

**The Production of New Affordable Housing in the Syrian Cities:
The Possible Role of Procurement Processes in Improving
Construction Efficiency**

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Abstract

Despite the Syrian government's commitment to provide adequate and affordable housing, through housing programmes implemented over successive five-year development plans, there is still a shortage of affordable homes for low-income people. This shortfall can be attributed to constraints at two basic levels: housing system design (strategic level) and housing system implementation (operational level). Housing policies and construction practices systematically lack the proper strategies and sophisticated approaches for change.

In contrast, the UK government has adopted strategic and operational mechanisms for enforcing change in publically-funded projects through a reform agenda (policy package) aimed at creating innovative collaborative relationships between client organisations, and private sector consortia. In this, the procurement processes were seen as a key driver to stimulate change for effective provision of affordable housing.

This study aimed to investigate possible efficiency improvements in the affordable housing supply process in Syria, focusing on the role of more sophisticated approaches to project delivery, i.e. the procurement process. Data collected through a literature review and interviews with key informants from both the UK and Syria, forms the basis for a comparative assessment on how lessons learned from the UK experience can be applied in the Syrian context.

This study advocates a holistic, top-down process involving the legal, cultural, technical and financial aspects of affordable housing supply and concludes that addressing the Syrian housing deficit requires modification of structural policies, principles and strategies of government intervention to foster collaboration between public and private sectors.

This thesis is dedicated to
the memory of my sister
LEEN AL KHALAF

“You deserve to know that even though I don’t always get a chance to show it before you leave us, you live within my heart and will not let go as long as I am still breathing. Blood may bind us but love unites us forever”

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Glossary

Arabic

Al-Fera' 3

Al-Jameiat Al-Ta'awinia

Al-Katta' Al-Amm

Al-Katta' Al-Khass

Al-Katta' Al-Ta'awuni

Al-Muasasa Al-Amma Lileskan

Baladiat

Dimashq

Halap

Hayat Takhteet al-dawla

Majlis al-Shaab

Muasasat Al-Eskan Al-Askary

Nakabat Al-Muhandiseen

Sakan Eddikhar

Sakan Jami'y

Sakan Ommali

Sakan Shababi

Sakan Sha'bi

Tawafan al-fasad

Wasta

Wizarat Al-Eskan wa Al-Ta'meer

Wizarat Al-Defa

Translation (English)

Branch 3

Housing Associations

the Public Sector

Private Enterprises/ Developers

the Co-operative Sector

the General Housing Establishment

Municipalities

Damascus

Aleppo

State Planning Commission

Council of Ministers

the Military Housing Establishment

Syndicate of Engineering

Saving Housing

University Housing

Labour Housing

Youth Housing

Social Housing

the deluge of corruption

Personal connections

the Ministry of Housing and Construction

the Ministry of Defence

Abbreviations

ALMO: Arms-length Management Organisation
AMPHION: Advanced Manufactures and Procurement for Housing Innovation
CBoS: the Central Bureau of Statistics
CIB: Construction Industry Board
EU: European Union
FAOoUN: Food and Agriculture Organization of the United Nations
GDP: Gross Domestic Product
HAs: Housing Associations
JRF: Joseph Rowntree Foundation
KPIs: Key Performance Indicators
LAs: Local Authorities
MAM: Municipal Administration Modernisation Programme
MoHC: the Ministry of Housing and Construction
NPPF: the National Planning Policy Framework
OBG: Oxford Business Group
ODPM: Office of the Deputy Prime Minister
OGC: the office of Government Commerce
RSLs: Registered Social Landlords
SEDD: Scottish Executive Development Department
SHLAA: Strategic Housing Land Availability Assessment
SLALs: the State Land Acquisition Laws
SP: Syrian Pounds
UNDP: United Nations Development Programme
VfM: Value for Money

Chapter 1 Introduction

1.1. Background to the Research

1.1.1 The Case of Syria

Housing is an important element of the built environment due to its influence on health, education, the economy, the environment, and even political and social life (Sinha 1978). However, access to housing often becomes stressed through the process of urbanisation. This is particularly the case now in ‘developing’ countries, where urban areas grow much faster than economies, causing demands on housing and services that massively outstrip supply. These developing countries have been the main contributor to the rapid growth of the world’s population during the twentieth century (Winckler, 1998). With increasing rates of urbanisation underpinned by local, national and international migration as well as a high rate of natural population growth, the larger cities in the developing countries have been forced to absorb large numbers of migrants above and beyond the swelling ranks of the urban population itself (Winckler, 1998). Therefore, urban poverty has mushroomed as income levels of the poor have declined due to the increase in under unemployment in urban areas. As a result, the capacity of the authorities involved to adequately provide basic public services for the urbanized areas has been outpaced. Thus, housing shortage has been one of the most critical problems faced by the larger cities in developing countries from 1950s onwards, particularly for low-income groups (Ibid). This, in turn, has led to a dramatic rise in housing prices and an increase in the construction of informal settlements.

Syria, as a developing country, has been experiencing this enormous demand for publically-funded affordable housing for the poorer population – mostly in cities and towns, where government efforts have proved incapable of meeting the housing demands of the growing urban population. This situation has been made complex by rural-to-urban migration (*Sabbagh, 2007*), international migration and influx of refugees (Palestinian, Lebanese, and Iraqi) (Fernandes, 2008) as well as the natural increase rate of population (Raphaeli, 2007). As a result, a shortage of affordable housing has become evident throughout Syria especially with high unemployment (Ibid), poverty (State Planning Commission, 2005), inequalities between the urban and rural

households' income (Cordesman, 2006) and expenditure (Fiorillo and Vercueil, 2003), the slow commitment from the commercial banks to provide housing loans to low income earners (Oxford Business Group, 2010), and finally, a high house prices to income ratio (Oxford Business Group, 2006).

The actual supply of affordable housing in Syria has two major segments: informal and formal. Informal housing, which has been not regulated by the state in some way, has emerged because most of the poor do not have access to affordable formal housing (i.e. which is regulated at a set standard), especially in urban areas due to the limited supply, including the lack of sufficient and affordable private sector options. The informal sector has typically accounted for approximately 50 per cent of the national housing output in central cities in late 1990s (Oxford Business Group, 2011; Hammal *et al.*, 2005). However, policy makers have paid most attention to the formal sector, mainly due to the conviction that the formal sector could meet housing needs better and embodied the key to modernization and national development. It is worthy of note that informal settlements in Syria are prevalent, however, giving a detailed description on this issue is out of the scope of the research. Given that the private sector and the co-operative sector are not participating in the provision of affordable housing, this study focuses on formal affordable housing demand and supply – i.e. which, in Syria, is supplied by the public sector, as represented in two establishments, namely the General Establishment of Housing and the Establishment of Military Housing (See explanation in Chapter 2, Section 2.7.2.).

Since the 1980s, the Syrian government has committed itself to providing formal affordable housing with basic amenities to its population, especially for the lower income groups. The government's key involvement in an affordable housing supply was proclaimed by the president, Bashar Al-Assad, and has therefore been reflected in the government's annual budget and future plans. However, progress has been slow and the rising demand is still beyond the scope of government supply, which represents only 15% - 20% of the total percentage of formal housing provided through the future plans. Another policy reform, the Real Estate Investment Law, addressed the issue of private investment into the housing sector in delivery of completed units. However, this law has not produced recognizable results in terms of assisting in providing affordable housing, and has not successfully attracted substantial real estate developers to do so. This is seen as being due to delays in obtaining various approvals of plans from governmental

agencies, and high interest rates imposed by the banks, as well as the complexity of legislation that allows foreign developers to procure housing projects (*Syria-steps*, 2007). Although there may appear to be explicit affordable housing policies in the country, there is a widening gap between policy formulation and implementation; these policies are not always consistent with their objectives, often because of a lack of a sustained basis by which affordable housing can be defined and delivered, a lack of understanding of how housing markets actually work and/or how different actors should take part in the market, as well as a lack of understanding of how policies affect and are constrained by market behaviour.

In order to reduce this housing backlog, the General Establishment of Housing and the Establishment of Military Housing were drawn in to provide affordable housing for low-income households. These institutions have been empowered to provide such housing by receiving a large percent of the government's budgetary allocation (*Alsafadi*, 2009). However, there is still an acute shortage of formal affordable homes for low-income people. This has been attributed to high cost of land development, the unavailability of land in urban areas, the increasing prices of building material, and bureaucratic government procedures (*Alsafadi*, 2009; *the General Establishment of Housing*, 2009). Meanwhile, the demand for affordable housing is rising because these publically-funded projects benefited only a small segment of the population.

The housing crisis for lower income urban dwellers has worsened not only due to the social, economic and political aspects of levels of development, generally, in the country (and hence economic capacity), but also due to institutional and contractual issues which hinder the provision of new affordable houses in the market, even within existing supply. The first issue is that the government controls the whole process of affordable housing production. This is attributed to the long-standing regime which has dominated all sectors of the economy, functioning as a major distributor of resources through administrative mechanisms in order to maintain its economic dominance. As a result, non-state housing agencies have had a difficult time operating effectively in the midst of the instability resulting from state-focused short-term reform, combined with pervasive administrative corruption and bribes.

Another issue is represented in 1) the lack of funding, 2) the complexity of the planning system and housing policy instruments, 3) inadequate public investment levels (i.e.

government expenditure or government spending on goods and services), 4) complex bureaucratic routines, and 5) the lack of co-ordination between different actors, especially in government. In addition, and more of relevance to this study, there has been a reliance on traditional approaches for project delivery, based (ostensibly) on traditional type of contracts awarded to the lowest bidder. This has caused delays in the construction and completion date of affordable housing projects along with significant disputes and claims. When taken together, all of these issues have played a clear role in aggravating the mounting affordable housing crisis in the Syrian market, and have made the need for a more adequate and efficient form of supply of affordable units for low-income groups in urban areas an important concern. Most recently, the current unrest in the country has multiplied these problems, from the point of view of government attention, destruction of existing housing and stalled state activities – however this dissertation focuses on the system as operating prior to the current unrest, as it can highlight issues that need attention when the unrest is over.

Primary Research Plan

The plan of the research was initially primarily on Syria where, based on an analytical understanding of possible affordable housing supply mechanisms, it was planned to carry out in-depth analysis of affordable housing case studies in order to confirm the results of the initial fieldwork, undertaken before the unrest began. This aimed to identify general issues related to the housing system and affordable housing supply processes, to supplement the limited information available in the literature. It also aimed to identify the key problems in the housing sector, focussing on constraints to affordable housing supply for the lower income group in selected case studies. This entailed considerable primary research, as very little has been written about housing in Syria. Given the upsurge of unrest in the country, the researcher subsequently could not go back to Syria to follow this plan, due to the health and safety issues. Accordingly, the research plan slightly shifted to a second period of fieldwork in the UK in order to accommodate the security situation. To this end, a review of the UK experience, in the early, more generic, literature review, has been significantly expanded, after analysing the data collected from the initial Syrian fieldwork. This has been supplemented by a fieldwork focussed on the role of the procurement process and other key considerations in improving the efficiency of affordable housing projects in the public sector (but not in somewhat less detail), permitting a comparative assessment of the possibility of

applying some of these elements in Syria, and from that analysis to see what is most relevant to Syria (See Figure 1.1). This analysis was then backed up by a validation exercise with key informants in Syria, which it was possible to undertake at a distance.

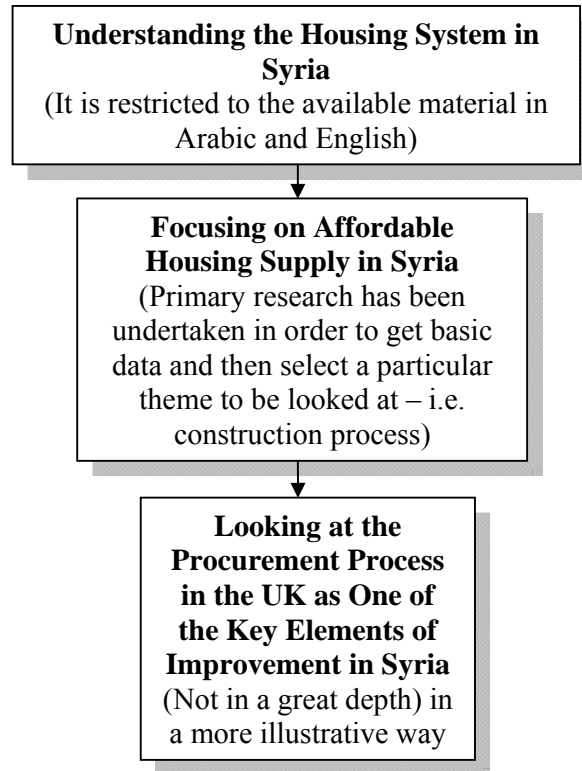


Figure 1.1. The hierarchy of the research focus

1.1.2. The Case of the UK

Unlike the Syrian context, the UK has dealt with affordable housing for much longer and also with more sophisticated approaches for meeting the demand for affordable housing in every region in the most efficient manner possible. In facing the overall problem, it has sought to address particular issues at particular times rather than to take a more comprehensive approach of ensuring adequate affordable housing for wide segments of population. Through time the UK government has formulated various new policies to replace more ‘traditional’, state-controlled and led, approaches to affordable housing supply. These new strategies recognised the power of the formal private sector market in housing provision and led the government to significantly reduce its direct involvement in housing delivery, to concentrate on guiding and steering - and

importantly - facilitating services. As such, the state's main duty was to design policies that address imperfections in the market, especially to assist defined low-income groups, but also to ensure that supply systems meet housing needs for the whole society in more effective ways through housing programmes which provide and stimulate a wide choice of housing supply mechanisms. Concerning the focus for affordable supply, the ratio of housing costs to income was agreed on as the appropriate affordability indicator (Mueller and Tighe, 2013), and affordable housing was thus identified on a sustained and clear basis – although still subject to different political aims of policy approaches.

Probably the most important aspect of affordable housing provision in the UK has been the way supply of affordable housing was integrated into the planning system that was seen as a key driver to increase the number of affordable units. Another aspect was empowering the role of different players responsible for providing affordable housing in order to respond to the rising demand in the market, and creating new relationships between the public sector and the private sector.

These strategies also involved the promotion of innovation at the institutional and contractual level. The UK government played an explicit role in improving the knowledge for change in the public sector because it has strategic and operational mechanisms for enforcing such change in publically-funded projects. In this respect, improving residential construction has been specifically encouraged by the UK government from 1994 onwards. This was manifested through influential reports which sought to create innovative relationships between the client organisations, and private sector consortia in the market, to shape the performance and attitudes of parties to be more proactive and less adversarial, and to help the public sector clients to improve the efficiency of their projects since “calling for change needs to understand the legitimacy of current practice and thus the scope for productivity improvement in the sector” (Ferne and Thorpe, 2007, p.329). The procurement process was seen as a sophisticated approach used to encapsulate this change, and the new forms of procurement were seen as means to promote innovation and improve the efficiency of affordable housing projects (Crook *et al.*, 2002). Subsequently, design & build and partnering approaches were used to implement affordable housing projects. The increased involvement of the private sector and the non-governmental organizations (NGOs) in housing provision has helped to resolve financial constraints by calling upon private management skills to

increase the efficiency of affordable projects (HM Treasury, 2000; Eriksson and Laan, 2007).

The relationship between the procurement process and efficiency gains was widely addressed in government sponsored literature. Procurement efficiency was thus given high priority in terms of its role in modernising residential projects through market supply, even if this is considered more volatile in comparison to the more stable non-residential market. Improving the efficiency of affordable housing supply became a priority, in order to increase affordable housing stock (i) without compromising the quality or/and cost of affordable units, and (ii) to do so not at the expense of the size type and location of the affordable units. In order to maintain improvements in public sector oriented supply, new supplementary tools and techniques including key performance indicators (KPIs) and benchmarking were used with the intention of measuring efficiency and improving performance (Green, 2011).

Overall, the debates on the importance of the procurement process in improving efficiency are still ongoing in the UK construction industry, particularly for the public sector.

1.2. Research Focus

In light of the above analysis, this research focuses on a series of real problems in Syria, in terms of housing supply mechanism, particularly for the lower income groups, where the current status of affordable housing delivery was far from satisfactory, even before the current unrest.

In the seemingly intractable complexities of the Syrian housing market, there is a very limited understanding of the definition of affordable housing and how people can be classified as low-income groups. More importantly, there is a lack of understanding of how affordable housing can be implemented by using a wide range of approaches to delivery, which are not based on state funding capacity but use innovative procurement processes, introduced through new policies, and involving innovative relationships between contracting parties, which together can also provide new sources of funds. Therefore, this research focuses firstly on understanding the conception of affordable housing in the UK and identifying the main elements of the affordable housing

production process in order to expand the base of the theoretical knowledge by which the researcher can develop a proper definition of affordable housing and produce an analytical framework as a guiding tool for investigating the case of Syria. Subsequently, the research focuses briefly upon the role of the procurement process in improving the efficiency of the UK construction industry (as one element of improvement) in order to illustrate how affordable housing can be delivered more efficiently through the use of the procurement process between the state and non-state parties. It is believed that it is time for the Syrian context to change and to recognize the need to catalyze and support affordable housing across the emerging market system in Syria through shifting the role of the government, and adopting collaborative procurement processes between public and private sectors, and that this approach can only have greater importance in reconstruction and new development in the aftermath of the current political and military crisis.

1.3. Specific Research Aim, Objectives and Questions

This study thus aims to investigate how more affordable housing can be provided in Syria, in terms of the possible efficiency improvement concerning the supply process of affordable housing, focusing specifically on the role of more sophisticated and modern approaches to project delivery - i.e. the procurement process.

To achieve that aim, the research has four key objectives. A series of research questions to meet each objective, have been formulated as follows:

Key Objective 1:

To understand the contemporary housing production process in Syria with a focus on affordable housing

Questions for Key Objective 1:

- 1.a) What is the current process of housing delivery in Syria, and what forms of affordable housing are produced?
1. b) What are key issues that affect demand for and supply of affordable housing?
- 1.c) To what extent is affordability affected by the current systems of housing delivery in Syria?

Key Objective 2:

To identify key constraints on the affordable housing supply in Syria, and their impact on its efficiency

Questions for Key Objective 2:

2. a) In relation to the key issues outlined earlier, what are the main constraints to providing affordable houses in Syria?
2. b) To what extent is the efficiency of the process of affordable housing delivery affected by these constraints?

Key Objective 3:

To understand how affordable housing has been identified and dealt with in a different context (the UK), focusing on the role of the procurement processes in improving efficiency

Questions for Key Objective 3:

3. a) What is the affordable housing system in the UK, and what are the main elements of the affordable housing production process?
3. b) What is the procurement process, and what is meant by procurement efficiency in housing construction?
3. c) What can make procurement a more efficient option for improving affordable housing supply in Syria?

Key Objective 4:

To develop practical recommendations in order to improve and develop the efficiency of the affordable housing production process in Syria, on the basis of lessons learned from the UK by undertaking a form of validation in Syria

Questions for Key Objective 4:

4. a) What lessons can be drawn from the UK experience to date, with a focus on the procurement process?

4. b) How can the proposed procurement process, and other related considerations for improving the efficiency of affordable housing supply, potentially be implemented in the Syrian context?
4. c) What would need to happen for this to take place in Syria?

1.4. Research Methodology

A qualitative research method, within a grounded theory approach, was considered as the main appropriate research methodology to be adopted in this study. This is because the qualitative approach provides rich descriptions of the nature of the studied phenomenon in terms of identifying what is the current process of affordable housing supply in Syria, how this works, why and under what conditions it works that way, what the key constraints to efficiency, what are the key issues in improving the efficiency of the process, and how they can be applied. Furthermore, it helps the researcher to capture participants' thoughts, views and perspectives on issues related to the research, and develop grounded understandings and meanings of their experience within a specific social, political, cultural and historical context.

A detailed description of the methodology is given in Chapter 4. The methods used to achieve the above objectives are:

Objective 1 is addressed in Chapter 2 through a review of the academic and professional literature, along with different resources drawn mainly from grey literature (secondary data) consulted during an initial field trip to Syria, and provided by the Syrian government and other public agencies (Aleppo Municipality, the Syndicate of Engineers in Aleppo, the General Establishment of Housing, the Establishment of Military Housing, and the Central Bureau of Statistics). It is noted here that very limited academic literature in English is available on Syrian housing. This secondary data comprised the following:

- Reports on housing developments in Syria;
- Documents on housing legislation/regulations, land tenure system, and State Land Laws in Syria.
- Published census data on the rates of natural increase and the growth of population along with the number of housing units provided through the future

plans, including affordable housing for low-income people.

Objective 2 is addressed in Chapter 5 through information obtained from the main field trip in Syria; semi-structured interviews were carried out with 19 key informants from different sectors. The interviews helped the researcher to locate further relevant sources both from the interviewees as well as from the public agencies in the form of primary data and grey literature. The researcher undertook a preliminary data analysis during the process of interview transcription in order to highlight emerging issues from the interviewees, to allow all relevant data to be identified, and to provide directions for seeking further data. The data is analysed and presented in tables along with a descriptive discussion of the results.

The first part of Objective 3 is addressed in Chapter 3 through the literature review (Phase 1 of the investigation), which includes themes drawn from academic and professional literature. This review provides a broad understanding of a definition of affordable housing and its implementation in the UK. The second part of Objective 3 is addressed in Chapter 6, through the more focused literature review on issues related to the procurement process and efficiency improvement in another context (i.e. the UK), and in Chapter 7, based on semi-structured interviews carried out with 10 key informants working in different positions in housing associations from England, Wales, Scotland, and Northern Ireland. The interviews were used for eliciting information in a systematic and comprehensive way, and also allowing depth and richness in specific responses in terms of identifying the potential procurement process and other key considerations which could help in improving the efficiency of the affordable housing delivery process in Syria. This modified structure of the research reflects the re-orientation of the study in the light of the unrest in Syria after the initial field work.

Objective 4 is addressed in Chapter 8 through a comparative assessment between the UK and Syria, based on in-depth and structured interviews, with close-ended and open-ended type of questions, respectively, carried out with 12 interviewees from Syria. The purpose of the interviews was to identify the applicability of the proposed changes to procurement strategy and other key considerations for improving the efficiency of affordable housing supply process in Syria, and to propose some recommendations for further study. This represents a key validation process for the study, which was undertaken at a distance, in the circumstances.

1.5. Originality and Contribution to Knowledge

Originality of the research and its contribution to the body of knowledge is reviewed here according to the checklist developed by Phillips and Pugh (1994, p.61).

This research aspires to make a contribution to the knowledge through carrying out empirical work that has not been undertaken before and conducting a study on a previously un-researched geographical context. This involves the follows:

- Understanding the housing system in Syria (for which there is little written information).
- Understanding the current process of affordable housing delivery there.
- Identifying the key constraints to improving this process and their impact upon its efficiency.
- Studying the potential for improving the efficiency of affordable housing delivery process in Syria by identifying the role of the most appropriate procurement process and other key considerations (based on lessons learned from the UK experience) that offer the most potential for doing so and validating this potential (albeit at a distance).

This research also contributes to advancing methodology by using a different methodological approach to address the research problem from any previous study carried out in Syria. In this respect, it comprises undertaking a literature review on understanding the affordable housing concept and implementation in the UK in order to developing an analytical framework that assists in understanding the Syrian context in more detail. Furthermore, it applies existing ideas to new areas of study and/or re-interprets an existing study in a different context - i.e. a comparative study carried out in a more illustrative way between the UK and Syria. This involves investigating the role and success of existing procurement processes in improving the efficiency of publically-funded projects in the UK as compliance to the government policy in order to extract a set of key elements that are most relevant to the case of Syria. This was based on a literature review, the analysis of which was subsequently validated and supplemented by semi-structured interviews in the UK in order to expand the base of understanding of the UK experience.

