combination of international and local tourism growth increases opportunities for private sector businesses as well as demand for urban development projects.

At the same time, cash crop agricultural land use within the city limits adds land market pressure but the land also offers large-scale urban development opportunities. Pre-existing density and plantation agriculture kept villagization out of the area (Hillbom 2011). Even though the area's population continues to rapidly increase there are large plots of land available for development on cash crop plantations dating to the pre-colonial era (URT & Arusha Regional Development Directorate 1981). Plantations drive up the land rent for space by holding large tracts of land off the market for urban uses creating land market scarcity. Due to land scarcity, development control is vested in the few plantation owners. During Ujamaa, ownership of sisal and coffee plantations transferred to parastatals and village cooperatives (Msambichaka & Bagachwa 1986).[49] As Ujamaa ended, widespread privatization of parastatals offered 99 year leases on coffee and sisal plantations in and around Arusha (Cooksey 2011a; Ponte 2004; Kelsall 2000). The estates were not redistributed as small individual plots because the main goal of privatization was to bolster the large-scale agricultural cash crop industry and provide a source of foreign exchange (World Bank 2007; World Bank 2004; Bigsten & Danielson 2001). The justification was that large cash crop plantations would provide more economic growth and salaried employment than small individual plots. The result of the privatization process was that a few individuals, with access to capital, obtained large plots.[50] A few individuals and foreign firms captured most of estate land with the return of individually ownership instead of increased local participation (Ponte 2004;

[49] Most original estate holders were allowed to retain 50 acres of land. Although, in 1973, all non-Tanzanian owned coffee estates were nationalized so those estate owners did not retain any land. (Cooksey 2011b)

[50] I attempted to locate more details on the privatization of farms in the area but was not able to obtain original documents or information about transactions.

Cooksey 2011a; Cooksey 2011b).[51] Plantations put urban development control outside the jurisdiction of local government entities and the vast majority of residents.[52]

Central City Redevelopment: Creating a Tourist Center

Arusha's redevelopment increased rapidly between 2005 and 2012 (Figure 7).[53] The total number of buildings with five or more stories increased from ten to fifty seven, demonstrating the pace of redevelopment at higher floor to area ratios.[54] Another nine buildings are still under construction implying continued redevelopment. In 2005 the tallest buildings included four seven-story buildings. By 2012 forty-five buildings were seven stories or taller of which nine had ten or more stories. The tallest building is an office tower with fifteen stories. While development is spread throughout the redevelopment area there is a high concentration close to the central market and recently upgraded roads (Figure 7).[55] Road upgrades seem to be correlated with the timing of many redevelopment projects.[56] More specifically, twenty-two buildings, or 47 percent, of the new buildings are within 20 meters of the upgraded roads. At least ten of these buildings began construction after the road upgrades were completed. The connection between infrastructure upgrades and investment is consistent with a complaint reiterated time and again by private sector actors that infrastructure

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[51] In some cases, colonial plantations owners returned and in others new owners purchased the estates.

[52] Interview with Planning Officer and Land Surveyor in Arusha Municipal Council August 21st and 23rd, 2012.

[53] Correspondent. "Construction industry takes Arusha's economy to new heights." *Arusha Times,* August 23, 2008, pp. 5–6.

[54] Arusha City Council records do not include information on building permit approvals or documentation on projection completions. In order to overcome the data gap I took field notes of all buildings with 5 or more stories. When possible I inquired about the completion date. I then used Google maps to compare the current land use with imagery from 2005. I validated field notes and gained a good understanding of the scale and distribution of redevelopment.

[55] The roads were paved through a joint World Bank and DANIDA project known as the Tanzania Competitive Cities Project. In addition to project documents the Arusha City Council ran an ad in the Arusha Times on October 3, 2009 summarizing the road improvements.

[56] Yasinta Amos. "Arusha named pilot city in TSCP programmes." *Daily News*, November 20, 2013. p. 2.

constrained their capacity to develop real estate projects.[57] Individual private investors own all but one of the projects close to the upgraded roads confirming the correlation between private investment and infrastructure.

A majority of new buildings are privately owned hotels and office buildings. Hotels account for 52 percent of redevelopment. In 2005, there were five hotels with multi-stories compared to thirty-two in 2012.[58] Nearly half of these hotels are concentrated around the central market and the upgraded roads (Figure 7). Office and retail buildings account for 44 percent of redevelopment projects. While banking services are more limited than in Dar es Salaam, both local and international banks occupy six of these buildings.[59] Of these new hotels and offices only eight are joint ventures or owned by parastatals. Furthermore, there were only two new apartment buildings, or 4 percent of total new construction between 2005 and 2012, none of which were joint ventures.

[57] Interviews with representatives from developers and government parastatals throughout 2012.

[58] I confirmed with Sirili Akko, Executive Officer, Tanzania Association of Tour Operators via e-mail in January of 2014.

[59] Marc Nkwame. "Bank of Baroda boosts Arusha's 'Wall Street'". *Arusha Times*, August 18-24, 2007, pp. 4-5.

Figure 7: Arusha CBD Redevelopment, 2005 and 2012

Source: Author's field notes, Open Street Map, World Bank Tanzania Strategic Cities planning documents

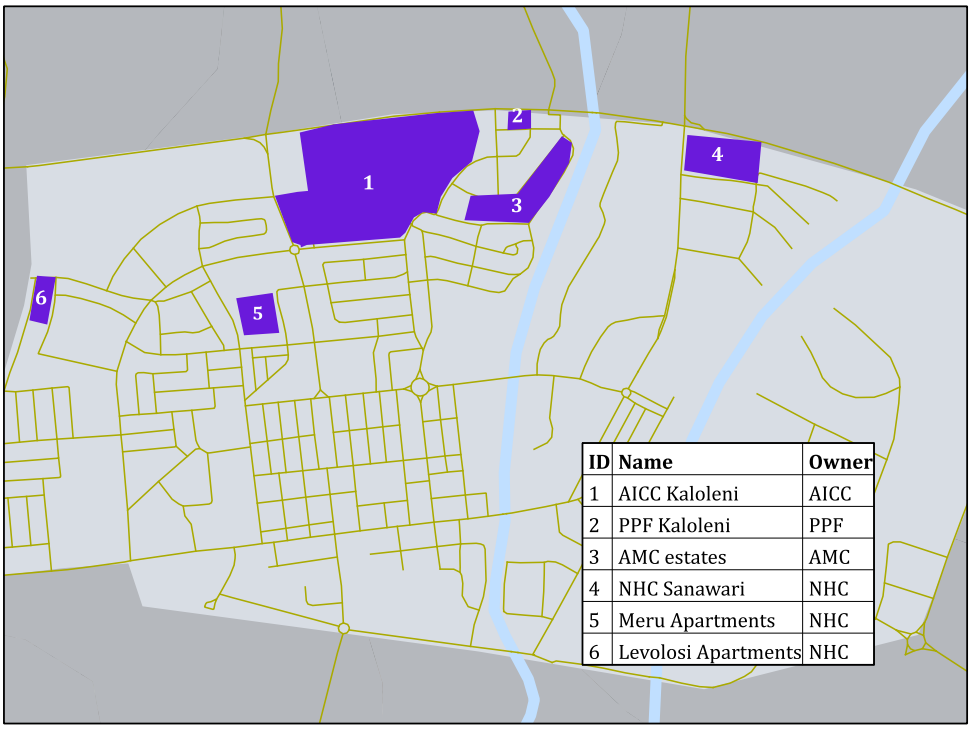
Governance pluralism: government led redevelopment attempts

Entities from all levels of the government compete for redevelopment investment creating a plural governance regime. There seems to be widespread consensus that Arusha needs to be repositioned as a destination for both tourism and business (URT 1996; Sitts 2009; Arusha City Council & URT 2012; URT 2013e; Arusha Regional

Commissioner & URT 2010).[60] Yet, there is no strategic plan or clear guidelines, so investment is haphazard, speculative and unregulated. Government agencies engage in murky politically motivated attempts to redevelop the CBD. At least four different agencies pursued large scale modular development geared towards tourists and elites. The redevelopment attempts offer solutions to a variety of problems facing government agencies but do not address underlying economic and land market issues.

Attempts to redevelop housing estates demonstrate contradictions between regional and national goals.[61] There are four attempts by government agencies to create large retail centers with tourism-oriented development accounting for the majority of Arusha's publicly owned housing estates (Figure 8).

Figure 8: Housing Estates in Arusha's CBD, 2012



Source: Author's fieldwork, Open Street Map

[60] Interview with Urban Planner and Economic Officer at Arusha City Council, July 25th, 2012.

[61] Correspondent. "Arusha clashes with Tanzanian government over land." *Arusha Times*, February 14, 2012, pp.3–5.

One project is a JV between two parastatals, the Local Authorities Pensions Fund (LAPF) and the Arusha International Conference Center (AICC). The project site is AICC Kaloleni, the largest housing estate in Arusha (Figure 8).[62] AICC owns the largest conference facility in Tanzania and has 654 housing units throughout Arusha.[63] AICC's financial position varies. For instance, AICC often spends more to promote the center than earnings from conference events (AICC Annual Reports 2002 - 2012). Financial instability led AICC leaders to ask the Arusha City Council (ACC) for subsidies claiming that the city businesses benefited from the spillover from AICC events.[64] Without subsidies, AICC leaders decided to capitalize on the tourism market in Arusha and increase their cash flow by redeveloping their largest housing estate.[65] The housing estate required renovations that could not be financed through current cash flow. In 2005, AICC's first redevelopment attempt failed to gather interest from any investors.[66] In 2012, AICC partnered with LAPF to redevelop 7 acres of the 300 unit 52 acre AICC housing estate in Kaloleni as a "modern" retail center (AICC 2012).[67] The project aims to modernize the shopping experience in Arusha, cater to tourists needs, and compete with the large shopping centers in Dar es Salaam.[68] The project moved ahead with the demolition of 100 units in 2012.[69]

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[62] Interview with Elias Baruti, Planning and Investment Manager at LAPF, on July 25th 2012.

[63] Interview with Joseph John, Planning Officer at NHC's Arusha Regional Office, August 21, 2012

[64] Correspondent. "Council, AICC concerned about Arusha's future." *Arusha Times*, March 2-8, 2002, p. 2.

[65] Correspondent. "AICC braces to change Arusha's façade." *Arusha Times,* November 5-11, 2011, p. 3.

[66] Correspondent. "The Arusha International Conference Centre Is Seeking Interested Investors To Develop A Hotel-Casino Project." *Arusha Times*, November 26 – December 2, 2005.

[67] Correspondent. "Evictions to make way for shopping mall in Arusha." *Arusha Times*, June 28, 2011, pp.4–6.

Marc Nkwame. "Hundreds face evictions from municipal council houses: LAPF to reconstruct housing estates." *Arusha Times*, August 11-17, 2007, p. 1.

Jack Mikaili. "Arusha to get Sh20bn shopping mall." *Guardian on Sunday*, September 25, 2011,

[68] Interview with Elias Baruti, Planning and Investment Manager at LAPF, on July 25th 2012.

[69] Correspondent. "AICC And LAPF In Arusha Estate Partnership View more Biz News AICC And LAPF In Arusha Estate Partnership". *Pesa Times,* February, 15, 2013.

The next largest estate reflects both NHC's new approach to redevelopment and a lack of coordinated investment. NHC recently announced plans to redevelop many of their commercial properties in Arusha as master developer without assistance from private sector joint ventures.[70] As the first step in the redevelopment plan NHC plans to demolish the 40 houses at the Sanawari Housing Estate and build a "modern" shopping mall (Figure 8).[71] NHC began relocating the Sanawari tenants to a newly constructed project, Levolosi Apartments, with rental rates of $180 per month in 2012.[72] NHC and Holtan East Africa Ltd constructed the 100 units at Levolosi with an asking price of approximately $50,000 per unit (NHC 2012a). Levolosi is the second housing construction project for NHC in Arusha. The first completed in early 2012 was the 48 unit Meru Apartments with asking prices of about $110,000. With the three projects NHC will add a mere 100 housing units to the Arusha housing market and approximately 5,000 square meters of retail space. The Sanawari retail project will compete with the AICC/LAPF project and two other privately owned shopping centers. The two existing retail centers also target tourists but have vacant spaces and high tenant turn over.[73] Issues at these centers indicate that there is limited demand for additional formal retail space in Arusha. The Sanawari retail project reflects NHC's goals of increasing revenue and aiding modernization through modular retail development rather than prudent responsive investment.

Finally, two other retail projects are local government attempts to collect tourism revenue and claim to urban development efficacy. The ACC is attempting to redevelop a 1,000-unit housing estate as a large retail anchored mixed-use project. The ACC's redevelopment plan included several new high-rise apartments, largely targeted at

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[70] Correspondent. "Centre of Arusha set for property renewal." *Arusha Times*, June 24, 2011, p. 3.

[71] Interviews with: Cosmas T Kimario, Director of Treasury and Corporate Strategy at NHC, March 7, 2012; Joseph John Planning Officer at NHC Arusha, July 24, 2012; Abeid Abdalla, Director at Holtan, June 3, 2012.

[72] Lusekelo Philemon. "NHC to relocate its tenants in Arusha for shopping mall construction". *Guardian on Sunday*, November 3, 2012, p. 2.

[73] Interview with Ahadi Meserki at Knight Frank, August 15th, 2012.

high-income individuals, as well as an upscale shopping center.[74] Meanwhile, the Arusha District Council (ADC) is looking for investors in a two-acre site in the Sekei area of Arusha about one kilometer from the main Nairobi-Arusha-Moshi road (Arusha District Council & URT 2012).[75] ADC's plan aims to develop a retail center with a conference center, restaurants, supermarket and curio shops. Redevelopment announcements demonstrate ACC's and ADC's attempts to benefit from tourism. Without sufficient own source revenue, ACC and ADC search for means to increase revenue through redevelopment. That is, ACC and ADC are then responsible for providing road and other services from their own source revenue. Yet, currently neither ACC nor ADC financially benefit from tourism because most tourism-related fees and taxes are paid directly to the central government.[76] The central government redistributes tourism-related cash flow to projects throughout the country. Tourism supports ministries and parastatals more than it does the local and regional government in Arusha.

In addition, the ACC's Kaloleni project is evidence of politicians capitalizing on urban development announcements. ACC first served Kaloleni residents eviction notices in 2006 after the council unanimously decided to redevelop the area.[77] The residents sued the ACC for unfair compensation under the 1999 Land Act.[78] In 2010 the ACC announced the Kaloleni retail development and evictions would finally proceed. The announcement was accompanied by a rumor that the ACC was entering into a JV with a Dubai based equity fund and construction firm.[79] Rumors of foreign involvement prompted strong resistance because it played into fears that prime land is being given to foreigner investors (Ponte 2004). It offered opposition parties and local residents the

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[74] Marc Nkwame, "Arusha Municipality to evict over 1000 Kaloleni tenants." *Daily News*, January 5, 2012, pp.11–12.

[75] Interview with Arusha District Council, July 25, 2012.

[76] The local government only directly collects a guesthouse fee, which is only paid by a few establishments that don't serve breakfast.

[77] Marc Nkwame. "Mass eviction faces Kaloleni, Levolosi residents". *Arusha Times*, March 17, 2007, p. 2.

[78] Interview with Bryceson L Nassari, Ward Leader in Kaloleni Arusha, July 23, 2012.

[79] Zephania Ubwani. "Kaloleni : Backyard estate that is wetting investors' appetites". *The Citizen*, January 29, 2012, p. 2.

opportunity to claim that the project was not transparent so they should not be moved.[80] Local struggles ensued with opposing political parties using the investment and demolition as an opportunity to gain voter favor.[81] That is, the plans were announced before a local by-election for Kaloleni MP. Therefore, the Chadema MP from Urban Arusha called for local residents to resist the relocation plan and the investment project. The Chadema councilors claimed that they wanted to see the buildings improved but with options for tenants and other low-income residents.[82] The CCM mayor used the announcement as a political mechanism to win favor by claiming redevelopment and modernization progress without a proposal or partnership for redevelopment.[83] The mayor was under threat because Chadema claimed he stole the election leading to street protests and the death of three citizens.[84] The redevelopment rumors arose from a casual visit by Phillips International from Dubai without any commitment to develop, agreement on scope, estimates of costs or timeline for development.[85] The investors did not move forward with the project.

The ACC's Kaloleni project also reveals the actions of politicians attempting to prove efficacy in the face of threats to their legitimacy. In March 2007, ACC announced a vague redevelopment plan covering almost the entire central business district (Figure 7). The CBD was dilapidated partially due to a backlog of infrastructure and service investments accumulating since a flurry of investments kicked off the last master plan in 1986.[86] The redevelopment plan required four or more stories for all new

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[80] Veronica Mehta. "Wakazi wa Kaloleni Arusha kuhamishwa kupisha maduka." *Habari Leo*, December 28, 2013.

[81] Zephania Ubwani. "Why Grandiose Project Could Hit a Brick Wall", *The Citizen*, January 22, 2012, p. 2.

[82] Zephania Ubwani. "Why Grandiose Project Could Hit a Brick Wall", *The Citizen*, January 22, 2012, p. 2.

[83] Interview with Sirili Akko, Executive Officer, Tanzania Association of Tour Operators, August 25, 2012.

[84] Interview with Emmanuel Sulle, Researcher at Institute for Poverty, Land and Agrarian Studies, May 10, 2014.

Prosper Msoffe. "Daraja Mbili Councilor Voted Deputy Mayor." *Arusha Times*, November 23, 2013, p. 1.

[85] Interview with Sirili Akko, Executive Officer, Tanzania Association of Tour Operators, August 25, 2012.

[86] Marc Nkwame. "Google Maps Distort Arusha Streets, Road Names." *Daily News*, May 14, 2012, p. 4.

construction or renovation.[87] ACC justified the high-rise requirement as a means to increase density in a land scarce situation. In turn, increased density would improve the housing and land markets for the majority struggling with existing conditions.[88] The mayor claimed in the announcement that modern cities were high density.[89] Therefore, the redevelopment plan would create the conditions that would bring Arusha into the present to compete with other tourist based cities. The redevelopment plan area accounts for 85 percent of the new buildings with five or more stories developed since 2005 (Figure 7). Without monitoring or direct government incentives, the redevelopment plan's simple requirements appear to have been met. Nonetheless, the 2007 announcement of a redevelopment plan was a political response to legitimacy threats. CCM leaders in Arusha were under pressure after several corruption charges associated with land grabbing and development decisions. The CCM mayor and two councilors were forced to resign in January 2007 due to their involvement with an urban development scandal.[90] The politicians were accused of illegally giving a private developer the rights to develop a commercial complex on a public park in the Kilombero area.[91] Pressure was also building from widespread complaints about individual developers obtaining building permits without community input, consideration of planning regulations or improvements in infrastructure.[92] The charges resonated with voters struggling to access affordable housing and land. The

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[87] Correspondent, "Four-storey buildings order causes panic". *Arusha Times*, June 2, 2007, pp.4–5.
Repeated requests to the ACC and MLHHSD failed to result in a document providing additional details about the redevelopment plan, although both acknowledged that a plan existed and dated back to 2002 (Author's fieldwork 2012).

[88] Interview with Urban Planner at Arusha City Council, July 26th 2012.

[89] Correspondent. "Four-storey buildings' order causes panic: Councilors dismiss it as nonsense." *Arusha Times*, June 2- 8, 2007, p. 4.

[90] Marc Nkwame, "Arusha Mayoral seat up for grabs. It may take 60 days to fill Laizer's shoes." *Arusha Times*, February 3-9, 2007, p. 2.

[91] Mark Nkwame. "Kilombero plot ghost still haunts council." *Arusha Times*, February 2-8 2008, p. 1.
Mark Nkwame, "Kilombero plot scandal backfires on mayor's job." *Arusha Times*, January 27, 2007, p. 1.

[92] Correspondent, "Arusha city wobbling without key planners." *Arusha Times*, September 3-5, 2005, p. 1.

redevelopment announcement gave the appearance that CCM leaders were responding to charges of corruption and lack of action on urban development issues.

Redevelopment planning is not driven by market demand but government agencies searching for opportunities to increase cash flow and benefit from the growing tourism sector. The four public projects establish political and investment opportunism. The AICC/LAPF project avoids local political issues because the parastatals are agents of the central government, but both hope to increase revenue. The NHC project also offers a potential avenue to increase cash flow and reduce management issues. The ACC and ADC projects provide the same hopes as well as political tools to prove they are improving the city. Investment decisions are not driven by demand or highest and best use but by government entities short-term goals of increasing revenue and appearing to be facilitating the modernization of Tanzania's cities. These retail projects reveal abstract and opportunistic attempts to redevelop Arusha for tourists. The disarray and competition amongst government regulatory agencies leads to fewer public private partnerships or informal coalitions with the private sector.

Hotel Development Cascade: Private Sector Redevelopment

In central Arusha, private sector investment in residential projects is extremely limited. Meanwhile, hotels and commercial investments propel redevelopment in central Arusha. Much like the attempts by government agencies, private sector driven redevelopment projects focus on capturing benefits from the increasing flow of tourists. Since 2005, the private sector invested in redeveloping forty-six properties as hotels and commercial buildings. These projects respond to Arusha's growing tourism industry benefitting existing business elites. Over the same period two parastatal projects provided eighty new middle-income units and two private high-end luxury projects provide another forty units. Therefore, recent redevelopment added pressure to the housing market by converting former residential plots to commercial use without increasing supply elsewhere.[93]

[93] Interview with Urban Planner at Arusha City Council, June 26th, 2012.

Recent hotel construction reveals a development cascade where local investors convert properties to hotels without respect for market demand. Developers' decisions are based on construction starts and personal perceptions of growth. One way of measuring the development cascade is to examine the supply of hotel accommodations in the area.[94] There are ninety-six hotels in the area, with more than 2,000 hotel rooms (Table 7). Hotel construction is not justified by demand for hotels because occupancy is already low across Tanzania.[95] Between 2009 and 2013, national hotel occupancy never rose above 40 percent.[96] Although, the Arusha submarket may have higher occupancy rates, several hotel owners indicated it was not high enough to justify more construction and was in line with national trends.[97] Yet, more than 80 percent, or 80 hotels, opened after 1999. Furthermore, more than 70 percent of the hotels are in central Arusha. These hotels range from high-end full-service establishments catering to safari tourists to budget options for local business travelers. Establishing ownership was often difficult but many of the hotels in the city center were reportedly locally owned.[98] Arusha has no internationally branded hotels. Instead, hotels are one-off

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[94] The official data shows unrealistically large fluctuations in the supply of hotel accommodations and occupancy rates, making it difficult to surmise growth. In order to overcome the shortcoming, I conducted field observations to estimate the dimensions of the market. Sirili Akko, the executive officer of the Tanzania Association of Tour Operators, graciously provided background information, current research and promotional materials on the accommodation sector in Arusha. I also made note of all the hotels that I could discern while conducting fieldwork in the central urban area as well as Usa River. I followed up with Internet research on each hotel to determine their marketing approach and further details about size and ownership. I was also able to detect additional hotel sites, which allowed me to gauge the accuracy of fieldwork with official government statistics.

[95] Interview with Lamada Investment, May 10, 2012.

[96] The National Bureau of Statistics conducts a monthly survey of 150 hotels to estimate national occupancy. The sample includes all hotels with more than 30 beds and a sample of smaller hotels. (http://www.nbs.go.tz/hotel_statistics)

[97] Interview with Lamada Investment, May 10, 2012.

[98] I was able to establish that foreigners have ownership stake in 11 hotels, or 15 percent, of the hotels in the city center. Corespondence with Sirili Akko, Executive Officer, Tanzania Association of Tour Operators, has been critical to establishing these connections.

investments by foreign individuals in partnership with local business elites. Local business elites lead a majority of the investment in hotel development in central Arusha. In contrast, the hotels in the peri-urban hotels tend to cater solely to safari tourists and are more often majority owned by foreigners. For instance, 58 percent of the peri-urban hotels are foreign owned.

Table 7: Hotels in Arusha

Location	Hotels		Rooms		Foreign Owned	
	#	%	#	%	#	%
Central City	72	75%	1,734	77%	11	44%
Peri-Urban	24	25%	510	23%	14	56%
Total	96		2,244		25	

Source: Author's field notes, Trip Advisor and Individual Websites

Hotel construction in the central city reflects a local private sector creating tourism conglomerates competing to capture short-term benefits of tourism without regard to the property market as a whole. The ownership and management structure of nine hotels unveils the nature of private investment in Arusha (Figure 9).[99] Private sector redevelopment is directly linked to the tourism industry with transparent ownership structures. The Impala Hotel Group owns four hotels and no other property assets.[100] A well-known local businessman, Melo Mrema, owns all businesses within the Impala Group. The business started with Impala Shuttle Services between Moshi and Arusha in the early 1980's. Then the business expanded to Classic Tours & Safaris and the construction of the Impala Hotel in 1988. Impala uses the tour company to ensure bookings in the hotels spread throughout the Arusha region. The Impala Group is linked to the network via the Great Lakes Management Company providing a variety of hospitality services at hotels throughout Arusha.

