

# Review on Determinants of Urban Housing Choice in Debre Berhan Town, North Shewa, Amhara Region, Ethiopia

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**Abstract:** Shelter is one of the main desires of mankind and it is by far very important for the physical survival of man. The adequacy and excellence of housing is a testament to productivity, happiness and satisfaction. However, urban housing choice is the most serious and persistent problem in urban areas of the developing country, a need, which the government has found difficult to meet. Correspondingly, urban housing problem is the most critical issues in Ethiopia. It is very difficult to build a house of your own or buy or even rent one, especially the government employees and the low-income groups. Therefore, the main objective of this paper is to examine the determinants of urban housing choice in the town of Debre Berhan, Amhara Regional State, Ethiopia. This study shows that age of household head, sex of the household head, educational level, income of the head, the price of the housing, years of residence and access to credit were the significant determinants of urban housing choice in Debre Berhan town, Amhara Regional State, Ethiopia. The paper recommends future studies focusing on assessment of affordability and challenges of urban housing development in Debre Berhan town. Reduce housing problem and increase the ability to provide quality and quantity housing at low prices.

**Keywords:** Housing, Choice, Multinomial Logit, Debre Berhan

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## 1. Introduction

Housing has developed from easy shelters into contemporary-day housing units. It is the biggest funding in constant capital and serves as a hub of financial activity, an image of success, social popularity and a motivation force of city growth [11]. Besides, housing choice may be described because the capacity to pick a desired opportunity for a hard and fast of awesome opportunity housing units [4]. In Africa and sub-Saharan African international locations in particular, speedy city populace boom, urbanization, precarious economic state of affairs of town dwellers, negative governance and availability of uncooked substances are the purposes of the boom city housing. Ethiopia is one of the least advanced international locations with low line capita income, better populace boom rate, speedy urbanization, dependence on imports, low funding for housing because of loss of economic assets and occasional deliver of provider land [20]. In many growing international locations, approximately 40% of town dwellers stay in apartment house. By Ethiopian municipalities, 39% of homes are owned with

the aid of proprietors and approximately 40% of city dwellings are rented to personal households [5]. Previous studies have proven that excessive fee of popular constructing substances, urbanization trends, constructing allow guidelines, and regions remarked with the aid of using grasp plan and the renewal cutoff date are the primary elements of the low housing state of affairs in Ethiopia [14].

The principal drivers of this example are low family profits, over-reliance on the general public region, poorly focused subsidies, unsustainable authority's inputs and operations, bureaucratic land and frustration, excessive scarcity of creation substances and vulnerable authority's incentives for personal region participation. In addition to the foregoing, get admission to constrained credit, excessive hobby rates, and long-time period financing is extraordinarily tough for low-profits earner to emerge as house owners in Ethiopia [18]. Accordingly, through the years numerous researches had been performed on determinants of housing call for and associated fields in specific elements of the world. For example, [13] on household demand for housing in Kenya discovered that human beings are switching from

renting to shopping for because of growing family length and age of heads. The length of the family and the age of the top of the family also are vital and feature an effective impact on constructing your personal home. Flambard, V. [7] turned into performed on housing choice in Lille, northern France; they discovered that age, profits, family length, and the ratio of hire to profits are the elements that affects housing alternatives for single-discern and double-profits households. AbdulLateef Olanrewaju Tan Chai Woon [2] investigated the determinants of family desire for housing in Malaysia. Economic, architectural, profits, accessibility, market, and area elements had been discovered to be determinants of a family's housing alternatives. Lan, H. et al. [10] surveyed younger households' housing alternatives in step with Stockholm's Stated Preference Approach. Housing prices, locations, and dwelling areas had been discovered to be elements that impact younger households' housing alternatives. Spalkoval and Jiri Spalik [17] carried out on housing tenure desire and housing expenses with inside the Czech Republic. The paper investigates ability tenure desire determinants the usage of probit model version primarily based totally at the pattern data. The results of the evaluation confirmed that tenure desire is suffering from family income, marital status of the family head and family size. In addition to the logical have an impact on of family income, tenure desire selections are drastically inspired through family size and house in Prague, especially with inside the rented housing sector.

Anthony Omtatah [3] conducted on determinants of housing demand in Nairobi; Kenya has used time series data. The study found that major determinants of demand for housing are income, the number of households and housing prices. Additionally, demand for housing and real income which was positively related to demand to the house, whereas a price of the house has a negative relationship with housing demand. Kiros Aquabamicheal [9] was conducted on factors affecting the real estate market the case of Addis Ababa City. The study was used cross-sectional data and presented using basic descriptive statistical tools. The study found that the slow and insufficient supply of land, currently the shortage and increased prices of housing construction materials is another factor affecting the market. The inflation and the global economic crises affected the market, materially. Housing prices are less affordable in the market and most of all; long-term housing finance is almost nonexistent.