The study produces a critical analysis of something not previously examined - identification of the key constraints to improving the efficiency of affordable housing delivery process in Syria based on semi-structured interviews with key experts.

In addition, this research incorporates materials that are results of a considerable amount of field work in order to collect information and establish the base for future research on the housing system and affordable housing in Syria, thus supplementing the very small amount of data and resources.

It is worthy of note that applying an experience like that in the UK and trying to investigate how it could be influential in a complex system like the Syrian context is a big challenge in itself to the researcher, and therefore provides a further rationale for the originality of this research.

1.6. Structure of Thesis

This dissertation is divided into nine chapters, which are organised as follows:

Chapter 1: Introduction

This chapter has explained the background and overall content of the research, including the research focus (problem statement), and the aim and objectives in terms of specific research questions, along with a summary of the methodological approach adopted in the research. It has also included a description of the research originality and contribution to knowledge.

Chapter 2: The Housing Market and Policy in Syria

This chapter starts by giving an overview of Syria as a country and offers a summary of the evolving housing situation over the past four decades. It provides an overview of the housing market and state policy in general, with particular emphasis on affordable housing for lower income groups. It also identifies the main actors responsible for housing supply, including affordable housing, and the main aspects that affect housing affordability in the Syrian context, including the land tenure system and official procedures of land access in Syria.

Chapter 3: Literature Review- Part 1: The Affordable Housing Production Process- the UK Experience

This chapter provides a general view of the history of housing development, including the evolution of housing conditions and policy change, in Europe and the UK particularly. It examines the general concept of affordable housing and identifies the role of different actors that provide affordable housing, and addresses the main elements of the affordable housing supply process in the UK. It highlights the findings in relation to Phase 1 of the investigation, as discussed in Chapters 2 and 3. An analytical framework, which comprises a set of issues related to a definition of affordable housing and its implementation, is developed from this chapter in order to assist in investigating the Syrian context in more detail in Chapter 5.

Chapter 4: Research Methodology

This chapter is divided into two sections. The first part discusses the research paradigms, methodologies and methods adopted in the study in general. The second part includes a detailed elaboration and justification for those methods undertaken in the research in order to carry out Phase 2 of the investigation.

Chapter 5: Data Analysis and Presentation of the Syrian Interviews Results

This chapter reports on the results of Phase 2 of the investigation that included the semi-structured interviews carried out with selected key actors working in different sectors in the process of housing delivery in Syria, and presents the analysis of its findings. The interviews were conducted after carrying out a pilot study that established the base for data collection tools. Semi-structured interviews provided depth to the study by identifying the key constraints to improving the process of affordable housing supply and their impact on its efficiency, which contributed in the failure to cover the shortfall in the market supply identified in Chapter 2.

Chapter 6: Literature Review- Part 2: The Procurement Process and Improving Affordable Housing Construction Efficiency in the UK - Implications from Theoretical Perspective

This chapter represents part two of the literature review on the UK. It focuses on investigating how a policy enabling environment has been created by the government

through influential reports for achieving the change in the construction industry, and thus on identifying key issues related to the procurement process in particular. By doing so, a set of issues are examined in order to create a basis for carrying out semi-structured interviews in the UK. Literature is reviewed in this chapter on the state-assisted process for stimulating improvements to the construction industry in general, to identifying the role of the procurement processes (contractual arrangements) in improving the efficiency of affordable housing provision and then explaining rationales for applying these processes in public sector.

Chapter 7: The Procurement Processes and Efficiency Improvement - Implications from Practical Experience

This chapter reports and analyses the results of semi-structured interviews carried out with selected key informants from Housing Associations involved with delivering of affordable housing around the UK. The interviews were conducted after analysing the results of the main field trip held in Syria on the current practice of the affordable housing delivery process and its inefficiencies. These interviews aim to provide more secure and robust basis upon how the UK reform agenda objectives have been perceived and dealt with in the present process of affordable housing delivery in the UK (whether the housing associations have been following this policy), and in this, to identify the role of existing procurement processes in improving the efficiency (whether this policy has been useful for the housing associations) – and more importantly, their potential for application in the Syrian context. By doing so, the results of the interviews add depth to the current study by: (i) looking at the UK experience in more detail (i.e. beyond literature review in Chapter 6), and (ii) extracting a certain number of elements for the aim of improving the efficiency of the affordable housing delivery process in Syria.

Chapter 8: Relevance of the UK Experience to Improving the Efficiency of the Affordable Housing Delivery Process in the Case of Syria and Validation Process

This chapter consists of two parts. Part one is a comprehensive discussion on the results of chapters 5 and 7 (comparative study) and assists in identifying a certain number of elements extracted from the UK experience that are most relevant to Syria. Part two presents a validation of the main findings of the research that include a set of relevant elements for Syria, namely adopting the procurement process and other key issues in order to improve the efficiency of affordable housing delivery process. It discusses the

views of key informants working in the public sector (the client) in Syria with the aim of assessing the effectiveness and applicability of the research findings (suggested solutions), as a form of validation.

Chapter 9: Summary, Conclusions, Recommendations and Reflections

This chapter presents the conclusions of this research and its findings. It makes recommendations for improving the efficiency of affordable housing supply in Syria. Lastly, it provides a final reflection on the experience gained throughout the research. Figure 1.2 illustrates the thesis structure.

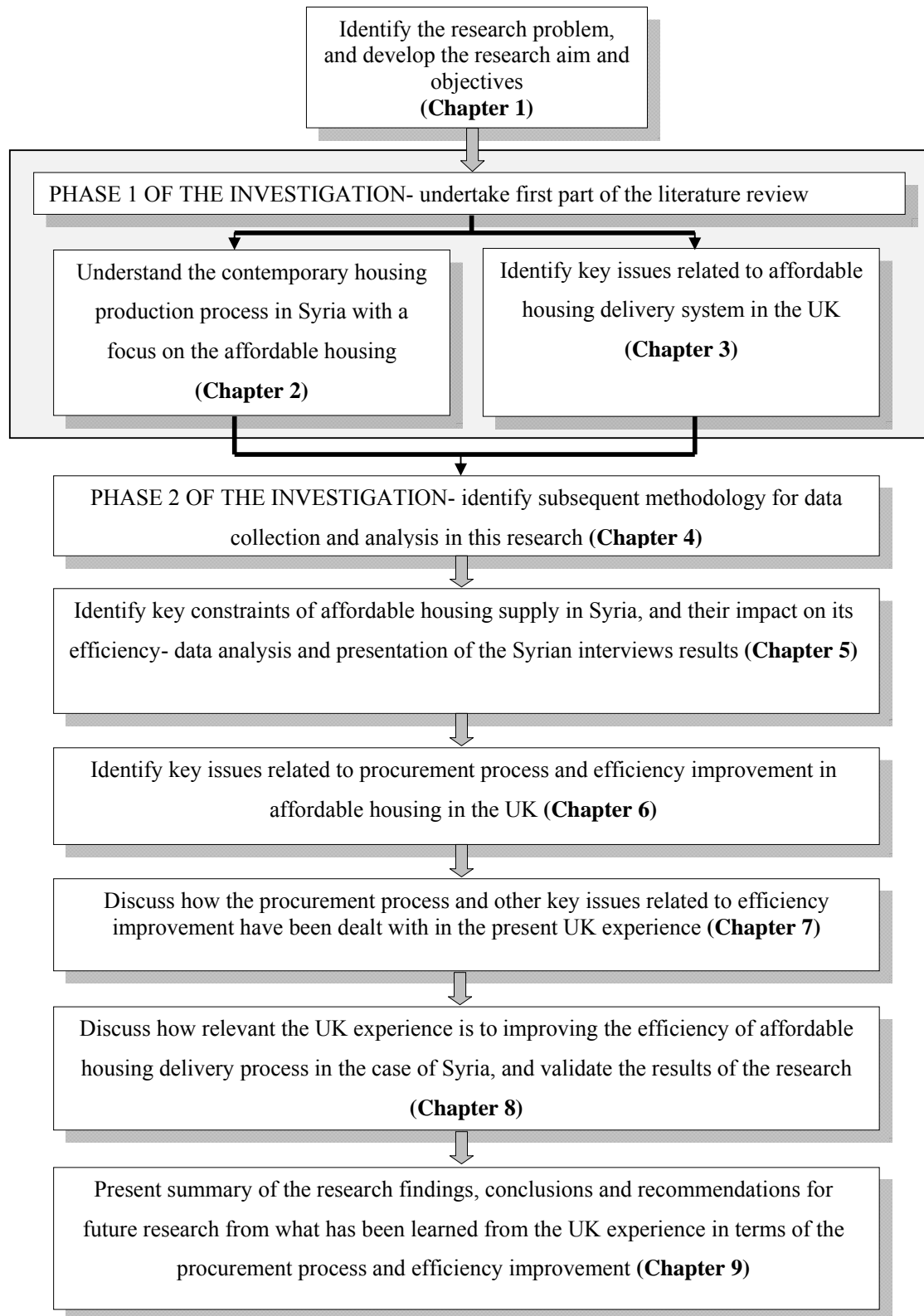


Figure 1.2. Thesis outline

Chapter 2 The Housing Market and Policy in Syria

2.1. Introduction

This chapter addresses the first objective in this research, namely to understand the contemporary housing production process in Syria with a focus on affordable housing. In order to deal with question 1.a, “What is the current process of housing delivery in Syria, and what forms of affordable housing are produced?”, the review of the literature examines the present situation of housing market and policies in Syria since establishing the first five-year development plan in 1960, with special focus on affordable housing development. In this respect, this chapter gives an overview of Syria as a country, as well as housing types and prices. It also identifies the main actors responsible for housing supply in Syria - including affordable housing. Question 1.b, “What are key issues that affect demand for and supply of affordable housing”, and question 1.c, “To what extent is affordability affected by the current systems of housing delivery in Syria”, are tackled by identifying the main aspects that affect housing affordability in the Syrian context, with special emphasis given to the land tenure system and official procedures of land access in Syria.

The chapter thus offers a quite unique summary in English of the evolving housing situation over the past four decades. It also provides an overview of the state policy and housing market, with particular emphasis on affordable housing for lower income groups. It ends with a conclusion and summary of the main points that emerge from the literature review.

2.2. Syria as a Country

Syria is considered to be one of the 15 nations that comprise the so-called cradle of civilization. It is the home to two of the world oldest continuously inhabited cities, Damascus¹ and Aleppo². Syria is situated in southwest Asia, at the eastern end of the Mediterranean Sea. It is bounded on the North by Turkey, on the East and South East by

¹ Damascus is called *Dimashq* in the Arabic language. It was established in the 3rd millennium B.C.E (Before the Common Era = Before Christ) <http://www.eb.com>.

² Aleppo is called *Halap* in the Arabic language; it was mentioned in Hittite documents. Thus, it rivals Damascus for its antiquity, with a history that goes back to the 3rd millennium B.C.E. <http://www.eb.com>.

Iraq, on the South by Jordan, on the South West by Israel, and on the West by Lebanon and the Mediterranean Sea, with a land boundary length of 2,253 km (1,400 mi) and a coastline of 193 km (120 mi). Syria is divided into 14 provinces (*muhafazat*, singular - *muhafazah*) as shown in Figure 2.1.

Syria's population is overwhelmingly young, with 41 percent below the age of 15 and only 3 percent older than 65. In 2003 the population was estimated by the United Nations at 17,800,000, which placed it as number 55 in population among the 193 nations of the world (United Nations Development Programme, 2009). By 2006, the population stood at about 19 million, registering an annual growth of about 2.5 percent and a median age of 20 years (Raphaeli, 2007). According to the UN (United Nations Development Programme, 2007), the projected population for the year 2015 is over 23 million.

Syria is a socialist republic ruled by the Ba'ath Socialist Party which has been dominated by Al-Assad family for 40 years. After the death of Hafez Al-Assad, the Ba'ath Party has remained the dominant political authority in Syria, and appointed Bashar Al-Assad, his son, as president in 2000. In Syria, the state policy and economy are dominated by the Ba'ath Party and its allies who are defending the regime as well as maintaining the ruling family position (Lesch, 2012).

At the time of writing this research, Syria's crisis continues to deepen with 2.5 million people affected (United Nations Development Programme, 2012). The current unrest in the country is ongoing between the government, represented in the ruling family and its allies, and the Syrian uprising, represented by the Free Syrian Army and Syrian opposition. This domestic unrest has caused significant damage to the state sectors, including the housing sector.

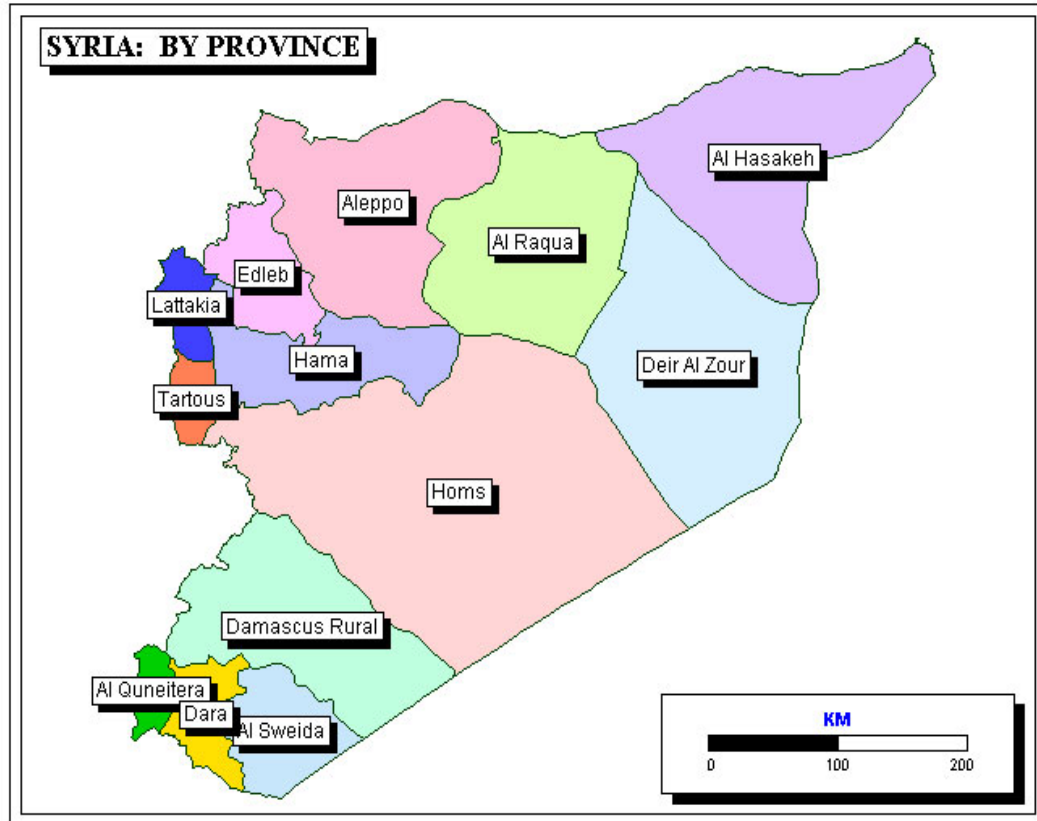


Figure 2.1. The 14 provinces in Syria

Source: Adapted by the researcher from Burkhalter and Schwartz (2013)

2.2.1. Population Growth and Urbanization

From the late 1950s and early 1960s, there was a clear acceleration of the urbanization process in Syria. This has been attributed to the scarcity of agricultural land in the rural areas (Winckler, 2005). One reason for this was the slowdown in agricultural development in the late 1950s and early 1960s due to the Ba’thi revolution in 1963. A revolutionary reform law (Agrarian Reform Law) was designed to limit private land ownership (agricultural land) and distribute it among the peasants who work the land (Winckler, 1998). To this end, the law limited the quota of land which could be given to a landowner’s spouse and sons. Thus, through time Syria has been transformed from a rural agriculture to an urban and industrial society (Ibid).

Another reason that contributed to the acceleration of the urbanisation process in Syria was the rapid population growth. According to Winckler (1998), the population growth rate is very high; it was calculated at 3.17% in the mid sixties, then it increased to 3.5%

in the mid eighties. The number of the Syrian people was 1.3 million in 1921; this jumped to 4.6 million in 1960, and it became 9.53 million in 1981 and reached nearly 14 million in 1994 (Ibid). Raphaeli (2007) reported that the number was 17.4 million in 2003, 18.5 million in 2005, and stood at about 19 million, registering an annual growth of about 2.5 percent in 2006.

As a result of the rapid urbanisation process, the central cities in Syria have witnessed critical socio-economic and political change because they have been forced to absorb large numbers of rural migrants, above and beyond the swelling ranks of the urban population itself. The reasons of rural-to-urban migration in Syria were (a) lack of land for cultivated use, (b) low per capita income in rural areas, (c) the dependence of rural economy upon agriculture, (d) as well as lack of social, commercial and educational services in rural areas (Winckler, 1998). Thus, the urbanized areas have experienced rapid expansion which has exceeded the ability of municipalities to appropriately provide initial public services for the new urban neighbourhoods, and to increase housing stock in the market.

Although most of the Syrian cities have been growing, the rate of population growth for each city differs. Obviously, the bigger urban areas have been growing faster than the smaller areas. For instance, almost one quarter of the Syrian population, over 4.5 million, is located in Aleppo city (*the Central Bureau of Statistics, 2009*) (See Figure 2.2).

This situation has increased the pressure on Aleppo, and other cities, to provide more affordable housing in the market to respond the uncontrolled growth of population. This housing shortage has led to a dramatic rise in housing prices and therefore to an increase in the construction of informal settlements around the urbanized cities for those who cannot afford this (Winckler, 1998). It is worth noting that there are other issues contributing to the housing shortage in Syria, and these are discussed below.

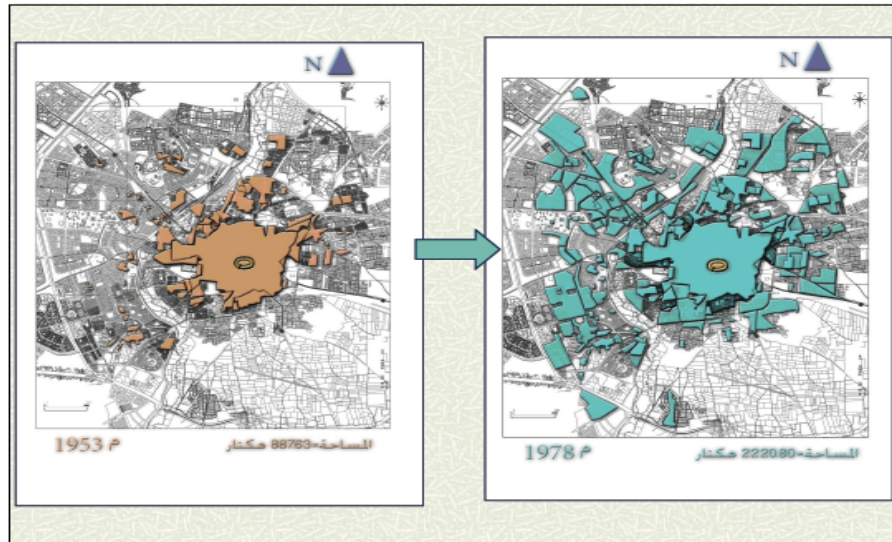


Figure 2.2. The rapid expansion and uncontrolled urban development phases of Aleppo city between the periods of 1953-1978

Source: Adapted by the researcher from *Alshibly* (2008).

2.2.2. Age Structure

The rapid increase in the Syrian population during the 1980s was attributed to the high birth rate and the low mortality rate (Winckler, 1998). Thus, the high rates of natural increase plus the rapid growth of population, which had been ongoing for over three decades, explain the Syrian society age structure, especially the continuing high proportion of young people. The median age for Syria as a whole was 22.3 in 2012 (Gelfand, 2013), indicating that Syria continues to have a young population age structure (See Table 2.1). It seems that the capacity of the municipalities to provide housing has also been hindered by the increasing number of the young who seek new houses in the market.

| Age Structure | 1960 | 1980 | 2000 | 2004 |
|------------------------------|-------|-------|-------|-------|
| Age group: under 15 years | 46.3% | 49.3% | 40.5% | 38.6% |
| Age group: 65 years and over | 4.8% | 4.4% | 3.1% | 3.2% |

Table 2.1. Age Structure in Syria between 1960 and 2004

Source: Adapted by the researcher from *Raphaeli* (2007).

2.2.3. Gross Domestic Products (GDP)

Gross domestic product (GDP) is “the market value of all final goods and services produced within a country in a given period of time” (Mankiw, 2009, p.494).

Syria’s economy is dominated by: (1) agriculture; (2) industry (3) and services. These three sectors cumulatively represent 70% of the country total GDP (See Table 2.2). Syria’s economy, like in many developing countries, was highly affected by the debt crisis in the 1980s. Heydemann (1999, p. 209) claimed that “this crisis was exacerbated by sharp decline in the flow of Arab foreign aid and by exceptionally high levels of military spending as a percentage of gross domestic products”. Thus, the Syrian government was unable to sustain the flow of benefits to the country and the main economic sectors have been affected accordingly. This, in turn, led to a continuous reduction of GDP in Syria.

| Sector | Percentage |
|---|------------|
| Agriculture | 25 percent |
| Industry | 31 percent |
| Services (Wholesale and general trade, transport, building and construction, etc) | 44 percent |

Table 2.2. The main sectors contributing to Syria's GDP in 2004

Source: Adapted by the researcher from Aldosari (2007).

It is worth noting that the government opened up the economy over time, and tried to liberalize quickly in order to maintain the ruling family in power, since the latter is the major shareholder in the market. This interpretation is supported by Zahler (2010, p70) who attributed Syria’s selective liberalization as much “to broaden the regime’s support base during times of change as by the essential need to improve its economic situation in general”. In this case, the primary beneficiaries were those already tied into the regime through business and/or political connections, and the majority of the population were the ones to pay the cost of market volatility (Flynt, 2005) due to an unstable macro-economic environment and unstable currency, as well as high interest rates and high inflation.

Another issue contributing to the dwindling GDP is Syria's population growth rate, because it was higher than the nation's economic growth rate. According to Aldosari (2007, p.278), the sustained growth of population increased the pressure upon the economy in two ways: "it increased the demand for public services and assistance from the government..., and it added strains to the labour market as increasing numbers of young people seek work". As a consequence, the number of unemployed individuals has increased because the economy was unable to absorb the additions to the workforce (See Figure 2.3). The Oxford Business Group (OBG, 2010, p.31) reported that "the expanding labour force (65% of the population is below the age of 25) and a low-growth economy led to fragmented sector characterised by poor access to credit and outdated business practices". Thus, an increasing number of poor was an inevitable consequence (State Planning Commission, 2005). In this respect, the World Bank considers Syria as a lower-middle income country with a per capita income of about \$1,200 U.S, and the UN Development Programme estimates that nearly 30% of the population lives in poverty and 11.4% lives below the subsistence level (Oxford Business Group, 2008).

It should be noted that the international financial sanctions imposed upon Syria by the USA in 2003 have played an explicit role in preventing the Syrian economy from receiving foreign direct investments that are needed to create new jobs in a rapidly deteriorating employment situation (Raphaeli, 2007), and therefore the overall contribution of investment to GDP growth has remained low in comparison with other developing countries. Furthermore, the political and social costs of challenging Israel and interfering in Lebanon have hampered Syria's ability to provide for its poor (Whitman, 2008). Therefore, with the scarce sources of supply, the number of poor and the unemployed people has increased still further.