The Palace Hotel reveals another investor creating a tourism conglomerate with a wider regional influence. NHC entered into a JV with Prestigious Hotels Group in 2006

[99] Interviews with hotel owners will remain anonymous for their personal safety.

[100] Interview with Joas Tibaijuka Managing Director at JT Architects, on March 12th

to develop the Palace Hotel managed by Great Lakes Management Company. The Palace Hotel construction started in 2008 opened in 2011.[101] Prestigious Hotels Group is wholly owned by Hans Macha and includes properties in both Arusha and Dar es Salaam.[102] The management company is wholly owned by Icon Hotel Group Africa. Icon demonstrates the emergence of East African networks of business owners with hotels in five countries and headquarters in Nairobi. These entities demonstrate the increasingly regional nature of tourism investors who share expertise and capital across networks in several countries.

The ownership structure of the Mount Meru hotel brings out the potential gains through management fees hiding financial issues with hotel operations in Arusha. Icon and Blue Jewel Company Limited jointly own Hodi Hotel Management Company, which in turn owns the Mount Meru Hotel. The Government of Tanzania built the 200 room Mount Meru hotel in 1977.[103] In 2004, Blue Jewel Company gained control of Mount Meru Hotel via the Presidential Parastatal Sector reform after a Mauritian hotel operator returned the asset that was part of a larger portfolio of hotels.[104] Blue Jewel Company's owner, Mr. Wado, had a successful gem trading business providing him with the capital to make the initial investment in Mount Meru Hotel. In order to fund the redevelopment he partnered with Icon and USAID's Southern African Enterprise Development Fund (SAEDF).[105] SAEDF provided an initial $9 million investment in the project as well as financing hotel operations. SAEDF collapsed in 2013 partially due $1

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[101] Adam Ihucha. "Local News: a new ultra modern hotel opens its doors next month in Arusha." *Arusha Times*, June 11-17, 2011, p. 3.

[102] Correspondent. "Opening of new Palace Hotel ushers tourist high season." *Arusha Times*, June 18, 2011, p. 3.

[103] Happy Lazaro. "Multi million dollars invested to elevate Mount Meru Hotel status." *Arusha Times*, October 31st, 2009, p. 3.

[104]Elisha Mayallah. "Mount Meru Hotel 'escapes' Privatization Noose." *Arusha Times*, January 10-16, 2004, p. 3.

[105] Happy Lazaro. "Multi million dollars invested to elevate Mount Meru Hotel status." *Arusha Times*, October 31st, 2009, p. 3.

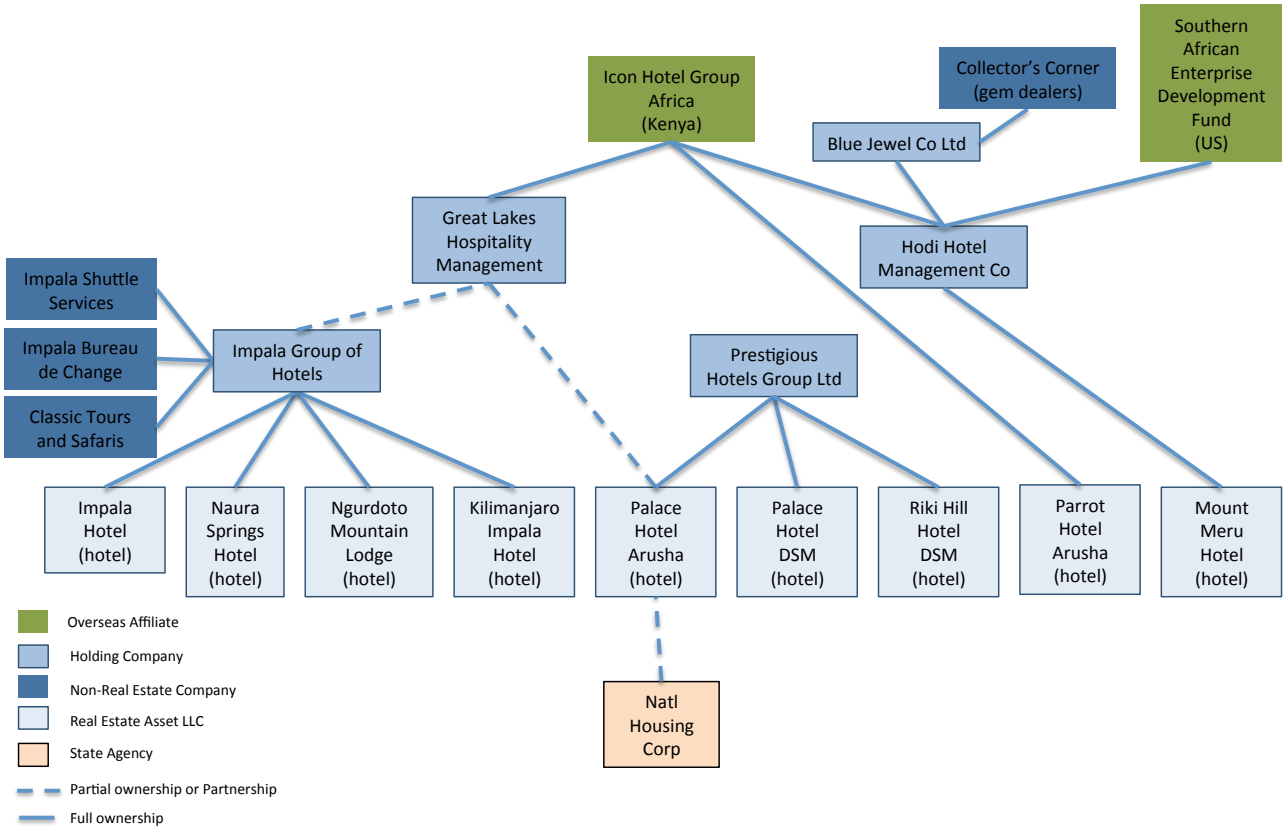
million provided to Hodi Hotel Management for operating costs.[106] The insolvency of the Mount Meru Hotel exposes the difficulty of maintaining a consistent cash flow even for Arusha's most prominent and high-end hotel as well as the potential to personally gain from management fees regardless of hotel performance.

The ownership and management of these hotels demonstrate business elites creating regional networks to capture increased in tourism. Private investors like those displayed in the network of hotel ownership make project decisions based on available financing instead of direction from the city government, a tourism plan for the city, or clear statistics on hotel demand.[107] Hotel performance indicates that the market is overbuilt and that new hotels are unlikely to reach profitable occupancy rates. Private sector urban redevelopment in Arusha benefits a few individuals that operate in isolation of other investors.

[106] Barry Meier and Ron Nixon. "Promising African Development Fund Collapses." *New York Times*, May 30, 2013, p. B1.

[107] Interview with Emmanuel Kirenga, Economic Development Officer at Arusha City Council, June 26th 2012

Figure 9: Hotel Ownership & Management Structure



Source: Author's fieldwork & interview, hotel websites & brochures

Recent property redevelopment in central Arusha, by both the private and public sector, failed to alleviate affordability issues for residents. Without a clear plan for developing tourism infrastructure the market fell into a development cascade that is oversupplying hotels and retail projects at the cost of local investment and prosperity. Therefore, investment in tourism infrastructure has limited, if any, positive spillovers for the local land and housing markets. Redevelopment then benefits local business elites with access to capital and land. Anecdotal information from interviews and a few local price listings shows that housing prices increased significantly over the last five years. Some local leaders even claimed that rents increased up 50 percent between 2010 and 2011.[108] Compounding affordability issues is a lack of serviced undeveloped plots. For instance, the ACC surveyed 500 plots in 2008 and 800 plots in 2011.[109] In response to

[108] Interview with Bryceson Nassari, Ward Leader, Kaloleni, Arusha, August 22nd, 2012.

[109] Interview with Land Surveyor in Arusha City Council, August 21st, 2012.

increasing prices voters are looking to the local government to provide more serviced plots and affordable housing units. The needs and demands of local residents are shut out in an attempt to quickly capitalize on tourism growth.

Peri-urban Development: Rising Conflict

Since the pre-colonial era, excellent climate conditions and agricultural opportunities drew people to the villages surrounding Arusha's city center leading to a long history of conflict and political awareness about access to land (Coulson 1982). The colonial conflicts culminated in the 1951 Meru Land Case, where local residents lost their wrongful eviction case before the UN but the incident politically mobilized the local community (Mesaki 2013). The contentious history resulted in an unequal distribution of land ownership excluding the majority from the benefits of development therein creating the conditions for conflict. The impetus to convert plantations to tourist and residential developments stems from the volatile cash flow of traditional plantation agriculture (Hillbom 2011). The type of cash crops produced has varied shifting from sisal to coffee to horticulture (Cooksey 2011b). For instance, between 1990 and 2008 coffee exports from Arusha declined nearly 300 percent (Tanzania Coffee Board 2012). In contrast, between 1998 and 2011 horticultural exports increased 400 percent (Cooksey 2011b; TAHA 2012).[110] The decline in coffee exports led to a 50 percent loss in total hectares farmed in the Arusha region (Tanzania Coffee Board 2012). Commodity price volatility led to a range of land uses on plantations from productive farms, to tourist resorts, to residential developments, to fallow land, to informal settlements (URT & Ardhi University 2009). The conversion to other uses creates tension and ambiguity between the few that control land parcels and the majority looking for affordable land to develop.

The Usa River Area serves as a good example of the conflicts and contradictions arising from plantation land use conversion in Arusha. Usa River is located in the Eastern

[110] The growth can be partially attributed to Dutch and Tanzanian governmental support for the subsector, which began in 1999. The decline in exports is linked to the global financial crisis and declining demand from the EU zone.

suburbs of Arusha between Mount Kilimanjaro and Mount Meru. Since its establishment as a German colonial outpost, Usa River has served as the central business district of the Meru. Usa's central role creates a social and economic influence across several wards (Glenk et al. 2007).[111] Usa River has many large businesses, several universities, a handful of cash crop plantations and a few tourist hotels (URT & Ardhi University 2009). Usa has a wide range of amenities and a solid economic base attracting investors from outside the immediate market. Furthermore, the Kilimanjaro airport provides direct access to international markets. These endowments encourage investment targeted at buyers from abroad and local elites. The economic infrastructure attracted population growth. Between 1978 and 2012, the area's population nearly tripled. The 5 percent annualized growth rate exceeds both the regional and the district growth rates (NBS 1978a; NBS 1988; NBS 2002).

Rapid population growth led to an increase in density and demand for infrastructure, housing and municipal services. An increasingly dense core area mimics the trend in Arusha's urban transition. Much of the central area's density exceeds 600 inhabitants per km^2, which reflects the need for services appropriate to urban conditions.[112] With more than 65,000 inhabitants the area now has a population approaching municipal status in its own right.[113] Between 1988 and 2012, the areas surrounding the main trunk road became denser, while density in the more distant locations remained stable (Figure 10). The dispersion of density demonstrates the peri-urban transition along trunk infrastructure in Arusha's peri-urban areas. Residential development spreads out from the main roads as land becomes scare and expensive close to the roads (URT & Ardhi University 2009). Usa River is developing as a satellite city without government investment or planning but due to location and infrastructure endowments.

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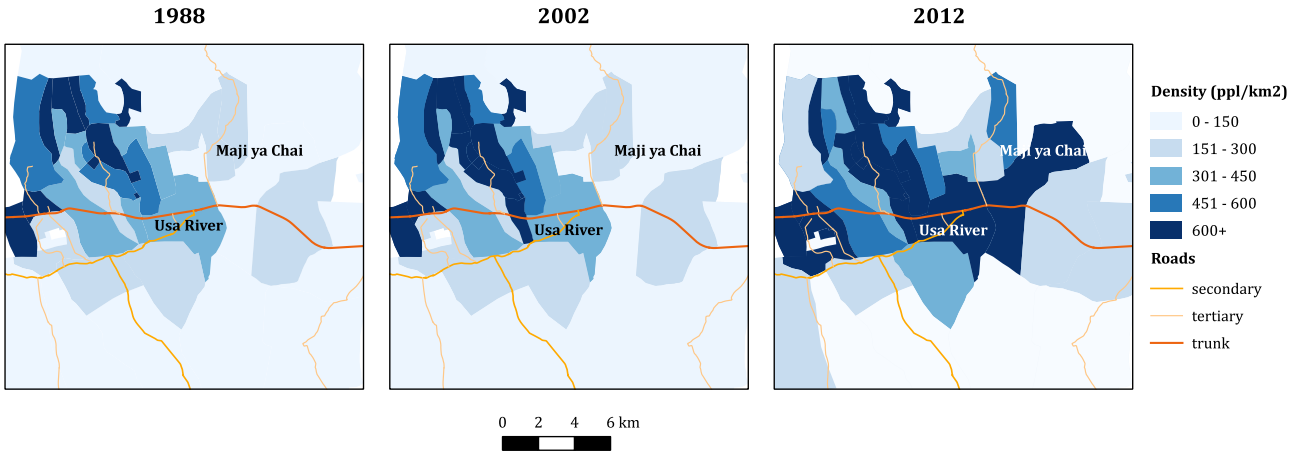
[111] Meru District, which was carved out of Arumeru district in 2009 and includes 69 villages (Nkwame 2009).

[112] The definition of urban areas is debatable but in the analysis I will use 500 inhabitants per km2 as the threshold, which was derived from a global study of land use 11/10/14 9:20 AM.

[113] According to the Urban Planning Act of 2007 a municipality is defined as an area with a minimum population of 100,000 and less than 70 percent of the employment base in agriculture.

Figure 10: Density Trends Across Larger Peri-Urban Region



Source: URT Census 1988, 2002, 2012 and author's own calculation

Planning Stalemate: A Power Struggle Between Government Agencies

Three levels of planning by local, district and national governments are contradictory resulting in ambiguous and ineffective planning guidance. Village governments block planning by refusing to become part of the large town which creates ambiguity. The local planning response is limited by perverse political incentives to maintain control through delaying incorporation as a larger administrative area. For instance, the Usa River Ward received township[114] status in 2009, while the surrounding wards remain rural.[115] The designation was a downgrade from the municipal status Usa received in 2002. Village powerbrokers avoided municipal designation by failing to produce master plans.[116] In 2004, the MLHHSD interfered and insisted on a status change. Township status took land use planning control away from village powerbrokers and gave it to district authorities. According to the 2007 Urban Planning Act, township councils have planning authority to determine a detailed planning scheme and zoning regulations

[114] A township has at least 10,000 people, a health center, secondary school, 20 licensed retail shops, primary court and is ward or division headquarters (Urban Planning Act 2007, p. 58)

[115] Marc Nkwame. "AAGM: Plans for New Usa-River Township Underway" *Arusha Times*, July 1, 2009, p. 2.

[116] Mustafa Leu. "Council approves plan to create two more municipalities." *Arusha Times*, June 15, 2002, p. 2. In addition to interviews with Emmanuel Segeja, Land Officer, Meru District and Shautu Chuma, Head Town Planner, Meru District, August 23, 2012.

(URT 2007). The power shift occurs because a town council is largely comprised of appointed members with leadership elected from within the district council. In contrast, all members of a village council are frown from the local population with leadership elected by consent of the whole village assembly. The town council arrangement provides more control for district and central government bodies than the village council. Furthermore, according to the 1999 Land Act the status change categorizes undeveloped land as general land. In turn, general land falls under the jurisdiction of the president and the MLHHSD. Thus, the central government can plan and trade the land without consulting the local planners or township council (URT 1999b).

In Usa River land use development and planning is outside the control of local administrators reducing the incentive to complete and implement land use plans. For example, according to the 2007 Urban Planning Act the township designation requires an update to the 1997 planning scheme for Usa River. MLHHSD financed the planning process but surrounding villages refused to participate. The resulting plan covers only a small portion of the economic area of Usa River. The recommendations of the plan remain unfunded without local government support. Without incentives for local government strategic planning fails, land use justification remains ambiguous and planning reaches a stalemate (Nnkya 1999a).

The planning stalemate at the village level, translates to the district level where approving a strategic plan and coordinating priorities results in contradicting and unrealistic plans. A new district strategic plan aimed to restrict urban sprawl and improve housing conditions through the construction of satellite towns (URT & Ministry of Regional Administration and Local Government 2011). Therefore, the new strategic plan included converting agricultural plantations to planned housing developments to accommodate local growth through public private partnerships (URT & Ministry of Regional Administration and Local Government 2011). To date the plan has not received district council approval, even though it has been submitted three

times.[117] Each time the plan goes for approval a different council member carves out a piece of land from the plan because it was included in their area of representation and they wanted to maintain control.[118] The result is a strategic plan that bears little local relevance, has limited jurisdiction and does not provide realistic guidance on improving the district. At the same time, it keeps significant portions of the district in an ambiguous state that allows the perception of more local control while maintaining status quo for local powerbrokers.

An ambitious project by the NHC reveals a third layer of governance creating more ambiguity and further diluting the local planning jurisdiction. NHC plans to build a satellite city in Usa River on a 300 acre agricultural plantation acquired from Hortanzania Limited, a horticultural exporter.[119] NHC acquired the site in 2011 for $36,000 per acre in a private market transaction.[120] NHC intends to build 600 housing units and a retail center in two phases (Figure 11). The justification for the satellite city is to ease the traffic congestion in Arusha CBD and support the tourism industry.[121] The land cost alone guarantees that the final product will not be low cost or targeted at the local population. Neither the local council nor the district council had input on the project's location or scope.[122] The satellite city plan was not included in the new Usa River plan or the District Strategic plan. Although it fits within the district's vision for creating satellite cities on plantations, the plan lacked any coordination with the district. The project is competition for the district's own plans for a satellite city (URT &

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[117] Interviews with Emmanuel Segeja, Land Officer, Meru District and Shautu Chuma, Head Town Planner, Meru District, August 23, 2012.

[118] Interviews with Emmanuel Segeja, Land Officer, Meru District and Shautu Chuma, Head Town Planner, Meru District, August 23, 2012.

[119] Marc Nkwame. "NHC Set to Establish Two Satellite Towns in Arusha." *Daily News,* February 21, 2013.

[120] Interview with Joseph John, Planning Officer at NHC's Arusha Regional Office, August 21, 2012.

[121] Interview with: Cosmas T Kimario, Director of Treasury and Corporate Strategy at NHC, March 7, 2012; Joseph John, Planning Officer at NHC's Arusha Regional Office, August 21, 2012

[122] Interviews with Emmanuel Segeja, Land Officer, Meru District and Shautu Chuma, Head Town Planner, Meru District, August 23, 2012.

Ministry of Regional Administration and Local Government 2011). The project demonstrates the lack of local control over development creating a planning stalemate.

Figure 11: Usa River Satellite City Plan 2013

Source: http://www.nhctz.com/images/NHC REAL ESTATE INVESTORS FORUM

Gated Communities: A Private Sector Response

One landowner repositioned a former sisal plantation as the Kilimanjaro Golf and Wildlife Estate (Kiligolf), a high-income community centered on a golf course. Kiligolf is the largest private residential project in the Arusha area. Kiligolf sits within the 3,085 acre Dolly Estate that was established as a sisal plantation in 1950, nationalized in 1967 and then sold to an investor in 1997.[123] Kiligolf is a full-service gated community to be

[123] The well-known Trappe family bought Dolly Estate. The family is of German decent, but has been in the area since the 1900's managing a hunting and safari company. Dolly Estate was established in 1950, then partially nationalized as part of the Jamhuri Sisal Company in 1967, and then fully privatized in 1996 (Sabea 2001). The family does not use the estate as a working farm, claiming that it was too eroded. They established the private Nduruma Polo Club, which contains a restaurant providing a few jobs for

developed in multiple phases on a 1,050-acre site enclosed by an electric fence with security gates 0. Project development began in 2000 as the vision of two Dutch investors.[124] The project was formally registered as Kilimanjaro Golf Development Ltd with TIC in 2008. Approximately 400 1-acre plots were designated for the development of individual homes, with a network of access roads running throughout the site as well as connecting it to the main Arusha-Moshi road. The remaining 600 acres include an 18-hole golf course, two hotels and an airplane landing strip. A "villa" rental company also allows owners to rent their homes on a short-term basis for tourists. The area's desirability as a tourism corridor for wealthy expats and locals justifies the developer's project.

Figure 12: Kiligolf Site Plan: Phase I – III

Source: Kilimanjaro Golf & Wildlife Estates Brochure, 2012

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local residents. In 2008, a 50-acre commercial vegetable seed farm, Afrisem, was established on the southern end of the estate. The farm is a partnership between Rijk Zwaan and East West Seed Co. with the aim of providing hybrid seeds to local farmers.

[124] Interview with Zummi Cardodo, General Manager, Kilimanjaro Golf Development Limited, May, 20, 2012

The realization of the full Kiligolf plan proceeds as residential plots continue to sell and construction projects take shape. Approximately 100 plots in Phase I and II were first marketed for sale in 2009. As of November 2013, 90 percent of Phase I and III are sold out, Phase II is entirely sold out and Phase IV sales have begun. The golf course is complete along with the clubhouse and twenty homes. The purchasers of these plots were approximately 60 percent local and 40 percent foreign.[125] The plots cost between $65,000 and $75,000 with full construction ranging between $100,000 and $500,000 for one of twelve designs. Plot prices are about 200 percent higher than those reported by residents outside the development, partially reflecting the benefits of infrastructure and services.[126] The project does not arrange financing through strategic partnerships with banks but payments can be made in three installments. The project owners do not inquire about the origins of buyer's cash payments.

Buyers can modify the designs with approval from project management and total square footage cannot exceed 40 percent of the plot. The maximum square footage is 300 m^2 on a single plot and less than 700 m^2 on a double plot. All designs include a swimming pool and staff quarters. Individuals are prohibited from having more than two domestic staff and running businesses from their homes. The site restrictions contrast with the majority of the built environment surrounding Kiligolf. The separation between work and home ensures that the community is separated from its surroundings. The Kiligolf covenants also restrict landscaping to a list of approved indigenous plants. Landscaping restrictions prohibit small farm plots ensuring the exclusion of most local residents. Kiligolf provides security, water, solid waste removal, electricity, and roads maintenance. The services will be maintained through an annual usage fee as well as a $1,500 family golf membership (Kiligolf Homeowners' covenants). The level of service provision increases costs for both the Kiligolf developers and buyers guaranteeing that only wealthy buyers can afford the lifestyle.

[125] Interview with Kilimanjaro Golf Development Limited, May, 20, 2012.

[126] Interview with VEO and villagers in Kitufe Village, Arumeru District, August 20, 2012.

Figure 13: Kiligolf Golf Course

Source: Kilimanjaro Golf and Wildlife Estates Brochure

Figure 14: Villas at Kiligolf

Source: Author's fieldwork and Kilimanjaro Golf and Wildlife Estates Brochure

A growing repositioning trend demonstrates that local demand drivers do not effect project decisions. Instead, project developers capitalize on increased land values and the area's desirability as a vacation and retirement destination. The only large-scale residential developments that are financially sustainable are structured for an elite consumer from outside the immediate land and housing market. That is, since Kiligolf began three other former agricultural estates began conversion to high-end residential

development with full amenities.[127] Similar to Kiligolf, these projects target high-income buyers instead of local villagers. In other words, the housing product on the formal market is not targeted at local individuals. Thus in peri-urban Arusha, as urban development is formalized the land and housing market becomes more exclusive and expensive.

Insurgent planning: a community response to satellite development

In April 2012, the local community responded to growing concerns about the Kiligolf project by invading the estate. The response is similar to insurgent planning responses documented in South Africa where citizens took planning into their own hands (Miraftab 2005). Between 200 and 300 villagers tore down part of the estate's fence and allowed their livestock to begin grazing (Figure 15). The situation did not escalate further but private security guards were on hand to assist local police.[128] Villagers claimed grievances ranging from water resources to grazing land. The villagers believed that Kiligolf was a tourist hotel development owned by foreigners.[129] The villagers expected to gain no benefit from the project beyond a few low wage jobs cleaning the hotel.[130] The villagers understood that there was more at stake and that they stood to lose a great deal from the development. The incident highlights the complexity of satellite city development where the dense majority of residents are cut out of the process.

[127] The other projects include the 100 acre Manyatta, 150 acre Rivergardens, 200 acre Lake Duluti Eco Estates.

[128] Correspondent. "Horticultural investors under renewed pressure to leave Meru." *Guardian Tanzania*, June 3, 2012, pp. 2–3. Marc Nkwame. "Farm invasions continue to hit Meru. " *Tanzania Daily News*, April 28, 2012, pp.2–5.

[129] Interview with VEO and villagers, Kitefu Village, Arumeru, August 20, 2012.

[130] Interview with VEO and villagers, Kitefu Village, Arumeru, August 20, 2012.