Tsion Getachew [19] conducted the study on the assessment of affordability and living condition of condominium housing in Addis Ababa city, Ethiopia used cross-sectional data and mixing quantitative which is collected and gathered from the survey interpreted by using descriptive statistical tools and qualitative methods which means the collected data were organized and analyze thematically or narration by making summaries of the respondent's views. The study used the simple random sampling technique to collect data from the respondents and found that increasing the price of condominium the house has

a negative effect on the purchasing power of the urban poor household to afford it. But, the middle and higher income dwellers are living in the condominium houses. Based on this finding water supply, open space, the size of the rooms and domestic noise are considered as the main challenges of living in condominium housing.

Robi, W. [15] carried out on housing and poverty in southern Ethiopia analyzing affordability of rental homes in Hawassa city. The observe turned into used cross-sectional data, refuge poverty method and OLS estimation technique. They found employment reputation turned into every other critical variable that determines housing affordability. Therefore, there may be the nice courting among employment reputation and affordability of rental homes in Hawassa city. Furthermore, full-time employment may also have higher affordability reputation than that of the part-time worker. Therefore, this paper attempts to study try to review accomplished on city housing desire in Debre Berhan Town, North Shewa Zone, Ethiopia. This observes used a multinomial logit version to estimate the determinant of city housing desire. According to [1] stated that, floor material, age of the house, land size, access to water, near to amenities and the numbers of the bedroom are the determinants of residential house rental price in Debre Berhan Town, North Shewa Zone.

The reviewed observe is targeted on socioeconomic and institutional thing that have an effect on city housing desire with inside the observe vicinity. Furthermore, this evaluate is vital to provide greater emphasis in lowering city housing problem, to be able to boom housing availability each in great and amount in city vicinity of the country, to maximize social welfare. The study's result confirms that, age of household head, gender of the household head, educational level of household head; access to credit, the price of the housing, years of residence and income of head are the determinants of urban housing choice in Debre Berhan Town, North Shewa zone.

## 2. Determinants of Urban Housing Choice

Housing choice depends on different household, socio-economic, and institutional related factors. From the study under review, the results from the model identified that as a household head gets older and older, then households were more likely to construct, own house and to purchase the house rather than renting, male headed households are more likely to construct and to purchase houses as compared to female headed households, the more educated household's heads are more likely to construct and purchased house relative to rented house, households who were employed in the private sector more likely to construct, own house and purchasing a house, as household heads were access to credit, then more likely to construct and purchased house relative to rented houses, households with higher incomes are more likely to purchase house relative to rented houses,

as households are staying for long years, then households are more likely to construct, own house with relative to a rented house, and the higher general hedonic price of house households are more likely to construct, own house and to purchase house over-rented house. Empirical studies conducted on urban housing choice noted that either constructing own house or purchasing house is very crucial to maximize the household satisfaction level by reducing the stated factor that limits housing choices in the study area.

### 3. Conceptual Framework of the Study

Housing refers to a building for the collective accommodation of people, planning or provision of the accommodation by an authority. There are two types of the house such as formal and informal housing [8, 16]. The theory of housing choice understanding the interaction of three key dimensions one's beliefs, desires and information set [4]. There are four approaches to study housing choice and residential mobility based on the conceptualization of housing choice they use [6]. Housing is one of the most important residential investments. It promotes both economic growth and development for developing and developed countries. The adequacy and quality of housings are an indication of productivity, well-being, and satisfaction [12]. The household is assumed to derive utility from consuming housing unit and non-housing goods. The objective of any consumer is to maximize his/her utility subject to a budget constraint. The marginal utility of a household may relate to some different characteristics of houses, which have a bearing on household's satisfaction. For instances size, color, wall material, age of house, housing facilities and roofing. The presence of these favorable qualities improves utility, without necessarily increasing the number of units purchased and at the same time attracts higher rents [13].

### 4. Conclusion

Literature on areas of housing choice is considered as important for increasing the productivity of urban households. It's also important for marketing, as the home isn't the only place to live for the family. However, this survey focused on housing. This paper examined the determinants of urban housing choices in the city of Debre Berhan in the North Shewa Zone. Reviewed study revealed that, the age of the head of household, the gender of the head of household, the level of education of the head of household, access to credits, the employment status of head of household, and the house are important factors in both the construction and purchase of a home. In contrast, years of residence and head of household income were determinants of building or buying a home. Therefore, the reviewed studies confirm that the potential direct role of reducing urban housing problems is important to improve the standard of living of urban households in Ethiopia.

### 5. Limitation and Areas for Further Research

The study was limited in Debre Berhan town, North Shewa, Amhara Region. There were also restrictions on housing choice. Consequently, I recommend that future studies on assessment of affordability and challenges of urban housing development in Debre Berhan town, which is not considered in this study.

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