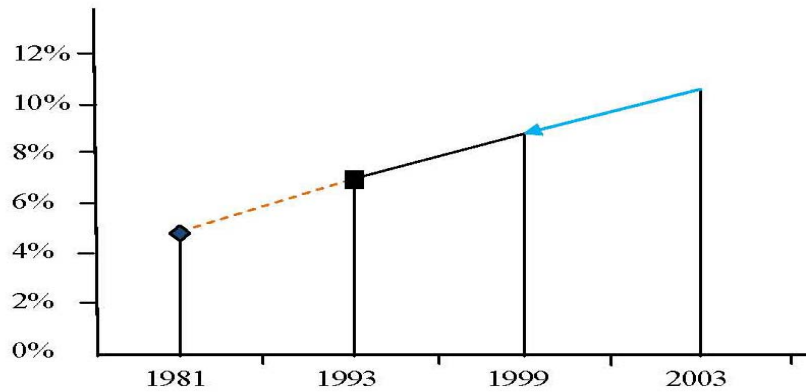


Figure 2.3. Unemployment in Syria (1981-2003)

Source: Adapted by the researcher from Al Laithy and Abu-Ismail (2005).

In view of this, the decline in GDP and the rise of poverty and unemployment, particularly among the youth, have created social unrest in the country and increased the demand for affordable housing for the lower income urban dwellers who cannot afford housing that is available on the open market. Despite government attempts to ease the housing problem by providing formal affordable housing for lower income groups, the supply is still inadequate, and many people still live in informal settlements (See below).

2.2.4. Income Distribution

Over 70% of Syrians earn salaries that are below \$100 per month. With an inflation rate of 0.9% and unemployment rate of 25-30%, this means that 15-25% of the Syrian people live below the poverty line (United Nations Development Programme, 2005a).

Syria's economic performance has been disappointing because it shows failure to create jobs to meet population growth. United Nations Development Programme (UNDP, 2009) reported "only a 6.4% increase in real GDP per capita between 1980 and 2004" (Jabbour *et al.*, 2012). Although the government attempted to decrease the relative decline in Syria's economic position and made reasonable increases in per capita income and public services, income distribution remains poor (Cordesman, 2006). Income distribution among the Syrian population is unequal. According to the United Nations Development Programme (2005a), the bottom 20% of the population consumed only 7.24 % of all expenditure in Syria, and the richest 20% consumed 45.25 %.

Overall, the increase in poverty, decrease in monthly household income, and increase in the youth unemployment rate reveal the problems inherent in uncontrolled urbanisation and population growth, including housing affordability problems.

2.2.5. Household Size and Expenditure

Little reliable data is available on the size of households in Syria (Epstein, 2008). However, the average Syrian household size is between five and seven members per family.

The per capita household expenditure can be utilized as an acceptable proxy for the total income level of the households. According to unpublished results of the Syrian national household survey (1996-1997), the average total per capita consumption expenditure for the whole country was SP25.140 (\$503). Fiorillo and Vercueil (2003) indicate that, on average, households living in urban areas spent 20 times more than households living in rural areas. The average monthly consumption expenditure was SP9250 (\$185) per month in the urban areas and SP495 (\$10) per month in the rural areas. This, in turn, shows that there are great inequalities between expenditure of urban and rural households (See Table 2.3).

| Population Deciles (poorest to richest) | Cumulative Percentage of Total Expenditures | Percentage of Total Expenditures |
|--|--|---|
| 1 | 3.02 | 3.02 |
| 2 | 7.24 | 4.22 |
| 3 | 12.36 | 5.12 |
| 4 | 18.36 | 6.00 |
| 5 | 25.30 | 6.94 |
| 6 | 33.40 | 8.10 |
| 7 | 42.98 | 9.28 |
| 8 | 54.75 | 11.77 |
| 9 | 70.10 | 15.35 |
| 10 | 100 | 29.90 |
| Expenditure Classes | Cumulative Percentage of Total Expenditure | Percentage of Total Expenditure |
| Bottom 50% | 25.30 | 25.30 |
| Middle 30% | 54.75 | 29.45 |
| Top 20% | 100 | 45.25 |

Table 2.3. Distribution of expenditures in Syria from 2003 to 2004

Source: Adapted by the researcher from United Nations Development Programme (2005a).

2.2.6. Housing Types and Prices

In Syria, housing units consist of three main groups, namely houses and flats/apartments and there are also others (e.g. traditional houses with courtyards, bungalows, cottages, etc) (See Figure 2.4). Each group may be further divided into detached, semi-detached, and terraced houses/blocks. However, “the staircase access system predominates over the housing types” (Edwards *et al.*, 2006, p.190) and dwellings with this system are organized either in three to five storey blocks or in high rise blocks. Table 2.4 illustrates an example of the applications of these housing types in *Dummar* Housing Project in Damascus.



Figure 2.4. Examples of housing types in Syria

House price to income ratio, which represents the applicant's monthly income to the expected monthly payments, is generally regarded as the best measure of the pressure on the housing market. In Syria, this ratio is high because a family with the medium-income and/or low-income does not have sufficient income (70% of Syrians earn salaries that are below \$100 per month) to qualify for a median-priced and/or low-priced home on the open market. Houses prices largely depend on both the location and the type of housing. However, over the last decade, houses prices have escalated, due to waves of international immigration (i.e. of Palestinians, Lebanese, and Iraqis). These immigrants have contributed, with other issues, to housing shortages and thus to increasing pressure on the real estate market (*Sabbagh, 2007*). The market, has been also dominated by speculative practices which drove house prices up for no valid reason but trading for profit (*Alsafadi, 2009*). *The Syrian Economic Centre (2007)* reported

that, in 2003, this phenomenon increased housing prices by 300%, due to lack of effective intervention by the government to provide solutions in order to address this problem.

| Types of Multi-storey Dwellings | Number of Stories | Number of Units | Total Number of Units in the Project | Percentage |
|--|-------------------|-----------------|--------------------------------------|------------|
| Multi-storey dwelling with staircase access system | 4 | 2300 | 5300 | 43.4 |
| High-rise block | 12 | 2000 | 5300 | 37.7 |
| Terrace housing | 2 | 1000 | 5300 | 18.9 |

Table 2.4. Multi-storey dwelling application at the *Dummar* project in Damascus

Source: Adapted by the researcher from Edwards *et al.* (2006, p.190).

The rising price of land and volatile costs of raw materials have also put some pressure on the housing sector and thus also contributed to the skyrocketing prices of houses. In addition, these factors have affected the feasibility of housing projects being built at prices that the low-income group can afford. The Oxford Business Group (OBG, 2009, p. 94) reported that “a tonne of Syrian cement cost was SP2500 (\$50) in 2005, and it jumped to SP6000 (\$120) by the middle of 2006”, and they also reported that between the beginning of 2007 and early 2008, houses prices in different areas in Damascus rose by “20% in *Malki*, 33% in *Mazze*h and *Abu Rumaneh*, and 50% in *Kafr Soussa*”.

Although housing prices were estimated to have fallen by up to 20% in the second half of 2008, there is still increasing demand for affordable housing; and market saturation seems to be a long way off. Furthermore, “in a country, where the average monthly salary is between SP5000 (\$100) and SP10000 (\$200)”, much of the residential stock will be out of reach of most residents especially the lower income group (Oxford Business Group, 2006, p.94). Therefore, an affordable housing supply was, and is still, needed in the market in order to accommodate the targeted group who cannot afford houses on the open market. The recent huge destruction in the housing sector, resulted from the current unrest in the country, leaving large parts of the population without access to houses, adds greater emphasis to the importance of providing and increasing the number of affordable units in Syria.

2.3. The Main Actors Responsible for Housing Supply in Syria

Housing development processes in Syria involve many actors, including the government, developers, professionals, contractors, and financiers. The role and responsibilities of these actors in the housing development process, with special emphasis given to affordable housing, are outlined below.

2.3.1. The Government

The government has a significant role in the approval procedures of the various stages of the development process, especially the state and local planning authorities. There are different governmental departments under the Ministry of Housing and Construction (*Wizarat Al-Eskan wa Al-Ta'meer*) responsible for approving all plans for road and drainage, earthworks, sewerage design and building plans. Municipalities (*Baladiat*) are governmental institutions responsible for:

- Opening and paving roads.
- Implementation of sewer network.
- Creating gardens and organizing public yards.
- Providing services in the field of traffic and public lighting.
- Providing administrative authorizations for building plans, including housing.
- Providing land plots for residential use for public, co-operative and private sectors.

2.3.2. The Developer

In Syria, there are three types of housing developers: public, co-operative and private developers. **The public developer** is represented by the public sector (*Al-Katta' Al-Amm*) which is responsible for providing the formal affordable housing for the lower income group. It consists of two establishments, the General Establishment of Housing (*Al-Muassasa Al-Amma Lileskan*) and the Establishment of Military Housing (*Muassasat Al-Eskan Al-Askary*), and it provides 15% of formal housing in the Syrian market. The role and responsibilities of these two establishments will be discussed later in this chapter. **The co-operative developer** is represented in the co-operative sector (*Al-Katta' Al-Ta'awuni*). It consists of housing associations (*Al-Jameiat Al-Ta'awunia*) which are responsible for providing 20% of formal housing to various civil servants in

the country (e.g. doctors, teachers, labourers, etc). **The private developer**, who operates for profit, is represented in the private sector. It consists of private enterprises owned by individuals (*Al-Katta' Al-Khass*) and responsible for providing both informal affordable housing (informal settlements), and formal luxurious housing representing 65% of formal housing on the open market. Developers must comply with the requirements of the Planning Standards and Building Regulations to ensure that housing projects undertaken are delivered to good quality. However, this is not taken into account when it comes to building informal settlements (Wakely, 2008).

2.3.3. The Contractor

There are two types of main contractors, namely private and public contractors. The private contractors are appointed through successful tendering in order to construct and deliver the completed projects that are provided by the General Establishment of Housing, the co-operative sector and the private sector. The public contractors, on the other hand, are represented in a public institution, namely Branch 3 (*Al-Fere' 3*), which is responsible for constructing affordable housing that is provided by the Establishment of Military Housing. Before a contractor is legally eligible to work, they must complete a variety of administrative requirements. The duties of main contractors and sub-contractors, who are appointed by the former, are very specific to the contract between them and the developers.

2.3.4. The Professionals

The professionals involved in the housing development process are architects, planners, engineers, and surveyors.

The architect may work in the Department of Studies and Planning which is responsible for preparing the architectural plans on behalf of the public sector establishments, or may be an architect working within the Syndicate of Engineering and is responsible for preparing the architectural plans on behalf of the co-operative sector and/or the private sector. In both cases, the architects keep in touch with the authorities (i.e. the Municipality and the Syndicate of Engineering), other professionals and the contractors with regard to technical aspects as well as most approval submissions. They are also authorised to certify the completion of every stage of the housing construction process.

Planners are responsible for submitting applications for planning approvals and land conversion in accordance with all requirements, standards and guidelines of the respective Municipalities. In the public sector projects they are members working in the Department of Planning in each establishment, while in the co-operative and private sectors they are likely to work in the Department of Planning which is a part of the Municipality.

Engineers are civil, structural, electrical and mechanical engineers. They are responsible for the technical and engineering aspects of the housing project. In public sector projects, they are represented in the Department of Engineering Studies which is a part of the public sector establishment, while in housing projects that are provided by the co-operative sector and private sector they are represented by specialised engineers working within the Syndicate of Engineering.

Surveyors are land surveyors, quantity surveyors, and building surveyors. Land surveyors carry out physical surveys of the particular land. Quantity surveyors are responsible for preparing the specifications and tender documents, whereas building surveyors are responsible for inspecting building plans drawn up by architects. In housing projects that are provided by the public sector, they are likely to work in the Department of Engineering Studies. In housing projects that are provided by co-operative and private sectors, they are likely to be specialised professionals working in the Syndicate of Engineering, building surveyors, etc.

2.3.5. The Financer

In Syria, the commercial financial banks provide loans for individuals in order to buy houses through the co-operative and/or private sectors. It is worthy of note that there has been an increase in interest rates along with a gradual reduction in the amount of loans approved to individuals who have been forced to borrow at market rates. The Ministry of Treasury provides only a part of the formal affordable housing finance, through the budgetary funding mechanisms for the Ministry of Housing and Construction (MoHC), along with the Ministry of Defence (MoD), which fund affordable housing projects that are provided by the General Establishment of Housing and the Establishment of Military Housing respectively. The other parts of the finance come from the Real Estate Bank, which provides loans for these two public establishments and from the

subscribers, who pay for their houses either by getting a mortgage from the Real Estate Bank or through personal savings, often in monthly instalments.

2.4. Housing Delivery and Affordability in Syria

Governments all around the world have tried to address the problem of providing adequate housing to their nations over the last three decades (Ong, 2003). The Syrian government has planned to increase housing supply through the development plans in order to reduce the Syrian housing backlog. However, as explained above, the progress is slow and the problem of the large informal settlements still exists and is growing (Hammal *et al.*, 2005; *Alsafadi*, 2009). In spite of the high ratio of homeownership in Syria, (Beidas-Strom *et al.* (2009) reported that 80 percent of the Syrian people live in self-owned houses), there is a shortage in housing stock, especially affordable houses for the lower income group. Although the government attempted to control the increase of housing prices in the market (Oxford Business Group, 2008), housing affordability is still a challenge for Syria because, in a country with supply gaps, the house price-to-income ratio is still larger than in those without.

The following discussion addresses the main social, economic, political, and cultural aspects of development affecting housing affordability in Syria. As pointed out earlier, the problem of housing affordability cannot be attributed to these aspects, but also to other institutional issues that hamper the process of providing affordable housing in Syria. These institutional issues are investigated later in this research.

2.4.1. Main Aspects Affecting Housing Affordability in Syrian Market.

The social aspect is represented by issues discussed earlier in this chapter such as the natural increase rate of Syrian population (Winckler, 1998, 2005), the acceleration of the urbanization process due to local, national and international migration (*Sabbagh*, 2007), youth independence from their families because of the new life style (e.g. getting a better job or learning in another city), limited opportunities for employment (Winckler, 1998), the increase of poverty (United Nations Development Programme, 2005a), the decrease in monthly household income (Cordesman, 2006), the increasing rate of divorce (this relates to the income or class level) (Winckler, 2005), and the

emergence of the so-called ‘buy-to-let’³ phenomenon (speculative activities) which has kept a large number of residential units out of occupation in the Syrian market (Alsafadi, 2009). Table 2.5 illustrates the number of unoccupied units in the Syrian cities due to speculative practices. These aspects, along with the long-standing imbalance between the demand for houses and lack of supply have led to high house prices and the emergence of informal settlements around urban areas (Hammal *et al.*, 2005).

| Syrian Provinces | Families Number | Occupied Units | Unoccupied Units | Ratio |
|--|-----------------|----------------|------------------|-------|
| Damascus | 340864 | 309317 | 35780 | 10.3% |
| Aleppo | 706498 | 675647 | 65523 | 8.8% |
| Rural Damascus | 426228 | 405008 | 45879 | 10.1% |
| Homs | 271500 | 258679 | 37411 | 12.5% |
| Hama | 233563 | 221266 | 30663 | 12.1% |
| Lattakia | 185135 | 182557 | 41375 | 18.4% |
| Idleb | 201685 | 195756 | 22689 | 10.3% |
| Hasakeh | 181195 | 179486 | 26508 | 12.8% |
| Deir-Ez-Zor | 132874 | 130163 | 10887 | 7.7% |
| Tartous | 143051 | 141703 | 26175 | 15.5% |
| Al-Rakka | 120163 | 114378 | 8629 | 7% |
| Dar’a | 132843 | 120752 | 10714 | 8.1% |
| Sweida | 64135 | 61899 | 8012 | 11.4% |
| Quneatra | 10624 | 10274 | 1758 | 14.6% |
| Total Number and Average Percentage | 3150358 | 3006885 | 372003 | 11.4% |

Table 2.5. The number of unoccupied units in the Syrian Provinces

Source: Adapted by the researcher from *the Central Bureau of Statistics* (2009).

The economic aspect is characterized by lack of finance from the banking sector. This issue is attributed to a variety of factors: 1) The fact that “banks work with relatively low levels of capital and are restricted to lending a maximum of 25% of their capital to one entity” (Oxford Business Group, 2010, p.116.).

³ The buy-to-let phenomenon emerged recently in the Syrian market where some investors and/or private entrepreneurs started to buy properties just to increase the number of their possessions, or to trade in the housing market (Dibo, 2008) because they are convinced that this process will keep their capital growing (Alsafadi 2009).

2) The government owns most of banks in Syria; “the few banks that lend money to the private sector give higher priority to the government and make it very difficult to private companies/individuals to obtain loan packages”, which are inflexible, in terms of having high interest rates and fixed mortgage structures (United Nations Development Programme, 2005b, p.15).

3) Syria still lacks investment banks and private insurance companies (OBG, 2011).

4) The interest rates in the banking sector have decreased due to a cut in the base interest rates from 9% to 5%. As a result, many people withdrew their money from the banks and invested it in houses (OBG, 2008).

5) Building materials prices have increased due to the increase of fuel price, the shortfall of supply, and the rise of a black market in providing materials (OBG, 2010).

6) The government imposes restrictions upon the monetary policy (e.g. restrictions on free movement of capital), and sets the exchange rate (UNDP, 2005b). The absence of financial legislation and an economic framework has increased the gap between the housing market and the mortgages supply, and contributed in escalating the housing prices because it has affected how fast housing projects can be built.

The political aspect is represented by the inability of the government to appropriately fulfil its own future plans and increase the number of houses, as well as the complexity of the planning system and state housing policy. Although the government attempted to remedy problems in the planning and implementation policy, processing the actions still needs improvement to meet the requirements of officials and planners. Flynt (2005) attributed this issue to (i) deficiencies in project identification, preparation, and implementation, (ii) weak management of public sector businesses, (iii) prevalence of bureaucracy, and (iiii) reducing the profits available to the government for development expenditures.

Political aspects are also represented in the land issue. Land availability and prices have great impact upon housing affordability in Syria (Oxford Business Group, 2008; Sabbagh, 2007). On the one hand, the shortfall of land is attributed to:

- The complexity of land regulations and legislation.
- Centralised land management and administration systems (*The General Establishment of Housing*, 2010).

- The prevalence of bureaucratic procedures including the land acquisition process (*Khoja, 2004; Sarraf, 2005*).
- Inflexibility of the national planning system and its statutory interpretation (*Flynt, 2005*). This, in turn, gives less emphasis to allocating land parcels for affordable housing.

The increasing land price, on the other hand, is attributed to (i) the increasing demand for land plots from private developers, (ii) lack of suitable and sufficient mechanisms to allocate land for urban development which, in turn, has led to a considerable bottleneck in the land and housing market (*Fernandes, 2008*), and (iii) to speculating on the property market which is dominated by private entrepreneurs and developers (*Dibo, 2008*). According to *Winckler (1998)*, the speculative practices, have caused a big demand for land and therefore increased houses prices in the housing market.

A further political aspect is represented by USA sanctions in the context of the so-called Syrian Accountability Act in 2003⁴ (*Raphaeli, 2007*). The inhospitable political climate resulting from American sanctions has led to a decrease in investment in the market, and a decrease in work opportunities despite the increasing number of work seekers. The crisis has also produced depressed economic conditions in Syria, leading to a marked decrease of foreign aid and grants from the Gulf Arab countries, which are the traditional source of investment and tourism in Syria, and a decrease in workers' remittances (*Sharp, 2010*). The obstacles associated with the political aspect have led to lack of financial support for the unemployed individuals, lack of a competitive environment, and an increased demand for affordable housing. Consequently, achieving housing affordability has become a real challenge in the Syrian market with regard to the current unrest in the country.

The cultural aspect is represented by the manners and habits that are practiced in the society. Corruption has become a habit pervading nearly every aspect of daily life in Syria (*Yacoubian and Lasensky, 2008*) with special emphasis on the housing sector. The construction industry is consistently ranked as one of the most corrupt; corruption in the property industry is more rampant than in other industries due to numerous levels

⁴ The act calls on the president of the United States to take various measures against Syria including the prohibition "to the export of products of the United States (other than food and medicine) to Syria," and the prohibition on U.S. businesses "from investing or operating in Syria" (*Raphaeli, 2007, p.43*).

of applications and approvals required in order to undertake housing developments. This is attributed to the fact that “poorly paid government workers typically resort to bribery and other forms of petty corruption in order to make ends meet” (Ibid, p.10), and to lack of enforcement in the housing market in Syria.

According to Raphaeli (2007, p. 40), Ghassan al-Rifa’i, the former Syrian Minister of Economy, stated that the most significant obstacles to foreign investment in Syria ‘are the horrible bureaucracy and the spread of corruption’. The Minister of Economy added that the daily newspaper *Tishreen* described the prevalence of corruption as ‘the deluge of corruption’ (*tawafan al-fasad*) in the government ministries. The impact of corruption goes beyond bribe payments to result in poor quality construction of infrastructure, low economic returns, large payments to gain or alter contracts and circumvent regulations, and low funding for maintenance. High degrees of cronyism, lack of transparency, lack of control and accountability (Bowker, 2010), lack of coordination between stakeholders (United Nations Development Programme, 2007), as well as corrupt practices (Yacoubian and Lasensky, 2008) have also impeded economic reforms and housing development in Syria, allowing those who work in housing supply and benefit from the existing aspects, to monopolize the housing market and therefore decrease housing affordability.

2.5. Land Tenure System and Affordable Housing

The land tenure system is an essential component of the housing development process. It is regarded as a technical instrument regulating the allocation, acquisition and use of land (Lacroux, 1999). Land supply for affordable housing is a problematic issue in Syria (Sabbagh, 2007), and the planning system itself cannot plan specifically for affordable housing. Although different endeavours were undertaken by the stakeholders in order to increase the number of plots available for residential use, a decline in the amount of land was seen as one of the major immediate causes constraining economic growth (Forni, 2001), the slowdown of affordable housing development in urban areas (Fernandes, 2008), and the emergence of informal settlements around the urbanized cities in the recent years (Hammal *et al.*, 2005; Wakely, 2008).

Fernandes (2008, p.8) reported that “although it seems logical to refer to the ‘lack of land’ as being a problem, the fact is that land itself is widely available, what is not fully

and easily available is serviced land released into the market through legal processes". This argument directs the following discussing to the land supply system in Syria and its effect on affordable housing provision.

2.5.1. Official Procedures of Land Access in Syria

A strong emphasis on legal structures is traditional in Syria as in other Mediterranean countries. The planning policy is mainly presented or supported by a series of laws and decrees. Thus, land provision and allocation are covered by statutory zoning plans announced by the Municipalities; further land allocation for residential use is regulated by five laws which were issued in order to help in increasing the number of land parcels for residential use (*Alshibly*, 2008). However, the following discussion will illustrate the failure of these laws to providing adequate amounts of land for housing development.

It is generally accepted that some fundamental institutional regulations for access to land must be made, independent of whether individuals, family groups, communities or the state is the land owner. To do so, there are issues which need to be taken into account in order to facilitate the above procedures, namely identifying land tenure, including land use, location, and acquisition. According to the Food and Agriculture Organization of the United Nations (FAOoUN, 1999), in terms of **land use** it is estimated that out of the total Syrian land area (18 500 000 hectares) 62 percent (11 500 000 hectares) comes under the general term of state land. The remaining 38 percent of the land or about 7 million hectares is privately owned and operated. This includes cultivable as well as some uncultivable land (*Forni*, 2001).

Private land includes cultivated land, in rain-fed or irrigated conditions, in addition to fallow and some uncultivated land. With the increasing population and pressure on land the tendency has been for using all available resources in a more intensive way in order to increase the amount of land used for residential purposes. Uncultivated land in private areas has been almost stable (around 500 000 hectares) and was used for residential use according to Law number 9 issued in 1974. **State land** includes: (1) Agricultural land rented or allocated to individuals, for instance to land reform beneficiaries, and which is privately operated; (2) state farms; (3) forest land; (4) uncultivable areas such as wastelands, rivers and lakes; (5) pasture land in the steppe

used by herders under traditional rights of access; and (6) state land used for roads or any other public purposes such as residential purpose.