Figure 15: Villager Invasion at Kiligolf

Source: Filbert Rweyemamu, Arusha Times, May 5th, 2012

Figure 16: Private Security Guards during the Villager Invasion at Kiligolf

Source: http://securitytalkafrica.blogspot.com/2012/04/arusha-unrest.html

Water scarcity is a delicate issue that the Kiligolf project destabilized. Most villagers' water source comes from a series of rain and glacial fed rivers, but most of the springs dried up by 2008.[131] As of 2010, water from public dams, rainwater harvesting tanks and gravity fed pumps were not working (URT & Ministry of Regional Administration and Local Government 2010). In 2009, the severity of water shortage caused the

[131] Edward Selasini. "20 springs dry up in Usa River village." *Arusha Times*, March 1, 2008l, p.3.

Pangani Basin Water Authority to declare that there were more water allocations than total water supply in the area (IUCN & Pangani Basin Water Board 2009). The Board claimed they would no longer allocate new water usage. Yet, Kiligolf managed to drill several new boreholes. If Kiligolf draws the same amount of water as the average golf course it will equal about a fifth of the entire Meru District's current capacity (URT & Ministry of Regional Administration and Local Government 2010). Kiligolf's water usage makes the surrounding area more vulnerable to water shortages. Several farmers on the Southern side of Kiligolf reported decreased water supply and struggling crops since the boreholes were drilled.[132] In destabilizing the water situation, Kiligolf gave villagers the opportunity to demand water concessions.

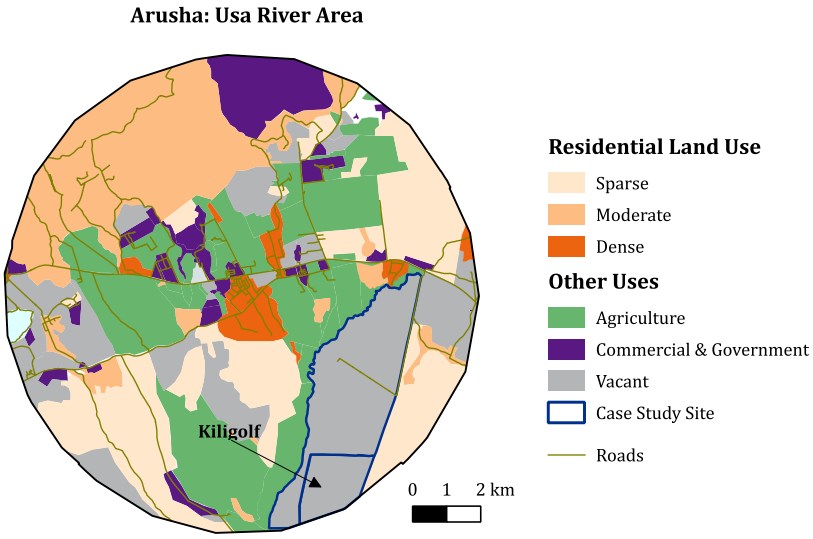
Villagers also lost access to informal land use through the development of Kiligolf. That is, the Dolly Estate had long been used for grazing animals, grass harvesting and as a path between villages. As the Kiligolf project took shape access was denied to these informal uses which local villagers perceived as a threat to their livelihood. In addition, many villagers built houses on empty plantations (URT & Ardhi University 2009). As formal high-end residential projects expand the opportunity for informal encroachment on large estates declines, putting pressure on the informal housing market and local survival tactics. Therefore, the development of Kiligolf doesn't respond to local demand for housing and serviced land even if it increases the housing supply. As a result, the project is perceived as a threat to traditional informal means of development in Usa River.

The local community's violent reaction to Kiligolf can be explained by the relative size of the property. That is, the project accounts for a large share of vacant land that is close to the dense residential areas in central Usa River. In fact, it accounts for 2 percent of overall land use in the Usa River area (Figure 17). Kiligolf's land area is nearly equal to the total land used for dense unplanned settlements. Furthermore, majority of the land is under agricultural cultivation, including large commercial cash crop estates and small local farms. That is, commercial agriculture accounts for about twice as much land as

[132] Interviews with VEO and Villagers, Kitefu Village, Arumeru, August 20, 2012.

local, 22 percent versus 13 percent, of total land use. The difference between uses explains why local communities are feeling threatened by both commercial agriculture and residential development. Hotels account for only 1 percent of total land use, which is surprising because interviews and local media coverage highlighted the growing pressure from land conversion for the tourism sector (interview 2012). These land uses reveal why local communities feel alienated but also the potential for profit from investment in the relatively dense area.

Figure 17: Usa River Land Use



Land Use Category*	m²	Area (km²)	% of Category	% of Total
Residential				
Dense unplanned	4,168,763	4.17	6%	3%
Moderate unplanned	29,675,603	29.68	43%	20%
Sparse unplanned	32,149,358	32.15	46%	22%
Dense planned	721,552	0.72	1%	0%
Kiligolf	**3,046,954**	**3.05**	**4%**	**2%**
Total	*69,762,230*	*69.76*	*100%*	*47%*
Commercial				
Agriculture	46,377,282	46.38	66%	31%
Vacant/Unused	19,990,955	19.99	28%	13%
Warehouses/Retail	2,664,718	2.66	3%	2%
Hotels	1,503,404	1.50	2%	1%
Total	*70,536,359*	*70.54*	*100%*	*47%*
Other				
Government	1,016,642	1.01	4%	0%
School	795,270	0.80	10%	1%
National Park	6,492,038	6.49	78%	4%
Total	*8,303,950*	*8.30*	*100%*	*6%*
Total	148,602,539	148.60		

The villagers used their uprising as a collective action bargaining tool. The uprising enabled villagers to partially overcome the planning stalemate within the government and gain some benefits from private investment. Since the invasion, Kiligolf created a "community development program" which meets some of the villagers' demands. The villagers claimed that Kiligolf developers promised water infrastructure but failed to deliver. Legally Kiligolf is not responsible for water provision to the surrounding villages. By providing water infrastructure solely to the project the developers overcame the local planning and service stalemate, but also reduced the pressure on local officials to provide services throughout the area. Kiligolf negotiated with the four villages and will provide both water and electricity.[133] To date two villages received pipes and one a filling station (Kilimanjaro Golf & Wildlife Estate 2013). Kiligolf also created a "grass bank" within Dolly Estate where locals receive permits to cut grass for their livestock within the grounds. In addition, Kiligolf built two primary schools for the villages and will also sponsor students to go to secondary and vocational schools, using 5 percent of the annual fees from Kiligolf residents (Kilimanjaro Golf & Wildlife Estate 2013). These actions indicate that the developers are working with the local villages and that negotiations are ongoing. While the project continues as originally designed for high-income outsiders, Kiligolf expanded their role to include service provider to the surrounding villages. The current concessions are not large enough to overcome the long-term land use and environmental issues facing the area, but the negotiations expand some of the investment benefits to the community and higher density living (Kilimanjaro Golf & Wildlife Estate 2013).

The Kiligolf incident was part of a string of invasions by local villagers in response to a contentious by-election in Arumeru East that played into grievances about land shortage, water scarcity and changes in informal use rules.[134] Estate conversions became a political opportunity to make incendiary claims about land redistribution

[133] Interview with Kilimanjaro Golf Development Limited, May, 20, 2012.

[134] Correspondent. "Police Probe Meru Farms Invasion." *Daily News*, May 1, 2012, p. 4. Correspondent.

without intending to follow through.[135] The by-election was contentious because the main opposition party to the ruling CCM party, Chadema, had a good chance of winning but needed to turn out voters. Chadema developed a stronghold in the Arusha Region in the national 2010 elections when members of parliament (MP) were elected from Arusha Urban, Moshi Urban and Hai. So then, when the sitting MP for Arumeru East passed away it offered Chadema an opportunity to further solidify and consolidate power. Chadema gained popularity locally and nationally by focusing on revealing corruption within CCM and questioning large-scale land deals and foreign investment therein (Chadema 2010). Land use conversion is an important issue for many Chadema candidates who argue for more transparent and locally driven planning mechanisms (Reith 2011; Chadema 2010). Within this context, both the CCM and Chadema candidates for the Arumeru seat reportedly told voters they would be redistributing foreign owned land to landless villagers.[136] These claims are not based on policy or general legal sentiment. These claims are an attempt to engage local communities though the pressures associated with land scarcity and lack of affordable housing.

The tension leads to conflicts between the local population, business owners and the government often associated with rising political opposition parties (Cooksey 2011b; Larsson 2001). Arusha is the national stronghold of the main opposition party in Tanzania, Chadema. The Arusha Region is known for having the highest number of land conflicts in Tanzania often correlated with rising opposition party influence.[137] Yet, reliable statistics documenting the change are not available. In order to overcome the

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[135] Correspondent. "Tanzania govt signs off huge tracts of land to foreign investors in secret deals", *East African*, May 14, 2012, p. 5.

[136] From interview with VEO and villagers, Kitefu Village, Arumeru, August 20, 2012. Just as the campaigns kick-started in the Constituency early March, CHADEMA's Deputy Secretary General, Zitto Kabwe declared that the land issue in Arumeru would be given priority. During the election campaign former President Benjamin Mkapa, campaigning for the CCM candidate, acknowledged government awareness of land problems in the district (Godson Majola, "Arumeru, Arusha land invasions threaten commercial farming." *The East African*, May 12, 2012.)

[137] Interviews with land officers in Dar es Salaam, Arusha and Mwanza all repeated that conflict was more common around Arusha than in other areas of the country.

gap in official information, a review of newspaper archives[138] demonstrated that since 2002 there have been, on average, two large-scale and prolonged conflicts per year in the Meru District. The reported conflicts involved local community disputes with large-scale investments or estates. The highest numbers were in 2009 and 2012, coinciding with political campaigning for the national presidential election in the former and a local by election in the latter.

Kiligolf developers claimed that the entire incident was politically motivated.[139] The body representing the horticultural industry feared that the wrong message was being sent that failed to "enable" markets and would lower exports from the area.[140] While these points of view ignore grievances about the project, they demonstrate that land invasions are a political deflection tool. Villagers' justification was that they were collecting campaign promises of land redistribution.[141] The villagers' insurgent response was directed at Kiligolf, not the local authorities. The local authorities are legally bound to respond to the villagers' grievances. The stalemate created by local powerbrokers is more to blame for planning and service failures than the private investors. Politicians successfully shifted responsibility to the private sector investors. The incident reveals that development in Usa River has become an electoral mechanism for political candidates more than an opportunity to improve land and housing scarcity issues.

Conclusion

Arusha reveals modular urbanism influenced by competition between plural governance regimes. In both the central city and peri-urban areas three levels of government entities are competing to complete development that captures the benefits

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[138] I reviewed the Arusha Times, the Guardian, and the Citizen newspapers over the period searching for references to conflicts. Although, the approach does not capture the vast majority of local boundary disputes it gives me an idea of the scope of violent and large-scale conflicts in the area.

[139] Interview with Zummi Cardoso, General Manager, Kilimanjaro Golf Development Limited, May, 20, 2012.

[140] Happy Lazaro, 2012. "Meru land crisis takes deadly turn." *Arusha Times*, May 5, 2012, pp.1–2.

[141] Correspondent. "Horticultural investors under renewed pressure to leave Meru." *Guardian on Sunday*, June 3, 2012, p. 2.

of tourism. Enabling market reforms encourage entrepreneurialism among government agencies as well as political threats from a new opposition party influences the competition. The confluence of competing interests led to a planning stalemate. These attempts confirm the lack of an urban development vision and reveal a competition for investment between parastatals and local entities.

In this context, private sector investors steer investment towards tourism oriented assets rather than accommodating local demand. In the central city, developers form tourism conglomerates that provide all types of tourism related services including hotel booking. In peri-urban areas, developers convert agricultural plantations to high-end residential communities with full services and standardized design. By focusing on attracting tourists and high-income buyers the new developments are detached from the local context. The detachment encourages overbuilding as investors respond to perceptions of tourism growth and past experience rather than actual demand.

Arusha's recent urban development demonstrates that local demand drivers do not influence project decisions and instead investors capitalize on increased land values and the area's desirability as a tourism destination. Capitalizing on land value results in modular urbanism structured for an elite consumer from outside the immediate land and housing market. As these redevelopment projects expand the opportunity for informal encroachment declines. Reduced encroachment puts pressure on the informal housing market and local survival tactics in both the central city and peri-urban areas. Given the land use history and the structure of business in Arusha the tactics used in developing these projects leads to local protest and demands for more transparency.

Chapter 5: Dar es Salaam

Introduction

Dar es Salaam also demonstrates that private sector development is increasing inequality and fragility but without an organized protest from the community. The outcomes are explained by plural governance structures and networked elite business structures capturing resources, similar to the findings in Arusha. Also like Arusha, the underlying issues of creating coordinated land use planning or providing infrastructure remain constraints on urban development that are not addressed by the enabling markets theory. Unlike Arusha, the underlying land market is not as constrained as in Dar es Salaam so although access to the city is becoming more unequal there are other opportunities for the poor majority to find accommodation and continued informal livelihoods on the city's outskirts without reason to organize a protest. The case study reinforces the findings in Arusha that private market reforms have done little to improve the urban form or opportunities for the urban majority to date in Tanzania.

Dar es Salaam's skyline is dotted with cranes and high-rises signaling new large-scale development. New developments are modular because they are out of scale with existing fabric, targeted at high-income buyers, isolated from informal settlements, fully serviced by developers and unrelated to local demand. Modular urbanism results from existing powerbrokers searching for reliable profits from real estate, informal development rules and plural governance regimes. Informal development is pervasive with established rules that thwart reform because existing owners benefit from the status quo. The power structure is unaltered by new urban development. Modular development provides local elites and politicians with the appearance of developing the future of Dar es Salaam as a modern center of investment, while making short-term personal gains.

In the central city, high land values and unmet demand for all types of property motivate a competition between various central government agencies. Competition between central

government agencies and parastatals is unrelated to demands for space resulting in a plural governance regime. Meanwhile, private sector investors use real estate as means to illegally move cash in and out of the country, which further detaches investment from demand. Power delineated in the city center between formal development with government agencies and informal development by private sector.

The peripheries offer ample land for development but infrastructure and services are limited. As the city continues to spread towards the villages on the peripheries there are large areas of undeveloped land available for urban land use conversion. The land is often unserviced and difficult to reach via the existing road network. As land is developed without a plan some communities make cooperative decisions to input roads but in general most areas are defined by limited services and infrastructure. At the same time lower land values make it possible to assemble large plots of land for satellite city development. As a result, central government agencies can project power and capacity by accumulating land and making large scale planning announcements. These pronouncements engender speculation in the land market without development. Land prices increase without commensurate increases in housing or other buildings. The speculative spike in prices crowds out residents looking for affordable housing and investment solutions.

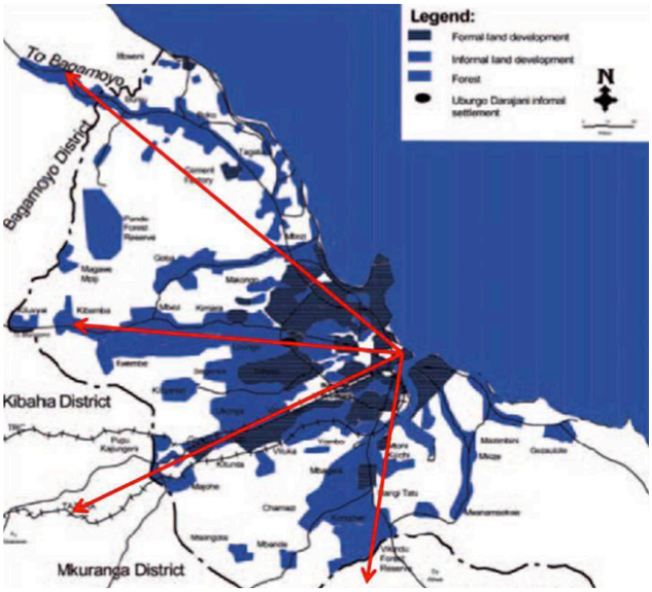
The chapter begins with an overview of Dar es Salaam's urban form and property market trends. Then I will discuss the redevelopment of Upanga as an example of modular redevelopment because it references experiences in other cities and responds to political demands more than it does to local space requirements. The Upanga neighborhood redevelopment resulted in a series of high-rise residential developments positioning a network of business elites to leverage informal tactics and capture the benefits of Government and development inefficiencies. Finally, I will examine the development of a satellite city in Kigamboni, which uncovers another attempt at modular urbanism. In contrast to the central city, two large-scale central government initiatives failed to create significant urban development outcomes. Instead, the initiatives created direct competition with private sector development. The Kigamboni experience reveals political announcements by central agencies creating confusion because they are partial and contradictory. At the same time, the announcements encouraged price speculation based

on potential compensation and future infrastructure improvements. Finally, in Kigamboni private sector investors do not have access to informal practices used by elite business networks in the central city resulting in limited success.

Overview of Dar es Salaam's Urban Form

Dar es Salaam's urban form is restricted by a creek system and natural harbor. The Indian Ocean bounds the city to the east (Figure 18). A natural harbor stretches about 10 kilometers inland along the Kizinga and Mzinga creeks (Kebede & Nicholls 2011). Most of the urban development adheres to a fingerlike structure along the four major roads dividing the city (Halla & Mang'waru 2004; Kombe 2005; Hill & Lindner 2010). Formal planning and development did not keep pace with population growth, so the current urban form depends on an infrastructure system designed for a much smaller city (Lugoe 2008; Meshack 2004; UN-HABITAT 2009; Kyessi 2008). Backlogs in infrastructure and services range from roads to title provision (Lugoe 2007; Parsa et al. 2011). Municipal investment improved major roads but provided limited investment in secondary and tertiary roads (UN-HABITAT 2009). The road network is largely the same as the original colonial system (Kombe et al. 2003). Pervasive road congestion contrasts with the reality that less than half of Dar's nearly 1,800 km^2 footprint is built up (Halla & Mang'waru 2004).

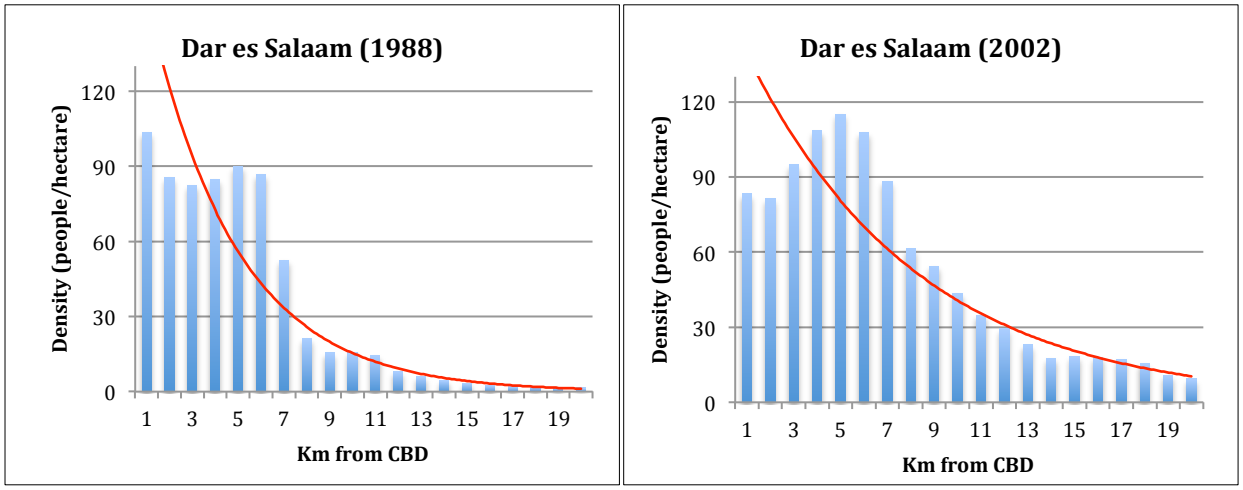
Figure 18: Dar es Salaam Urban Structure



Source: (Ortiz 2011)

Between 1988 and 2002, Dar es Salaam's population more than doubled from 1.3 million to 2.7 million and shifted towards the outskirts.[142] In 1988 approximately a third of the population lived more than eight kilometers from the city center but by 2002 it was nearly 60 percent. By 2002 the highest density was 5 kilometers from the city center (Figure 19). The share of Dar's total population that lived in within three kilometers of the center shrank from 14 percent to 7 percent, resulting in a nearly 20 percent drop in density. The drop in density reflects limited residential redevelopment over the period consistent with reports about dilapidated conditions (UN-HABITAT & Cities Alliance 2010).

Figure 19: Density Profiles: 1988 and 2002



Source: Author's calculations and Tanzanian Regional Census Tables 1988 and 2002

Dar's fingerlike urban form became less predominant over the period because of an informal infill process. Individual investment in road and service infrastructure guides infill development without formal title or municipal service provision (Parsa et al. 2011; Abebe 2011). Informal settlements have tenure security, high quality permanent materials and a wide range of socio economic groups (URT 2013a). The result is a haphazard local level urban form that is politically and physically difficult to alter (Sheuya 2009; Sheuya 2007; Sheuya et al. 2007). Individual's vested interests combined with the 1999 Land Act's strong compensation rights making it difficult to change the current pattern. Furthermore, the

[142] Note that the following analysis depends on a density profile analysis discussed at length in Chapter 4: Arusha.

cost implications of providing full services over a large area further prohibit any major changes (Ortiz 2011). The resulting collaged urban form has pockets of high density where land is made accessible via roads and bridges with a mix of planned and unplanned neighborhoods (Abebe 2011).

Current land uses created a low-density property market that is largely segmented by use.[143] The CBD contains headquarters for all seventeen central government ministries (Knight Frank 2013). The central city functions as Tanzania's administrative capital with office complexes defining a large share of land use. The central government has been the city's largest office tenant but the business and financial services sector now plays a central role in the property market.[144] One indicator of Dar's role as a financial center is that all 53 banking institutions operating in Tanzania have their headquarters in Dar es Salaam with only eight banks maintaining upcountry branches (URT 2010b). The port creates demand for warehouses on the southern side of the city. Dar es Salaam is a strategic import export hub because it is the largest and deepest natural port on the East Coast of Africa (Morisset 2013) The port services the land locked countries of Burundi, Malawi, Rwanda, Uganda, and Zambia (Shkaratan 2012). A majority of the industrial developments are also on the southern side of the city. Factories produce goods ranging from textiles, to food processing, to light manufacturing, to cement (URT 2004). The industries are mostly small-scale and privately owned but in total account for 40 percent of manufacturing in Tanzania (URT 2004; UN-HABITAT 2009).

Overview of Dar's property investment growth

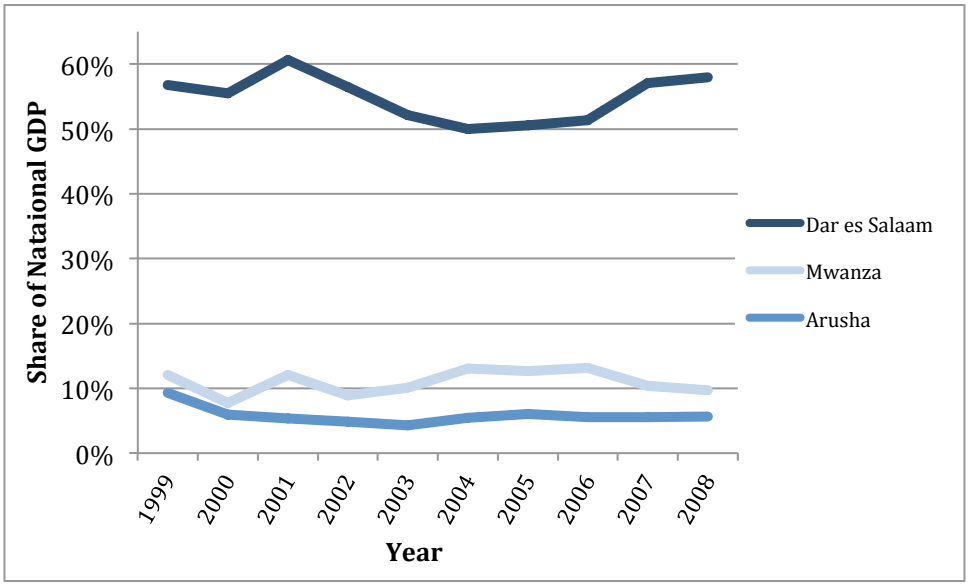
Dar is Tanzania's capital of business and financial services, making it the most robust and diverse economy in the country. At independence Dar accounted for more than half of Tanzania's GDP but has decreased to approximately seventeen percent (NBS 2012b). Although Dar's economic dominance decreased since independence, it remains the largest

[143] My understanding of the property market in Dar es Salaam was informed by an interview with Ahaad Meskiri, Managing Director at Knight Frank Tanzania on March 25th 2012.