Land location in urbanized cities is classified into three areas: (1) land existing within the limits of the Master Plan issued in 2004 in the main cities; (2) land existing within the limits of the Master Plan issued in 2007 in the main cities (projected areas for future expansion); and (3) land existing out of the Master Plan limits (*Aljabri, 2005*). Figure 2.5 illustrates the location of land for residential use in the Syrian cities. **Land acquisition**, most importantly urban land for residential use, is administered according to the State Land Acquisition Laws (SLALs) by the central government and local government councils (Municipalities).

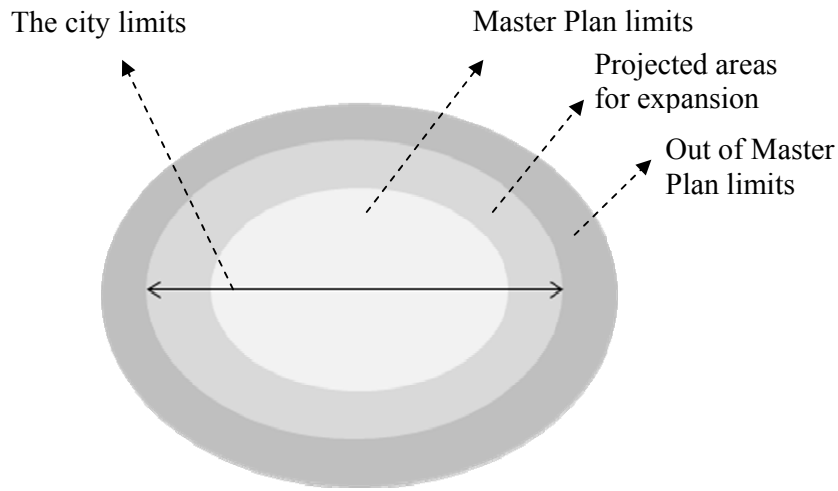


Figure 2.5. The locations of land available for residential use in the Syrian cities

Land Acquisition Laws used to provide land parcels for residential use are:

- Law number 9 issued in 1974.
- Law number 60 issued in 1979.
- The legislation number 5 issued in 1982.
- Law number 20 issued in 1983.
- Law number 26 issued in 2000.

These laws were expected to promote a boom in the housing sector, by providing land plots in the market. The government's action, the legal support of which has been largely provided by Law No. 9/74, has been responsible for the satisfaction of growing housing demand over the decades. More importantly, it has sought to identify the planning tools and land allocation processes in the urban areas. However, the poor drafting and the misinterpretation of this law have contributed to decreasing the area of land set aside for residential use (*Aljabri, 2005*). Law No. 9/74 was followed by Law No. 60/79 with the aim of tackling problems that arose, but again the lack of suitable and sufficient mechanisms to provide both public and private land for urban development led to a considerable bottleneck in the land market, thus escalating land and housing prices. This can be related to Law No. 60/79, itself, because it put land acquisition for residential use into the hands of the Municipality (*Aljabri, 2005*). Thus, the Municipalities became the main providers of land in urban areas within the Master Plan limits. Antoun and Quataert (1991) found that some private developers were in a most advantageous position to use the legal system and obtain land plots from the Municipalities. This can be linked to the ability of private developers to pay higher costs to acquire massive land tracts because they have greater financial resources. Similarly, most landowners prefer to sell land to private developers who can pay a higher price than individuals, and this is pricing the poor out of the land market.

Later, legislation No. 5/82 was issued with the aim of enhancing the role of the Municipalities, and allowing them to set out the Master Plan in urban and rural areas in accordance with the planning policy/standards prepared by the Ministry of Housing and Construction (MoHC). This legislation was followed by Law No. 20/83 in order to give the Municipalities the power to compulsory purchase land available in projected areas for expansion. Law No. 26/2000, on the other hand, has played an explicit role in extending the Municipality power to involve both the projected areas for expansion and those existing in the Master Plan limits in the main cities.

Despite the legal changes that have been made in order to facilitate and increase land access process, shortfalls are not necessarily borne out of natural limitations. Rather, they are the outcomes of policy choices and the role of the Municipalities as the main providers of land for residential use in the market. Given that the Municipalities have their own statutory planning environment, planning plays a smaller role in the provision of affordable housing for low-income households compared to other countries. Being

the sole supplier of new land and the landlord of all existing land, planning tools are less significant than land supply policy in regulating housing prices in the private market, where families with middle incomes and above seek housing services. In general, with control of new land supply and in the formulation of statutory land-use plans, as well as being the main provider of subsidized housing, the Syrian government has a dominant role in the market, much more so than other governments. According to Lesch (2012, p.6), the dominant role of the government has provided a support base for the ruling regime who transformed the government into “the source of patronage, as a pervasive clientele network was created in the military, bureaucracy, business community and other elements of society tied to the state apparatus”. This explains why different sectors, including the housing sector, are directly managed and controlled by the government.

2.6. Affordable Housing Policy in Syria

Among the poverty, unemployment, low income distribution, breakdown of Gross Domestic Product (GDP), increasing natural rate of birth, increasing population growth, recent boom in house prices, complexity of land tenure system, and other manifestations of a low level of socio-economic development, there is a severe shortage of adequate, affordable housing in Syria. Consequently, the government’s attention has been drawn to the importance of linking housing and policy; practical steps have been taken at various levels, and spending in support of housing subsidies for the lower income group has continued.

In 1982, the government announced the establishment of the General Establishment of Housing (*Al-Muassasa Al-Amma Lileskan*) with a remit to provide affordable housing for the low-income groups in the cities (*The General Establishment of Housing*, 2004). Subsequently, the Government intensified efforts to boost affordable housing provision through drawing in the Establishment of Military Housing (*Muassasat Al-Eskan Al-Askary*), which was established in the 1970s in order to provide residential units for military personnel, to participate in providing formal affordable houses alongside the General Establishment of Housing. Policy makers have paid most attention to the public sector represented by these two establishments, mainly due to the conviction that the formal provision of affordable housing through the public sector could meet housing

needs better and that it embodied the key to modernization and national development (Alshibly, 2008).

The two establishments have been given the power to set policies and deliver affordable projects for which they are responsible, and have been allocated funds from the government through budgetary funding mechanisms by which they can provide affordable housing to the lower income group. Although they have received a relatively large percent of the government's budgetary allocation to the housing sector, they only produce approximately 15 per cent of the nation's housing stock (Alsafadi, 2009). Their overall impact on housing supply has been minimal because their efforts to meet the rising demand have been complicated by various reasons, including high cost of land development, the unavailability of land in urban areas, the increasing prices of building material, and bureaucratic government procedures (Alsafadi, 2009; *The General Establishment of Housing*, 2009).

In order to support the role of these public sector institutions, the government also intensified its efforts to increase the amount of affordable housing in the market by issuing the Real Estate Development Law No.15 in 2008. This law gives the right to both Syrian and non-Syrian developers to develop and invest in the housing market. It also requires private developers to set aside up to 20% of new developments for affordable housing (Oxford Business Group, 2011). However, in reality, the application of this law has not achieved fruitful outcomes, due to delays in obtaining various approvals of plans from governmental agencies, and high interest rates imposed by the banks; as well as the complexity of legislation that allows foreign developers to procure housing projects (*Syria-steps*, 2007). Given that the economy is dominated by the ruling family, as the major shareholder in the financial institutions and the market, foreign companies cannot invest in Syria without the permission of the ruling family, which tries to acquire exclusive licenses to represent foreign companies in Syria and to obtain contract awards (Lesch, 2012). This issue could be the main reason behind the failure of this law to help activate the role of the private sector in the housing market.

It is worthy of note that national policy has long proclaimed the goal of a decent home for every Syrian family (Alsafadi, 2009). However, there is a down side as well. Affordable housing targets have been hard to fulfil, based on the poor performance achieved during various development plans, which only met a small proportion of the

total housing needs of the poor (Alsafadi, 2009). At the same time, the corrupt practices of governmental institutions and ministries without a doubt undermined the efforts in responding to housing needs (Flynt, 2005; Lesch, 2012).

The following section illustrates the provision of housing including, but not limited to, affordable housing over the last few decades in Syria.

2.6.1. An Overview of Housing Situation over the Past Five Decades

The provision of adequate housing in Syria has been considered an important social agenda not only reflected in presidential announcements, but also in the government's annual budget and development plans since the 1960s. In 1960, the current Central Planning Apparatus was set up, with the Supreme Planning Council, consisting of the Prime Minister and the various ministers and heads of general organizations, responsible for the plan's design and implementation (Winckler 1998). The Syrian government established its first five-year development plan (1960-1965), which included an aim to reduce the housing shortage in the whole country. The government was determined to build 60,000 residential units in the main central cities in Syria in this plan; however the number of accomplished units did not exceed 12,000 units in reality (Ibid).

Within the framework of the second five-year development plan (1965-1970) 163,000 residential units were targeted, but the shortage of residential units was estimated to be 159,000 units (*The Central Bureau of Statistics*, 2001). This was attributed to the weak combined performance of the public, co-operative and private sectors in providing adequate numbers of houses. Housing supply received the same criticism in the subsequent third, fourth and fifth five-year development plans. One of the key issues associated with the shortfall of providing adequate housing was the use of very traditional approaches in the production process. These approaches were represented by the use of raw, semi-processed, and processed materials that are provided by relatively unsophisticated domestic sources and by basic industries such as cement and steel manufacturing (Alsafadi, 2009).

With the growth of the urban population, due to national in-migration to urban areas, and also foreign immigration and increasing natural rate of population growth, housing

programmes in urban areas were further accelerated with particular emphasis given to affordable housing provided by the public sector at reasonable prices in subsequent Syrian plans. This coincided with the establishment of the General Establishment of Housing in 1982 (*The General Establishment of Housing*, 2004). During the sixth five (1985-1990) and seventh (1990-1995) five-year development plans the government concentrated on affordable housing projects (i.e. Social Housing Programmes) in particular in urban areas. These two national plans were drawn up with the objective of increasing the number of houses especially for the low-income groups, as well as dealing with the emerging backlog resulting from previous plans. Despite continuing efforts being made to set out quantitative targets with adequate investment allocations, these two plans can be characterized as only indicative rather than comprehensive in nature.

Subsequently, as described earlier, the government intensified efforts to boost affordable housing provision through drawing in the Establishment of Military Housing to participate in providing formal affordable housing alongside the General Establishment of Housing. In doing so, the likelihood of achieving successful results in housing sector was expected to be high, especially with allocated funds targeted to new affordable projects (i.e. the Youth Housing programme). However, the slow progress of the housing programmes caused many projects to be delayed.

Furthermore, the government supported the co-operative housing sector, but this also failed to provide the sufficient number of residential units projected in the eighth five-year development plan (1995-2000), although the co-operative contribution in provision was estimated at 20-25 % of the actual supply (*The Syrian Economic Centre*, 2007). According to *Al-Ghben* (2010), a large number of individuals have allegedly been deceived by some bogus housing associations who stole their money. As a consequence, many individuals are no longer applying to get properties from this sector since they do not trust it anymore. In contrast to the various failures of the public and co-operative sectors, the private sector was increasingly active in developing properties that were very highly priced relative to per capita income, making home purchases practically impossible for the lower income majority.

Subsequently, the housing sector has witnessed a relative boom in the period of the ninth five-year development plan (2000-2005) in terms of the formation of financial

commercial banks that offer housing finance packages such as housing loan schemes to civil servants, and providing other capital allocated for affordable housing schemes (Oxford Business Group, 2009). However, once again, the low level of capital in banks, limited lending rate, and difficulty in obtaining loans, meant the resources were inadequate to increase the supply mechanism and cover the shortfall in the market.

In this plan (2000-2005), the public sector (*Al-Katta' Al-Amm*) was expected to provide 39,000 units, while the co-operative sector (*Al-Katta' Al-Ta'awuni*) was expected to provide 75,000 units alongside the private sector (*Al-Katta' Al-Khass*) which was expected to provide 158,000 units. However, the performance of these three sectors has not lived up to promises. This was mainly attributed to lack of land available for residential use; overall shortage of funds; as well as lack of adequate labour, materials, and plant (*the Syrian Economic Centre, 2007*). Similarly, in the tenth five-year development plan (2005-2010) the performance was again below the estimated targets, and the national housing shortage was estimated at 687,000 units (Oxford Business Group, 2010). In the eleventh five-year development plan, which is current (2010-2016), the housing shortage is now estimated to be 800,000 units (Oxford Business Group, 2011).

In light of the above, it can be seen that state housing policy has not been implemented effectively and efficiently, at least in numerical terms, and the performance for housing provision in the various five-year plans is far from being satisfactory. Thus, increasing housing stock with special emphasis on affordable housing has become ever more of a challenge for the government because it has to cover the previous shortfall. The housing crisis in Syria will be aggravated, especially with the continuing growth of Syrian population. More importantly, housing agencies will have a difficult time operating effectively in the midst of the instability, including in the aftermath of the current political and military situation, which most probably will leave a lot of people in urban areas without a home.

2.7. The Affordable Housing Market in Syria

There are two types of affordable housing in the market, namely formal affordable housing, provided by the public sector and informal affordable housing, provided by the

private sector. The following sections give brief reviews on these two types of affordable housing in Syria.

2.7.1. Informal Affordable Housing (informal settlements)

Informal settlements, which first appeared in the 1960s, include today around 50% of the residential accommodation in major cities such as Damascus and Aleppo, and contribute significantly to urban growth (Fernandes, 2008). They are provided by the private sector represented by private developers, and traders of building materials. However, in most cases, informal developers get involved in such provision in order to accommodate young people who cannot afford housing that is available on the open market. According to the Syrian government (2006), the term “informal settlement areas” in Syria refers to houses built contrary to urban planning or building regulations. This means that in these settlements “the ownership of the land is in dispute and/or is not legally registered; and/or the settlement is in contravention of the master-plan zoning regulations; and/or planning standards are not met; and/or dwellings are constructed in contravention of building standards and regulations” (Wakely, 2008).

As explained above, the rapid urban process accompanied with population growth, local, national and international migration and influx of refugees (Palestinian, Lebanese, and Iraqi) (Fernandes, 2008) along with the current economic, social and demographic situation in Syria (Mumtaz and Wegelin, 2001), high rate of youth population, lack of land available for residential use, and high prices of land and housing (Oxford Business Group, 2011), have all played an explicit role in the formation and growth of informal settlements in Syria. However, Fernandes (2008, p.9) claims that there are further issues contributing to the emergence of this problem, namely “the growing land and housing demand with the limited supply, the lack of sufficient and affordable official market options of access to urban land and housing, and the lack of a social rental policy where it is estimated that there are 500,000 empty houses in Syria due to the previous rent law, which led to a non-balanced relationship between owner and tenant, and caused complete disappearance of the leasing approach from the housing market in Syria”. The latter issue is attributed to the fact that the previous rent law gave tenants the right to occupy properties for a long time, in fact, as long as they wanted to continue renting, so the owners could not force tenants to leave their properties unless the owners paid 40% of the total selling price of the property to the tenants. This law thus had implications

for the availability of affordable rental housing and produced a bias towards owner occupation, both in formal and informal affordable housing in Syria.

Mumtaz and Wegelin (2001, p. 86) identify many of the problems characterizing informal settlements in Syria as follows:

- “Misuse of land.
- High population density, overcrowding and lack of privacy.
- Poor housing and living conditions, including a general lack of facilities.
- Poor quality utilities and inadequate basic infrastructure (especially water, sewerage and electricity networks).
- Insufficient social services and cultural facilities.
- Poor accessibility” (See Figure 2.6).

The Municipalities have paid no attention to the emergence of these settlements around the big central cities, mainly due to the conviction that the informal supply could meet housing needs of the lower income group in a country with a large supply gap. Therefore, today, informal settlements represent around 40% of residential accommodation in Damascus and 50% in Aleppo with 31 and 22 informal areas existing in the outskirts of each city, respectively (Oxford Business Group, 2011; Hammal *et al.*, 2005). In this respect, if half the urban population only has access to land and housing through informal processes, then there is something wrong with the overall system put in place to respond to the housing needs. Thus, after all, the government has requested the support of the International Agency Urban Management Programme in order to improve living conditions in informal settlements and stop their uncontrolled development. According to the Oxford Business Group (OBG, 2011), the Municipal Administration Modernisation Programme (MAM), which is funded by Syria and the EU, has been involved in a number of local planning exercises carried out in informal settlements in Syria. Despite different attempts made by the government to stop the creeping spread of those settlements, finding effective solutions to resolve the situation is a big challenge for both the government and the EU (Fernandes, 2008). In fact, the above-stated factors and the current conflict happening in the country seem to put serious political limits and constraints to this intention of governmental control today and in the near future.



Figure 2.6. Inadequate level of life in the informal settlements in Aleppo city

Source: Adopted by the researcher from Tammo (2005).

It is worthy of note that the presence of informal settlements in Syria is a very much studied subject; many researches and reports have been carried out and published about it. However, giving a detailed description on this issue is beyond the scope of this research since it addresses the specific issue of improving the efficiency of the formal affordable housing supply provided by the public sector, represented by the General Housing Establishment and the Establishment of Military Housing.

2.7.2. Formal Affordable Housing

As stated earlier, formal affordable housing is provided by the public sector represented in the General Establishment of Housing and the Military Housing Establishment. Although the government subsidizes these two establishments from the budgetary fund, they institute their own finance schemes to raise capital for their projects. They sell flats to the subscribers before their construction commences on site. They only begin construction when they raise enough cash flow from instalments to pay for the building cost. Purchasers receive the keys to their homes after a specified period, and they continue with the instalments for a number of years, depending on the project.

The General Establishment of Housing works on providing affordable housing for the low-income group throughout the country according to Law No. 38 issued in 1986 and Law No. 39 issued in 1987 (*Alshibly*, 2008).

Affordable housing is implemented formally in accordance with building regulations and planning standards. Usually, it is organized in four-storey blocks, surrounded by gardens and public spaces (See Figure 2.7). The total area of units is between 65 square metres to 90 square metres; the units are handed over to their owners through four schemes (five years, seven years, ten years or twelve years) depending on the type of affordable housing programmes (i.e. Youth Housing (*Sakan Shababi*), Saving Housing (*Sakan Eddikhar*), Labour Housing (*Sakan Ommali*), Social Housing (*Sakan Sha'bi*), and University Housing (*Sakan Jami'y*)) (*The General Establishment of Housing*, 2010). In this respect, affordable units with small areas are handed over to the subscribers after five years, while affordable units with medium areas are handed over after seven years, and affordable units with large areas are handed over after 10 or 12 years. Subscribers/owners must pay 10% - 15% - 25% of the total selling price of the residential units at the beginning of project, and the remaining sums are paid through monthly instalments between SP1500 (\$30) and SP3500 (\$70) for 5-10-15-20-25 years according to the type of project (*Ibid*).



Figure 2.7. An example of affordable housing provided by the General Establishment of Housing

The Establishment of Military Housing works on providing housing for the lower income groups who are threatened with losing their informal houses due to technical issues (e.g. poor quality of construction), or because they have been forced by the Municipalities to leave their informal houses in order to build new formal housing instead (*The Establishment of Military Housing*, 2010).

Affordable housing here has the same characteristics as their counterpart provided by the General Establishment of Housing, as shown in Figure. 2.8. However, the total area of units is slightly larger, between 75 square metres to 90 square metres, and the units are handed over to their owners through two schemes (four or ten years) depending on the type of affordable housing programmes (i.e. social housing (*Sakan Sha'bi*)). In this respect, affordable units with medium areas are handed over to the subscribers after four years, while affordable units with large areas are handed over after ten years. Subscribers/owners must pay 25% of the total selling price of the residential units, and the remaining sums are paid through monthly instalments between SP4000 (\$80) to SP6000 (\$120) for 4 or 10 years according to the type of project (*The Establishment of Military Housing*, 2010).



Figure 2.8. An example of affordable housing provided by the Military Housing Establishment

2.7.3. Affordable Housing Programmes Implemented in Syria

Affordable Housing Programmes are often implemented with the objective of resettling informal sector residents in urban areas. Following the above discussion, the General

Establishment of Housing has five programmes, namely Youth Housing (*Sakan Shababi*), Saving Housing (*Sakan Eddikhar*), Labour Housing (*Sakan Ommali*), Social Housing (*Sakan Sha'bi*), and University Housing (*Sakan Jami'y*). However **the Youth Housing Programme** is the biggest and the most popular one in the country. It is designed with the aim of providing affordable units to the young families in different parts in Syria. The characteristics of this programme are:

- *Targeted Group*: Young families (over 18- under 35).
- *Type of building*: 4 storeys block in cities and major towns.
- *Specification*: Minimum build-up area of 65 square metres comprising 1 bedroom; minimum build-up area of 75 square metres comprising 2 bedrooms; minimum build-up area of 90 square metres comprising 3 bedrooms.
- *Payment*: SP1500 (\$30)-SP3500 (\$70) per month.
- *First payment*: 10% of the total selling price of the residential units.

The Military Housing Establishment has one programme, namely **Social Housing Programme**, designed to provide affordable units to the lower income people whose informal houses are about to fall down, or are built on land developed illegally. The characteristics of this programme are:

- *Targeted Group*: Lower income group.
- *Type of building*: 4 storeys block in cities and major towns.
- *Specification*: Minimum build-up area of 75 square metres comprising 2 bedrooms; minimum build up area of 90 square metres comprising 3 bedrooms.
- *Payment*: SP4000 (\$80) - SP6000 (120) per month.
- *First Payment*: 25% of the total selling price of the residential units.

The government pioneered the construction of medium-rise affordable housing in order to save cost, and announced the provision of subsidized owner-occupied housing to meet the home ownership aspirations (*The General Establishment of Housing, 2009*). Furthermore, a set of laws and legislations have been issued in order to help the public sector to provide the allocated number of affordable units. For instance, Law No. 36 was issued in 2000 in order to increase the period of instalments payment from 15 years to 25 years with a reduced interest from 7% to 5% (*The Syrian Economic Centre, 2007*).

Despite continuing efforts being made by the government and the public sector to set out quantitative targets with adequate investment allocations, the public sector performance in providing an adequate number of affordable units has still not lived up to the promise. This, without a doubt, can be attributed to the issues discussed earlier in this chapter. However, the fact of that the level of demand is beyond the supply scope of the government, prevents the public sector from achieving its targets (Oxford Business Group, 2008; *Alsafadi*, 2009; *Sabbagh*, 2007). In this respect, the gap between the supply and demand for affordable housing is clearly related to the mismatch between the allocated numbers of affordable units to be implemented during the future plans and the actual numbers of affordable units that are provided on the open market during the same period of time. For instance, the number of affordable units to be provided by the General Housing Establishment in the tenth five-year development plan (2005-2010) was 4810 for Young Housing Programme, and the actual number of affordable units that were implemented in that plan was 3700 units (The General Housing Establishment, 2010). This means that the shortfall of 1110 units, which were not implemented as planned, gives an idea of the inability of the public sector to respond to the actual needs in the market and illustrates the scale of the problem of affordable housing.

2.8. Reflection on the Syrian Context

This chapter showed that there is still a shortage of affordable housing for the low-income groups in urban areas in Syria, and it has highlighted a number of key issues affecting any type of improvement. These issues are summarised as below:

- Low living standards associated with high income inequality.
- High population growth rate resulting in significant dependency burdens.
- Large-scale unemployment and underemployment.
- A small construction sector with outdated technology unable to employ large numbers of poorly educated workers.
- A large but neglected agricultural sector and outward migration from local, national and international immigration.
- Market imperfections and weaknesses such as, typically, in the financial sector.
- Poor drafting of the future plans which is characterized as only indicative rather than instructive in nature.

- Emergence of informal settlements around the big cities, mainly due to the conviction that the informal supply could meet housing needs of the lower income group in a country with large supply gaps.
- High prices of land for residential use.
- Lack of proper understanding of the dynamics of the whole housing industry and the fluctuation of the housing market.
- Recently, the current and ongoing unrest in the country adds further constraints to live up the housing sector in the near future.

It should be noted that an indication of the forthcoming focus of the research on issues of efficiency in procurement was intended in this chapter. However, lack of information and data on this issue prevented the researcher from providing an overview in this chapter. Therefore, an investigation on the procurement (e.g. supply process and contractual arrangements between the contracting parties) and design/construction processes used in affordable housing development has been undertaken in Chapter 5, drawing on primary data.

2.9. Summary and Conclusion

In addressing research questions 1.a, 1.b, and 1.c, this chapter provides an overview of the contemporary housing supply process in Syria, with special emphasis on affordable housing. The literature shows that Syria has shouldered an enormous burden for the last 40 years with respect to housing its people despite government commitment to the provision of adequate and affordable housing to its population. Even with the numerous housing programmes implemented throughout the various five-year development plans, there is still an enormous (and growing) shortage of affordable homes for low-income groups. Bureaucratic systems along with other issues have played an explicit role in aggravating the housing crisis in Syria. In general however, the urbanization process, underpinned by local, national and international migration as well as the rising birth rate, has contributed to increasing the Syrian population and therefore put huge pressure upon the cities, which could not provide enough jobs to employ large numbers of poorly educated arrivals.

Although the market has witnessed some Gross Domestic Product (GDP) growth and some easing of the flow capital, these incomplete reforms exacerbated the unequal

distribution of incomes and different households' expenditures. The long-standing regime tried to liberalize quickly when there was a decline in the economy, in order to maintain its economic dominance in the market. However, economic instability, which was a result of this temporary reform, combined with pervasive administrative corruption and bribes, has led to a fragmented sector characterised by poor access to credit, market imperfections, and outdated business practices.

It was also clear that the house price-to-income ratio in Syria is still larger than in those countries without supply gaps. This is attributed to the slow increase in household incomes in comparison with the skyrocketing prices of housing on the open market. It was not surprising that, in a country with high poverty line and unstable economic growth, most of the low-income people have been forced to find alternative housing in informal settlements. Although the above-stated issues have contributed somewhat to the emergence of these settlements, the land issue has more importance. Undoubtedly, the increasing land price was due, in part, to the changing macro-economic environment, currency devaluation, rising inflation and the interest rates policy. However, the legal processes of releasing serviced land into the market have led to much larger complex problems that go with rising prices. Skyrocketing land prices, on the other hand, were attributed to speculating on the property market which has become common practice as well.

Syria's housing policies have focused on: (1) playing a primarily role in housing production and financing; (2) controlling the land markets and building material industry; and (3) encouraging the formal public sector to construct owner-occupied housing. Thus, the affordable housing market has traditionally been driven by the public sector establishments and despite opening up to private investment via Law No.15 of Real Estate Investment, the government is still very much the dominant player in the process of land supply and housing development in the market. The failure of this law to achieve tangible solutions was discussed earlier in this chapter.

In conclusion, the Syrian government alone has not succeeded yet in meeting the demands for affordable housing in the country. Obviously, there is something wrong with the overall system put in place to respond to the housing needs. Thus, looking at the experiences of other countries, with a long tradition of promoting and providing affordable housing, is important for an improvement in the nature and efficiency of the

affordable housing delivery process in Syria, where the government can pool its resources again and fill the gap between supply and demand. More importantly, it can rethink its involvement in the process of affordable housing supply. In this respect, Chapter 3 provides general understanding of the concept of affordability and affordable housing in the UK. It also addresses the main elements of the affordable housing production process (since there is not enough data on the structure of the affordable housing supply process in Syria), and helps in structuring the analytical framework to be used in investigating the Syrian context later in this research.

Chapter 3 Literature Review

Part 1: The Affordable Housing Production Process - the UK Experience

3.1. Introduction

Chapter 2 showed how affordable housing has been dealt with in Syria through specific elements of housing policy. However, there is still a real problem in terms of housing supply, particularly for lower income groups. Therefore, this chapter develops the contextual background to this study through developing an understanding of a set of issues related to the definition and implementation of affordable housing elsewhere, addressing the first part of Objective 3, namely “To understand how affordable housing has been identified and dealt with in a different context (the UK)”. To this end, the chapter presents the first part of a literature review offering a comprehensive investigation of the affordable housing production processes in the UK. Different strands of the literature are reviewed, and the broad areas that are related to affordable housing provision are addressed.

Question 3.a, “What is the affordable housing system in the UK, and what are the main elements of the affordable housing production process?” is tackled by providing a general understanding of the affordable housing concept, identifying the role of different actors that provide affordable housing, and identifying the main elements of the UK affordable housing supply process. An analytical framework is then developed from this review in order to assist in investigating the Syrian context in more detail in Chapter 5. This chapter ends with a summary of the main points emerging from the literature.

3.2. Brief Overview of the Evolution of Housing Conditions and Policy Change in Europe and the UK

3.2.1. Post-war Period

The process of state involvement in housing supply became a critical need in Europe after the wholesale destruction which resulted from the First and Second World Wars. Different sectors in Europe and other parts of the world were not far away from international disaster, and the housing sector was particularly widely affected and damaged.

In the initial post-war period, these countries witnessed radical changes at different levels including, low capacity for building construction, rural-to-urban migration that led to an increasing growth rate and change in the population distribution (Cousins, 2009). Thus, the larger European cities were forced to absorb large numbers of rural migrants, above and beyond the swelling ranks of the urban population itself. These countries tried to respond to this demographic transition. However, according to Harrison (1998), the level of development was characterized as having “a low-productivity, and a general lack of resources diversity”. The first reason was associated with the increasing unemployment rate, breakdown of the GDP, and low income distribution. The second reason was influenced by the prevalence of poverty, as the economy in the European countries relied too heavily upon agriculture.

Among the manifestations of a low level of socio-economic development, there was a severe shortage of adequate housing in these countries, including in the UK (Cousins, 2009). The causes of this shortage were both short-term and long-term in nature. According to Tallon (2010), the short-term causes were again low economic growth, high unemployment and high inflation, while the long-term causes were demographic change, slow planning processes, and shortage of suitable sites in growing cities. Consequently, the attention of the European governments, including the UK, was drawn to the importance of linking housing policy and practice in order to meet the rising demand for housing, and different strategies were proposed in order to address the shortfall in the housing stock (Golland, 1998).

Such strategies were witnessed especially from 1950 to 1975 when the UK government gave the power for housing intervention to the local authorities (LAs) (Mullins and Murie, 2006). The UK government took the initiative to reconstruct the communities by providing subsidies and financial aid to local authorities in order to build social housing⁵ and rehabilitate the existing stock (Balchin and Rhoden, 2002). The UK government offered improvement grants of up to 50% of the rehabilitation costs of damaged houses (Lund, 2011). In addition, in 1961, the Ministry of Housing and Local Government launched a report on development standards of new social housing. This report emphasized the need to improve the quality of social housing and the living standards of households (Cousins, 2009). In view of this, local authorities offered so-called ‘standard’ grants for installing basic facilities such as a bath and/or internal water closet, in order to improve the standards of the dwellings (Lund, 2011).

From 1975 to 1985, the awareness of the European governments, including the UK, was no longer totally focused on improving housing conditions and the internal environment (Maclennan and Williams, 1990a; Lund, 2011). In this period, with the increasing rate of population growth in urban areas accompanied by rural-to-urban migration, the attention of the UK government was focused on the importance of preparing new housing programmes in order to increase housing stock in the market and therefore to accommodate homeless households (Balchin and Rhoden, 2002). These programmes were called ‘Housing Production Programmes’, providing a wide choice of housing to meet the needs of the whole community in terms of tenures and prices. Consequently, the role of housing associations in providing social housing was boosted between 1974 and 1979 in order to cover the shortfall in residential units (Malpass and Murie, 1994). However, despite this, Tallon (2010) pointed out that with market fluctuation and the increasing price of rented accommodation, housing became unaffordable for a significant segment of the population during the same period.

In the 1980s, considerable discussions concerned with poverty and urban problems, led to further policy change, including the development of the concept of affordability, in order to identify the ratio by which residential units are considered as affordable accommodations for the lower income group. Explicitly, the UK government identified

⁵ Social housing: is defined as “low-cost housing, let at rents no higher than Housing Corporation target rents, provided in most cases by Registered Social Landlords, or the local authorities using public fund” (Vandenberg, 2008, p.264).

the ratio of housing costs to income as an appropriate affordability indicator (Mueller and Tighe, 2013). This issue will be discussed in more detail later in this chapter. In addition, the UK government introduced a 'Right to Buy' scheme targeted at local authority rental housing, in order to increase property ownership. This was mainly due to the conviction that "in the owner-occupier sector the market could be relied upon to ensure an increasing quantity of homes" (Balchin and Rhoden, 2002, p.33).

Furthermore, the above period was regarded as a booming era in terms of speeding up the planning process to ease the procedures of housing development. This was attributed to the emergence of three pieces of effective policy guidance. The first one was 'The Development Control Policy and Practice' in 1980, encouraging local authorities to adopt more effective ways of land development. The second one was 'Development and Employment', in 1985, which encouraged developers and private landowners to provide affordable housing and work together with the local authority in the development process. The third one was the shared equity scheme between private developers and first-time buyers.

According to Gallent *et al.* (2002), the awareness of providing affordable housing through the planning system increased in 1990, when Section 106 of the 'Town and Country Planning Act' was launched in order to allow local authorities to promote affordable housing through the planning process, and requiring developers to provide affordable housing in return for planning permission (Lund, 2011). According to Holmans *et al.* (2000), the total number of affordable houses, secured through the planning system in the 1990s was between 10,000 and 12,000 affordable units in England. This Act was followed by Circular 7/91: 'Planning for Affordable Housing', launched in 1991, which assisted in the development of affordable housing by local authorities through a planning system that consists of a hierarchical structure of guidance and plans covering national, regional and local planning (Gallent *et al.*, 2002).

By the 1990s, it was clear that affordable housing provision was not monopolized by the local authorities. Other players, such as housing associations and Registered Social Landlords (RSLs), had been drawn in to participate in housing supply (Crook *et al.*, 2002). Furthermore, many different types of housing programmes were implemented in order to meet the demand for affordable housing and to reduce homelessness. Although the names of these programmes differ between the European countries, they still serve

to provide affordable houses for the lower income groups. Such programmes are the Social Rented Housing Programme in France, the Housing Allowances Programme in Germany, and the Housing Associations Programme in the UK (Maclennan and William, 1990a).

By the mid-1990s, many European countries witnessed a boom in housing prices. According to Jones and White (2012), the supply of housing had failed to keep pace with the rising demand, and thus contributed greatly to the sharp increase in house prices in the UK. Balchin and Rhoden (2002) attributed this issue to the major cuts being made in public expenditure in 1996, which reduced the capital budget of the Housing Corporations by more than a third. Therefore, this period required a further change, in order to accommodate these new constraints (Gallent *et al.*, 2002). As a result, housing associations have made regular amendments to their development programmes and financial models. The shared equity scheme was offered by some housing associations in order to sell ‘initial tranches’ of their properties in response to the downturn (Monk and Whitehead, 2010). In addition, the planning system was given greater respect once again, due to its impact upon land value and the development process. In the late 1990s, housing policy continued to evolve and develop all around the UK, and the government relied more heavily on the private sector to be the dominant supplier of new housing (Balchin and Rhoden, 2002).

In the 2000s, the dramatic cuts in mortgage lending from banks following the credit crunch in 2007 placed further strain on those in need of affordable housing (Lund, 2011; Jones and White, 2012). Therefore, the ‘Right to Buy’ scheme identified earlier became a matter of concern because “the bias towards owner-occupier either created shortages for those who could not afford to access the owner-occupied sector or provided the only option for those who could afford to buy” (Balchin and Rhoden, 2002, p.21). In order to accommodate those circumstances, the involvement of the private sector with the development of affordable housing was increased, and housing tenure was transferred to other patterns (i.e. social rented, subsidised low cost housing for sale, unsubsidised low cost housing for sale, and mid-market/intermediate rented) (Jones and White, 2012). This represented a response to developing the housing policy in line with market fluctuation (Monk and Whitehead, 2010).

Overall, the UK housing market has had its own challenges. Increasing house prices are a real problem for many first-time buyers. However, it seems that the affordable housing market is still improving among the surrounding circumstances which include the demographic changes that have an impact on the structure of the households as well as the pattern of income (Paris, 2007). This can be attributed to the fact that the UK government has sought to address particular issues at particular times rather than to take a more comprehensive approach in facing major problems to ensuring adequate affordable housing for wide segments of population. In this, the way it has kept studying the changes in the housing market has been very flexible.

After giving a brief overview of the evolution of housing conditions and policy change in Europe and the UK, the chapter now discusses affordable housing as a concept in more detail in the following section.

3.3. Concept of Affordability, With a Focus on the UK

3.3.1. Affordable Housing Definition and the Concept of Affordability

The provision of adequate and affordable shelter is not just a matter of the quality of the structure in which people live. According to the United Nations Centre of Human Settlements (2001, p.7), “Adequate shelter means more than a roof over one's head. It also means adequate privacy, adequate space; physical accessibility, adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities; all of which should be available at an affordable cost”.

In order to gain a broader understanding of the definition of affordable housing, it is important to understand the relationship between the level of income of a family and the housing price because the concept of affordability is often determined by these two aspects. Maclennan and Williams (1990b, p.9) identify affordability as “concerned with securing some given standard of housing (or different standards) at a price or rent which does not impose, in the eyes of some third party (usually government), an unreasonable burden on household incomes”. In that case, they report that “housing affordability is

actually assessed by the government or other agencies by the ratio of a chosen definition of housing costs to a selected measure of household income in some given time and period”. In addition, Bratt *et al.* (2006, p.20) points out that affordability depends not only on the price and availability of housing, but also on household income because “the distribution of income is the most important determinant of the quantity and quality of housing obtained by the rich, the poor and those in between”.

Actually, poorer households who pay 25 percent of their income on rental housing are to be considered in financial housing stress because they may have difficulty buying other essential needs like food, transport and education. Thus, there is no doubt that the view of Bratt *et al.* (2006) is quite accurate, since income along with housing prices is the largest factor determining the purchasing power of housing.

It seems that the UK government has developed a proper definition for affordable housing on a reasonably sustained and agreed basis, rather than this being uncertain or precarious and changeable. At the same time, it has tried to keep residential units affordable for all types of individuals and in accordance with their requirements. In view of this, the need for affordable housing was seen as a material planning consideration that should be taken into account in the Local Plans for residential development, and affordable housing has been defined as “housing of reasonable quality that is affordable to people on modest income” (Scottish Executive, 2005, p.1). In other words, affordable housing is defined by the government as “not being above a specified proportion of household expenditure, often now 30 per cent” (Paris, 2007).

In the UK, the increase of house prices relative to incomes has been marked in recent years (Barker, 2004b). The volatility of the housing market has exacerbated problems of macroeconomic instability and had an adverse effect on economic growth. The UK government was therefore aware that undertaking a reform in the housing market and achieving levels of affordability could not happen overnight, with the growing number of households due to the increase in smaller and lone parent families, and people living on their own (Vandenberg, 2008, p.253). The UK government accepted that affordability could only be achieved through on-going review of the structure and dynamics of the market as well as a set of housing types at different prices, tenure, and locations in the market (Barker, 2004b). In these circumstances, the affordable housing market has witnessed rapid change all around the UK (Jones and Kaluarachchi, 2008) in achieving

levels of affordability for rent or mortgage. This development was supported by a set of reports and reviews undertaken by professionals [i.e. Barker (2004a, 2004b), and Bramley (2004)] with the aim of reducing the volatility of housing prices in the market, increasing land supply for residential use, responding to the rising demand for housing, reducing the role of some individuals in monopolizing the housing market and ensuring that developers are making a financial contribution, as well as improving the planning system in order to increase housing stock across a range of household incomes, and achieving housing affordability through higher density and different types of housing design (Satsangi, 2007).

All things considered, it seems that the UK government is trying to achieve the balance between the supply of affordable housing and different households' requirements and needs while taking into account the market conditions. This effort goes beyond just responding to the rising demand and increasing the number of affordable housing units and it also includes achieving levels of affordability (Scottish Executive Development Department (SEDD), 2005). To this end, Mulliner and Maliene (2013, p.269) confirm that radical reforms to affordable housing policy have been made by the UK government, and they point out that affordability has been assessed "not only in terms of housing costs, but by taking into consideration a wide range of economic, environmental and social criteria that account for sustainability and quality of life".

This situation in the UK can be compared with that in Syria, where, as will be discussed in detail in Chapter 5, there is in fact no proper definition for affordable housing and the criteria on which people are classified as low-income groups are not formally identified. By taking the UK experience into account, the researcher proposes a definition of affordable housing in Syria as housing made available to and affordable by low income households whose income ranges between \$100 to \$200 per month and who cannot either rent or purchase housing on the open housing market without compromising appropriate design and construction standards, and for which the rent or loan repayment is also within the price range of 30 per cent of household expenditure over the same period, and for which the prospective purchaser can obtain the required funding to ease his/her purchase of housing.

3.4. Public and Private Agencies and their Role in Affordable Housing Provision

Affordable housing, or social housing, is provided by three main sectors in the UK, namely the public sector, the ‘voluntary sector’ and the private sector, or through partnerships between private, public and voluntary sectors (Golland, 1998).

The **public sector** is represented by the **Local Authorities (LAs)** which are responsible for providing affordable housing in urban rather than rural areas (Yarwood, 2002). The role of local authorities was reduced in the late 1970s, due to public expenditure cuts (Golland, 1998). Thus, the process of supplying affordable housing has shifted to the **voluntary sector** represented by **Housing Associations (HAs)** and more recently other **Registered Social Landlords (RSLs)** (Gibb and Trebeck, 2009).

The performance of housing associations in affordable housing reached its peak in 1988. Golland (1998) attributes this to the fact that at that time the largest share of public funding was given to housing associations for greater supply of affordable housing. This lasted till the mid-1990s when the new housing stock was provided by this sector without public grants. At that time housing associations were seen as a better alternative to local authority in meeting the need for affordable housing (Gibb and Trebeck, 2009).

Lately, the **private sector**, which is represented by **Private Bodies**, has been driven by the planning policy to provide affordable housing through the use of Section 106, as identified earlier (Campbell *et al.*, 2002; Crook *et al.*, 2002). Satsangi (2002, p.59) states that planning policy “is increasingly being used as a means of diverting private funds to assist with the provision of affordable housing” in order to increase the affordable housing stock in the market.

The above-named bodies provide five types of affordable housing, namely social rented, shared ownership, shared equity, discounted low-cost sale and housing without subsidies. The provision of those types is subject to the proportion of affordable housing, to the scale of the proposal and the level of need in the local area (Crook *et al.*, 2002).

3.5. The Main Elements of the Affordable Housing Production Process in the UK

The objective of this section is to identify the main elements of the affordable housing supply process in the UK from different angles related to three phases of production, namely design phase, tender phase and construction phase.

3.5.1. The Design Phase

This phase consists of six sub-categories, namely the planning system, legal and governmental procedures, institutional arrangements for providing affordable housing, land acquisition for residential use, the affordable housing design process, and fund allocation and government subsidies.

Planning system

As noted earlier, the planning system provides the UK government with an alternative means to deliver affordable housing. The use of planning agreements became more important with expectations of increasing the number of affordable housing units (Barker, 2004a). Almost half of all the affordable housing in the UK has been provided through Section 106 planning agreements since its launch (Monk *et al.*, 2006; Communities and Local Government Committee, 2010).

The process of assessment starts with the inclusion of well-justified housing needs in the local housing strategy through assessing housing market information and potential future supply. When planning applications are lodged for development projects on selected sites, local authorities may enter into negotiation with developers to put affordable housing in the development plans (Monk *et al.*, 2006). By doing so, the private developer can build affordable units and then sell them at discount to a Registered Social Landlord (Whitehead, 2006). Although planning agreements cannot impose restrictions on housing tenure, price or ownership, they “can be used to restrict the occupation of property to people falling within particular categories of need” (Barry and Vincent, 2006, p.206).

Given that the affordable housing supply is well-integrated into the overall development process in the UK, it seems that housing policy is regarded as an effective means of

meeting affordable housing requirements because it enforces the provision of affordable housing through the regulatory framework.

Legal and governmental procedures

Legal and governmental procedures also have an impact on implementing housing plans adequately. The first legal and governmental procedure is to set up the housing policy and link it to the political agenda in order to meet the national targets. Golland (1998) reported that both policy and housing development “should be interconnected in such a way that a change in policy direction can be efficiently effected through the whole system” of housing development. Through time key decisions for increasing affordable housing have been made by the central government in the UK, which has influenced the outcomes of housing development process, and identified the roles and responsibilities of different bodies working in affordable housing supply process (Lund, 2011). In this respect, the UK central government has intervened in housing policy in order to respond to the increasing rate of population and economic change (Golland, 1998; Satsangi, 2007). However, Golland (1998) and Smith (1999) make it clear that, as happened in the 1980s, due to lack of funds, such intervention can be translated to shifting the role of local authorities from direct supplier to an enabling body working with housing associations and private landlords/developers in order to provide affordable units and respond to the rising demand in the market.

Other manifestations of legal and governmental procedures are (i) establishing a committee responsible for bureaucracy management at a governmental level, in order to improve and streamline the process of affordable housing delivery in the UK (The Ministry of Social Development, 2008), (ii) the amendment of planning requirements to deliver affordable housing in a way which does not affect the economics of the housing market (Communities and Local Government Committee, 2010), and also (iii) the use of planning power that requires private developers to providing affordable housing through a negotiation process (Crook *et al.*, 2002), as discussed earlier in this chapter.

It seems that legal and governmental procedures are a top-down process that incorporates the basic themes of state policy, housing development, and the planning system.

Institutional arrangements for providing affordable housing

The institutional arrangements systematize the connection between all actors working in affordable housing supply process. They identify the nature of different relationships and affect the patterns of movement from the origins to destinations, in order to implement duties and rules imposed by the government.

As a part of the institutional arrangements, **Local Authorities** make decisions on new development whereby the planning permissions are made subject to conditions. At the same time, they work on (i) improving the affordable housing policy framework, (ii) undertaking the assessment of housing needs and conditions, and (iii) producing a Local Housing Strategy (LHS) for identifying housing requirements. The role of **Housing Associations or Registered Social Landlords (RSLs)**, on the other hand, is to provide housing for let and low-cost ownership, while **the Private Developers** play a shared role with LAs and RSLs in setting out affordable housing needs through the negotiation process, in an ‘approved development plan’ by providing a wide range of affordable housing types on sites (Crook *et al.*, 2002). Through such arrangements, new relationships between the government and the private sector have emerged (Communities and Local Government Committee, 2010). This, in turn has assisted in increasing the number of affordable houses for the targeted group.

It is significant that the allocation of affordable housing is a part of the institutional arrangements taken by each sector identified above. Monk *et al.* (2006) observe that eligibility for affordable housing was identified more tightly in relation to income levels and local connection to specific schemes. In this respect, to qualify for an affordable home, individuals need to fulfil the relevant eligibility criteria. The Communities and Local Government Committee (2010) recommended that affordable housing applications are assessed in accordance with different housing options that are available, and according to some conditions set out by local authorities.

It seems that by setting out clear eligibility criteria related to the households’ incomes and expenditure, the UK has achieved better allocation of the affordable units to the targeted groups in every region in the most effective way possible.

Land acquisition for residential use

Land availability is considered as an important element of the affordable housing production process (Golland, 1998). In the UK, land availability was initially related to private interests and market value base. Thus the supply of land was not replenished quickly enough for the public sector interest (Homes for Scotland, 2011). Therefore, there was an accelerated need to set out key policies in order to encapsulate the role of the private sector in the land development process with the aim of meeting the government objectives and reducing their influence upon land affordability and availability (Bramley *et al.*, 1995).