[144] Abduel Elinaza. "Dar es Salaam on record high demand for office space." *Daily News*, February 14th, 2011. p. 5.

employment and economic driver in the country (Lugalla 1995). For instance in 2012, Dar es Salaam's economy accounted for more than a third of total formal employees in Tanzania and more than a quarter of private employees (URT 2013c). A majority of Tanzania's foreign direct investment also remains in Dar es Salaam. Between 1999 and 2008 Dar es Salaam accounted for more than 50 percent of total FDI in Tanzania (Figure 20). FDI in Dar is nearly six times larger than the nest largest recipients, Arusha and Mwanza. FDI allows developers and government entities to scale up investment projects more than in other regions of Tanzania (URT 2013e).

Figure 20: Share of FDI by Region



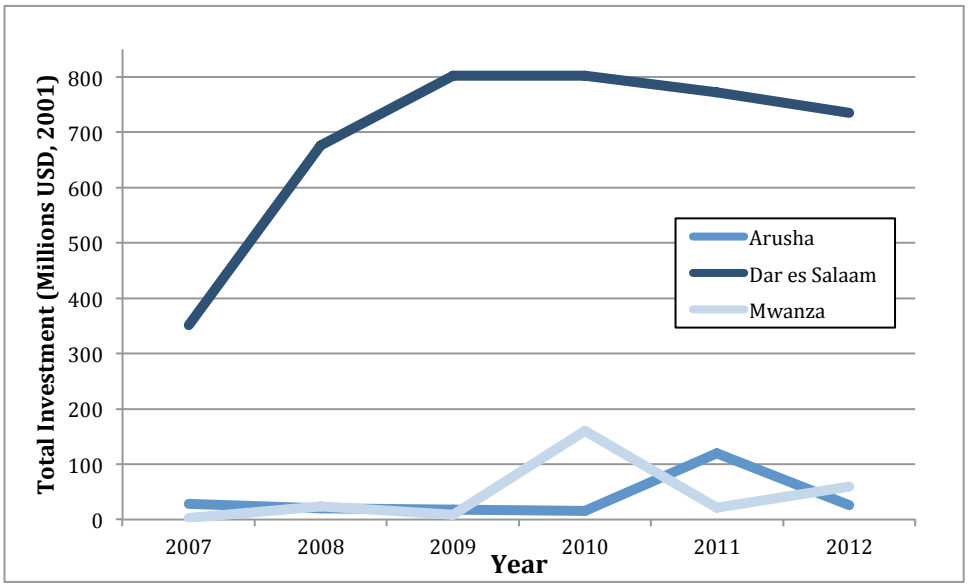
Source: Author's calculations based on TIC Report on Foreign Investment in Tanzania, 2009, p. 57

Dar es Salaam accounts for a vast majority of formal property investment in Tanzania (Figure 21).[145] Property investment more than doubled between 2007 and 2012 to

[145] Tanzania has few records of investments in property development. In order to overcome the issue and give an idea of the broad magnitudes of investment the following analysis makes use of data collected from the Tanzania Investment Center (TIC), which records expected investments in real estate projects instead of achieved investments. Local and international developers have an incentive to register projects with the TIC because they receive 20% tax abatements on material imports. Note that public entities do not qualify for the tax break incentive and therefore public projects are not included in the dataset. Another major issue, is that hotels are not included therefore, the dataset does not provide and indication of international investment in

approximately $730 million annually. Investments peaked in 2010 well after the global financial crisis began in 2007. The trend in property investment demonstrates that Dar es Salaam's property market and Tanzania's economy are isolated from world market fluctuations (Morisset 2013).

Figure 21: Formal Investment in Real Estate



Source: Author's Calculation based on TIC Investment Database 2012 (see footnote 4 for more detail)

Property investment seems to be locally driven with coordinated shifts in the type of investments. Local entities account for most of the property investment between 2007 and 2012 (Figure 22). The share of locally owned projects dropped to 40 percent in 2010 just when the total investment peaked and rose back to nearly 80 percent by 2012. The changes in foreign investment indicate that property is an attractive asset class but that actual investment flow varies annually. Investment in residential projects decreased as office projects increased from 19 percent of investment to 68 percent (Figure 23). The shifts in type of property investment indicate that investors are moving in a partially coordinated manner but it is not clear what market indicators motivate these shifts. More broadly, these

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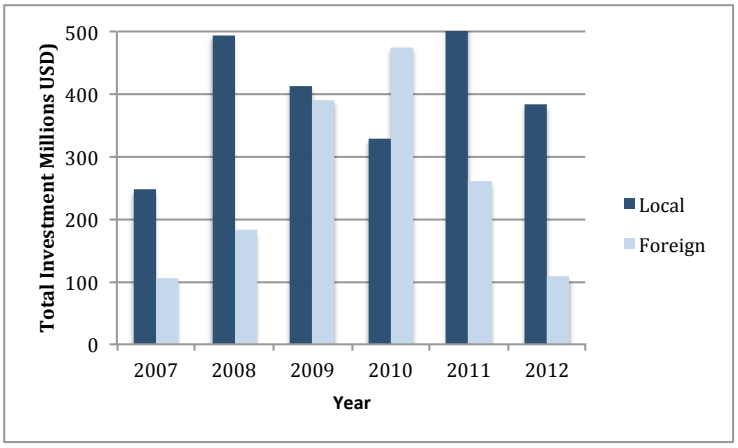
the tourism industry. Nonetheless, the dataset accounts for a majority of the large-scale investment projects that significantly change the built environment, giving some insight into investment trends.

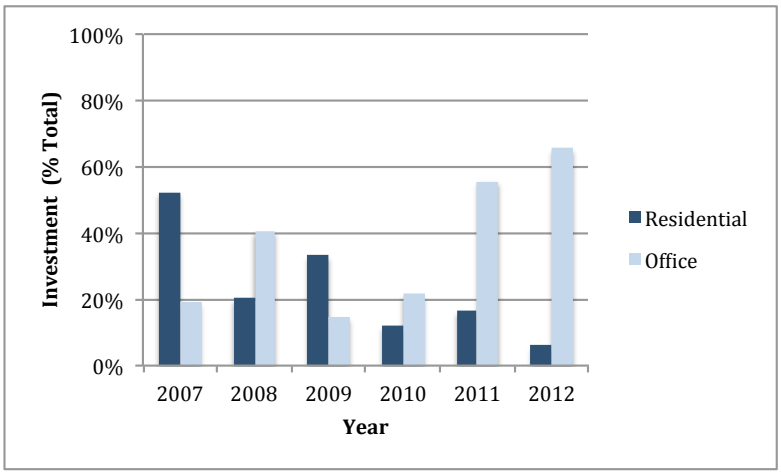
trends imply that property investment is linked to macroeconomic indicators in Tanzania but not to global trends in real estate investment.

Figure 22: Total Investment by Local and Foreign Investors



Source: Author's Calculations based on TIC Investment Database 2012 (see footnote 5)

Figure 23: Share of Total Investment in Residential and Office



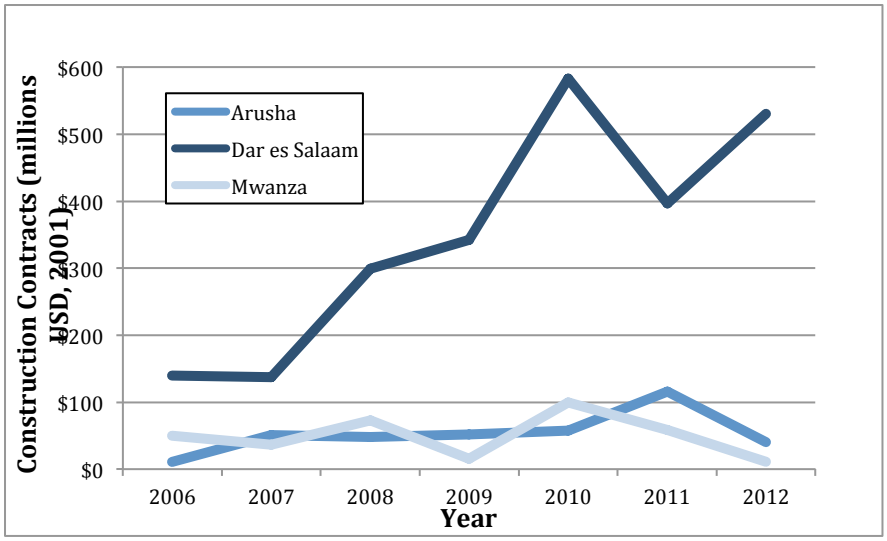
Source: Author's Calculations based on TIC Investment Database 2012

Much like the investment statistics, expenditure increased throughout the global financial crisis. Construction expenditures in Dar es Salaam increased nearly five fold between 2006 and 2012 (Figure 24).[146] Construction expenditures in Arusha and Mwanza remained stable

[146] The following chart uses data on actual construction contracts collected from the Contractors Review Board (CRB) in Tanzania. The CRB is responsible for licensing all contractors in the country. Of course they do

between 2006 and 2012. The increasing trend reinforces that Dar es Salaam is isolated from global fluctuations in property investment. Expenditures demonstrate rapid increases in property market investment. The vast majority of construction takes place in Dar es Salaam with small expenditures in Arusha and Mwanza. The following case studies will begin to unpack what is driving the increase in investment and who is benefitting from the outcomes.

Figure 24: Total Construction Expenditures by Urban Area



Source: Author's calculation based on CRB database 2012 (see footnote 5 for more detail)

Redeveloping the CBD: High-rise Development in Upanga

The redevelopment of one of Dar es Salaam's central neighborhoods, Upanga, serves as a useful case study of redevelopment. Upanga was originally an "African" suburb that became

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not have full coverage of the market because there are informal contractors without the means to pay the fees to receive the licenses but a majority of the sector is covered because the barriers to entry are low and the benefits of membership are high. The CRB uses the reported contracts to determine the level of certification and therein the size of fees as well as the types of projects the contractors can bid on. As a result, there is an incentive to report contracts accurately so that you can bid on larger deals but also a disincentive because you have to pay larger fees. The data portrays a basic picture of the size of the construction sector as well as the distribution amongst types of projects. The data includes contracts for infrastructure projects, hotels, retail, residential, office and mixed use. Another important distinction with the TIC data set is that public projects are included in the dataset.

an affluent Asian suburb through a land pooling program in late 1950's (Brennan et al. 2007). When redevelopment started in 1999 there were only two buildings with more than seven stories (MLHHSD & Ilala Municipality 2009). By 2012 there were 47 buildings with more than six stories. Of these 41 were residential buildings and 6 were offices (Table 8 & Figure 27).[147] Of the residential buildings, seven buildings have retail space on the ground floors. The new development added almost 3,000 largely 3-bedroom units to Upanga's housing stock. Density in the neighborhood could triple as a result of the new construction.[148] The development timeline demonstrates a boom in residential development (Table 8). Between 1999 and 2009 thirteen projects delivered. Then after 2009, investment increased rapidly with a total of 28 projects completed or nearing completion. Fifty one percent of the projects, or 21 buildings, are joint ventures (JV) with a government agency. Of these, 17 are JVs with the NHC. The number of JVs indicates NHC's influence over the redevelopment process.[149] By 2012, JVs account for fewer of the projects as private individuals undertake investments without state support. The expected increase in stock accounts for a doubling of the middle and high end housing stock in Dar es Salaam (Knight Frank 2013). The increase in population and residential development is unprecedented in a formal neighborhood in Dar where the land use patterns remained static since colonial times (Brennan et al. 2007).

[147] Note that these estimates were accurate as of September 1, 2012, when I completed fieldwork. I gathered the data through site visits and conversations with property managers in each building.

[148] The estimate uses the 2002 Upanga average household size of 5.6 members and an occupancy rate of 85%, to arrive at a total population increase of 14,000 residents to approximately 86 people per hectare.

[149] The other state agencies include Tanzania Building Association and the Tanga Bohra Education Society.

Table 8: Residential Project Pipeline in Upanga, Dar es Salaam, Tanzania

Year	Projects	JV	Estimated Units
1999	1	1	30
2000	2	0	156
2002	1	1	48
2005	7	4	444
2006	1	1	90
2009	1	1	72
2011	4	4	186
2012	9	2	834
2013	10	4	670
2014	5	3	438
Total	**41**	**21**	**2,968**

Source: NHC list of Joint Ventures, author's interviews and site visits

Figure 25: Upanga "Skyline" 2012

Source: Author's fieldwork June 2012

Construction expenditures in Upanga increased from less than $1 million in 2006 to more than $20 million in 2011 (Table 9). Over the same time period in Dar, expenditures increased 14 times, with the share of investment in Upanga varying annually. Construction expenditures include "networked premium infrastructure" such as generators, power

sources, water, septic tanks and telecommunications.[150] In contrast, many roadways remain unpaved without expectations of resurfacing (Figure 26).[151] The increase in expenditures demonstrates the growing economic importance of urban redevelopment in Upanga.[152]

Table 9: Residential and Mixed Use Construction Contracts, USD

Year	Upanga	Dar es Salaam	Upanga % of Dar
2006	$844,401	$10,812,938	7.8%
2007	$450,667	$30,136,023	1.5%
2008	$2,846,251	$47,855,057	5.9%
2009	$16,079,447	$113,963,865	14.1%
2010	$11,206,435	$126,028,789	8.9%
2011	$20,670,571	$151,861,585	13.6%

Source: Contractor's Review Board project database, Author's calculations

Figure 26: Road condition on Mindu Street

Source: Author's fieldwork in March 2012

[150] Site visits confirmed that all buildings included full services that were often provided by the developer outside of city service providers.

[151] Interview with developers and Mr. Mogella, Urban Planner at MLHSSD.

[152] Finnigan Wa Simbeye. "Investments Lift Construction Sector". *Daily News*, December 9, 2009, p. 2.

Role of State Agencies in the redevelopment of Upanga

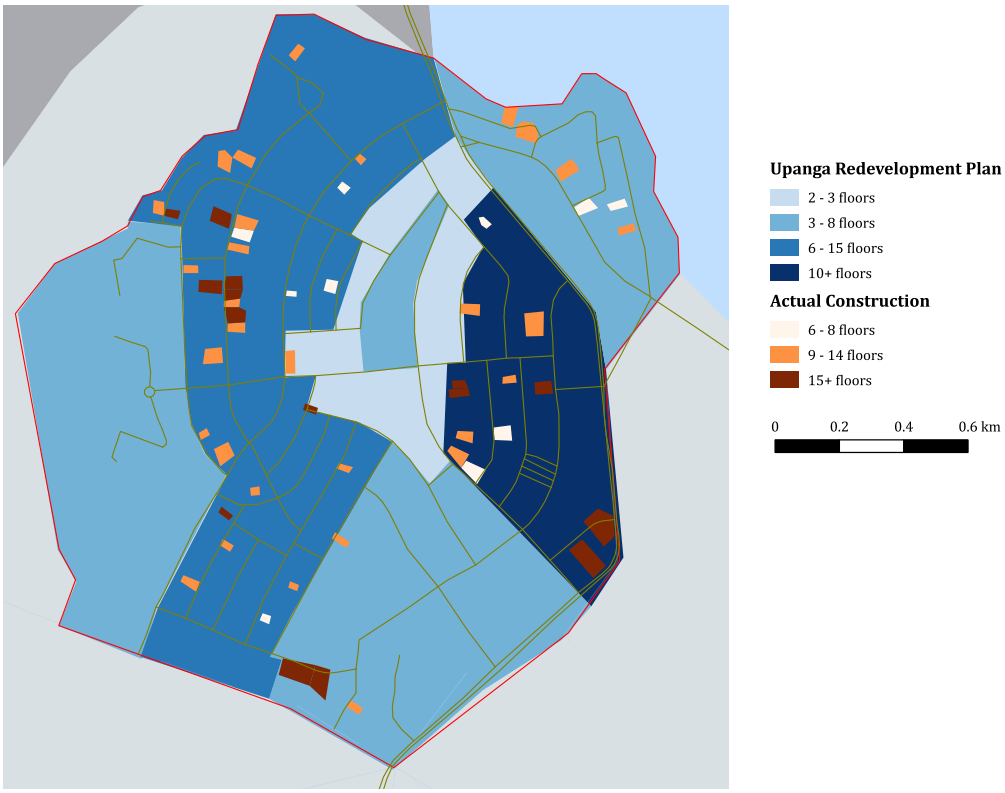
The redevelopment of Upanga reveals a plural governance regime comprised of two layers of competing redevelopment guidelines. The two layers include MLHHSD's projection of national power and parastatals' leveraging private land ownership. On the one hand, MLHHSD attempts to project power through redevelopment plans. On the other hand, parastatals engage in speculative JVs with private developers. MLHHSD owns few parcels so their regulatory goals do not align with the land rich parastatals attempting to increase cash flow and leverage land value. Redevelopment outcomes are thus based on the financial and political position of an individual agency instead of a comprehensive public plan or local demand. The result is a plural governance regime lacking in clarity, incentivizing speculative development and creating an informal land use plan. The lack of clarity is also an advantage for real estate investors.

MLHHSD created one layer of governance reflected in a 2004 redevelopment plan for Upanga. The plan suggested minimum height requirements on blocks of parcels throughout Upanga (Figure 27). The plan justifies minimum height requirements as a tool to address land use inefficiencies indicated in Dar es Salaam's low-density CBD.[153] The plans' simplicity and small geographic coverage is also a response to the previous citywide planning failures (Armstrong 1987).[154] The citywide plans depended on large-scale investment in building construction, services and infrastructure (Halla & Mang'waru 2004; Briggs & Yeboah 2001; Ndezi 2007; Nnkya 1999b). MLHHSD and the three municipal governments that comprise Dar es Salaam were expected to make these investments. Yet, large-scale investment never materialized. The smaller redevelopment plan provided few promises of improved infrastructure or additional spending by municipal or national authorities (MLHHSD & Ilala Municipality 2009). In the redevelopment plan, MLHHSD and the Municipality of Ilala only had to maintain open spaces, provide building permits and ensure that construction projects complied with the broad guidelines.

[153] Interview with Mr. Mogella, Urban Planner at MLHHSD, on July 15th 2012.

[154] Interview with Mr. Mogella, Urban Planner at MLHHSD, on July 15th 2012.

Figure 27: Upanga Planned vs Actual Redevelopment, 2013



Source: Author's fieldwork, MLHHSD Redevelopment Plan 2004, Open Street Map

In reality, the redevelopment plan is more of a rhetorical device than a planning tool. The redevelopment plan depends on the municipality's motivation and capacity to monitor construction projects. Yet, MLHHSD's overrides the municipality's planning power creating a disincentive to monitor compliance with the redevelopment plan. For instance in 1999, the Dar es Salaam City Council produced a new master plan known as the Sustainable Urban Development Plan 1999–2010, which was rejected by the MLHHSD (Bersaglio & Kepe 2013). In place of the City Council plan MLHHSD announced that they would produce the master plan. The new MLHHSD plan has not yet been approved and as a result the most recent official master plan dates back to 1979 when the city had about a quarter of the population it has today (URT 2013b). Officially the planning process endows the municipalities with planning capabilities without ensuring decision-making or implementation capacity. Municipal officials do not monitor development therefore often

developers report one plan to MLHHSD and then develop something different.[155] Without a strong municipality, MLHHSD can make sweeping plans and pronouncements about improvements in Upanga. These pronouncements provide evidence to parliament and voters that MLHHSD is overcoming corruption and improving urban management. MLHHSD's makes claims about plans to prosecute project owners that do not follow zoning plans or obtain proper permits, but to date there is limited follow through.[156] Although, MLHHSD's legally possesses planning jurisdiction in practice MLHHSD's role remains a grey area full of rhetoric about improvement and efficiency while minimizing the role of the municipality.

Furthermore, the redevelopment plan offered MLHSSD a means to claim they are supporting the private sector and encouraging redevelopment of the deteriorating city center in the face of criticism from many fronts. A speech by Prime Minister Mizengo Pinda at a ceremony marking the start of construction of the twenty five story Uhuru Heights residential building sheds light on how central government actors use the rhetorical tool of enabling private sector developers (URT 2008). In the speech he lays out the role of redevelopment as follows:

> *"Private Sector contribution to the investment in High-Storey Buildings construction is crucial and of big value in improving the environment of our Cities and the economy as a whole. A twenty five storey building like this, not only will reduce the problem of residential and business houses upon its completion, but also will increase employment opportunities during its construction and even after it has been completed.* (URT 2008)*"*

He then claims private sector investment is nurtured by MLHSSD and other central government policies. Meanwhile, other issues in the construction sector, such as building collapses, are due to negligence by regulatory boards and other construction industry professionals. The speech demonstrates how the central government actors use redevelopment to claim legitimacy and support for the private sector. The redevelopment

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[155] Interview with Mathayo Mwakagamba, Prinicpal Architect at Mwaka Arch Consult, May 7th 2012.

[156] Sylivester Ernest. "Tibaijuka Issues Yet Another Threat". *The Citizen*, September 8, 2011.

plan gives MLHHSSD an opportunity to reinterpret a global concept of redevelopment for local use without having to make financial commitments. Yet, the plan lacks a local economic justification, description of local government responsibilities, or infrastructure upgrades. Redevelopment offers a political opportunity to give the appearance of change and a dynamic private sector partnership.

Parastatals create a second governance layer because they are independent of MLHHSD and the municipalities. Parastatals have planning control over their plots and in some cases even issue building permits. In Upanga, parastatals became land rich through privatization and the 1999 Land Act because they could use land for commercial development. As one of Dar's first neighborhoods, land parcels and buildings in Upanga were clearly identified during the colonial period (Brennan & Burton 2007). During Ujamaa, much of the property in Upanga was nationalized vesting control in central government agencies. Parastatals gained control of 30 percent of the properties in Upanga (MLHHSD & Ilala Municipality 2009). Through the Building Acquisition Act the NHC acquired a large number of properties (Komu 2011a). Through privatization, NHC maintained ownership of their nationalized apartment and office buildings as well as a few undeveloped land parcels (Kironde 1992; Hussey 1997; Komu 2011a). NHC's Upanga properties account for 38 percent of the NHC's national revenue and 5,000 tenants.[157] Meanwhile, the Tanzania Building Agency (TBA) was endowed with control of single-family homes occupied by civil servants.[158] TBA thus had a large portfolio of small plots making them a significant player in the property market. Other parastatals gained control of individual plots throughout the neighborhood. In an attempt to increase cash flow parastatals leveraged high value properties to reposition rapidly deteriorating buildings in Upanga. The NHC and TBA lacked consistent and significant sources of income due to a number of factors include building deterioration, below market rents and difficult to evict renters many years in arrears (Komu 2011a).[159] Privatization provided the option to leverage land value through JVs to redevelop dilapidated low-rise buildings as modern cash flowing high-rises.

[157] Interview with Ben Kilimba, Upanga Regional Manager at NHC, on March 3rd 2012.

[158] Interview with Elias Tamiro, Director of Real Estate at TBA, August 15, 2012.

[159] Interview with Hamad Abdallah, Director of Property Management at NHC, on June 26th 2012.

Redevelopment also offered a means to remove tenants paying below market rents or in many cases no rent at all.[160] JV redevelopment provided an opportunity to offload the management issues with current buildings, increase cash flow, and establish financial independence from the central government. NHC and TBA pursued JV's with developers who would present deals based on tenders for redevelopment.[161] In all instances the developer financed the construction costs.

Development of the Palm Residency epitomizes the governance issues resulting from plural governance regimes in Upanga. TBA entered into a JV with Royal Orchard Inn in 2006. The JV concerned the redevelopment of two plots adjacent to Ukulu, the president's residence. TBA granted a building permit without consulting the municipality or MLHHSD. The resulting building has two 18 story towers with 108 residential units, a pool, a gym and a variety of small shops on the ground floor. When construction topped out in 2011, it raised questions about security and the development process. The Ilala Municipality ordered a halt on construction. Construction was delayed as the press and public expressed their outrage, but then the building was completed, residents moved in and sales continued. Eventually the Municipality sued the former director of TBA for issuing the building permit.[162] The Municipality claimed that the Palm Residency violated the 2007 Urban Planning Act's requirement that a change of use must obtain approval from the Municipality and MLHHSD. The case was decided in favor of the Municipality with the judge ordering the removal of twelve stories.[163] The efficacy of the demolition ruling remains unclear due to complexities in the sales process.[164] Royal Orchard Inn Ltd sold 85 percent of the units.[165] The sales took place before the building was complete guaranteeing profits. Yet, the TBA

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[160] Interview with Hamad Abdallah, Director of Property Management at NHC, on June 26th 2012.

[161] Interviews with: Elias Tamiro, Director of Real Estate at TBA, August 15, 2012; Hamad Abdallah, Director of Property Management at NHC, on June 26th 2012.

[162] Faustine Kapama. "TBA Officials in Court Over Dar es Salaam Building". *Daily News*, July 18, 2013, p. 2.