The general direction of policy development has been towards the use of planning mechanisms “to reduce land costs or ensure that affordable housing forms part of a negotiated planning gain package” (Gallent, *et al.*, 2002, p.465). According to the Communities and Local Government Committee (2010), Section 106 (identified earlier) represents an example of the type of policy guidance that proved to be a very effective means of helping to finance affordable housing. This can be attributed to the fact that Section 106 made it possible for local authorities to provide affordable housing on a site-to-site basis because it helps to both ensure land is available for affordable housing and that the price reflects the contribution to be made to financing provision.

Another regulatory mechanism used to increase the efficiency of the use of land and to ensure greater equity in that use is the land-use planning system (Evans, 2004). According to Satsangi (2007), this system allows sites to be secured at reasonable cost because it manages the development of land in an effective way controlling the role of developers and owners in escalating the prices of land in the market.

It is worthy of note that the aim of this policy went beyond providing land at reasonable price; it included preparing a Strategic Housing Land Availability Assessment (SHLAA) by local authorities in order to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for affordable housing (Atkins, 2010).

In general, it can be seen that there is political support for linking affordable housing supply to the land development process. The UK government has an enabling role in

land supply process. It works along with the private sector to provide and identify sites, which have reasonable prospect that affordable housing will be available and delivered.

The affordable housing design process

The affordable housing design process consists of two parts, namely project programme preparation and project plans preparation. Programme preparation of an affordable housing project is a part of the public responsibility, since the public sector has undertaken the provision of affordable housing through the planning system. However, as this is a crucial issue in developing the project proposal, programme preparation also involves all potential beneficiaries of the project, such as local authorities, housing associations, public bodies and suppliers, in order to identify affordable housing types, sizes and locations (Levitt, 2011).

The second part of the process, project preparation, is regarded as “the process of providing all information necessary for construction of building that will meet its owner’s requirements and also satisfy public health, welfare, and safety requirements” (Merritt and Ricketts, 1994, p.12). In affordable housing projects, project plans are prepared in compliance with the building regulations and the planning requirements whereby the design team is responsible for clarifying every detail when preparing the plans of an affordable project in order to create a concrete guide to the construction process (Levitt, 2011).

All things considered, the roles and responsibilities are clearly distributed between all of the actors working in the affordable housing supply process. For instance, the public sector is responsible for the planning system and the provision of affordable housing, while the private sector is responsible for providing land for residential use. This means that there is no one “organisation with both planning and land supply functions” (Golland, 1998, p.73). Instead, there are a wide range of organisations with separate but clearly defined roles.

Fund allocation and government subsidies

In the UK, the government has taken the initiative in reconstructing communities, and providing subsidies along with financial aid in order to build affordable housing for the low-income group (MacLennan and William, 1990b). The government allocates public

grants on the basis of assessed housing need, the wider benefits to the economy and the public interest as well as the issue of housing numbers (Satsangi *et al.*, 2001). The majority of affordable housing finance comes from public subsidies collected through two kinds of grants. The first one is the **grant for housing associations** from public bodies, namely the **Housing Corporation** in England and **Communities Scotland** in Scotland (Satsangi *et al.*, 2001). Its main role is to provide social subsidies to support affordable housing provision through Housing Associations and/or RSLs (Registered Social Landlords) (Monk *et al.*, 2005). The second one is the **local authority housing support grant**, collected by an Arms-length Management Organisation (ALMO) which is responsible for managing the role of the LAs in assisting affordable housing supply.

Apart from the public funds provided by governmental bodies, the private sector is taking part in securing an affordable housing fund. As mentioned above, a significant proportion of new housing originated from Section 106 planning agreements, by which private developers ceded a portion of the housing they built to housing associations (Schwartz, 2011).

It seems that this financial approach in which different sources of funds are used to provide affordable housing projects in the UK, and the private sector plays an explicit role in doing so is an appropriate/effective approach for increasing the affordable housing stock in the market.

3.5.2. The Tendering Phase

The tender phase is the second stage of affordable housing production process. It includes three sub-categories, namely tendering process, type of contract and contractual arrangements, as well as responsibilities: risk (allocation, management, and assessment) along with disputes, and claims.

Tendering process

The tendering process begins with needs analysis, followed by supplier selection, the tender itself and ending with the award of the contract and contract monitoring. The development of the tendering system has witnessed a significant growth in the UK construction industry following the publication of the Latham (1994) and Egan (1998) Reports. According to Lewis (2012), the UK construction industry has attempted to

reform tendering arrangements to operate on a more robust basis in order to ensure that tender process is transparent and all tenders are treated fairly. Jones (2002) justifies this attempt on the basis of developing the relationships between the parties in the construction process and to obtain the ‘best value’ which, according to Lewis (2012), means to choose the supplier that generates savings through collective action with other public bodies and a smooth-running procurement process.

In the UK local authorities (LAs) have been encouraged to choose a ‘best value’ solution by weighing up the economy, efficiency and effectiveness of proposals, thus not challenging contractors through a particular method of tendering. Therefore, new tendering processes were used (restricted tendering and negotiated tendering), and new forms of contracts were introduced to both client and contractor (Morledge *et al.*, 2006).

As a part of the development of the tendering process, the preparation of the tender package is restricted to the project characteristic and specifications, risks and revenues (Morledge *et al.*, 2006). Tender pricing, on the other hand, is prepared in accordance to “the level of competition, delivery time of project, promptness of payment and clarity of tender documentation” (Layrea, 2008, p.325).

It appears that the tendering process has moved from the traditional type to a more sophisticated approach that includes promoting new relationships between the contracting sides and achieving more savings in terms of time, cost and quality of work.

Type of contracts and contractual arrangements

According to Murdoch and Hughes (1996, p.135), contractual arrangements are “based on standard forms of agreement already in common use in the construction industry”. Greater changes in the way contracts are procured, assigned, and administered emanated from the Latham Report (1994), which advocated the rationalization of prequalification documentation, and the establishment of a central register for all contractors seeking public sector work. In view of this, the selection of the appropriate contractual form was subject to the selected procurement approach and the client’s views (Murdoch and Hughes, 1996; Morledge *et al.*, 2006).

In publically-funded projects, to ensure that affordable schemes are constructed in compliance with building regulations and planning standards, a set of contractual

arrangements and new forms of contracts are taken into consideration (Morledge *et al.*, 2006). Particular characteristics of the new contracts were identified by Jones (2002) and Morledge *et al.* (2006) as follows:

- To have flexible structure and clear drafting;
- To encourage collaboration between the client and the contractor as well as between contractors and sub-contractors as a key element of project success; and
- To introduce new packages for design & build and partnering in the public sector as a part of the government policy.

It is worth noting that the above discussion is not about identifying the contractual arrangements in more detail, rather it is about illustrating how new types of contracts, which have innovative characteristics, have been promoted in the affordable housing implementation process for attaining change in the construction process as a compliance with the government policy.

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

According to Morledge *et al.* (2006, p.168), “risk should be allocated on a solid basis of responsibility and control to those parties best able to manage it”. In other words, the anticipated risk in affordable projects is transferred from one part to another in a way that makes a financial adjustment in order to balance and control it. Morledge *et al.* (2006) claim that, through the allocation of risks, the client’s objectives can be met in terms of cost, time and quality efficiency, and value for money can be highly improved.

Dealing with the anticipated risk in any project, including affordable housing projects, goes beyond the process of risk allocation to include both risk management and risk assessment processes. Scottish Homes (2000, p.16) reported that risk management provides “a structured and practical approach to managing risks, an increased understanding of the project, a more pro-active management approach, a process which provides greater confidence in achieving project objectives of cost, time and quality, a process which will leads to continuous improvement and better value for money”. At the same time, Morledge *et al.* (2006) point out that risk assessment has important implications for all those parties involved in the residential projects in terms of improving the performance to an acceptable level.

In a contractual arrangement, it is important to clarify different issues related to the project in order to avoid dispute between contracting parties. Dispute that may arise between parties can be attributed to different reasons such as (i) failure to fulfill the promise to finish work, (ii) technical matters including the use of unfamiliar techniques, and (iii) legal matters including the poor drafting of laws and legislation. Usually, disputes tend to arise when one party claims that the other one has not kept to the agreement. Therefore, the main aspect of resolving disputes between the contracting parties is entitlement/claim of the losses. Disputes can be resolved by using an 'arbitrating' body to solve problems between the conflicting parties (this body and its power are identified in the contract), or the dispute may be decided by court action, in case of lack of clarity in the contract (Morledge *et al.*, 2006).

Among the potential benefits of using a specialized service (i.e. risk allocation, risk management, and risk assessment), it seems that this service can play an explicit role in identifying the basic themes that are included in the contract agreement, and therefore reducing disputes between the contracting parties along with decreasing the amount of claims that could be made by one party against the other.

3.5.3. The Construction Phase

The construction phase comes in the third phase of the affordable housing production process. It is a very important phase because it translates the project plans into real building. In affordable housing projects, it may include one sub-category, namely the affordable housing construction process with a focus on project delivery system. However, since the market conditions have important implications for the outputs of the housing sector in general, the following section will identify the real estate market as a key issue related to the construction process itself.

The real estate market

As noted earlier, after the international credit crunch, the housing market witnessed volatility for housing prices all around Europe, including the UK (Lund, 2011). Therefore, the pressure of market conditions on the housing sector has been highly recognised (Jones and White, 2012). Market conditions include two issues, namely the demand side and the supply side. Improving the balance between demand and supply

sides is regarded as a key issue to reducing pressure on the housing market (Lund, 2011).

The National Planning Policy Framework (NPPF) was issued in the UK in response to alleviating the impact of the market conditions upon the housing sector, and to increasing affordable housing supply on a long-term basis (DCGL, 2012). A set of policies were developed in order to tackle housing market volatility, and so help to achieve a sustainable housing market (Stephens and Williams, 2012). In this respect, some changes to the housing tenure patterns, as the means of entry to the existing housing stock, have been undertaken in order to enable the housing bodies to promote greater fairness between people seeking affordable housing and those who are in affordable housing. More importantly, the private sector has been drawn in to participate in the provision of affordable housing, alongside the public sector. This has resulted in housing construction moving towards a collaborative relationship between public and private sectors as a key issue to resolve financial constraints by calling upon private management skills to respond the rising demand for affordable housing, and to tackle housing market volatility (HM Treasury, 2000).

In these circumstances, the collaboration between the government and the private sector was in response to the government promotion of improving affordable housing supply in the market, and to alleviate the market fluctuations which led to increasing the demand for affordable housing noticeably in recent years.

The affordable housing construction process, with a focus on the project delivery system

The first step of construction process is to implement the required infrastructure on land set aside for residential use.

In the UK, the implementation of infrastructure is a 'legal duty' for all parties regardless of whether they are in the public or private sectors (Golland, 1998). However, in affordable housing projects, the private sector is responsible for infrastructure implementation; the quality and quantity of infrastructure needed is identified by the private developer in accordance with the type and size of the housing project (Ennis, 2003).

Riley and Colgrave (2008) explain how the system of project delivery has witnessed a broad improvement during the last few decades in response to Latham's and Egan's reports published in the 1990s. This involved utilizing new approaches in design and construction processes and Modern Methods of Construction (MMC) that include off-site system (e.g. the use of prefabricated materials and components), as well as identifying the economic performance and environmental impact of these approaches for better outcomes in the public sector.

In affordable housing projects, the procurement process has been introduced to (i) generate better performance, (ii) improve the efficiency of affordable projects (Edler and Georghiou, 2007), and (iii) enable key actors in the housing process to enter the competitive market and maintain their ability of performing at a high level of work (Green, 2011).

In view of this, new "design & build" and "partnering" approaches have provided a practical response to issues highlighted in government sponsored reports in terms of achieving a better construction in public sector projects (Jones and O'Brien, 2003). They are used along with the traditional approach in providing affordable housing in the UK. However, the selection of each approach is linked to the project characteristics and requirements (Douglas *et al.*, 2006).

Improving the construction process and promoting new approaches of project delivery system (procurement process) will be discussed in more detail later in this study.

3.6. Reflections on the Literature Review

In Phase 1 of the investigations, the literature review has focused on two main areas:

(1) Understanding the contemporary housing supply process in Syria with special focus on affordable housing. This was achieved in Chapter 2.

(2) Understanding how affordable housing has been identified and dealt with in a different context (the UK), and through this, identifying the main elements of the affordable housing production process. This has been achieved in this chapter, which concludes that the UK has dealt with affordable housing for much longer and also within more sophisticated approaches for meeting the demand for affordable housing in

every region in the most efficient manner possible. In particular the chapter has concluded a number of key findings summarised as below:

- After the First and Second World Wars, the importance of housing was widely recognised in many countries, including the UK, and it was regarded as a social, economic and political responsibility.
- In order to increase the number of houses and rehabilitate the existing housing stock, a set of changes in policy, planning system, and housing system was made by the UK government.
- Many types of housing programmes have been applied in the UK and Europe in order to accommodate the low-income households and meet the aspirations of a wide segment of the population.
- Affordable housing has been integrated into the legal framework. In view of this, the planning system has witnessed various changes in order to provide affordable housing to the targeted group. Furthermore, the planning system was used as a means of diverting private funds to assist with the provision of affordable housing in the market.
- Housing tenure shifted to a variety of types of tenure as a response to the aim of increasing affordable housing and promoting greater fairness between people seeking affordable housing.
- The UK worked on achieving the balance between the provision of affordable housing and meeting different households' requirements and needs. Accordingly, the affordable housing concept and the criteria on which people are classified as the low-income groups have been identified on an agreed and sustained basis.
- Affordable housing is provided by four bodies, namely the local authorities, housing associations, Registered Social Landlords (RSLs), and private developers.
- Both public and private sectors assist in financing affordable housing projects in the UK. Land set aside for residential use is provided by the private sector through the use of Section 106 planning agreement.
- The government attention to improving the performance of the public sector and enhancing the affordable project delivery process was increased through investigative reports published in the 1990s. The role of these reports and their

recommendations in improving the efficiency of publically-funded projects, including affordable housing will be discussed in more detail in Chapter 6.

- The way that the UK government kept studying the changes in the construction industry has been very flexible and responding to the market fluctuations as well as the construction needs. Despite some of the obstacles related to addressing affordability, the UK government has a long tradition in providing affordable housing, and monitoring the housing market and its dynamics by addressing challenges in the short and long term for meeting local and national needs for a wide segment of households.

3.7. The General Structure for Analysis

After reviewing the UK experience in terms of providing the affordable housing to the targeted groups, it can be concluded that the current process of affordable housing supply in Syria can be analysed in accordance to two levels, namely housing system design and housing system implementation. Three main categories - and related sub-categories – have been identified within these two levels. Figure 3.1 illustrates the framework that is drawn from the literature review in order to assist in investigating the Syrian context in more detail in Chapter 5.

Figure 3.1. Analytical framework that is drawn from the literature review (Chapter 3)

The roles and relations between different actors operating within a wider context have also been identified in order to understand the current process of affordable housing supply.

The focus in this research is more on improving the efficiency of affordable housing supply process in Syria. Thus, this framework has been applied in Chapter 5 as a guiding tool in this study, and the main categories and related sub-categories guided the analysis of the data that were collected from the Syrian interviews which were carried out in the initial field trip.

This framework assists in understanding the current process of affordable housing supply in the Syrian market in more detail (beyond the Syrian context chapter), and identifying the key constraints to improving its efficiency in every category identified in the framework, as shown in Table 3.1. In this chapter the researcher has focused on different aspects at several levels in the UK experience, identified in the framework, in order to analyse this process. This is attributed to (i) the complex nature of the housing system in Syria, (ii) lack of a theoretical base of knowledge on issues related to the structure of the housing system, and (iii) the need to understand the process of affordable housing in more detail. The subsequent methodology to investigate these issues and the research methods for data collection and analysis during Phase 2 of the investigation will be identified in the following chapter- the methodology chapter.

| Categories | Sub-categories | Issues for Investigation |
|-------------------------------|--|---|
| The Design Phase | General definitions | Investigate how the affordable housing concept is defined in Syria Identify the criteria on which people are classified and/or identified as the low-income group. |
| | Planning system Legal and governmental procedures Institutional arrangements for providing affordable housing Fund allocation and government subsidies Land acquisition for residential use The affordable housing design process | Identify the key constraints encountered in every sub-category Identify the key reasons for these constraints Identify the impact of each constraint upon the efficiency of the affordable housing supply process |
| The Tendering phase | Tendering process, type of contracts and contractual arrangements Responsibilities: risks (allocation, management, and assessment) disputes and claims | Identify the key constraints encountered in every sub-category Identify the key reasons for these constraints Identify the impact of each constraint upon the efficiency of the affordable housing supply process |
| The Construction Phase | The real estate market, including market conditions and predictability Affordable housing construction process, with a focus on project delivery system | Identify the key constraints encountered in every sub-category Identify the key reasons for these constraints Identify the impact of each constraint upon the efficiency of the affordable housing supply process |

Table 3.1. The main categories assisting in understanding the current process of affordable housing in Syria along with their sub-categories and issues of investigation

3.8. Summary and Conclusion

In addressing the Research Question 3.a, identified earlier in this chapter, the main message would seem to be that the UK government has not dealt with affordable housing with a single approach; instead, a whole package of housing and planning policy, funding and fiscal measures have been put in place at the levels of housing system design and housing system implementation, for meeting the local and national needs and boosting affordable housing supply to an acceptable level.

At system design level, affordable housing has been identified on a continuous basis and in accordance with issues related to (changing) household income and expenditure. To this end, a set of housing types, at different prices, tenure, and locations, was put on the market by taking into account the rising number and diversity of households. Furthermore, public policy interventions at all levels of government have promoted competition, commercial management principles and private financing within the social housing sector, with a view to increasing efficiency, decreasing public spending and introducing new ideas and strategies to the provision of affordable housing. In view of this, major changes in state policy, including the planning and the legal systems, were made in order to ensure that affordable housing construction fits into the legal framework. At the same time, very large volumes of private finance have been attracted into the sector with public subsidy being used to obtain leverage. In this respect, the role of the private sector has been boosted in the process of providing the required fund and/or providing land parcels for residential use by using the legal framework as a mandatory tool to this end.

The scope of the improvements did not stop at this point, but however, included linking the development plans with the actual needs in the market and on-going control of housing affordability in the market. This included a set of regular reports prepared by researchers/professionals in order to identify the challenges and proposing solutions to meet these. In addition, the roles and the relationships between different sectors were explicitly identified in order to increase the number of affordable housing units, and to meet the needs and aspirations of a wide segment of the population.

At system implementation level other issues were taken into account with the aim of improving the performance of the affordable housing construction process. This involved introducing new types of contracts and enhancing the contractual arrangements between the contracting parties. This issue was integrated in the recommendations of influential reports produced in 1990s. Subsequent changes, including risk allocation, management and assessment techniques, have been implemented – including new types of contracts as a means of increasing the project understanding and improving the performance of the contracting parties to an acceptable level.

Furthermore, the real estate market has been treated wisely in the UK. The housing system is more market-oriented and policy instruments are used to stimulate and steer the housing market. This rise in the level of interest in the role of the market would appear to have been accompanied by a perceived need for a greater understanding of market economics and its impact on the stability of the housing market. Likewise, the housing construction process is seen as being a key element affected by market fluctuation and the overall situation has generally been improved since 1990s. This has involved utilizing new approaches in design and construction processes. Several sophisticated procurement processes have been used to improve performance and share the gains between the contracting parties.

Overall, the UK experience, in its entirety, represents a rich source of information in terms of understanding the concept of affordable housing and the main elements related to the process of its production. It provides examples of the ways in which affordable housing supply process in Syria should be investigated and understood.

Chapter 4 The Research Methodology

4.1. Introduction

Phase 1 of the investigation comprised the two literature review chapters which aimed to meet the research objectives 1 and 3 (part 1), as identified earlier in Chapter 1. Chapter 2 discussed the housing market and policies in Syria with a focus on affordable housing development, and identified main actors responsible for housing supply in Syria- including affordable housing. Chapter 3 reviewed literature on the UK experience to provide an explanation of the way that affordable housing is viewed in the UK, including the general concept of affordable housing along with the main elements of the affordable housing supply process in the UK.

Having concluded the Phase 1 of the investigations, it is now possible to discuss the research methodologies that assisted in identifying the key constraints to improving the process of affordable housing supply in Syria, and subsequently identifying key issues from the UK experience that have a potential role in improving the efficiency of this process in Syria. This chapter explains the methodology used in Phase 2 of the investigation. It is divided into two sections: the first part discusses the overall research paradigm and philosophy, the nature of qualitative and quantitative research methods, and the qualitative and quantitative data collection methods. The second part includes a detailed elaboration and justification given for those methods undertaken in the present research in order to carry out Phase 2 of the study.

4.2. Research Paradigms

All research is based on different beliefs and ways of viewing and interacting with our surroundings. As a consequence, research is carried out with a wide variety of different approaches. However, there are certain standards and rules that guide a researcher's actions and understanding. Such standards or principles can be referred to as a paradigm, that is, "a broad view or perspective of something" (Taylor and *et al.*, 2007, p. 5). This definition reveals how research could be affected and guided by a certain paradigm because according to Weaver and Olson (2006, p. 460), "paradigms are

patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished”.

In studying social science, the research paradigm requires that the researcher make several core assumptions concerning two dimensions: the nature of society and the nature of science (Burrell and Morgan, 1979) cited in (Cohen *et al.*, 2013). The first relevant dimension is ontology which relates to the nature of reality, where the researcher’s view of reality is the corner stone for all other assumptions. The second relevant dimension is epistemology which concerns the study of the nature of knowledge; it is concerned with “the nature, validity, and limits of inquiry” (Rosenau, 1992, p. 109).

There are two significant theoretical paradigms in social research, namely objectivism and subjectivism; these two paradigms have been described by Hughes and Sharrock (1997) as positivism and interpretivism alternatives. Positivism is an epistemological perspective and philosophy of science which “advocates the application of the methods of the natural sciences to the social reality and beyond” and holds that the only authentic knowledge is that which is based on sense experience and positive verification (Bryman, 2004, p.11).

The positivist paradigm arising from this philosophy is based on rigid rules of logic and measurement, truth, absolute principles and prediction (Fellow and Liu, 2005; Cole, 2006). Quantitative methodologies often share their philosophical foundation with the positivist paradigm (Weaver and Olson, 2006) because they are related to rational, empirical, and objective situations.

The positivists aim to test a theory or describe an experience “through observation and measurement in order to predict and control forces that surround us” (O’Leary, 2004). They see the world as existing independently of our knowledge of it, and thus they seek objectivity in research believing that researches can be done independently of what is being observed. This philosophy posits that such an approach may be applied to the social world by assuming that “the social world can be in the same way as the natural world, that there is a method for studying the social world that is value free, and that explanations of a casual nature can be provided” (Mertens, 2005).

Contrary to the positivist paradigm, the interpretive paradigm has a more phenomenological perspective (Denzin and Lincoln, 2000), focusing on how people make sense of their lived experience, and seeks to interpret the lived experience with regard to a particular phenomenon into meaning, as perceived individually or commonly (Patton, 2002). In other words, the interpretive paradigm can be applied to research that involves understanding “the world of human experience” (Mertens, 2005).