[163] Bernard James. "Tall Building a Threat to Ikulu". *The Citizen*, August 7, 2011, p. 1.

[164] The details of the project confirmed with a property manager and representative for the private developer who will remain anonymous for personal safety reasons.

[165] ibid

was not party to these sales because title was registered with the MLHHSD.[166] The reporting process gave the developer the chance to collect revenue without distributions to the TBA. The developer therefore claimed that the building is legal and will bot be torn down. The developer had cover from the illegal construction permits and an opaque business structure. The project demonstrates the competition between various state agencies, the use of informal practices by private developers and the power of elites.

Figure 28: Palm Residency

Source: Author's fieldwork March 2012

Current redevelopment affirms that there is no overarching vision for the neighborhood. Instead redevelopment reflects a complex structure of governing agencies with competing sources of financing and regulation. Various government agencies dominate the land market creating regulatory plurality and power struggles (Nnkya 1999a). NHC, TBA, the

[166] ibid

municipality and MLHSSD are competing for control over the future of the city. The result is institutional competition in property markets instead of private sector driven development. Redevelopment in Upanga demonstrates an unregulated race to finish modular urban forms that provide short-term profit maximization for a few elites without reference to local needs and rules. Many of the new projects are on unpaved roads and in close proximity to one another so that the airflow in the neighborhood is limited. Community services and retail are lacking from parking provision, to green space, to grocery stores, to water and electrical system upgrading. The result is that each of the buildings provides its own services and infrastructure much like an informal development. Modular urbanism led to haphazard development without reference to local needs.

Networked webs: Private Sector Redevelopment

Private sector projects leverage the regulatory plurality created by government agencies to maximize profits. Private sector developers are sophisticated, collusive, and dominated by a small network of business elites. These developers continue informal practices including changing building designs, building on untitled land, ignoring construction standards, using informal contractors, selling unregistered units and misreporting sales prices. These tactics are made possible by ambiguous governance and limited incentives to enforce regulations. For instance, municipal officials do not enforce of floor to area ratios, setbacks, road reserves, or open spaces.[167] Several families with businesses associated with the port redeveloped a majority of the parastatal plots in Upanga. These families set up individual holding companies for each building obscuring their direct involvement.[168] As a result, business elites captured the benefits of joint ventures by retaining most of the profit and building larger buildings than agreed.

[167] Interview with lawyer for Estim Construction, June 8, 2012.

[168] Interviews on June 27th 2012 and July 30th 2012 with Andrew A Rugarabamu, NHC Joint Venture Legal Officer and Lussagana Lussagana, NHC Joint Venture Project Manager.

The redevelopment projects are largely financed through a combination of pre-sales and access to capital from other business ventures.[169] The largest commercial real estate lenders indicated that their clients rarely placed debt on projects but in some cases took out a loan to reduce government investigations of the sources of project financing.[170] Loans did not exceed 20 percent of project costs and lenders used the customers other assets as collateral. In other words, banks did not underwrite the value of the land parcel. Pre-sales provided the majority of construction financing. Pre-sales reduces developers' financing and sell out risks. Pre-sales create informal space for developers to gauge project interest without registering sales with government entities and avoid the formal banking system.[171] Sales managers claimed that many buildings had secondary markets in pre-sales where an individual unit would trade two or three times before the project completed with large price increases on each sale.[172] The pre-sales are all cash transactions with few of the owners expecting to live in the unit. These buildings reflect investment opportunities for wealthy individuals. Anecdotal evidence indicated that the cash for purchase came from dubious sources.[173]

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[169] I conducted interviews with fifteen local developers between February and August 2012 whose names I keep anonymous for their own safety. I also conducted interviews with twelve property managers who confirmed management practices but whose names I will also keep anonymous for their safety.

[170] Interviews with the following: Arun Chauhan, Senior Vice President at Bank M, Hasnain Dinani, Relationship Officer at I&M Bank, Oscar Mgaya, Chief Operating Officer at Tanzania Mortgage Refinance Company Ltd, Aaron Henry Mrina, Credit Analysis Officer at Azania Bank, Rosemary Ihadike, Relationship Manager at CBA, Jane Christopher, Relationship Manager at CRDB Bank.

[171] Interviews with developers and property managers.

[172] I found evidence in the sales database of incomplete units for sale at prices above initial asking prices but the observations were not large enough to confirm the average increase in prices or the degree to which trading occurred. The original observations about secondary market trading came from an interview with Murtaza Adamjee, CEO of Global Land Solutions, March 16, 2012.

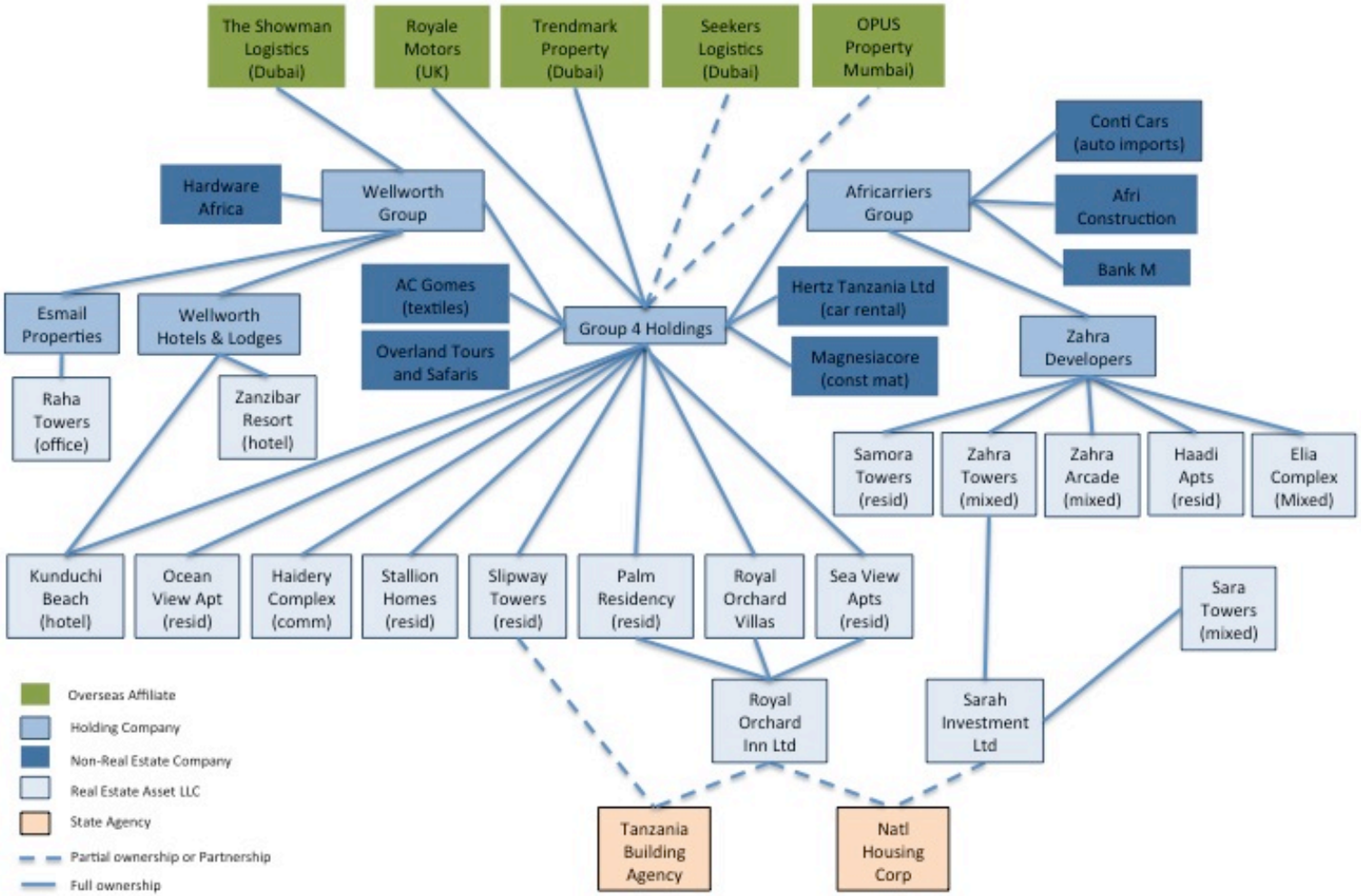
[173] I conducted interviews with fifteen local developers between February and August 2012 whose names I keep anonymous for their own safety but all mentioned that there was a link between their developments and "funny money" that buyers used to purchase. Only five of the developers were willing to admit that their own sources of capital might also include funny money.

Private development companies in Upanga are spider webs of entities with multi-sector functions across several countries. The web of entities seamlessly moves cash between businesses within Tanzania and abroad. The movement is undetected by government authorities because the companies are effectively multinational corporations shifting profits within holding companies. For instance, the logistics arm of the business will import and then sell construction materials to the developer at either under or over priced costs, depending on the direction they are trying to move capital (Boyce & Ndikumana 2012). The opaque structure also gives access to buyers' capital that may be outside Tanzania without appearing on local records. For instance, one developer reported that he used a bank account in New Jersey to take deposits for project sales in Dar es Salaam, which allowed the full price and the individual to remain obscured.[174] Then the individual has a clean source of capital, which can be locally accessed through rental streams or sales value without question. The company structure creates the appearance of local investment and compliance with formal rules but allows companies to engage in informal practices and capture benefits.

The development of Zahra Towers provides a clear example of private project development. The project is a 1999 joint venture between Sarah Investment Limited and the NHC (Figure 29). Per the standard PPP agreement, NHC provided the land and the developer would manage construction and sales. The resulting 10-story project, Zahra Towers, has two floors of retail and 54 apartments. The buy back period for NHC expired in 2010 thus the building and underlying land is 75% owned by Sarah Investment Ltd, which is in turn owned by Zahra Development.

[174] Interview conducted on April 20th 2012 with developer whose name will remain anonymous for personal safety.

Figure 29: Zahra Towers ownership network



Source: Author's fieldwork, Bank M Annual reports, project websites

The development company, Zahra Development, is part of a networked structure of other real estate assets and businesses across several sectors. Most of the 15 assets are high-rises built in the last 10 years. The portfolio is geographically concentrated in Dar es Salaam but diversified across all subsectors of the real estate markets. The portfolio is tied together through holding companies that insulates and obscures owners. Note that the ownership structure includes PPPs with NHC and TBA. The holding companies engage in businesses ranging from safari tours, to construction materials, to textiles manufacturing, to car imports. For instance, the Africarrier Group holds Zahra Development. Africarrier began as an automobile import export company in 1976.[175] Through Africarrier, Zahra Developers has access to financing through Bank M. Between 2007 and 2013, commercial real estate accounted for 25 percent of Bank M's lending compared to 5 percent of CRDB and NMB's loan portfolios.[176] Bank M's construction lending is twice the size of either CRDB's or NMB's. Bank M underwrites property development on a much largest scale than other major banks because its shareholders, like Africarrier, directly engage in property development.[177] The structure includes a construction company, Africonstruction, which keeps all flows of capital during the construction process within the Africarrier Group. In addition, through the Group 4 holding entity they have access to management, construction, engineering and architectural skills in India and Dubai. Opus and Trendmark Property engage in activities ranging from master developer to road construction. Modular projects are transferred from other contexts via these master developers.[178] The names and

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[175] Interview conducted on April 20th 2012 with developer whose name will remain anonymous for personal safety.

[176] The data relies on annual reports from each bank where they account for loans to construction and real estate.

[177] Mike Mande and Wilfred Edwin. "Tanzania: Dar Seeks Auditor Over BOT Towers Scam." *The East African*, March 31st, 2008, pp.29–31.

[178] I asked questions about architects in all developer interviews but for their own safety I will not mention their names here. I confirmed the process with several local architects and engineers including

architectural style reference development in Mumbai and Dubai resulting in residential towers in Dar es Salaam that appear out of place. On the one hand the complex structure demonstrates private development expertise but on the other that the redevelopment projects are neither developing local capacity nor responding to local demands.

Zahra Developers demonstrates an investment circuit between Dar es Salaam, the Middle East and South Asia, where trading through the port provides business connections and access to capital.[179] The connection to international flows of capital is uniquely tied to port businesses in Dar es Salaam instead of improved financial markets. These projects demonstrate that the property market could be a means to clean "funny money", yet it is difficult to determine the market share of projects engaging in cleaning money. Interviews confirmed the steps in the process (Unger et al. 2010; OECD 2008; GIABA 2008; Financial Crimes Enforcement Network 2006). Through the Group 4 holdings entity Zahra has access to capital flows in Dubai and India. Access makes it possible to easily transfer funds in and out of Tanzania. Cash flow stays undetected within the web of companies. The developer mentioned that they do not know where buyers get their cash but they do have bank accounts in the US and Middle East which allow the buyers to subvert the Tanzanian banking system. They approximated that a large share of buyers illegally obtained their funds. Investors operate outside the formal banking system, because ownership doesn't require proof of wealth.

Zahra Developers' structure reveals a sophisticated business with redevelopment capacity limiting competition. The interlocking structure of the companies that relate back to the Zahra Towers also demonstrates the degree to which a small group of local elites controls the urban development process. It is difficult for new development companies to break into the market because so much of the market and trading

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the following interviews: Philip Makota, Principal at UNDI Engineering Consultants, August 7th 2012; Salim Zagar, Chairman at Moladi Tanzania, June 7th 2012.

[179] I conducted interviews with fifteen local developers between February and August 2012 whose names I keep anonymous for their own safety.

information is controlled by a few networked businesses. The lack of competition reinforces opaque transactions and encourages informal practices. The structure of private real estate entities leads to short term profit goals over long term planning and investment goals that underpin the enabling markets theory as well as most urban planning programs.

Redevelopment provided a glut of housing catering to high-income residents, without associated benefits for other income groups. The dilapidated state and low density of many buildings offered many opportunities for redevelopment to investors with access to cash, information about properties, and construction materials. As early projects successfully sold out more investors searched for projects in the neighborhood. Private developers capture redevelopment benefits by leveraging cash flow from other businesses. Buyers and renters never directly deal with the landlord. They rent through management companies. The building developer often directly owns the management companies. That is, one of the major financial incentives for developers is that they collect fees for management services, but do not take the risk of ownership. The current system offers an opportunity to launder money obtained illegally by underreporting sales prices, over reporting construction costs. Investment in real estate offers an intermediary step in the capital flight process.

Redevelopment decreasing affordability: community effects

Over the last decade housing in Dar es Salaam became increasingly unaffordable. Between 2001 and 2010, rents across Tanzania increased 9 percent compared to a 270 percent increase for middle-income residents in Dar es Salaam (Bank of Tanzania & URT 2011). The increase in rents compares to an increase in consumer prices of 214 percent. Thus rents rose faster than other consumer goods over the last decade.[180] The

[180] Emmanuel Onyango. "Dar's rent nightmare." *This Day*, March 3, 2013, pp.16–18.

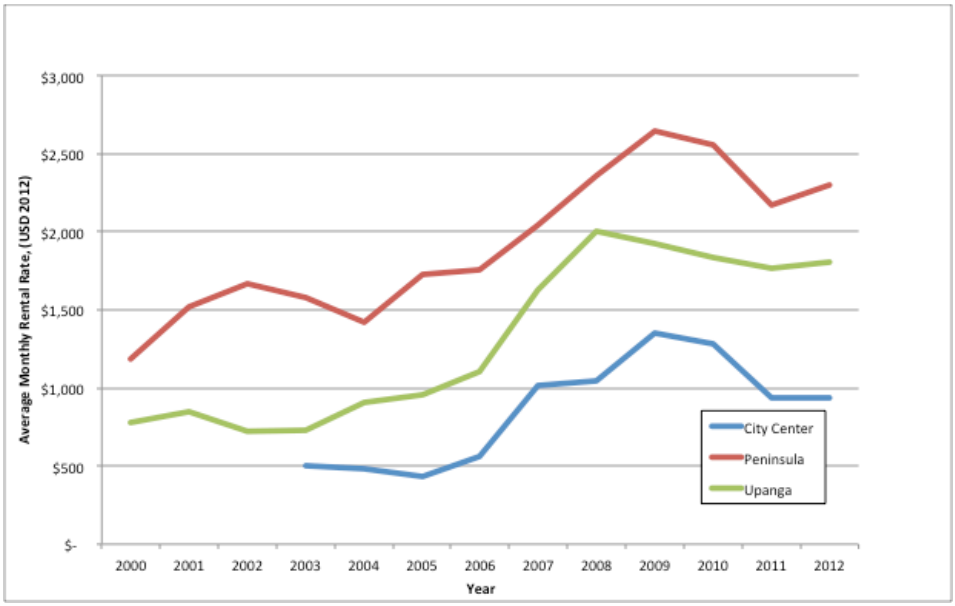
increase in rents is important in Upanga where completed projects are on average 80 percent occupied by renters.[181]

In Upanga, sales prices and rental rates increased over the last decade. For instance, in 2002, a 3 bedroom unit advertised sales price ranged from $13,000 to $60,000.182 By 2012, sales prices range from $250,000 to $300,000 for an average quality new 3 bedroom unit. The price increase is striking given that in 2007 the average monthly income in Dar es Salaam was $174 (URT 2009). Property owners passed on the price increase to renters as rental rates increased more rapidly than sales prices. Between 2000 and 2012 average rent increased from $600 per month to $1,800 per month (Figure 30). Rental rates peaked at $2,000 per month in 2008. The peak correlates with the completion of many construction projects. The falling rental rates indicate that high-end units are over supplied. Rents in Upanga grew faster than the Peninsula, the wealthiest neighborhood in Dar es Salaam, and the City Center, a middle class neighborhood (Figure 31). The rental growth index in Upanga was well above the Peninsula, while the city center rental growth was generally lower but began catching up with Upanga. These trends indicate that the upgraded housing market in Upanga is only available to the wealthiest residents in Dar es Salaam.

[181] Interviews with property sales teams including: Saleh Ally on March 3rd 2012; Sultani Mehta on March 15th 2012; Alibaba Singh on April 24th2012, Sulieman Dualeh on April 27th 2012; Sulieman Adamjee on May 2nd 2012.

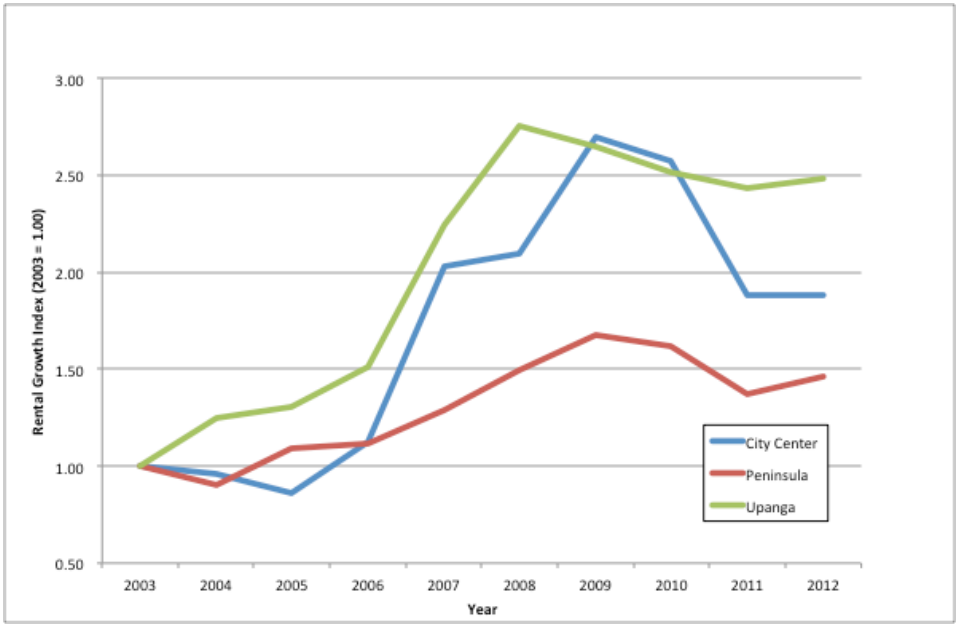
[182] I gathered data for the following analysis from a free weekly newspaper, Advertising Dar, which began listing properties for rent and sale in 1999. The listings provide detail on size, amenities, neighborhood, and price. Advertising Dar does not charge to include listings which are now in print and on-line.

Figure 30: Average Rental Rate in three Dar Neighbourhoods, USD 2001



Source: Author's own calculations from Advertising Dar postings

Figure 31: Rental Rate Index, 2002 = 1.00



Source: Author's own calculations from Advertising Dar postings

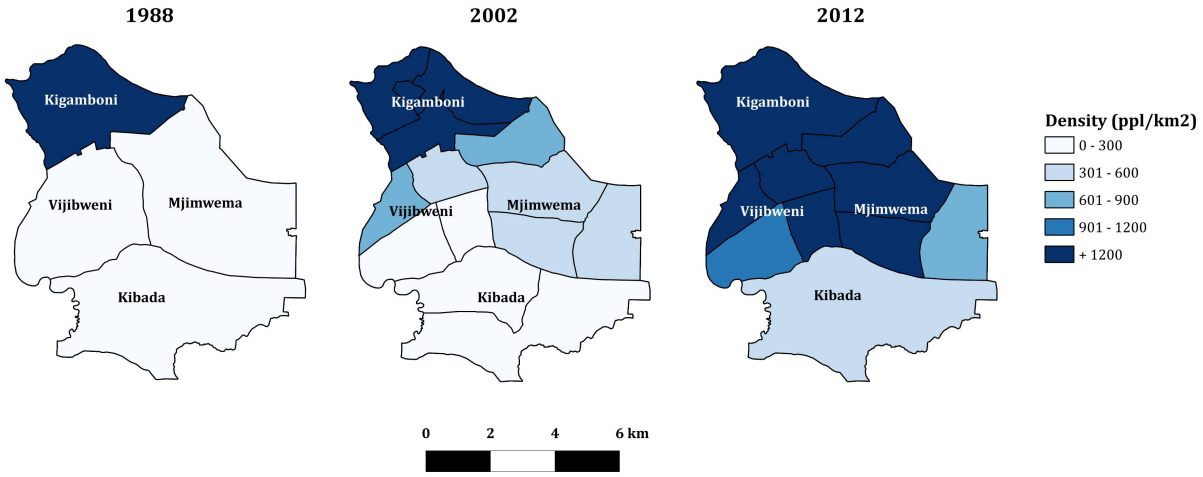
Government agencies and the NHC shed their mandate to improve living conditions and opportunities through redevelopment. High-end housing that is unaffordable to nearly all Tanzanians is problematic because it does not leave resources to respond to low and

middle-income demand. According to local real estate experts, the upper income residential market was saturated in 2005 (Knight Frank 2005). Thus, new units in the central areas of the city do little to improve housing affordability or land use efficiency in Dar es Salaam.

Satellite Cities in Kigamboni: Urban Transition

The Kigamboni Area provides a good example of the experience with modular satellite city development in Dar es Salaam. Kigamboni includes five wards in the Temeke Municipality on the southern side of Dar es Salaam. Until recently Kigamboni resembled a rural village with urbanites moving there only to work at an oil refinery (Mramba & Joseph 2012). The area's slow development was due to infrastructure constraints that made the area accessible only via ferry from the congested heart of Dar es Salaam or a long route around the Mgogoni Creek.[183] The area's population steadily increased from 24,000 in 1978 to nearly 140,000 in 2012 without intense land pressure (NBS 2012a; NBS 1978b). As a result, between 1978 and 2012 much of Kigamboni transitioned from village to suburban conditions (Figure 32).

Figure 32: Kigamboni New City Density Map, 1988 - 2012



Source: Author's calculation based Census data

[183] Saumu Mwalimu. "Kigamboni looking up and reaching out." *The Citizen*, October 6, 2012, p. 4.

The land use history in Kigamboni facilitates large scale planning pronouncements because many areas are undeveloped without entrenched networks of powerbrokers blocking development. During the pre-colonial and colonial periods outside the town center, Dar es Salaam was sparsely populated due to harsh agricultural conditions and the slave trade (Briggs 1991; Bryceson 2010). During Ujamaa, villagization opened peri-urban land to urbanites and new migrants (Kombe 2005). As migrants moved to the fringe, the indigenous villagers charged fees for land use or outright sale, which minimized displacement, conflict or organized resistance to land conversion (Bryceson 2010; Tripp 1997). Thus, the villagization policy inadvertently led to the commercialization of land markets by giving outsiders access to use and ownership rights. Individuals invested in infrastructure and service provision creating urban neighborhoods out of the rural hinterland (Owens 2010). The commercialization process created a large rental inventory developed through additions to houses completed as financing became available (Halla & Mang'waru 2004). Improved transportation networks and better living conditions made inventory viable as rental properties.[184]

Since 2002, private investors developed four residential development projects. The house prices range from about $30,000 to $250,000.[185] NHC developed one project targeted at low-income families. NSSF developed another targeted at pension fund members. Mutual Developers Limited (MDL), a private development company, developed the other two projects. On the one hand the projects represent an increase in formal development with 648 units throughout the Kigamboni Area (Table 10). On the other hand, the results are paltry compared to population growth in the area. The projects provide a range of community amenities.

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[184] The privatization of public transportation unleashed a well-developed market for private mini-bus services throughout the city. Although, the safety and comfort of the buses leaves room for huge improvements the routes serve the most distant parts of the city.

[185] I conducted site visits as well as the following interviews: Cosmas Kimario, Director of Treasury and Corporate Strategy at NHC, Deo Mponeja, Mtoni Kijichi Project Manager at NSSF, and Maximillian Matala, CEO at MDL.

Table 10: Formal Residential Developments in Kigamboni

Project	Developer	Total # of units	Price Range	m^2	Total Cost	Total/m2	Total Cost with Financing*
Kigamboni Estates	NHC	182	min	56	$29,365	$524	$47,374
			max	72	$33,606	$467	$54,217
Mtoni Kijichi	NSSF	300	min	75	$42,500	$567	$68,565
			max	125	$73,750	$590	$118,981
Kisota Homes	MDL	56	min	110	$45,000	$409	$72,598
			max	110	$65,000	$591	$104,864
South Beach	MDL	110	min	150	$130,000	$867	$209,729
			max	150	$250,000	$1,667	$403,325

*Financial Assumptions: 10-year term, 30% down payment and 19% interest rate (based on 2012 interviews with local banks)

Source: Author's fieldwork

Central government projections of power: satellite city initiatives

Two large-scale urban development initiatives in Kigamboni reveal a more cohesive governance regime than in Upanga. The central government dominates governance but creates chaos and speculation through piecemeal planning initiatives. MLHHSD has ultimate approval authority over all land use and development plans in the Dar es Salaam region, which leads to cooptation by central government agencies. The Temeke Municipality has the power to initiate development and zoning plans. However, plans developed by the municipality must be approved by the Dar es Salaam City Council and MLHHSD (Bersaglio & Kepe 2013). The cumbersome approval process reduces incentives for comprehensive planning and increases incentives to seek short-term cash producing programs. As a result, urban development initiatives reflect national goals of modernization and improving transparency instead of local demand for property. The first initiative, known as the 20,000 plots program, provided titled plots throughout Dar es Salaam. The 20,000 plots program required coordination between all three municipalities and the MLHHSD. The second initiative is the construction of a satellite city, New Kigamboni City. The New Kigamboni City plan oversteps local regulation and municipal regulation. The result of these initiatives is chaos and limited private investment.

The three municipalities and MLHSSD jointly managed the country's largest urban land titling project, the 20,000 plots program between 2002 and 2010. The program grew out of an anti-corruption action plan developed for the land sector in 2000, with objectives of reducing poverty, controlling speculation and developing satellite towns (Lugoe 2007). The program expected to meet these objectives by selling market rate plots to developers to kick start affordable housing construction and satellite city development through access to secure titled land (URT; MLHHSD 2007). The 20,000 plots program offered MLHHSD an opportunity to claim improved urban management (Lugoe 2007; Silayo 2009; DILAPS 2006). Meanwhile, it also presented municipalities with a means to increase cash flow (Tanzania Cities Network 2010). The program aligned municipal and national objectives resulting in implementation success. The program providing approximately 40,000 titled plots across the city (URT; MLHHSD 2007; UN-HABITAT 2010b). Given success with the 20,000 plots program municipalities are replicating the program without assistance from the MLHHSD. For instance, in 2012 the Temeke Municipality offered a 1,800 titled plots in the Gezaulole ward just south of Kigamboni. With 12,000 applications for the plots and an application fee of $20 the new program exceeded municipal goals.[186]

In practice, the 20,000 plots program led to land market speculation and limited development. While demand for titled plots is highest in the city center, it was prohibitively expensive to acquire the plots given the compensation provision in the 1999 Land Law.[187] As a result, most of the plots were in peri-urban areas where it was possible to establish ownership and achievable compensation rates. In particular, Kigamboni had easy to acquire larger undeveloped tracts of land.[188] Therefore, 20 percent of the 20,000 plots program is in Kigamboni. The municipality distributed the plots through an opaque application process instead of a public auction or lottery system. Opacity opened the program to speculative land grabbing by well-positioned

[186] Bilham Kimati. "Gezaulole Plot Applicants Over Applied." *Daily News*, June 23, 2012, p. 4.

[187] Interview with Mr. Mogella, Urban Planner at MLHHSD, on July 15th 2012

[188] Interviews with: Tabitha Sewale, Director of WAT Human Settlements and former Minister of Lands, March 8, 2012; Mr. Mogella, Urban Planner at MLHHSD, on July 15th 2012..

individuals (Mwita & Yan 2011). The newly titled land became a mechanism for long-term estate planning instead of an investment in the current housing market.[189] Many of the plots are vacant. The program did not create more affordable satellite cities or even a measurable increase in construction activity. The program results demonstrate that the issue with land markets is not the number of titled plots. The issue is the distribution of ownership opportunities (Keivani et al. 2008).

Given the limited increase in formal investment from the 20,000 plots program, MLHHSD announced a sweeping plan to implement a full-scale satellite city. Kigamboni New City is part of a MLHHSD program to construct of a series of six satellite cities in Dar es Salaam (Figure 33). Satellite cities are the central government's planning solution to current land use issues (CCM 2010). In CCM's 2010 election manifesto the government committed to beginning construction on the project (CCM 2010). The rhetoric in both planning documents and program announcements is hopeful that the satellite cities will overcome the imperfections of limited information, ambiguous institutions, unclear development rules and limited financial capacity (URT 2010a; URT 2012a; URT 2013d; URT 2014). The Kigamboni New City plan provides rhetorical evidence of actions to correct urban development issues. Focusing on satellite cities allows the central government to abandon the trenchant problems of the urban core by claiming to provide services and housing at an unprecedented scale on the urban periphery.[190] MLHSSD's plan for Kigamboni New City reflects the same modernist ideals that motivated the Dodoma project[191] in the 1970's. Much like modernist planning, Kigamboni New City has zones for specific uses including: tourism, business, industry, education, residential and mixed-use (**Error! Reference source not found.**). Within the residential areas a total of 83,000 housing units would be constructed for a six-fold increase in population from approximately 80,000 to 500,000 by plan completion in 2030 (LH Consortium 2010).

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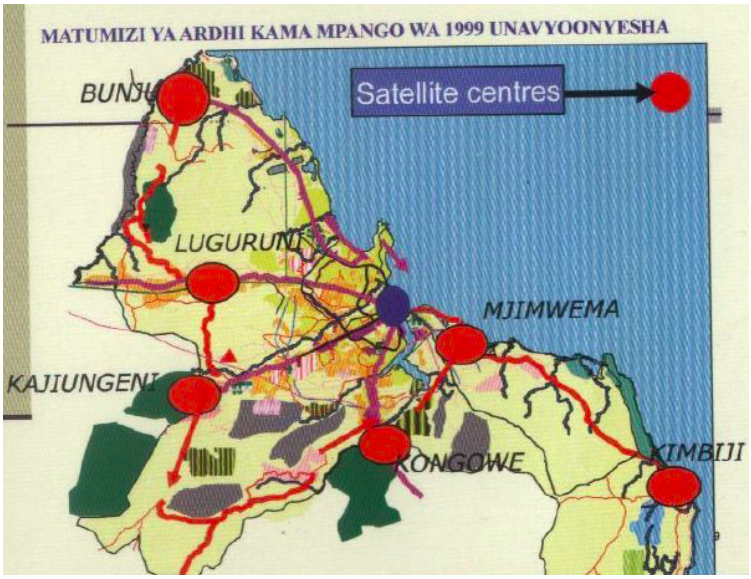
[189] Interview with Professor Nnkya, Director of Housing at Ministry of Lands, Redevelopment and Housing, July 29th 2012.

[190] Correspondent. "Kigamboni City 'Is for Real'". *Daily News*, May 28, 2013.

[191] The Dodoma project refers to Tanzania's attempt to build a new capital city see Chapter 3

Figure 33: MLHHSD Plan for Satellite Cities



Source: MLHHSD, 2010 presentation on the Kigamboni New City

Figure 34: Kigamboni New City Land Use Plan

Source: LH Consortium, Kigamboni New City Plan, 2011

MLHHSD uses rhetorical devices about development to claim progress on project implementation but financially the New City is still inconceivable. Project cost estimates range from $6 billion to $12 billion.[192] The cost estimates are at least $2 billion more than the Government of Tanzania's total expenditures in 2011-12 (NBS 2013). The financing gap between MLHHSD's budget and project costs is large. MLHHSD recently announced compensation of $85,000 per acre with an option to invest ten percent in shares of the New City development authority (URT 2014). Assuming that MLHSSD buys about 30 percent of the land in the project area the compensation could easily be more than $400 million. The ultra-modern residential and business developments will attract investment and tourism cash flows (LH Consortium 2010). The New City plan suggests public-private partnerships with MLHHSD will finance development (LH Consortium 2010).

Yet, there is no precedent for a large-scale partnership with either local or international investors. MLHHSD's Minister, Professor Anna Tibaijuka recognizes the gap and claims that "modern techniques" will maintain the plan's scale and timeline (URT 2012a).[193] These techniques include investment from international investors, local businesses, pension funds and selling bonds (LH Consortium 2010). None of these techniques have been tested in Tanzania. MLHHSD's planning announcements are an attempt to assert control they've failed to project in the central city. MLHHSD has neither identified partners nor provided debt offering materials in the seven years since the Kigamaboni New City project was first announced. Thus, it remains unclear if any phase of the plan will be financed. For instance, MLHHSD promised to complete compensation and begin clearing land in 2013. Yet, MLHHSD only managed to create an administrative structure, set up an office and hold several public hearings (URT 2014). The shortfall provides MLHHSD grounds to request additional central government budget allocations to address major urban planning failures in Dar es Salaam.

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[192] The total project cost estimates fluctuate a great deal reducing predictability. The cost estimates vary in newspaper reporting, official planning documents and speeches by MLHHSD Minister Anna Tibiajuka. Therefore I show the range of prices because it was not possible to determine the most reliable source.

[193] Frank Kimboy. "Sh60bn for new Dar." *The Citizen*, July 12, 2012, pp. 5-6.

The plan references experience in Asia instead of integrating local experience. Development on the 20,000 plots program sites will be integrated into the New City Plan but the remainder of units will be cleared (Nyerere-Inyangete 2010). Since the plans announcement, MLHSSD clarified that residents will have the option to buy in "resettlement city" in Kibada (URT 2013d). As a result, many residents perceive that the aim of the project is to attract international investors and mimic large-scale development projects in Asia instead of improve existing conditions.[194] The plan draws on recent experience with new city planning in Seoul, Korea and Kuala Lumpur, Malaysia (LH Consortium 2010). These "best practice" experiences provide justification for the Kigamboni plan developed by a Korean design firm, LH Consortium. Planning included site visits to Korea and three stakeholder meetings. MLHHSD recently announced Chinese urban planners would guide the next phase of the project.[195] The announcement of the New Kigamboni city was met with little organized local resistance, yet the resettlement process is a source of confusion (Mramba & Joseph 2012). The two initiatives spur speculation instead of satellite city development.

Small scale failure: a private response to satellite city initiatives

The failure of a private sector housing project, Kisota Homes, reveals the difficulties of development on Dar's peripheries. To date, MDL's Kisota Homes is the only private response to the MLHHSD satellite city development initiatives. In 2006 MDL obtained 15 hectares from the 20,000 plots program.[196] The original project design included three phases with a total of 169 units on 400 m2 plots, several community amenities and a retail development. MDL was encouraged to move forward with speculative development at Kisota Homes because MDL's first project, South Beach, is a financial success. South Beach was a high-end gated community on the beach in Kigamboni (MDL 2005). With Kisota Homes, MDL wanted to compete with middle-income housing in

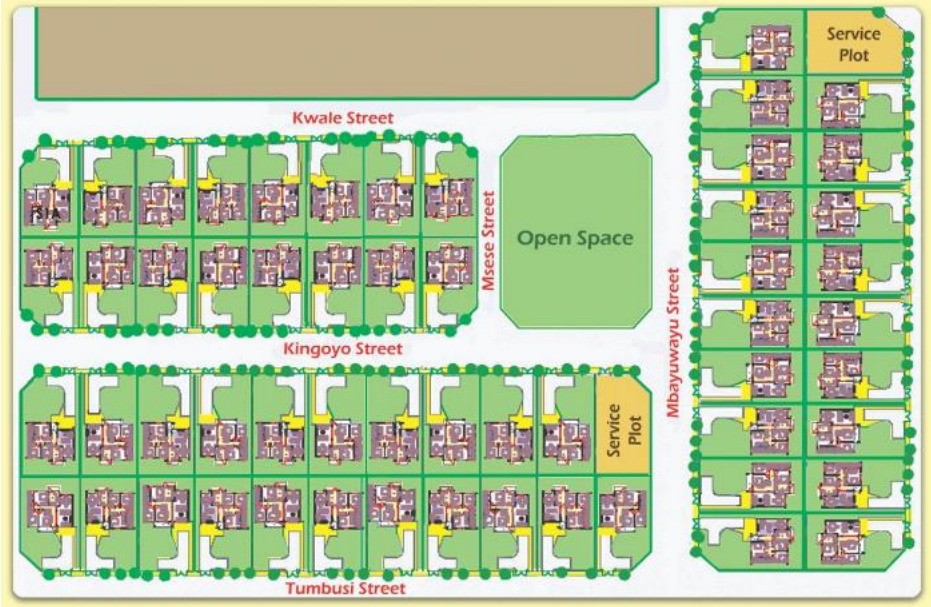
[194] Correspondent. "We expect a lot from the Kigamboni Bridge." *The Citizen*, September 23, 2012.

[195] Abdulwakil Saiboko. "Kigamboni City 'no pipe dream'". *Daily New*, May 29th, 2014, p. 1.

[196] The details of MDL's prjects arose from a series of interviews on April 4th 2012 with Dorothy Masawe, Principal at Mutual Developers and Dede Investments, Maximmilon Matala, CEO at Mutual Developers, and David Christian, Director at Mutual Developers.

high-density informal areas. In 2008, MDL built phase one 56 units without pre-sales but after six years the project is only 70 percent sold out (Figure 35 & Figure 36). The failure at Kisota Homes forced MDL to declare bankruptcy and indefinitely suspend the remaining phases of the project.

Figure 35: Kisota Homes Phase One Site Plan



Source: MDL Kisota Homes Brochure

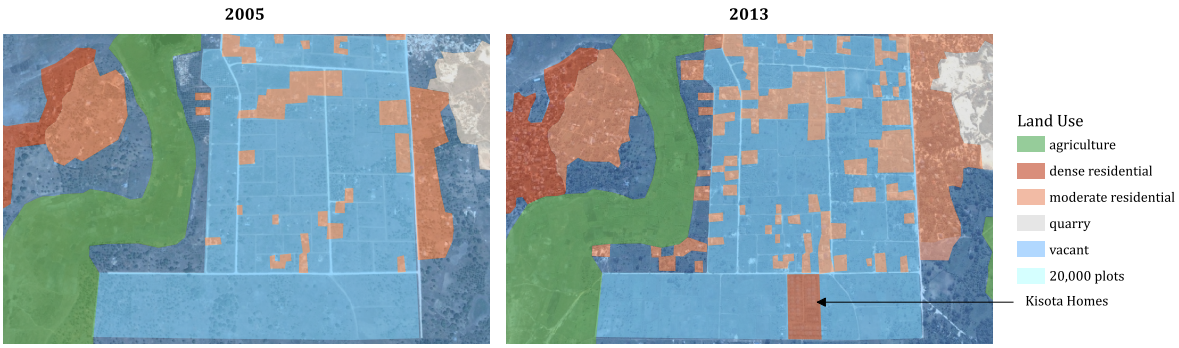
Figure 36: Kisota Homes Examples

Source: Author's fieldwork 2012

Kisota Homes demonstrates that fully complying with formal development rules made the final product unprofitable for developers and unattractive to buyers. Between 2005 and 2012, there was limited development outside of Kisota Homes on the formally

titled land from the 20,000 plots program (Figure 37).[197] Only 11 percent of the total area was developed over the period. Meanwhile, the total land area of the informal settlements surrounding the site grew by 80 percent. The limited formal development provides several insights about the failure of Kisota Homes. First, it illustrates Kisota's remoteness. Kisota Homes is not connected to social infrastructure including health centers, schools, retail and the private bus system. Second, it reveals formal land development adds costs. MDL's prices increased because they provided electricity, water connections, plumbing, solid waste collection and drainage systems. MDL also paid building and permitting fees that large well-connected developers in the central city avoid. In the CBD developers use partnerships with parastatals, other businesses and bribes to avoid fees and permitting delays.[198] The increased price made the houses unattractive to potential buyers in comparison to informal areas.

Figure 37: Land Use Change in Kisota, 2005 – 2013



Source: Historic satellite images, site visits and author's own calculations

[197] In order to understand the development surrounding Kisota Homes I collected field notes and GPS data on current development between March and August 2012. As part of the process I inquired about the construction date when possible. I digitized the information from fieldwork to create a snapshot of development in 2012. I then used Google Earth's historical imagery to check against fieldwork notes and construct a historical snapshot from 2005. The 2005 date was selected because it is one year after titling began in Kisota.

[198] The interviews that confirmed these tactics included: Mwaka Arch, Temeke Municipality, Ilala Municipality, CRB, AQRB, Construction Council, developers.

Kisota Homes also reveals that construction and mortgage financing makes formal project pricing uncompetitive in comparison to informal development. MDL dropped prices from $110,000 to either $45,000 for an unfinished unit or $65,000 fully finished in 2011 (MDL 2008; MDL 2012). The price dropped resulted in a few sales completions but not as many sales as MDL expected. Part of the issues was that with mortgage financing the total cost for buyers was between $72,000 and $105,000, nearly double MDL's advertised sales price per unit. The sales and financing costs made the project unaffordable to MDL's target buyer and uncompetitive with incremental informal construction. MDL was unable to drop pricing further because Commercial Bank of Africa gave them a construction loan requiring minimum sales prices. MDL's speculative model within formal rules resulted in a product that was too expensive to respond to demand for middle or low-income housing. The failure of Kisota Homes demonstrates that titled land was not sufficient to foment successful private sector led urban development.

The success of the government parastatal housing projects reinforces the difficulties MDL faced in developing middle-income housing. NSSF and NHC developed adjacent housing estates on 20,000 plots land (Figure 38).[199] The parastatal projects sold out within eight months at lower price points than Kisota Homes. Pricing was lower because the parastatals did not pay for infrastructure, services or construction financing.[200] The project design and remoteness is strikingly similar to Kisota Homes. Parastatals used their Government supported balance sheet to finance the projects. Subsequent to completing the Kigamboni Estates project, NHC took out a line of credit from a consortium of eight banks, but the financing is not tied to any project and is collateralized by the parastatal's large real estate portfolio.[201] A line of credit with

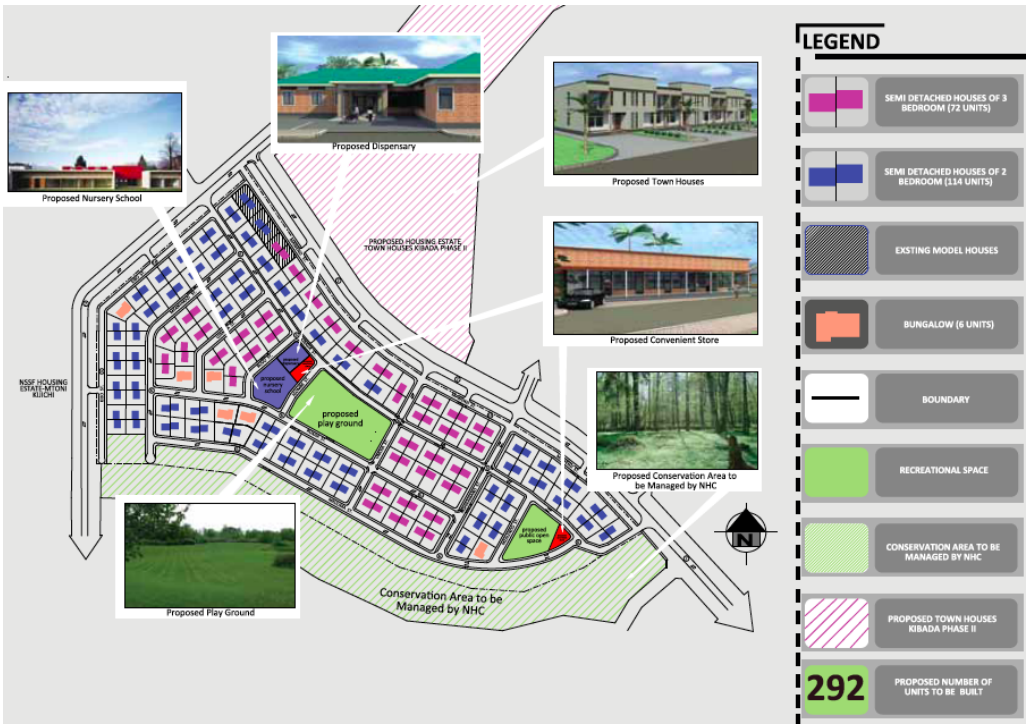
[199] Interviews with: Deo Mponeja, Mtoni Kijichi Project Manager at NSSF, Cosmas at NHC, Temeke Urban Planning.

[200] In the most recent communication with project managers in 2013 on both projects less than 10 percent of buyers had obtained mortgages but it is not clear if that statistic would change by the time all the units were settled.

[201] Alvar Mwakyusa. "NHC Gets 165 Billion / Loan for Housing Units". *Daily New*, July 2, 2012, p. 4.

attractive terms would not be available to a smaller scale developer trying to start investing in the property market. The pricing at the parastatal projects is competitive with informal housing in the area and does not require financing for many middle-income buyers. The parastatals achieved a larger project scale with a combined 482 units. Supporting community infrastructure includes a convenient store, dispensary, nursery school and recreational areas. In contrast to the Kisota Homes project, these amenities helped the parastatal projects overcome the remoteness of their location. The parastatal supported projects have an inherent advantage over private sector developments because they can demand results from other government authorities. The parastatal agencies' efforts do not support or enhance the private sector. Parastatals are in direct competition with private projects but with several inherent advantages. As NHC's development ambitions grow they are increasingly crowding out private sector investment. Under these conditions, the private sector cannot compete with parastatal projects without subsidies similar to those implicitly offered to parastatals.

Figure 38: NHC Site Plan for Kigamboni Estates



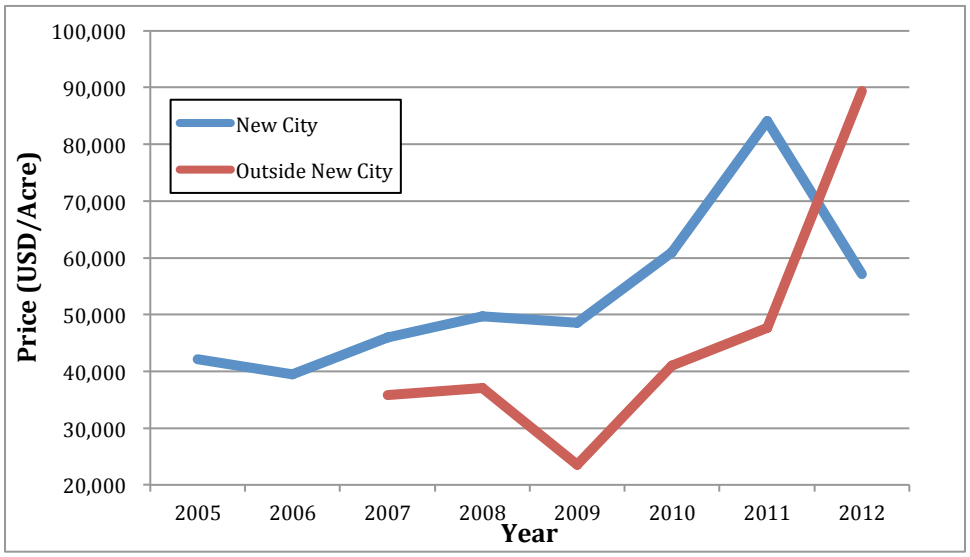
Source: NHC, Kigamboni Housing Estate Brochure, 2012

Chaos and speculation: Community Response

To date the New City and 20,000 plots initiatives created uncertainty and speculation demonstrating central government manipulation in Kigamboni. The announcement of the New City Plan in 2008 and the subsequent development stop order correspond to a rapid increase in land sales prices (Figure 39). The price increase implies speculation about future compensation and investment from the central government.[202] Then when MLHHSD released the detailed plan in 2011, land sales prices within the project decreased rapidly as speculation continued to increase in the areas directly around the project. The price decrease reflects more limited compensation than expected.[203]

Land titling and satellite city planning encouraged speculative development without improving the local housing and land markets. The only successful projects receive support from a variety of central government and municipal agencies. The results of the land titling project are haphazard, unresponsive to local needs, and unlikely to change the status quo. Formal residential construction projects do not improve affordability because the total stock pales in comparison to population growth.