This paradigm is associated more with methodological approaches that provide an opportunity for the voice, concerns and practices of research participants to be heard. It is concerned about “uncovering knowledge about how people feel and think in the circumstances in which they find themselves, than making judgements about whether those thoughts and feelings are valid” (Cole, 2006, p. 26). Qualitative methodologies usually share their philosophical foundation with the interpretive paradigm (Creswell, 1998) which supports the view that there are various truths and multiple realities. Table 4.1 gives a summary of the research paradigms.

| Paradigm | Beliefs | Social Research Methods | Data Collection Tools |
|-----------------|--|--------------------------------|---|
| Positivist | One truth exists Progress for objectivity | Quantitative | Measurable outcomes from questionnaire data, experiments, and tests. |
| Interpretivist | Various truths and realities exist Different people have different perceptions, needs and experiences It acknowledges subjectivity | Qualitative | Descriptive, explanatory and contextual words of interview data, observations, and documents reviews. |

Table 4.1. Summary of research paradigms

It is worthy of note that debates on ontology and epistemology, or even on objective and subjective approaches, cannot end in any philosophical solution because there is no right or wrong philosophical stance (Bryman, 2008; Jonson and Christensen, 2012). This position is expressed by Hughes and Sharrock (1997, p.13) who state that, “since the nature of philosophy, and its relationship to other forms of knowledge, is itself a

major matter of philosophical dispute, there is, of course, no real basis for us to advocate any one view on these matters as the unequivocally correct conception of the relationship between philosophy and social research”. The researcher agrees that what is needed is to apply approaches/methods that suit the research problem rather than approaches/methods that suit ontological or epistemological concerns. This opinion is held by Flyvbjerg (2004, p.432), who states that “good social science is problem-driven and not methodology-driven, in the sense that it employs those methods that for a given problem best help answer the research questions at hand”. Thus, the researcher considers that positivist approaches are questionable as a means to understand the complexity of the social world, because they may miss some essential social phenomena, namely, the intentions and motives of individuals that affect social interaction. More importantly, these approaches would limit the study to the researcher’s view or understanding. Accordingly, this study is based on a belief that an interpretive paradigm within an epistemological perspective should be used in order to conduct a more effective study of social phenomena. This will be discussed later in more detail.

4.3. Research Methods

Researchers have long debated the relative value of quantitative ‘objective’ and qualitative ‘subjective’ approaches (Patton, 2002). Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity, and it tends to emphasize that there is a common reality on which people can agree. Qualitative research, on the other hand, is concerned with phenomena relating to or involving quality, and assumes a common objective reality can exist across individuals. Although these two methods share a common overall purpose, each of which represents different inquiry paradigm, and research actions are based on the underlying assumptions of each paradigm.

4.3.1. Quantitative Research Method

Quantitative research is generally seen as objective in nature (Creswell, 2003), and could be viewed as “exhibiting a view of the relationship between theory and research as deductive, a predilection for a natural science approach, and as having an objective conception of social reality” (Bryman, 2004, p.62).

This methodology is used widely in social sciences as well as in mathematical and physical sciences. Bryman (2002) states that in the social sciences, the term relates to ‘contingent relationships between well-defined concepts’, the measurement of concepts that can be described as ‘variable-centred’, and experimental methods originating in both philosophical positivism and the history of statistics. In this research, the use of this type of quantitative approach would be limited, due to lack of information available to be collected on the process of affordable housing delivery, and hence the difficulty in easily accessing or generating adequate quantitative data sets, and also due to the difficulty in conducting quantitative data collection methods, due to the complex nature of the housing system. These issues also reflect the difficulty in extracting clear cause and effect relationships in analysis on such data.

Quantitative data collection methods

Quantitative data are numerical as they give information about the studied context in the form of numbers but in being converted into numbers, this information may miss contextual detail (Miles and Huberman, 1994). Measurement consists of two types: counting and scaling. In quantitative research, data collection is about how the variables are to be measured, and data analysis is about how measurements of the variable are to be analysed (Punch, 2005).

There are three main types of data collection in quantitative research: self-administered questionnaires, structured interviews, and structured observations (Fink, 1995). **The questionnaire** is seen as a basic research method which can be used in different types of research including exploratory, descriptive, explanatory research, or in hypothesis-testing. The questionnaire is usually “a written list of questions, the answers to which are recorded by respondents” (Kumar, 2005, p.126). Accordingly, it is very important to make the questions clear, often with pre-coded possible responses, as there is no one to explain the mysterious meaning to the respondents.

Structured interviews are called ‘face-to-face’ questionnaires or, in some cases, standardized interviews (Bryman, 2004). This kind of interview requires a predetermined interview schedule prepared and administered by the researcher. The questions posed in the interview schedule are about specific situations related to the studied context.

Structured observation, also called systematic observation, is the third data collection method used in quantitative research (Bryman, 2004). In this method, the researcher uses clear and structured rules for the behaviour recording and observation. Structured behaviour entails “predetermined categories, breaks behaviour up into small parts, ... and requires a pre-developed observation schedule, usually very detailed” (Punch, 1998). The aim of the observation schedule is to “ensure that each participant’s behaviour is systematically recorded so that it is possible to aggregate the behaviour of all those in the sample in respect of each type of behaviour being recorded” (Bryman, 2004, p.167).

In quantitative research, the researcher needs to develop a sampling strategy including sampling models. This in turn will form the base of statistical inference which is a key decision-making tool in quantitative research. Hence, the researcher can analyse the data collected from the samples, and generalize the findings to the whole population from which the samples are drawn.

4.3.2. Qualitative Research Methods

Qualitative research is ‘meaning-centred’ and informed by the interpretivist tradition in social theory. In this tradition, the description and explanation of the social world must include subjective meanings (Holt, 1998; Bryman, 2002).

Denzin and Lincoln (1994) point out that the word ‘qualitative’ implies an emphasis on process and an in-depth understanding of perceived meanings, interpretations, and behaviours, in contrast with the measurement of the quantity, frequency, or even intensity of some externally defined variables. Since qualitative methods have different meanings for different people depending on an individual's intellectual background, research problem, and theoretical interests, it is therefore worth examining several definitions.

Qualitative researchers do not base their research on pre-determined hypotheses. Nevertheless, they clearly identify a problem or topic that they want to explore and may be guided by a theoretical lens, a kind of overarching theory which provides a framework for their investigation (Urquhart, 2013). According to Denzin and Lincoln (1994, p.220), “Qualitative researchers study things in their natural settings, attempting

to make sense of, or interpret, phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use of a variety of empirical materials: case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts that describe routine and problematic moments and meanings in individuals' lives". As such, the central methods of qualitative research include interviewing people through various techniques and recording what they say, observing people in the course of their daily routines, and recording their behaviours. Rationales for using a qualitative research method in this study will be discussed later in more detail.

Grounded theory is one type of qualitative approach; first formulated by Glaser and Strauss (1967) cited in (Bryman and Burgess, 1999; Charmaz, 2006; Urquhart, 2013). It can be seen as the most influential paradigm for qualitative research in the social sciences today (Denzin, 1997; Patton, 2002).

Grounded theory deals with questions like 'how does it work', 'what happens during the process', and 'what are the factors affecting the process'. This can be justified by considering the inductive nature of grounded theory which emerges from the data acquired from field-work interviews (Urquhart, 2013), and because of this, it enhances understanding the phenomena and provides a meaningful guide to study these phenomena (Strauss and Corbin, 1998).

It also implies a continuous interplay between data collection and analysis. This means that the researcher analyses the data in the field and uses the emerging concepts from that analysis to decide where to sample from next. This is called theoretical sampling "because the emerging theory directs future data collection" (Urquhart, 2013). Theoretical sampling "enables researchers to build up justification for concepts in the theory by finding instances of a particular concept, and it allows researchers to follow an emerging storyline suggested by the data" (Ibid, p.8).

In this research grounded theory is built up through diverse kinds of data (e.g. field notes, interviews and information in reports, books, journal articles).

Qualitative data collection methods

In qualitative research, data collection and analysis are often conducted together, rather than as distinct and separate stages (Bryman, 2008). Basically there are three data gathering methods that characterise qualitative methodology (Patton, 1990). The selection of each method depends upon three conditions: “the type of the research question, the control an investigator has over actual behavioural events and the focus on contemporary as opposed to historical phenomena” (Yin, 2003, p.1).

The research interviews are the first method; they are regarded as “the primary means of accessing the experiences and subjective views of actors” (Wipp, 1998, p. 60). In-depth interviews are the main type of interviews, known as qualitative interviews or ‘the most data dense interviews’ (Corbin and Morse, 2003) because they streamline the flow of information during the interview, and have a predetermined set of questions. Additionally, this technique enables the researcher to obtain a holistic understanding of the interviewee's point of view or situation. Patton (2002) identified three basic approaches for conducting qualitative interviews:

- Informal conversational interviews (or unstructured interviews) (Fontana and Frey, 2000) represent a chat, during which the respondents may sometimes forget that they are being interviewed. These interviews are led by the overall purpose of the inquiry but where the interviewer follows the individuals’ direction. They are a rich source of data, and useful for exploring interesting topics for investigation (Rubin and Rubin, 2005).
- The general interview guide approach (or semi-structured interviews): In this type of interview, a set of questions are prepared previously, and the interviews are led by a general interview guide, to ensure that the respondents are following the same path of inquiry. This kind of interview offers relevant data about specific topic, and helps to interview people in a systematic and comprehensive way (Rubin and Rubin, 2005).
- The standardised open-ended interviews (or structured interviews): These interviews consist of a set of open-ended questions which are carefully and fully worded in advanced to minimise the variation among the respondents, and to instruct the respondents not to move away from the agreed form of interview (Byman, 2004). Although these interviews offer less flexibility for questions

than the other two mentioned previously, probing is still possible depending on the nature of the interview and the skills of the interviewers (Rubin and Rubin, 2005).

Direct observation is the second method of data collection used in qualitative research. There are many terms used for conducting ‘field-based observations’, such as ‘participant observation, fieldwork qualitative observation, direct observation, and field research’ (Lofland, 1971) cited in (Patton, 2002). Observation is particularly useful in (a) getting a better understanding of the studied context, (b) gaining new insights, (c) getting close to the observed people and building better relationship with them, (d) understanding and assessing the perceptions and behaviour of the individuals or the groups towards achieving complete view of the studied context, (e) enabling the observer to be inductive and discovery oriented (Patton, 2002), and finally (f) matching the information and identifying possible differences between what people do and what they say they do (Adler and Adler, 1994).

Focus groups are the third method; this is an approach to interviewing groups of selected people who share characteristics related to the study questions. This approach consists of two elements: “the group interview”, where a number of people discuss a number of themes, and the “focused interview”, where interviewees are selected because of their expertise and experiences in specific situation (Merton, 1967) cited in (Bryman, 2004). It shares some of the semi- structured features, except that the respondents being interviewed are identified because they have been involved in a special situation (Bryman and Burgess, 1999).

Literature review is an important element throughout the research process (Hart, 1998). Through preparing the literature review, the researcher will build an understanding of the theoretical background of the research scope, and will also be able to establish the credibility of their entire research, which is not going to be believed unless presented within the background of such a review (Wolcott, 2001).

In qualitative research, data analysis requires a creative and skilful researcher who can place the raw data into logical and meaningful categories, examine this in a holistic fashion, and find a proper way to communicate the interpretation of data to others.

4.4. Methodological Approach of this Research (Phase 2 of the Investigation)

4.4.1. Phase 2 of the Investigation

Phase 2 of this investigation into affordable housing in Syria aspired to confirm the findings of Phase 1 in terms of issues under investigation, establish whether any other issues should be taken into account, and identify key informants with which to conduct a qualitative investigation. More importantly, it aimed to achieve the research objectives 2, 3, and 4 identified in Chapter 1, which are as follows:

Objective 2: To identify key constraints of affordable housing supply in Syria, and their impact on its efficiency.

Objective 3: To focus on the role of procurement processes in improving the efficiency in the UK.

Objective 4: To develop practical recommendations in order to improve and develop the efficiency of affordable housing production process in Syria, on the basis of lessons learned from the UK by undertaking a form of validation.

To gain a better understanding of why and how the researcher chose the specific methodological approach in this study, an initial discussion will be completed about the paradigm that best fits the focus of this study.

4.5. The Paradigm of this Research

An interpretative paradigm with an epistemological perspective and subjective approach are used in this research to provide insight into improving the efficiency of affordable housing supply process in Syria. Such an epistemological perspective involves understanding the current process of affordable housing supply in Syria, with the aim of investigating how more affordable housing can be provided, with a focus on the possible efficiency gains concerning the process of affordable housing supply, and specifically, on the role of more sophisticated and modern approaches to project delivery - i.e. the procurement process. Essentially, this study is exploratory in nature because it is concerned with generating a structured understanding of the research problem. The subjective approach, on the other hand, entails that the values of the participants should also enter and affect the research, because the discussion through which this understanding is arrived at is seen to be affected by the participants'

perceptions, perspectives, and views. These views were accessed through semi-structured interviews, which gave participants a certain degree of freedom to answer a set of pre-determined questions in order to identify the key constraints to improving the efficiency of the current process of affordable housing supply in Syria, and/or to identify the role of the procurement process in improving the efficiency of this process.

A qualitative approach was considered as the appropriate research methodology to be adopted in this study. This is attributed to the fact that qualitative approaches are more appropriate for the exploratory nature of research in which individuals are required to reflect on their experiences and views, and the qualitative approach provides rich descriptions of the nature of the studied phenomena. In this case, these are what the current process of affordable housing supply in Syria is, how the process of affordable housing supply works, why it works that way, under what conditions it works that way, what the key constraints to improving its efficiency are, what the role of procurement process and other key issues of improving the efficiency is, and how they can be applied in Syria.

Grounded theory, on the other hand, is the most appropriate research strategy to be used because it allows the researcher to delve into the phenomenon under investigation without removing it from the context. In applying this, the researcher was able to draw meanings and theories around understanding the process of affordable housing supply in Syria, leading to the identification of the role of the procurement process in improving the efficiency. This, in turn, permitted the researcher to gain intimate knowledge of both the phenomenon- the affordable housing delivery process- and its context, and hence issues affecting efficiency.

The qualitative research method and grounded theory approach adopted in this research provide in-depth information that would be probably more difficult to convey than that based on a quantitative research method. However, they allowed the researcher to understand the process of affordable housing delivery and its attributes within a particular setting by focusing on how individuals interact with this phenomenon under study, through capturing participants' thoughts, views and perspectives on issues related to the research, and thus develop subjective understandings and meanings of their experience within a specific social, political, cultural and historical context.

In general then, the qualitative data collection and analysis methods used in this research allowed for greater flexibility than would be possible through quantitative methods. Data was collected in textual form on the basis of interaction with the participants (e.g. informal conversational interviews, semi-structured interviews, structured and in-depth interviews). Significant documents, such as those relating to the land tenure system and the affordable housing market in Syria were also collected and reviewed during the field trips, which constituted another useful source of data for the study. Data was not converted into numerical form and not statistically analysed. The overall research methodology adopted in this research is presented in Figure 4.1.

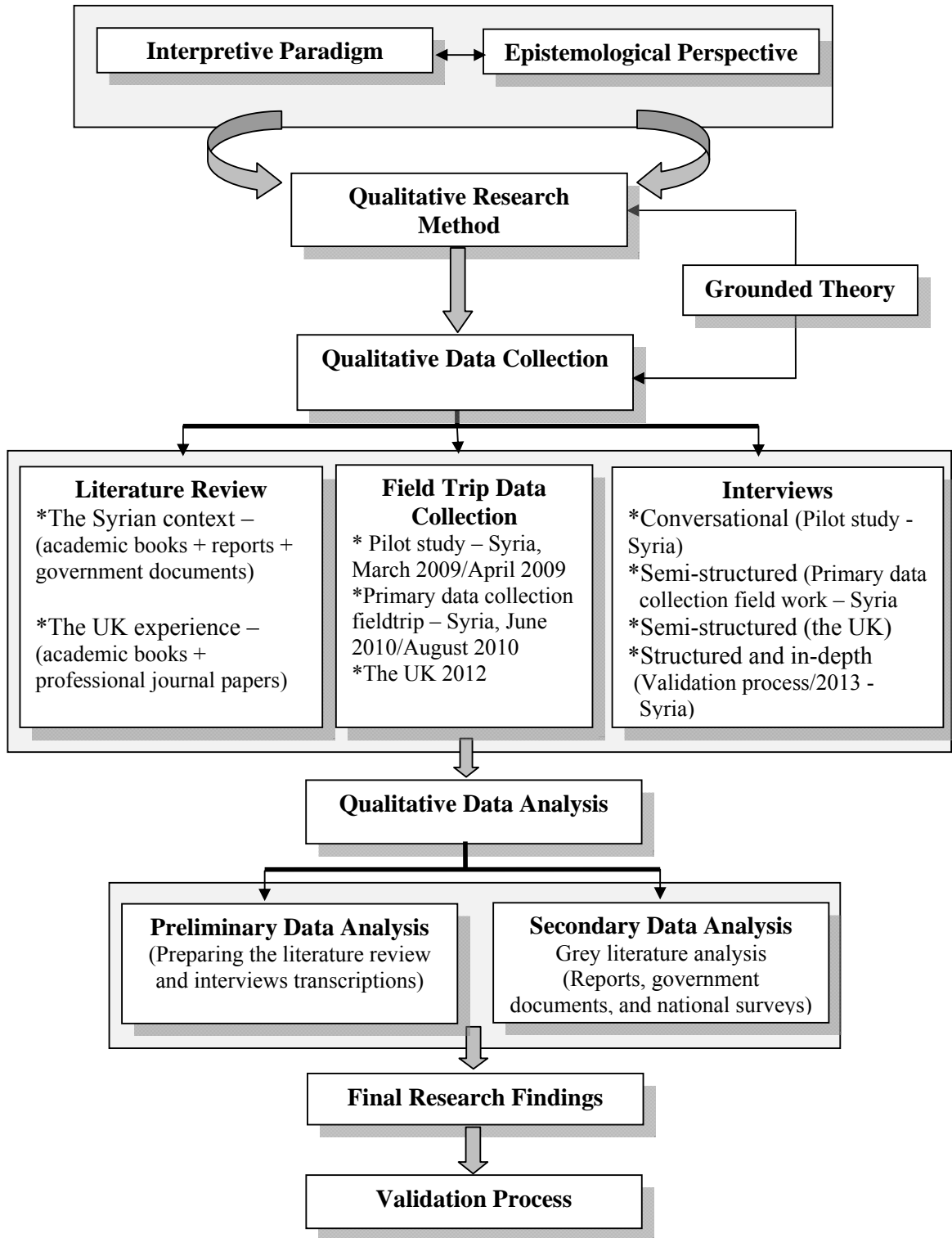


Figure 4.1. Research Methodological Approach

4.5.1. Description of the Research Design: Data Collection Methods and Data Analysis Tools and Techniques

A research design provides a framework for the collection and analysis of data; it is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose.

The data collection methods used in this research were literature review, fieldtrip data collection, including collection of grey literature, along with other documentation, and semi-structured/structured/and in-depth interviews. The data analysis tools and techniques used were preliminary data analysis and thematic analysis then secondary analysis, along with data editing and coding processes and interview transcripts. The rationale for the use of these methods and tools is explained in the following sections.

4.6. Qualitative Data Collection Methods

The data collection methods chosen to fulfil the research aim and objectives were as follows:

4.6.1. Literature Review

The literature review, which represents Phase 1 of the investigation, included many themes and topics related to the research focus and extracted from different sources. These chosen themes aimed to assist in understanding the contemporary housing production process in Syria. They were drawn mainly from Arabic sources consulted during the fieldtrips to Syria, as well as some academic books. Another type of source was grey literature, comprising reports, documents, and plans by the Syrian government and other public agencies (Aleppo Municipality, the Syndicate of Engineers in Aleppo, the General Establishment of Housing, the Establishment of Military Housing, and the Central Bureau of Statistics).

Further the themes addressed in the literature review helped to understand how the affordable housing delivery process has been approached in a different context (the UK). This was achieved by providing a general understanding of the emergence of the concept of affordability and definition of affordable housing, and the main elements of affordable housing production process in the UK. They also aided a broader

understanding of the evolution of efficiency improvements in the construction industry as a compliance to government policy, and (through this) to address the role of the procurement processes in improving the efficiency of affordable housing schemes in the UK. These themes were examined by consulting academic books and professional journal papers.

4.6.2. Field Trip Data Collection

Two fieldtrips were made to Syria in March 2009/April 2009, and June 2010/August 2010. The first field trip was a pilot study involving interaction with individuals chosen in a systematic way; it served as a testing ground for data collection instruments to use in this study. During this field trip, the researcher carried out informal conversational interviews with 10 informants working in the process of housing delivery in Syria in order to fill the gaps and answer questions which had arisen in Phase 1 of the investigation, to gain an access to key informants who were happy to participate in the study, and to collect data from secondary sources (government publications, reports, articles, and census data). Given the lack of data on the affordable housing supply process in Syria, the use of secondary data as a source within the interpretive paradigm adopted in this research was attributed to the limitation of existing documents, the gain of further access to data, and the absence of contextual information.

The primary data collection field trip was conducted in Aleppo city where semi-structured interviews were carried out with 19 key informants from different disciplines:

- Policy makers working in the Ministry of Housing and Construction.
- Officials working in the governmental and public agencies and institutions.
- Professionals working in Engineering Syndicate (supply side).
- Academics working in Architectural and Civil Engineering Faculties and housing schemes.
- Relevant personnel working in the co-operative sector represented by the Housing Associations.

The interviews helped the researcher to locate references both from the interviewees and from the public agencies and institutions, in the form of secondary data and grey literature which formed a good source of information that had a bearing on investigating

the subject in Syria. Thus, the collected documents in this field trip were useful and added richness to the analysis process because useful themes were underlined and extracted from documents being analysed.

4.6.3. Interviews

As noted above, in the first field trip, **informal conversational interviews** were carried out with 10 informants working in the process of housing delivery in Syria. The purpose of the interviews was to fulfil the aspiration of the Phase 2 of the investigation identified earlier in this chapter. The interviews were performed in Aleppo city and lasted for about 60 minutes each. This field trip allowed the researcher to set a base for further individuals who were happy to participate in this research, and to narrow down the focus of the research.

Semi-structured interviews were carried out in the second (primary data collection) field trip with 19 key informants from the different disciplines identified earlier. The total number of the interviews was 25 (some respondents were interviewed twice due to having broader knowledge and good expertise in the research area).

A qualitative approach was chosen for the interviews, allowing respondents to freely answer a number of pre-defined questions concerning their views on what is the current process of affordable housing supply in the Syrian context, and in this, to identify the key constraints to improving the process of affordable housing supply and their impact upon its efficiency. The collected data was the basis for the researcher to fulfil Objective 2, namely “To identify key constraints of affordable housing supply in Syria, and their impact on its efficiency”, and the depth and detail of actual experiences and feelings of the respondents revealed in the interviews were very helpful for this research. The data is analysed and presented in tables along with a descriptive discussion of the results in Chapter 5.

In the third field trip (to the UK this time), **semi-structured interviews** were carried out in order to achieve part 2 of Objective 3, namely “To focus on the role of the procurement processes in improving the efficiency of affordable housing supply in the UK”. These were used subsequently for eliciting information in a systematic and comprehensive way, and also allowing depth and richness in specific responses. The

interviews were carried out with 10 key informants working in different positions in housing associations from England, Wales, Scotland, and Northern Ireland. Prior to the interviews, all of the interviewees received a copy of the research information sheet, consent form, and the interview questions. All respondents who gave their consent were interviewed either at their suggested places of work or via a telephone call and at a time of mutual convenience. The interviews lasted about an hour and were designed to allow the interviewees the freedom to express their feelings and thoughts regarding the practical application of the reform agenda and its recommendations in the current process of affordable housing supply in the UK, and in this, to identify the role of existing procurement approaches in improving the efficiency. Digital voice recording was used throughout all the interview sessions. The permission of the interviewees was obtained with respect to recording the interviews. The recorded interviews were downloaded to a computer and then transcribed verbatim.

It should be noted that the sequence of questions in the semi-structured interviews carried out in Syria and the UK allowed the conversation to flow in order to know ‘how’ and ‘why’ the subject matter under study happened as it did, following Yin (2003). Accordingly, many follow-up questions and probes were used when unexpected thoughts were introduced during the interviews and understanding of the subject matter was enlarged. Chapters 5 and 7 present details on the qualitative data collection and analysis undertaken in this research.