Figure 39: Land Price Changes in Kigamboni, USD 2001



Source: Author's own calculations from Advertising Dar Archives

[202] Interview with Salim Ahaadi, Urban Planner with Temeke Municipality, July 21, 2012.

[203] Saumu Mwalimu. "Kigamboni looking up and reaching out." *The Citizen*, October 6, 2012, pp.6–8.

Conclusion

Dar es Salaam translates as "harbor of peace" referencing the well protected port prompting its founding in 1862 and the high degree of social integration (Abebe 2011; Brennan & Burton 2007; Bryceson 2010; Lerise et al. 2004). Yet, recent redevelopment implies that peaceful social integration is slipping away as modular urbanism increasingly segregates neighborhoods. The role of various stakeholders shifts with the underlying land market and potential to leverage informal rules.

The redevelopment of central Dar es Salaam reveals an entrenched urban regime investing in high-end residential projects. National agencies compete for regulatory control and aim to improve their financial position. The resulting regulatory plurality encourages redevelopment that is isolated from local demand. Plurality encourages complex ownership structures removing developers' personal liability. Without personal liability, developers alter project designs to maximize profit without regard to effect on the neighborhood. The national agencies made few financial gains from redevelopment because a network of elite developers captured the benefits. Lack of enforcement and vague policy programs created a development cascade where elites capture benefits and infrastructure remains inadequate. A combination of disjointed privatization, financial liberalization and central government coercion created the perfect opportunity for money laundering and price speculation through real estate investment. As a result, in central Dar es Salaam the private sector engages in urban development projects contradicting government policy goals. The city center needs stronger regulation and a low-income housing requirement.

In contrast, satellite city initiatives in Kigabmoni expose central government agencies making political announcements and investments that crowd out private investment. MLHSSD claims support for a more organized and modern city center while maintaining regulatory control and creating competition among government entities. Parastatals take advantage of the regulatory complexity and unclear vision to extract cash out of land without providing benefit to middle or low-income individuals. NHC abandoned their mandate to provide affordable housing, which was justified by their other mandate to be financially solvent.

Chapter 6: Mwanza

Introduction

Mwanza exhibits different urban development outcomes than Arusha or Dar es Salaam. The scale is smaller, more responsive to local demands, connected to existing infrastructure and built incrementally as resources become available. The difference in outcome is partially explained by a singular governance structure, a liner business sector and no constraints on the land market. In Mwanza private development and land management are relatively coordinated even if corruption is a problem. There are few incentives for speculation or demands for the appearance of policy reform. While informal settlements are pervasive, new development does not restrict access to affordable housing and land. The Mwanza case confirms the importance of particular pre-existing conditions in creating urban development outcomes that increase inequality and fragility.

Mwanza's redevelopment is small-scale and locally driven because key ingredients are missing to encourage large-scale modular development. Mwanza has a singular governance regime facilitating more locally responsive urban development. Singularity reduces competition among government agencies as well as overall market speculation. Pension funds invest in formal development without competition from other parastatals or the MLHHSD. Mwanza has limited outside influences facilitating a more cooperative policy environment between local government, the private sector and parastatals. The local business structure is linear with few informal development tactics. As a result, development is not modular because it is locally informed and integrated into existing urban fabric.

Elite capture is more difficult to distinguish with a wider range of business owners engaging in redevelopment. The more responsive development also reflects a more open fluid land use history that does not encourage widespread speculation and

overbuilding. Finally, Mwanza has fewer critical urban planning issues that present opportunities for raising revenue or projecting efficacy through project implementation than in either Dar es Salaam or Arusha. Nonetheless, Mwanza's urban fabric changed with onset of liberalization policies. In the central city, many buildings are redeveloped as high-rise mixed-use buildings. Private sector ownership is linear without networked businesses or vertical integration of other aspects of construction. In fact, the most active investor is also one of the largest private business owners in the city who contributes to public goods to maintain good will. Parastatal redevelopment plans are consistent with municipal urban plans. Meanwhile, on the outskirts of the city large-scale investment is locally responsive and connected to infrastructure.

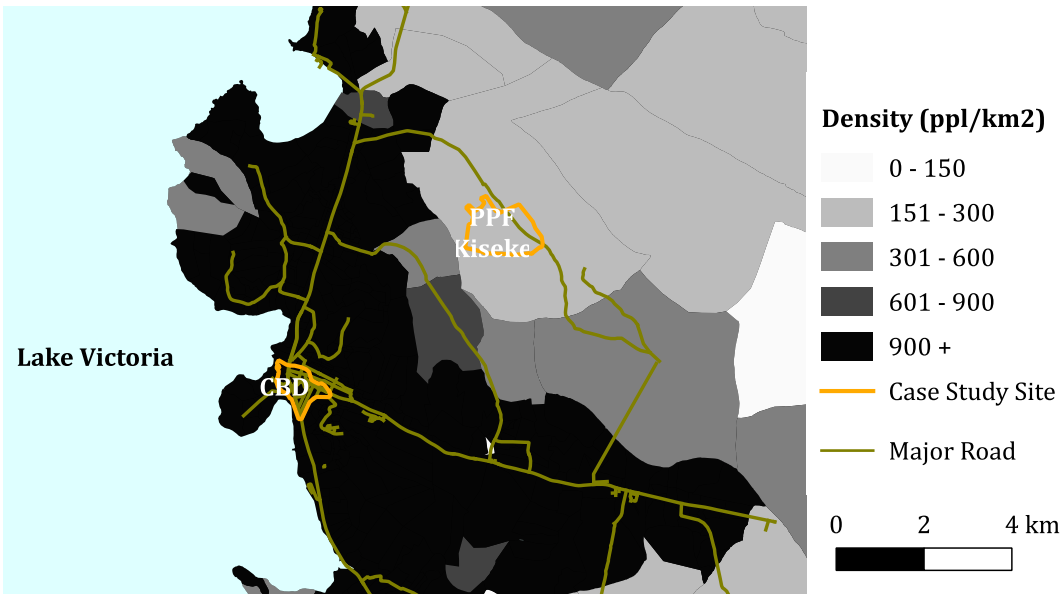
As the fastest growing city in Tanzania, the chapter provides an overview of how Mwanza's urban form is changing over time in relation to its important economic drivers. Then I will examine the redevelopment of central Mwanza as a coalition between varies state agencies and private business owners. The results of redevelopment are modest with little evidence of informal tactics but rather adherence to formal planning codes. Given the local nature of redevelopment in Mwanza, construction of multi-story buildings is often an incremental process that evokes informal settlement development more than it does modular development. The redevelopment results are dispersed across the central business district and do not emulate wealthy enclaves. Finally, I will analyze attempts to develop satellite cities uncovering more small scale investments. In contrast to redevelopment projects, the private sector is not engaged but rather parastatals attempt to meet constituent's national demands for formal development. The Parastatal Pensions Fund's (PPF) low cost housing project in Kiseke is a unique attempt to accommodate traditional building practices through formal development. Yet, the project provided negligible financial returns highlighting the difficulty of building profitable low-income housing even for central government agencies.

Overview of Mwanza's Urban Form

Lake Victoria and the rocky hills rising from it confine Mwanza's urban structure (Figure 40). Initial development followed three roads to the north, south and east, but

over time infill development has made the fingerlike structure of the city less distinguishable (Mwanza City Council 2012a). The town center sits on the relatively flat shore of the Lake providing good port access. Both formal and informal settlements are scattered across the hills surrounding the center (Tassel 2011). It is estimated that 60 percent of the housing is in unplanned areas accommodating about 70 percent of the population (Batare & Karangwa 2002; Mwanza City Council 2012b). Nonetheless, in 2006 about 20 percent of land was urbanized implying that there is plenty of land available for urban development (Mwanza City Council 2012a; Kyessi & Kyessi 2007).

Figure 40: Mwanza Density 2002



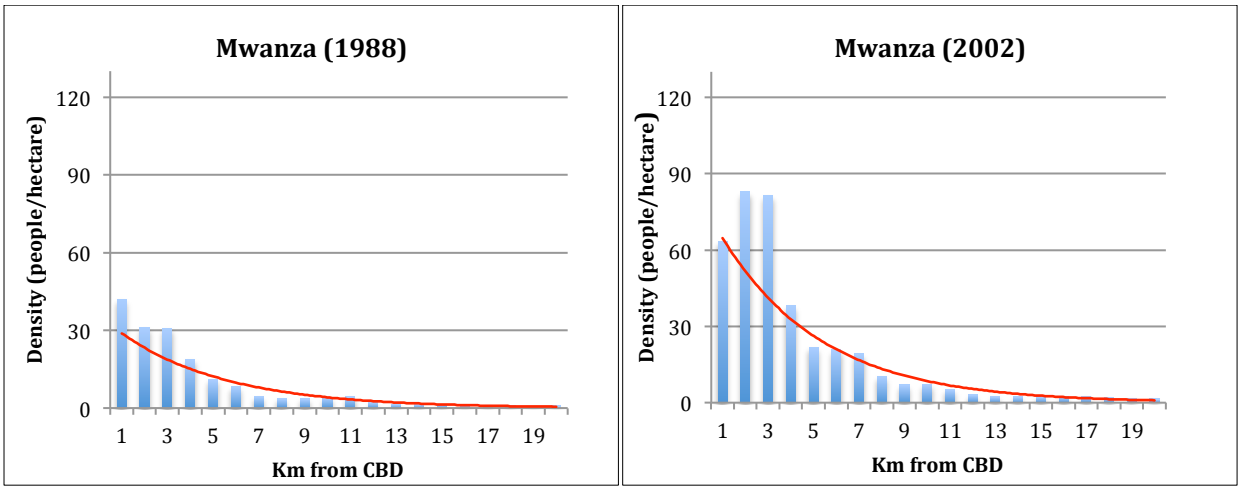
Source: Author's calculations based on 2002 URT Village Census Statistics

Between 1992 and 2002, Mwanza was one of the fastest growing cities in Sub-Saharan Africa, with an average 5 percent annual growth rate (UN-HABITAT 2008b).[204] Rapid growth translated into an average density increase from 8.7 people per hectare to 18.9

[204] Note that part of Mwanza's growth trajectory over time is related to administrative boundary changes, which more than tripled the size of the city between 1978 and 1988. Taking these boundary changes into consideration, the city's population has been rapidly increasing.

people between 1988 and 2002. Urban density now goes beyond the core.[205] The density increase was larger than in Arusha or Dar es Salaam over the same period (Figure 41). In particular, density more than doubled in the first three kilometers. Density is not affected by port functions, which are largely scattered along the northern and southern shores. The share of population remained relatively consistent between the core and the periphery. Even though the population within 20 kilometers of the center more than doubled it did not dramatically change the shape of the city. Although, the largest increase in density over the period was 7 kilometers from the city center. At 7 kilometers density increased from 4 people per hectare to 19 and the share of population increased from 4 percent to 7 percent. Only a small share of the city's land use is urbanized presenting both challenges and opportunities for future urban planning. For instance, seven of Mwanza's 21 wards are categorized as rural and account for about 34 percent of the city's 2012 population (NBS 2012a).

Figure 41: Density Profiles: 1988 and 2002



Source: Author's calculations and Tanzanian Regional Census Tables 1988 and 2002

Mwanza's population growth rate is slowing down. In 1967, the Mwanza Region was only 3 percent urbanized with just two urban centers (URT 2008). By 1988 nearly 10 percent of the Region was urbanized and the population of Mwanza City surpassed 200,000. By 2002 the population doubled to more than 400,000. By 2012 the growth

[205] Nashon Kennedy. "Mwanza: Fastest growing urban centre." *Daily News*, December 13, 2013.

rate slowed slightly with a total population of 700,000. Within the city, the Ilemela District, which contains many of the peri-urban growth areas, population growth slowed to nearly half of what it was between the previous censuses.[206] Meanwhile in the suburbs population growth continued. For instance, in Kiseke the population quadrupled between 1978 and 2012 from about 23,000 to more than 100,000 in 2012 (NBS 2012a).

Regional trading and fish processing drive Mwanza's economy and the property market. Mwanza is an inland port transporting about 100,000 tons of cargo annually (Mwanza City Council 2011). The port connects to Kampala and Nairobi, as well as other Eastern and Central African towns. A railroad, completed in 1920, connects Mwanza with Dar es Salaam (Mwanza City Council 1993). These infrastructure endowments make Mwanza a regional trading and transportation hub without formal industrial development (Murphy 2003). Businesses related to trading tend to be locally owned with small space requirements. In addition, eight fish processing plants directly exporting fish to Europe and distributing throughout the country (URT 2013e). In 2006, approximately 28 percent of the work force was employed in the fishing industry, which provided about 39 percent of Mwanza's GDP (Mwanza City Council 2012a). The plants operate well below capacity resulting in no demand for additional space (URT 2013e). These drivers insulate Mwanza's property market from external investors.[207] For instance, between 2007 and 2012 there were no international investments in Mwanza properties.[208] The economic base creates a private sector that is depends on local regulation and investment more than national or international agencies.

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[206] At lower levels of aggregation it is difficult to track population growth across the peri-urban area because the wards and villages have been re-categorized and renamed due to rapid population growth.

[207] Gold mining is the region's source of FDI but it has almost no impact on Mwanza City. The largest gold mines are about 37 miles from the Mwanza in Geita with modular development by international mining firms. The Mwanza City Council does not collect taxes directly from the mining businesses.[207] Mining improves the national economy more than directly benefiting Mwanza City or shaping the distribution of power within the city's private sector.

[208] Data from TIC on property investments revealed no investments by international investors.

CBD Redevelopment

Central Mwanza's redevelopment began to take shape in 2002 with the construction of several multi-story buildings. In 1990 there were only seven buildings with five or more floors. The tallest building was a six-story building close to the lakefront and the majority of buildings were single story. Throughout the 1990's redevelopment was very limited and the city center continued to deteriorate (Mwanza City Council 2012a). Redevelopment began to increase as Mwanza's economy grew more rapidly in the early 2000's and then slowed down at the end of the decade (URT 2011a).[209] By 2004 there were eighteen buildings with five or more stories then by 2013 there were eighty-three buildings (Figure 42).[210] The recent pace of development indicates a development cascade where property owners witness success and begin redeveloping their own properties.[211] There are an additional eight multi-story buildings under construction. The change implies investment in redevelopment at a higher density and scale than ever before.

Redevelopment is not modular but is driven by local market demand. Redevelopment is intertwined with the existing fabric of the city and consistent with planning documents. New building's height average only six stories. The development scale does not require large infrastructure upgrades, long leasing periods, or professional property management. Redevelopment is dispersed throughout the central city. In other words, it is not enclave development. Redevelopment reflects overall improvement in the building stock responding to local market demand for office, retail, residential and hotel space. The buildings are often mixed use with a retail shop on the first floor and office,

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[209] Interview with Patrick Karanga, Head of Planning and Statistics Department at the Mwanza City Council, June 6, 2012.

[210] In order to conduct the analysis I collected fieldnotes on all buildings in Mwanza's CBD with more than five stories. I then used Google earth images from 2004 to compare the change. Note I was not able to locate older images therefore I relied on interview information and confirmation from Lydia Nyeme a local researcher who provided me with historical information about redevelopment.

[211] Interview with Patrick Karanga, Head of Planning and Statistics Department at the Mwanza City Council, June 6, 2012.

residential or hotel use above. The small-scale space responds to local market demand, rather than international or national expectations. There is no evidence of international investment or flows of capital backing redevelopment.

Figure 42: Mwanza Redevelopment between 2004 and 2012

Source: Author's fieldwork June 2012 and satellite images from 2004.

Singular Governance Regime: A Cohesive Redevelopment Effort

Redevelopment reflects a singular urban governance regime where national pensions funds assist the Mwanza City Council's (MCC) central city improvement plan. As a result, MCC had some success in responding to growth and implementing urban plans. MCC's 1992 redevelopment plan exemplifies coordination with parastatals, the private sector and MLHHSD. Pension fund investments enable the central and local governments to project power and demonstrate execution capacity. MCC implements both national and local programs without significant interference from parastatals, the district or MLHHSD. MLHHSD has planning jurisdiction in Mwanza, but in practice it endows MCC with independence partially due to physical distance.[212] Nonetheless, corruption charges plague the MCC. According to interviewees, corruption in Mwanza increases development costs, project time lines and informal payments to local officials.[213]

Mwanza's master planning and redevelopment history is a series of aspirations with limited implementation. The British designed the first master plan in 1950. The master plan laid out basic zoning regulations and provided the road infrastructure in the CBD (Mwanza City Council 1993). The first plan led to a grid like pattern, a majority of the current road system, a small sewer system and parks along the Lakefront. Then in 1954 a large-scale redevelopment plan laid out areas for demolition and road expansion. The demolition plan was never implemented and the city grew without significant investment in infrastructure (Mwanza City Council 1993). The next decade saw smaller scale plans for redevelopment of specific blocks, but again nothing was implemented (Cadstedt 2006). The original master plan continued to guide basic development throughout Ujamaa with no urban planning or infrastructure investments.

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[212] Interviews with: Deo Kalimenze, Urban Planer with Mwanza City Council, June 15, 2012; Mr. Mogella, Urban Planner at MLHHSD, on July 15, 2012.

[213] Nearly every interview in Mwanza discussed issues with corruption at MCC and the land office and interview with Richard Munarya, Principal at Mellow Architects, June 20, 2012, provided particularly insightful information.

The redevelopment plan of 1992 responded to past planning failures as well as pressure from donors to improve Mwanza's environmental conditions (Batare & Karangwa 2002; Nnkya 2003; Cities Alliance 2013).[214] The resulting redevelopment plan followed enabling rhetoric by reducing MCC role in construction and broad redevelopment guidelines for the private sector.[215] In 1990, the MCC and MLHHSD formally designated a central redevelopment area (Mwanza City Council 1993). The redevelopment area was a mix of commercial, residential, retail and small industrial uses. The plan focused on improving services and increasing density in the large single story CBD. The plan called for demolition and redevelopment of 120 buildings, or about 10 percent of properties in the redevelopment area (Mwanza City Council 1993). Private owners would redevelop the sites with mixed-use higher density structures adhering to broad development guidelines. The plan set minimum building heights for new construction and rehabilitation. The redevelopment area was split into FAR zones between 0.5 and 2.0 with a range of floor minimums from 3 to 8 (Figure 42). The modest building height expectations reflect local needs more than modernization or modularity. As long as the density requirements were observed the plan permitted owners to determine the use, style and timing of redevelopment. Owners without the means to redevelop their property could sell or enter into an investment partnership (Mwanza City Council 1993). These partnerships would respond to local demand for housing. In fact, the plan outlined the provision of 6,000 new apartment units and no new offices since the office market was saturated.

Meanwhile, according to the plan the MCC would upgrade infrastructure and utilities throughout the redevelopment area. MCC finished upgrading roads in 2007 and improved four covered markets for petty traders that accommodate more than 1,000 small businesses.[216] The markets serve a majority of the commercial needs of the city.

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[214] The rapid ecological deterioration of Lake Victoria caught donor attention in the 1990's with program responses by DANIDA, GTZ, the World Bank and UN-HABITAT. The largest program was the Sustainable Cities, which was eventually closed due to limited capacity at MCC and accusations of corruption.

[215] Interview with Deo Kalimenze, Urban Planer with Mwanza City Council, June 15, 2012.

[216] Interview with Deo Kalimenze, Urban Planer with Mwanza City Council, June 15, 2012.

MCC has also been voted the cleanest city in Tanzania for seven years, which is attributed to the community-based organizations with contract with the MCC through PPP's for solid waste collection.[217]

Redevelopment is not confined to the area focused on by the municipal plan but generally follows MCC's redevelopment vision and investment. That is, by 2013 51 percent of the redevelopment projects were outside the defined redevelopment area, in either the remainder of the CBD or in the northern outskirts of the CBD (Table 11). The building locations suggest that the redevelopment plan was not the only cause of redevelopment. Instead redevelopment responded to local demand for more space and higher density as well as increasing income of local investors.

Table 11: Buildings with four or more stories in Mwanza

Area	1990	2004	2013
Redevelopment Area	7	11	41
CBD	0	7	37
CBD Outskirts	0	0	5
Total	7	18	83

Source: MCC Redevelopment Plan 1993 and author's fieldwork notes

The tallest redevelopments are either joint ventures with NHC or pension fund investments demonstrating parastatal support for MCC's redevelopment. There are ten NHC joint ventures on-going all with local owners. Three of the buildings are complete with the remaining eight still in development (NHC 2012b).[218] The JV's were all signed between 2005 and 2008. The dates reveal that the redevelopment plan was not an immediate impetus but rather rising property values and improved infrastructure throughout the CBD.[219] The private partners are local business owners often operating in the building before redevelopment.[220] The two tallest buildings in Mwanza are both pension fund investments. The eleven story buildings fit well with the MCC's

[217] Dassu Stephen. "We are committed to making Mwanza City Clean." *Daily News*, July 5, 2012.

[218] Interview with Bwana Magai, Mwanza Regional Manager at NHC, June 6, 2012.

[219] Interviews with Cosmas T Kimario, Director of Treasury and Corporate Strategy at NHC, March 7

[220] Interview with Bwana Magai, Mwanza Regional Manager at NHC, June 6, 2012.

redevelopment plan but again were developed well after the plan was first announced. The PPF Commercial Plaza includes a hotel, retail and office space. The building was competed in 2008 (PPF 2008). PPF Plaza sits on five plots and is the largest development in Mwanza.[221] PPF saw shortfall of office space in Mwanza where NHC rents were $3/m2 but people were releasing for $12/m2.[222] In 2007, NSSF completed a 12 story building in Mwanza with a mix of hotel and office uses (NSSF 2009).[223] The project justification was similar to PPF's. Both buildings are fully leased. The towers project pension fund financial power but also provide better returns than investment in Dar es Salaam where competition for land makes it difficult to develop land.[224] These investments demonstrate coherence between MCC and parastatals' goals.

Incremental Development: Private Sector Investment

A majority of private sector redevelopment investment is small-scale incremental building. The projects are individually financed without debt and managed by the local business owners.[225] The scale and use of new properties reflect local demand for small office space, hotels and residential apartments. In fact, most of redevelopment project owners had a single story business or residence on the property that they chose to replace with a bigger building.[226] The owners engage in build incrementally over time as funding becomes available reflecting informal construction practices throughout the country.[227] Incremental construction allows development without pre-sales or debt financing. The developers' risk is reduced as construction proceeds when there is

[221] Correspondent. "Why after 122 years, lakeside city is well on the way to bright future", *The Citizen*, April 10, 2014, online. (http://www.thecitizen.co.tz/News/Why-after-122-years--lakeside-city-is-well-/-/1840392/2273594/-/15hgjpf/-/index.html)

[222] Interview with Godfrey Mollel, Investment Director at PPF, July 31, 2012.

[223] Interview with Gerald Sondo, Planning Officer at NSSF, August 15, 2012.

[224] Interview with Godfrey Mollel, Investment Director at PPF, July 31, 2012.

[225] Interview with Philip Makota, Director of UNDI Engineering Consultants, August 13, 2012.

[226] Interview with Deo Kalimenze, Urban Planner for Mwanza City Council, June 17th 2012.

[227] Interviews with Patrick Karanga, Head of Planning, Statistics, & Monitoring Department for Mwanza City Council, June 6, 2012, and Josa Mlinzi, News and International Investment Relations Director for Municipal City Council, June 15, 2012.

evidence of demand and available funds. Incremental development does not lead to rapid large-scale transformation but rather a gradual repositioning. Nonetheless, the number of redevelopment projects in since 2004 does indicate that business owners witnessed redevelopment success around them and decided to start redevelopment projects. The redevelopment cascade is confirmed by a concurrent reduction in population growth and economic growth in Mwanza's major industries.

Figure 43: Incremental Formal Private Redevelopment in Mwanza

Source: Author's fieldwork June 2012

An example of a local investor tactics is VicFish Limited.[228] VicFish was the first fish processing factory to open in Mwanza in 1993 (URT 2013e). The company now operates two factories in the Mwanza area. When the price of Nile perch, their main export, fell in the mid 2000's the company owners began to look for other investments (Bagumire 2009). In 2006, through a holding company, Leyana Enterprises, VicFish entered into a JV with NHC. Leyana Enterprises reduced Vic Fish's risk but did not create a conglomerate with linkages across many sectors related to property

[228] VicFish may own other properties but it was very difficult to determine ownership outside of one building.

development. The result of the JV is a nine story mixed use building with three floors of commercial space and eighteen apartments.[229] The apartments are targeted at high-income residents with amenities that include a generator and full services (Figure 44).[230] The building was designed by Division Space, an architecture firm with offices in the US and India.[231] VicFish followed the terms of the JV contract and remains on good terms with NHC.[232] Furthermore, VicFish renovated and maintains a park with a large statue of a Nile perch in the center of town. The park is known as the "Vic Fish Roundabout" creating goodwill towards the company. As one of two well-maintained green spaces in Mwanza it creates a sense of civic pride and adheres to the MCC's redevelopment vision.

Figure 44: VicFish Apartments Nyerere Road

Source: Author's fieldwork, June 2012

[229] Interviews with Patrick Karanga, Head of Planning, Statistics, & Monitoring Department for Mwanza City Council, June 6, 2012

[230] E-mail correspondence with Andrew Morris, Real Estate Agent with Mwanza Estate.

[231] http://www.divspacearchitects.com/architecture/architecture.html

[232] Interview with Lussagana Lussagana, NHC Joint Venture Project Manager

Satellite City Development: Small-scale Planning and Development

Development on the peripheries of Mwanza also demonstrates singular governance regime and locally driven development, but without investment by the formal private sector. The largest urban management effort is MCC's replication of Dar es Salaam's the 20,000 plots titling program. In Mwanza, the "3,500 plots program" surveyed 9,500 plots in peri-urban areas.[233] The goal was not to create a satellite city but rather provide titled land in areas with rapid growth.[234] The main project sites are Bugarika, Kiseke, Buswelu, Nyegezi, and Nyamhongolo. All are relatively close to infrastructure, transportation networks, other informal developments and the central business district. Like Dar es Salaam, the program was successful because it provided an opportunity to create cash flow for the MCC through an initial loan from MLHHSD.[235]

The largest development outcome from the 3,500 titling program is the Parastatal Pension Fund (PPF) full-scale housing development in Kiseke. The Kiseke Ward is within the Ilemela District about seven kilometers north of Mwanza's central business district (Figure 40). The Kiseke Ward lies directly on the edge of Mwanza's urban development so that the area benefits from proximity to urban development without additional pressure on communities and infrastructure. Thus, PPF's main goal was providing affordable housing with a secondary goal of creating a satellite city.[236] The project was a response to requests from pensioners for completed homes rather than solely cash transfers. Pensioners complained that the housing development process was too risky as they approached retirement and thus they preferred a completed house

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[233] Note that interviews and document review revealed conflicting evidence about how many of the plots had been allocated. There were rumors of corruption issues related to the original allocation system, which gave some individuals many plots and allowed political interference, but the specifics of these issues could not be confirmed. Although, several months after the interviews took place all of the land office staff was replaced along with many other city officials due to charges of corruption.

[234] Interview with Bwana Salve, Director of Land Titling MCC, June 1, 2012.

[235] Interview with Bwana Salve, Director of Land Titling MCC, June 1, 2012.

[236] Ernest Ambali. "PPF Launches housing HP scheme for members." *Tanzania Business Times*, January 17, 2005, p. 2.

(PPF 2005).[237] In response in 2004, PPF obtained more than 1,100 plots from the NHC who originally obtained the plots through the 3,500 plots program.[238] PPF completed construction of phase one and two with 580 homes in 2007 for a total cost of about $7.8 million (Baruti 2010) (Figure 45).

The project is different than modular satellite city development because it accommodates local incremental building practices. Ardhi University in Dar es Salaam designed and supervised the project. They provided six house designs with a core unit and permit approved expansion plans allowing buyers to add rooms when resources become available. The design kept sales prices to an average sales price $12,500. The project also included construction of unpaved access roads, provision of water, electricity, schools, and a dispensary.[239] MCC facilitated the project by providing utilities and connecting roads. All buildings were constructed of local bricks produced by seventy suppliers throughout the area.[240] Six local contractors each built fifty units. As a result of the experience two of the contractors built larger businesses and now engage in bigger projects (CRB 2005; Wells & Hawkins 2008).

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[237] Ernest Ambali. "PPF launches housing HP scheme for members." *Business Times*, January 17, 2005, on-line.

[238] Interview with Joel Mnong'one, Mwanza District Manager for PPF and Kiseke Project Manager, June 14th 2012 provided the project details in the discription.

[239] Site visits confirm these services but project documents also claim that markets, a bus stand, a police post are forthcoming.

[240] Interview with Joel Mnong'one, Mwanza District Manager for PPF and Kiseke Project Manager, June 14, 2012.

Figure 45: PPF Kiseke Low Cost Housing Development

Source: Author's fieldwork 2012

PPF estimated that 70 percent of the buyers intend use Kiseke as their primary residence and that 60 percent were from Mwanza, demonstrating that the project benefited the local market (Mengele 2013; Shelter-Afrique 2011).[241] However, many people fully dismantled the original housing in favor of much larger homes because the cost of the house was much less than a serviced plot on the private market. A comparison of land use and building footprints of phase one between 2005 and 2013 shows the evolution over time (Figure 46). In 2005, there was only one house, which was eventually demolished to make room for the project, and no access roads. By 2010, construction was complete including road infrastructure. At that time, all of the units were the same size with similar building materials. By 2013, owners

[241] Project details were provided through interviews with Joel Mnong'one, Mwanza District Manager for PPF and Kiseke Project Manager as well as Godfrey Greyson, Property Investment Director at PPF, July 31, 2012.

expanded more than half the homes. The extensions indicate owners are fully repositioning the houses rather than slowly expanding their houses as originally envisioned.

Figure 46: PPF Kiseke Land Use Change 2005-2013

Source: satellite images and author's own calculations

The financial success of the project is questionable yet other parastatals plan to pursue similar projects. Based on annual financial reporting the project only netted $78,000 in profits for an approximately 1 percent return (PPF 2008; PPF 2010; PPF 2011; PPF 2012; PPF 2013). The sales pace was delayed because many of the potential buyers did not qualify for mortgages, even though they were subsidized by PPF.[242] In fact, 1,000 people applied to the original sales offering, but most were not financially qualified for mortgages through Azania (Azania Bank 2012).[243] Yet, PPF suspended the remainder of the project and will likely sell the remaining plots without a structure. Selling undeveloped plots allows PPF to capture increased land value. To date increased value benefitted surrounding property owners but not the pension fund. Land prices in the area have increased from the $400 per acre purchase price to $5,000 per acre since the project first began in 2005.[244] These price increases indicate community improvement spillovers beyond the project. That is, the MCC provided an additional 1,000 titled plots on the edges of PPF's development.[245] For PPF serviced

[242] Interview with Godfrey Greyson, Property Investment Director at PPF, July 31, 2012.

[243] Interview with Joel Mnong'one, Mwanza District Manager for PPF, June 14, 2012

[244] Interview with Godfrey Greyson, Property Investment Director at PPF, July 31, 2012.

[245] Many sites were under construction as of fieldwork in 2012.

plots provide a better return than housing creating potential competition with MCC's titling program. Nonetheless, NSSF obtained land through the 3,500 plots program in Bugarika where they plan to build 526 residential units similar to PPF's project.[246] PPF's experience in Kiseke demonstrates the financial challenges to locally responsive housing developments in Tanzania.

Conclusion

Mwanza demonstrates that the combination of a singular urban governance regime, a fluid land market and a small formal business establishment offers few opportunities for modular urban development. The redevelopment of central Mwanza is not modular because it is small-scale geared towards local consumers. Redevelopment reflects cohesive projections of power by the central government agencies through cooperation with municipal governments. A few projects have qualities of modular redevelopment but are not accompanied by political pronouncements or leveraging of informal rules. Private investors use the redevelopment projects as a means of diversifying profits on a small scale. Parastatals, particularly pension funds, see the relatively small market as an opportunity to make healthy returns on investments with little competition. Meanwhile, on the periphery development is no modular because the private sector is absent as national agencies attempt to project power and respond to local demand. The PPF Kiseke project offered an innovative design but provided small financial returns. The minimal success of the Kiseke project is not deterring the MCC from pursuing other satellite city projects because they have few other means of raising income. Furthermore, satellite cities allow the MCC to begin planning in the peri-urban areas.

[246] Interview with Gerald Sondo, Planning Officer at NSSF, August 15, 2012.

Chapter 7: Conclusion

Private Urban development, Inequality and Fragility

Institutional and policy reforms in Tanzania made private investment in urban development possible. To date, the outcomes of reforms increased inequality without improving overall conditions in the city. Instead existing business structures and plural governance systems produce similar modular urban forms that are disconnected from the rest of the urban form. The case studies showed that the interaction of these preconditions drives large-scale urban development rather than responses to demand for urban space. Urban development is a negotiated process rather than a market. Enabled by recent reforms the process of urban development became a vehicle for elites' to grab power and politicians' to demonstrate legitimacy. The existing business structure and governance system drive development outcomes rather than the steps involved in development or the time it takes to gain approval. The response by local communities to large-scale development varied with the degree of land use constraints. While the case studies are not broad enough or over a long enough time to generalize, it is clear when relatively well-located developable land is scarce opposition politicians used urban development as a political tool to encourage protest and community organization. The implications are that protest and increasing demands to the right to the city are not guaranteed and there is no clear path to ensure community involvement.

The case studies also showed that demand for shelter remains unmet without a qualified set of private investors to produce a low-income or middle-income housing product. Liberalization and privatization increased dependence on several parastatal institutions rather than fomenting a dynamic private sector. The private sector consists of a few well-connected businessmen capitalizing on increasing land value and opportunities to leverage wealth in other sectors. Small to medium scale development is not profitable because infrastructure and financing costs are prohibitive, which limits

the actors involved and creates very high barriers to entry. Strategic long-term planning does not drive development; instead short-term opportunistic responses to local economic conditions and planning stalemates enable investors to ignore local demand.

Investors avoid locally responsive urban development by developing space that is unaffordable and detached. As a result, fragility increases as affordable land and housing options are formalized into large-scale housing communities that do not accommodate low-income or even middle-income Tanzanians. In Dar es Salaam and Arusha a networked value chain model uses real estate assets as a commodity. In Mwanza, development is less commodified and modular because the real estate market is linear with clear business structures and few opportunities to remove investment from the local context. For instance, the largest developer in Mwanza provides public goods, creates good will and is clear about ownership structures. In contrast, in Dar es Salaam developers create business structures that obscure ownership and investments that deteriorate public goods. In sum, modular urban forms are replicated in Dar es Salaam and Arusha because layers of regulation create competition between government agencies, allow elites to grab power and set up an opaque development process.

Local government entities and private developers facilitate satellite city development that responds to rising land values rather than demand for space. In Dar es Salaam the satellite city effort reflects politicians' response to increasing traffic and density issues. Urban planners, city officials and residents recognize the unsustainable and inefficient conditions in the urban center. Yet, overcoming these conditions is politically infeasible. In contrast to the South Asian model, Dar es Salaam's satellite cities do not reflect access to capital and international demand for investment opportunities (Dieleman 2011; Firman 2004; Webster 2001; Chen & Wang 2009; Shatkin 2011; Roy 2009; Webster 2002; Douglass et al. 2012). In Arusha investors have access to capital for small-scale projects but like Dar es Salaam the larger city building efforts remain unfunded and locally determined. In both cases infrastructure constraints limit the financial feasibility of development.

Satellite cities in Dar es Salaam and Arusha offer a rhetorical fix for other vexing urban issues without requiring reorganization of power. These investments are justified as future employment and housing centers on the outskirts of both cities. The planning rhetoric mimics the modernist ideals of early postcolonial city building projects and reflects current projections of power. Politicians demonstrate action by building satellite cities to satisfy their constituencies. Advocates of satellite cities promise streamlined, transparent and predictable investments but the feasibility and inclusiveness of creating these new cities remains questionable. The experience of creating satellite cities offers a cautionary tale for the other cities across the global south investing in similar projects as a solution to past planning failures. The investments are unlikely to be successful or transformative if supporting institutions are not prepared to actively engage in land use management.

Redeveloped central cities also contribute to increasing inequality and fragility. The investment to date is modular with standardized construction designs, full-amenities and at large-scale. In Arusha and Dar es Salaam, a few networks of wealthy business owners are remaking the central city with standardized investments that capture increasing land value. The copycat construction process reiterates the new buildings in Asia. The current projects are not iconic or inspirational as in the primary cities of Asia but aspirational and mundane like the speculative projects on the peripheries of Asia (Paling 2012; Goldman 2011). Unlike the experience in Dubai, where the construction of skyscrapers is symbolic of the drive for uniqueness (Acuto 2010), in Tanzania the high rises indicate a copycat development heralding modern living. Development reflects postcolonial modernist ideals where order is prioritized, development is high-rise and infrastructure provides traffic free vehicular (Watson 2009; Bunnell et al. 2012).

The resulting development fails to address urban form and equity issues. In Arusha, the redevelopment area covers a large share of the CBD where private investment in hotel and office construction is transforming the landscape. At the same time, three levels of government entities are competing to also redevelop their properties in order to leverage the current boom and demonstrate political effectiveness in the face of

challenges from the opposition party. In Dar es Salaam the redevelopment area covers Upanga, a smaller neighborhood within the Ilala Municipality, where parastatal attempts at JV redevelopment play a larger role than the local political goals of municipal or district governments. The result is a huge increase in the amount of luxury housing developed by a complex network of interlocking investment partners. The private sector overcomes the regulatory capacity of both the national, district and local governments. Finally, in Mwanza the redevelopment area also covers a majority of the CBD, but with limited interference from national goals. The municipal government has more implementation control. In Mwanza, municipal planning ahead of population growth creates private sector urban development that is more locally responsive. As redevelopment proceeds around the world policy makers should be conscious of plural governance structures and attempt to reduce plurality before proceeding because the result may further entrench existing issues with inequality and exclusion.

Governance Plurality and Competition Instead of Strategic Planning

Governance plurality leads to competition among government agencies and private sector. New legislation in Tanzania encouraged government agencies to become entrepreneurial and therefore pursue urban development projects that guarantee profit rather than improve equality or provide a safety net. Government agencies have conflicting goals and plans leading to competitive urban development without an overall strategy. In Arusha, plurality and competition defines planning stalemates. In response, the private sector goes around government plans. In Dar es Salaam central government agencies and parastatals creates plurality resulting development outcomes in direct competition with private investors. Once again, the private sector leverages plurality and disregards government plans. In contrast, in Mwanza the governance structure is singular with support from central government agencies and local business owners. The political economy in Mwanza suggests that corruption is not the cause of development issues and responding to local needs is easier with a singular governance system. In Dar es Salaam, coalitions involve national agencies and entrenched informal tactics. In Arusha, the coalitions are linked to international markets and competition between government agencies. Increasing land values and dense development created

plural governance structures that allow informality and encourage elite power grabs. In Mwanza, a coalition between local businesses and the municipal government reflects a singular governance structure. In both Dar es Salaam and Arusha competition between government agencies defines the rapid increase in high-income targeted urban development. Meanwhile in Mwanza the governance system is singular and does not impede development that is locally responsive and encourage informal power grabbing. Redevelopment projects reflect incremental construction and geographically disperse locations with limited exclusivity.

Elite Power Grab Instead of Competitive Private Investment

Economic structure and land use history facilitate an elite power grab. The three case study cities demonstrate how local business and land use history lead to different coalitions and thus investment outcomes. Instead of a production process defined by a constantly morphing social infrastructure (Simone 2004b), the case studies reveal a highly structured power structure of elite investors extracting wealth through replication and reinterpretation of global urban models. Arusha's land use history increased growth on the peripheries and created opportunities for development on large former agricultural estates. Dar es Salaam's land use history created a less contiguous form with infrastructure constraints, which create opportunities for speculation. That is, wealthy urbanites grab village land to hold for future development. Finally, Mwanza presents fewer opportunities for speculation without external demand drivers or infrastructure constraints, thus development is not modular. Urban development is not a uniform partnership between state agencies and private developers instead redevelopment varies based on local conditions. Redevelopment consolidates central cities for elite profit making without addressing the needs of the majority. As a result of elite power grabbing investments depends on the local business structure but do not correspond to a plan for the city or analysis of market demand.

The development process is opaque because of informal rules that exclude community input. The urban development process includes many steps where price manipulation and obfuscation is possible. The development process is opaque in all three case studies due to existing conditions. Tanzania lacks a comprehensive land registry and building

permit process. Individuals leverage the resulting complexity and grab land for their own benefit. For instance, to inquire about the ownership of a parcel you must have the approval of the existing owner. Furthermore, there is no information on stocks and flows of construction because the same approval process is required to obtain information about building permits. Responsiveness to demand differs across the case studies. In Arusha, outsiders add pressure to land markets and increase prices. Pressure leads to development that displaces local livelihoods. In Dar es Salaam, central government agencies play a large role in urban development and regulation. In response developers create complex ownership structures to avoid regulation. In contrast, in Mwanza investment is locally responsive but not successful. These projects indicate that perhaps formality was not the major barrier to development but rather site location, existing land use and accessibility. In Arusha and Dar there are so many opportunities for opacity. Once the system is opaque, it becomes difficult to create transparency. In Arusha, regional government agencies have limited economic power. Networked ownership allows developers to hide wealth. In Mwanza, municipality has greater power to enact regulation.

Limited Insurgent Planning

Protests occur with land scarcity and changes in informal rules. As actors contend with local conditions a tension arises between increasing profits and enhancing benefits of the city to a larger share of the population (Shatkin 2007; Shatkin 2008; Shatkin 2011; Massey 2011). In land scarce situations, modular urbanism draws attention to the lack of political voice for the majority of urban dwellers. That is, in Dar es Salam and Mwanza there is no community dialogue despite MLHHSD leader's claims otherwise (Mramba & Joseph 2012). In both cases new developments account for a small share of vacant land and are on the edge of existing development. In Arusha, animosity towards modular development reflects the influence of opposition parties forming in urban areas playing into the "politics of ownership" (Ponte 2004). Protests reflect questioning outside ownership and demanding a more equitable ownership structure. Yet, the politics of ownership does not portend to a more general demand for the right to services, housing and representation, often referred to as "politics of the poor"

(Appadurai 2001). Limited community responses in Dar es Salaam are partially explained by the lack of acute political and demographic pressures experienced in Arusha. In Dar es Salaam, new developments have a small effect on perceptions of land scarcity because there are large undeveloped areas throughout the city.

The case studies suggest that land market scarcity engenders stronger community responses to modular urbanism. Arusha shows conditions under which insurgent protests happen and it's not happening in other places because of land scarcity. That is, community protests appear only in Arusha where politicians and developers make some concessions. When a developer builds another gated community for the elite it becomes incendiary because the dispossessed families can directly see their disenfranchisement playing out with each new development. In Mwanza and Dar even though inequalities are playing out on the ground, because density is still low with wide availability of land it doesn't create the same community reaction. Unlike Arusha, in Dar es Salaam and Mwanza opposition politicians can't leverage the appearance of modular urbanism to increase their own political capital. The question remains how can you engage communities before it is requires violent protest in places like Dar es Salaam and Mwanza.

Some Potential Policy Shifts and Further Research

Strategic planning is not encouraged in the current negotiation process because policy reforms put undue focus on creating a market and reducing the steps involved with urban development. Haphazard speculative investment is incentivized resulting in inefficient development. In contrast to expected outcomes, investments are disconnected from growing demand and in many cases add to demand pressure. Instead of advocating private or public dominance of urban development process a more sustainable urban development model would rely on planning coalitions that go beyond participation and recognize informal practices. Local factors can be categorized to account for potential bottlenecks, opportunities for power grabbing and increasingly long term community involvement. There are several policy implications that might address some of the current issues with urban development in the global south.

The primary planning need of local governments is to lay out infrastructure plans before development and population growth. In a growing city, municipal governments need to first to lay out the future location of roads, electricity, sewers and other services. The case studies indicated that service provision rather than titling land creates more development investment and unlocks bottlenecks. For instance, in Dar es Salaam's 20,000 plots program merely giving out land did not change the housing market when the plots have no infrastructure connection. In addition, speculation could be better managed through a simple system of prioritizing service implementation. The focus on infrastructure and services returns to one of the key insights of the enabling markets theory. Yet, it also incorporates postcolonial theory's suggestion that governments have a strong role to play in urban development. To date cities in Tanzania have the wrong order of operations in urban development where people appear, firms locate and then infrastructure (Collier, 2014). The disorder of investment explains the attraction to modular urbanism and the new city development because the order of operations puts a strong emphasis on infrastructure provision before population growth. If infrastructure and services are not provided it is very difficult to correct after the city is established. Dar es Salaam's central city demonstrates the difficulty with choking traffic, limited services and high land values. The problem reflects the anticommons where control is split between so many people that it is not to anyone's individual advantage to concede to change even if it would benefit the city as a whole (Heller 1998). Urban development becomes a resources curse when urban planning is avoided and people respond to land scarcity rather than inequality. Then, municipalities need to prioritize provision of infrastructure to reduce speculation and set expectations.

Another area for potential policy engagement is providing subsidies for low-income housing construction and rental housing. It might be beneficial to provide place-based subsidies that target particular neighborhoods to integrate with infrastructure investment. For instance, in Dar es Salaam the municipal government is completing the first phase of a bus rapid transit (BRT) system. The municipality could provide subsidies to developers who provide mixed use and income developments at higher densities. The experience to date in Tanzania indicates that entirely low-income

development does not provide sufficient financial returns, thus subsidies could target mixed income development so that private investors can still make financially feasible return while contributing to more equitable housing provision. Private and public developer capacity varies through out the case studies. Assuming a uniform ability to implement market driven projects by private developers misses that urban development is a learning process. For instance, Kisota Homes' developers failed to understand local demands while Kiseke's developers used local materials and designs to provide middle-income housing. The projects demonstrate learning by private and public developers. Nonetheless, financial returns at the projects suggest stronger support for subsidies and infrastructure provision to reduce costs.

An additional area is to encourage financing for municipalities rather than focusing on mortgages for individuals or obtaining financing from pension funds. Mortgages failed to take off in Tanzania because most individuals are too poor and the banking sector is too thin. A majority of housing is still constructed through the self-help model. The result is that most of the assets are hard to sell with few buyers willing to displace their neighbors that might have defaulted (Habitat interview). Furthermore, direct project management in urban development by pension funds requires the ability to pick projects and manage development that is not appropriate for pension funds. A better solution might be to create a bond financing market or urban development fund that would provide other means for individual to invest excess cash and pension funds to avoid implementation risk.

Finally addressing opaque development processes is likely to be politically very sensitive but increasing data transparency remains essential. Informal practices are encouraged by lack of transparency in ownership and development planning. The current system protects the privacy of investors at the expense of public awareness. In order to increase participation and ensure that urban development responds to local needs better access to information could increase civic awareness and community participation. Central and local government agencies need to work together to create an active and open database that offers information about property sales, construction

costs, and valuations. Timely market information would underpin a more democratic and equitable urban development process.

The research provides insights into the current process of large-scale urban development in Tanzania but it also opens many questions for further research. One potential area is to better understand how and who is using the new developments. Another area is to uncover the construction process, particularly as it relates to international investment from China. The amount of potential construction through urbanization in Tanzania offers a means to creating jobs, but the industry seems unprepared to locally handle development. Yet another issue the connection between insurgency and new urban development in the Sub-Saharan African context. The Tanzanian case suggests that under certain conditions protest is emerging but gaining a better understanding across other contexts might help better inform theory and policy making. Finally, all of the recommendations require a better and deeper analysis of institutional issues. Each area offers a fruitful area for further research.

Tanzania serves as a good example of urbanization as it is unfolding across the global south, particularly in Sub-Saharan Africa, because it is rapid, low income and defined by informality. While many of the findings are idiosyncratic they are also generalizable. Similar modular urban forms across the continent suggest that enabling markets theory created opportunities for elite power grabs and plural governance regimes. The resulting inequality suggests that the future of the city is divided for those who can pay for benefits and those that cannot. Tanzania's experience is useful for other countries because it reflects the experience of ordinary cities mentioned by the postcolonial theorists. Tanzania's difficulties creating a private sector, improving access to services, providing infrastructure and regulating land use management is not unique. The case studies reveal the outcomes of following a piecemeal approach to urban planning that relies on private sector investment. The resulting competition between government agencies with plural governance structures is likely to be replicated in other locations without better sequencing. This reality begins to explain how ordinary cities operate. What becomes clear from Tanzania's recent experience is that plural governance systems and entrenched existing businesses determine the structure of the city more

than demands for space. Urban development is a negotiated process that responds to local factors but those can be categorized and understood so that predicting likely bottlenecks and potential areas for power grabbing are foreseeable.

The experience of these ordinary cities underlines the importance of creating unifying strategic goals, simplifying governance structures, offering opportunities for small scale investors to enter into real estate development, and pursuing small-scale urban planning capacity building before attempting large scale development. A more feasible urban planning path might be to focus on a few key areas in need of development and create a hierarchical plan that does not depend on large-scale coordination and investment. This might offer a means to a more sustainable city that requires less negotiation and reduces fragilities.

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