To validate the research results, a third set of **in-depth and structured interviews**, with close-ended and open-ended type of questions respectively were carried out with 12 out of the 19 interviewees interviewed during Phase 1 of the investigation in Syria (primary data collection fieldwork). The purpose of the interviews was to achieve Objective 4 (to use the UK experience as a basis for recommendations on improving affordable housing provision in Syria).

At the beginning of each interview, a brief explanation of the aim and objectives was provided. The in-depth interviews required the respondents to give their views and opinions on the research results, in other words, to determine whether the proposed procurement approach and other key considerations which have been the basis of improvements in the UK contain the right characteristics for improving the efficiency of the affordable housing supply process in Syria. The structured interviews additionally

called for the respondents' comments on the applicability of these results in the case of Syria, and on the completeness of the research results. Table 4.2 illustrates the total number of interviews carried out in this research with their average length.

| Location | Type of Interviews | Number of Interviews | Average Length |
|---|------------------------------------|-----------------------------|-----------------------|
| The first field trip in Syria (pilot study) | Informal conversational interviews | 10 | 60 minutes |
| The primary data collection field trip in Syria | Semi-structured interviews | 25 | 90-120 minutes |
| The UK interviews | Semi-structured interviews | 10 | 60 minutes |
| The validation interviews (Syria) | In-depth and structured interviews | 12 | 60-90 minutes |
| | | Total No =57 | |

Table 4.2. Numbers and average length of the interviews

4.6.4. Sampling Strategy

A sampling strategy is a part of the process of data collection and analysis and has an important effect on the quality of the research (Goulding, 2007). In this study, **snowball sampling** was used in the first field trip in order to put the researcher in touch with other individuals, to establish who are the key informants, with whom initial contact must be made. This was due to difficulty in gaining access to experts, and to lack of communication networks via email and/or Skype in Syria.

In the primary data collection field trip to Syria, the sample was chosen for a specific purpose, namely to provide broader understanding of the current process of affordable housing supply for the low-income group, and to identify the key constraints to improve the efficiency of this process. This type of sampling is called **purposive sampling**; it enabled the researcher to build up samples that are satisfactory to specific needs. This type of sampling was also used in the UK interviews in order to access experts with in-depth knowledge about the extent to which the present process of affordable housing delivery is responding to the government's reform agenda objectives. In this case, the aim was identifying the role of existing procurement processes in improving efficiency.

The boosted sample is another variant of purposive sampling (Cohen *et al.*, 2007). This kind of sampling was used in the final validation process, when the researcher excluded 7 interviewees from the 19 who were interviewed in the primary field work, as these 7 interviewees have special characteristics, namely, they are not working in the public sector institutions that are responsible for providing affordable housing in the Syrian market. Therefore, given the final focus on the role of the state, the research findings were validated with the remaining 12 interviewees working in the public sector.

Theoretical sampling is a feature of grounded theory (Cohen *et al.*, 2007). In this study, selecting the interview participants was based upon theoretical sampling, which involved gaining access to experts who were willing to share their real experiences and perceptions on the current process of affordable housing supply for the lower income group in Syria. This kind of sampling required the researcher to have sufficient data to be able to generate the theory in the research context, and then to proceed in gathering more and more data until the theory remained unchanged. This indirectly helped the emergence of rich theoretical themes that led to identifying the role of the procurement process to improving the efficiency of affordable housing in Syria from lessons learned from the UK. Accordingly, theoretical saturation, which means that no additional data were found, was achieved here when fine-grained themes, which are related to the phenomena under study, had been sought both during the investigation and validation processes.

4.7. Data Analysis Tools and Techniques

In grounded theory data analysis processes are the interplay between the researcher and the data (Strauss and Corbin, 1998). In this research, this issue involved organizing and/or questioning the collected data in ways that allow the researcher to identify themes related to the research focus, discover relationships between issues under investigation, develop explanations of what happened and why it happened that way, as well as make interpretations of the interviewees' views. To this end, the data gathered from the above methods were analysed using preliminary data analysis and thematic analysis, secondary data analysis along with data editing and coding processes as well as interviews transcripts.

4.7.1. Preliminary Data Analysis and Thematic Analysis

In this research, the process of preliminary data analysis was an ongoing process that was undertaken every time data was collected. First, it occurred while the researcher was preparing the literature review, by engaging with the text, not to criticize or summarise what is emerging from it, but to gain a deeper understanding of the values and meanings which lie therein. In view of this, the researcher went over the data in the literature, noting ideas and listing topics and grouping them, looked at aspects from different perspectives (critical thinking), and attempted to represent some of the data in tables and figures that satisfied the research need.

Secondly, after carrying out the interviews in Syria and the UK, the researcher undertook a preliminary data analysis during the process of transcribing the interviews, in order to highlight the emerging issues, to allow all relevant data to be identified and to provide directions for seeking further data.

After that, the researcher moved on to undertake thematic analysis, which required identification, organisation and summary of the interview transcriptions in a spread sheet as a starting point to interpret and conceptualise the collected data. By doing so, the researcher was able to combine the interviewees' points of view.

4.7.2. Secondary Data Analysis

Secondary data, usually data collected by governments, research institutions, and agencies in the form of national surveys and reports, provide the research with available resources to examine a particular subject. In this study, secondary data analysis involved a number of closely related operations, performed with the purpose of summarizing the collected data through the interviews and organizing them in such a manner that they yielded answers to the research questions. In this respect, the process of secondary data analysis has been used throughout the research, particularly for analysing the grey literature collected during the field trip carried out in Syria from different sources (Aleppo Municipality, the Syndicate of Engineers in Aleppo, the General Establishment of Housing, the Establishment of Military Housing, and Central Bureau of Statics). This included reports, national surveys, government publications, and articles.

4.7.3. Editing and Coding Processes

Editing is the process by which data are prepared for subsequent coding (Kumar, 2008). In this study, the researcher edited the collected data by making necessary amendments to some responses that entered in the interviews unexpectedly since the interviewees were freely allowed to answer the questions of the interviews in a systematic way.

Coding process is the process of attaching concepts to data for the purpose of analysing that data (Charmaz, 2006). Grounded theory, used in this research, is an innovative method of analysing qualitative data because the analysis is guided by specific objectives (deductive) and multiple readings and interpretations of raw data (inductive). More importantly, it can be used as a practical coding method since it concentrates on naming categories by using codes attached to the collected data through the interviews, and connecting them by building relationships between concepts informed by the codes. To this end, it involves different stages of coding, namely open coding, selective coding, and theoretical coding.

Open coding was used both in the interview analysis and document analysis; the researcher went through the data line by line in order to see what the collected data might be indicating, and where it could direct the research. After that the researcher grouped the open codes into larger categories in the form of selective coding. The theoretical framework that was drawn from the literature review served as a basis for underlining the main categories and sub-categories (i.e. that are related to the key elements of affordable housing production process and the key issues of improving the efficiency of the public sector) used for the **selective coding**, where the interview transcripts were manually coded to capture data on underlying issues and recurrent themes. Thus, it assisted in analysing the data collected from the interviews, as reported in Chapters 5 and 6. Lastly, **theoretical coding** was used by relating these categories to each other and considering the relationship between them, and the data analysis involved repeated iterations of the data into clusters and groups. It is worthy of note that the semi-structured interviews were conducted with a fairly open method, offering scope to go beyond the main categories and sub-categories identified in the framework (e.g. the relationships between the actors, centralization of decision making process). However, in connecting these groups/categories in accordance with the nature of the relationship between them, the core of grounded theory, which comprises of comparing

instances of data labelled as a particular category with other instances of data in the same category, was achieved.

4.7.4. Interview Transcripts

The interview transcripts have played crucial role in this research in terms of analyzing, coding, and categorizing the collected data. The researcher listened to the recordings for transcribing the interviews and prepared the initial verbatim transcriptions, subsequently going back and listening again to the recordings, checking the sentences/segments against the initial transcripts in order to make necessary corrections. After that, the transcripts were sent to the participants being interviewed in order to review whether they wanted to add/change anything. All the transcripts then were returned to the researcher with very minor changes (e.g. spelling of the name of a project mentioned in the interview). Consequently, the researcher checked the minor changes, accepted it, and prepared the final version of transcripts accordingly (See Appendix B. 4). The researcher read the interviews transcripts a few times in order to build a comprehensive understanding of the occurring phrases, and to distinguish between different interviews. Furthermore, these were then edited by transferring them into a form that matched the analytical needs of the research and interpretation process.

4.8. Validity and Trustworthiness of Data Collected

Validity in qualitative research involves determining the degree to which a researcher's claim about knowledge corresponds to reality (Klenke, 2008). There are two types of validity namely internal validity and external validity. Internal validity is concerned with the degree of certainty that the collected data actually reflect the specific phenomena under study. In this sense, the researcher claims that all the collected data in this research are reliable, as, although they were collected through different data collection methods; they tended to produce the same findings. On the other hand, external validity is concerned with the degree to which research findings can be applied to the real world; it is the issue of generalizing the research findings to a wider population. In this research, the research findings have been specifically validated by interviewing key informants working in the public sector who are responsible for affordable housing supply in Syria. The results of this validation process are discussed in Chapter 8- Part 2.

The idea of discovering “truth” through measures of reliability and validity can be replaced by the idea of trustworthiness” (Klenke, 2008). According to Guba and Lincoln (1985) the concept of trustworthiness of qualitative research is based on four criteria:

Credibility: this is similar to internal validity (Bryman, 2004). This means that the researcher has the ability to validate the findings by assuring that the research has been conducted in accordance with the subject under study.

Transferability: this is similar to external validity (Bryman, 2004). This means that the research results can be transferred to another context or situation.

Dependability: this is similar to reliability (Bryman, 2004). This means that the researcher should review the findings after a period of time and ensure that “complete records are kept of all phases of the research process- problem formulation, selection of research participants, fieldwork notes, interview transcripts, data analysis decision, and so on- in an accessible manner” (Ibid, p.275). Accordingly, the researcher can verify the correspondence between previous findings and the new context.

Confirmability: this is similar to objectivity (Bryman, 2004). This means that the research results can be corroborated or confirmed by others. This has been achieved in Chapter 8- Part 2.

4.9. Triangulation

Triangulation “entails using more than one source of data in the study of social phenomena” (Bryman, 2004, p.275). Using triangulation in qualitative research is a way of making a more systematic use of the variety of qualitative research methods and approaches (Denzin and Lincoln, 1994).

In this research, the researcher took different perspectives on improving the efficiency of the process of affordable housing supply in Syria. These perspectives have been substantiated by using several methods and/or in several theoretical approaches. Thus, the collected data in the course of this research were drawn from secondary sources (government publications, articles, journals, and census data), and primary sources

(interviews and literature review). As a result, data triangulation produced knowledge on different levels in this research and thus contributed to promoting quality in the research.

4.10. Ethical Considerations

The process of research is surrounded by many problems including social, ethical, and political problems (Burgess, 1989; Burgess, 1992; Bryman and Burgess, 1999). Many of those problems have been addressed in different research discussions including overt and covert researches.

Bryman (2004) suggests that although by adopting a covert role, the difficulties can be removed and the researcher can easily gain access to groups or individuals, it is more reliable, due to practical considerations and ethical commitments for the researchers to employ an overt role while conducting their studies. This view is in direct agreement with Schwandt (2000, p.203) when he stated that “Social inquiry is a practice, not simply a way of knowing. Understanding what others are doing or saying and transforming that knowledge into public form involves moral-political commitments”.

In this study, many ethical considerations were adopted while carrying out the interview both in Syria and the UK. They are listed as follows:

- The structure of the interviews was discussed with the supervisors before it was approved.
- The researcher introduced herself to the participants, gave them a comprehensive overview of the research, and explained what they would be participating in.
- The names of all participants were omitted (both in the UK and Syria), even their current positions (in the case of Syria). These confidential and anonymous procedures were discussed and explained with all participants⁶.
- Participants were informed that they could stop the interview at any time they felt uncomfortable.

⁶ In order to ensure that the research is conducted under ethical and practical considerations, the researcher signed an application to School Ethics Committee based upon Code of Ethics of the University which aims to protect all participants from any kind of harm or injury.

- The decision to stop the interview, as well as the decision of not to answer some of the questions was respected by the researcher.
- Participants were invited to discuss the research findings in order to validate the research results.

4.11. Limitations of the Research

This research has been conducted during a period of significant unrest taking place in Syria. This, in turn, made it impossible for the researcher to go back to Syria and carry out the originally planned second part of the fieldwork, due to health and safety issues. Thus, a change to the research direction and the methodological approach has been made to accommodate these circumstances.

The second research limitation of this study is the restricted access to resources covering topics on the housing system and affordable housing in Syria. This is due to the research being carried out mainly from United Kingdom and the limited availability of relevant Syrian materials on affordable housing – and, more generally, on Syria, whether in English or Arabic.

The third research limitation is that it was difficult to carry out the questionnaire survey with key informants working in the process of housing supply in Syria. This is attributed to the nature of the Syrian context where getting proper access to key personnel is difficult without having personal connections that assist in introducing the researcher to a large number of respondents who would be keen to take part in the questionnaire, and it is attributed to the limited use of network communication (e.g. Skype and e-mails) in public correspondence. Accordingly, the researcher had to carry out 10 informal conversational interviews with selected samples in order to gain subsequent access to 19 actors who were willing to participate in the interview survey and to share their real experiences and perceptions on the current situation of affordable housing supply for the low-income households in Syria. Having said that, the number of respondents is considered acceptable based on the purpose of the study and the level of consensus of the data obtained. The data obtained were very supportive of certain viewpoints and areas especially in terms of identifying key constraints encountered in affordable housing supply process in Syria.

The fourth research limitation is that most of the semi-structured interviews carried out with key informants in Syria took place in governmental departments or offices. This caused many interruptions to the interviews because the respondents had to deal with job-related issues while taking part in the interview.

The fifth research limitation relates to carrying out the validation of the research findings via telephone calls, where the researcher was cut off many times in the middle of the telephone call due to the unrest in the country. Therefore, carrying out the interviews via telephone calls was a truly exhausting and upsetting process for both the researcher and the respondents.

The sixth research limitation is associated with the validation process where the interviewees could not fully agree on some of the research results, either they did not have enough time to discuss it due to telephone calls being cut off many times during the interview, or even because they had never had previous experience of some of the research results (i.e. concepts and definitions).

4.12. Conclusion

This chapter has discussed the methodology and methods that have been applied in this research. It contrasted qualitative research with other approaches, and discussed common methods used for qualitative data collection and analysis. It also addressed key issues in carrying out qualitative research, including credibility (internal validity), transferability (external validity), confirmability, dependability, and triangulation.

The qualitative research method with grounded theory was considered as being the most appropriate approach to meet the research objectives and answer the research questions. Choosing appropriate qualitative research methods to address the research problem and meeting the standards through triangulation of research perspectives and cyclical data collection and analysis has helped the researcher to gain a deeper understanding of the affordable housing supply process and improving its efficiency.

Chapter 5 Data Analysis and Presentation of the Syrian Interviews Results

5.1. Introduction

This chapter addresses both parts of the second objective in this research, namely to identify key constraints on the affordable housing supply in Syria (Question 2a) and to what extent the efficiency of the process of affordable housing delivery is affected by these constraints (Question 2b). Semi-structured interviews with selected key actors working in different positions in the process of housing delivery in Syria were carried out in order to explore the interviewees' views, opinions and experiences on the key barriers to providing affordable housing in the market.

The interviewees also provided depth to the study by identifying the impact of the current constraints on the efficiency of providing the adequate number of affordable units every year. Conducting these interviews represented Phase 2 of the research, in which significant issues for further study raised by the literature review, in Phase 1 of the investigation, are explored. The interview responses are then analysed, using the framework identified through that review, as summarised in Figure 3.1 in Chapter 3 (reprinted as Figure 5.1 below).

This chapter ends with a summary of the main issues highlighted during the interviews.

5.2. Interview Survey

In this survey, semi-structured interviews were conducted with a fairly open method, which allowed for focused, conversational, and two-way communication. A pre-determined set of questions was prepared with the intention of guiding the interviewer around the conversation, and ensuring that all issues of concern were covered in the interview guide (See Appendix A.3).

5.2.1. Developing the Questions

The design of the questions was very important for the success of the interviews. The questions were prepared according to the issues arising from the literature review on the affordable housing supply processes, as discussed in Chapter 3. The set of questions and

probes were planned with the intention of allowing the experts in the housing development process to talk about their experiences, perceptions, and understanding of the present process of affordable housing supply in Syria, and through this, to identify the key constraints to improving its efficiency. Many follow-up questions and probes were also used when unexpected thoughts were introduced.

5.2.2. Selection of the Interviewees

As noted earlier, the interviews were conducted with selected key actors. The aim of the selection of the interview participants here was to gaining access to actors who were willing to share their real experiences and perceptions on the current situation of affordable housing provision for the low-income people in Syria. The selection of the interviewees was also a result of the first field trip that allowed the researcher to set a base for further individuals who are happy to participate in this study, and to help the researcher to gain a broad understanding of issues under investigation. The interviewees were chosen according to the following criteria:

- The practicality of getting access to the respondents

Due to the nature of the Syrian context, getting access to key personnel is difficult without having personal connections (*Wasta*); this was one of the key factors affecting the sample selection.

- Type of respondents

The selection of respondents was focused on their broader knowledge of housing supply and development, their expertise, and their position in different departments.

- Willingness to give information

In Syria, probing information from individuals can be limited and difficult at times. This can be attributed to lack of trust between individuals, especially when it comes to sensitive questions. Thus, it was important to gain access to experts who were willing to share their real experiences and perceptions without any fears and concerns. However, it was obvious that some interviewees were careful in selecting their answers during the interviews.

Respondents to the interview survey were selected from five categories, namely policy makers working in the Ministry of Housing and Construction (MoHC), officials

working in the governmental and public institutions, professionals working in Engineering Syndicate⁷ (supply side), academics working in Architectural and Civil Engineering Faculties and housing schemes, and relevant personnel working in the co-operative sector represented in Housing Associations. All contact details were secured, such as the name of each actor, position, and role in the organisation. A number of calls were made to book an appointment with all interviewees prior the interviews. All respondents who gave their consent were interviewed at their suggested places of work and at a time of mutual convenience (See Appendices A.1 and A.2). 19 key informants from different disciplines were interviewed (See Table 5.1), however the total number of the interviews was 25, as some respondents were interviewed twice, due to having broader knowledge and good expertise in the research area.

With regard to the constrained nature of the Syrian context, the researcher considers that the number of the chosen samples is compatible with the recommendations of Bertaux (1981) who recommended that fifteen is the smallest acceptable sample size in qualitative research. Moreover, it was considered that saturation has been achieved concerning the amount of collected data from the interviewees (Ryan and Bernard, 2004).

5.2.3. Interviews

The interviews were performed in Aleppo city and lasted for 90 to 120 minutes. Each interview was not audio recorded because a large number of respondents opted not to have the interviews recorded although they were told that their names will be confidential and anonymous (Lofland *et al.*, 2006; Corbin and Strauss, 2008). This issue has been respected by the researcher and the interviews were recorded manually through note-taking (Bryman and Bell, 2007). To this end, the researcher asked each interviewee to answer the interview questions slowly in order to enable capture of what was said before and after the interview as well as the initial reflections during the interviews. In view of this, the collected data through the interviews was rich, and the interviewees' experiences and their point of views revealed in the interviews was very helpful for this research.

⁷ Professional body (like Chartered Institute of Building) which oversees the engineering work such as architectural plans endorsement and building permission.

| Interviewees Number | Duration of Interview | Category | The Location of Interviews |
|----------------------------|------------------------------|-----------------------------|---|
| 1 | 120 minutes | Official (the Municipality) | Private Engineering Office/ Aleppo city |
| 2 | 90 minutes | Official (EoMH) | The Establishment of Military Housing (EoMH)/ Aleppo city |
| 3 | 120 minutes | Official (EoMH) | The Establishment of Military Housing (EoMH)/ Aleppo city |
| 4 | 110 minutes | Official (EoMH) | The Establishment of Military Housing (EoMH)/ Aleppo city |
| 5 | 90 minutes | Professional (ES) | Engineering Syndicate of Aleppo city (ES) |
| 6 | 120 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/ Aleppo city |
| 7 | 115 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/ Aleppo city |
| 8 | 90 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/ Aleppo city |
| 9 | 120 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/ Aleppo city |
| 10 | 90 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/Aleppo city |
| 11 | 100 minutes | Relevant Personnel (CUoH) | The Co-operative Union of Housing (CUoH)/Aleppo city |
| 12 | 100 minutes | Policy maker (MoHC) | The Ministry of Housing and Construction |
| 13 | 90 minutes | Relevant Personnel (HAoE) | The Housing Association of Aleppo Engineers (HAoE)/ Aleppo city |
| 14 | 120 minutes | Professional (ES) | Private Engineering Office/ Aleppo city |
| 15 | 110 minutes | Relevant Personnel (CUoH) | The Co-operative Union of Housing (CUoH)/Aleppo city |
| 16 | 120 minutes | Official (GEoH) | The General Establishment of Housing (GEoH)/ Aleppo city |
| 17 | 90 minutes | Official (EoMH) | The Establishment of Military Housing (EoMH)/ Aleppo city |
| 18 | 90 minutes | Academic (FoCE) | The Faculty of Civil Engineering (FoCE)/Aleppo City |
| 19 | 90 minutes | Academic (FoAE) | The Faculty of Architectural Engineering (FoAE)/ Aleppo City |

Table 5.1. Information on all semi-structured interviews that were manually recorded

5.2.4. Data Coding and Analysis

Coding the interviews helped the researcher to retrieve what the interviewees said about the identified concepts, themes, and events. The theoretical framework drawn from the literature review and identified in Chapter 3, serves here as a basis for the main categories and related sub-categories used for the selective coding used to analyse the collected data from the interviews. All interview transcripts were manually coded to capture data on underlying issues and recurrent themes. The answers from the interviews were grouped under the four main categories related to the analytical framework, namely:

- General Definitions of Affordable Housing.
- The Design Phase.
- The Tender Phase.
- The Construction Phase.

Below these categories was a set of sub-categories related to themes discussed in the interviews, as shown in Figure 5.1 below. Subsequently, the level of constraint encountered in each sub-category was investigated and ranked in tables according to the number of responses received during the interviews. The impact of each constraint was classified into three groups (high, moderate, and low).

It should be noted that all of the collected data were obtained from the interviewees before the unrest started in Syria. Therefore, the data analysis process necessarily focuses on issues that are not necessarily related to what is going on in Syria at the present time.

Figure 5.1. Analytical framework that is used as a base for data analysis

5.3. Interview- Results, Analysis and Discussion

5.3.1. Section A: General Definitions of Affordable Housing

Since the Syrian government has been working on providing **affordable housing** for **low-income groups** since the 1980s, it was really important to investigate how these two concepts are defined in the Syrian context. Respondents were asked to freely identify both the low-income group and affordable housing. Surprisingly, the interview results showed that not one of the interviewees linked their definition of affordable housing to a specified proportion of household expenditure/income. The perception of affordable housing varied between all respondents, and there was no officially sanctioned definition.

“Affordable housing is provided by the government for low-income people”
(Interviewee 19 – Academic/FoAE)

“Houses that have small spaces and reasonable quality can be considered as affordable housing” **(Interviewee 7 – Official/GEoH)**

“...I think it is implemented on land that is located in cheap regions” **(Interviewee 11 - Relevant Personnel/CUoH)**

“I am sorry I cannot give a specific definition” **(Interviewee 5 – Professional/ES)**

One interviewee (No.14) from the Engineering Syndicate said that *“affordable housing is informal housing implemented in informal settlements scattered around the central cities”*. The latter definition reflects the fact that the majority of informal settlements in Syria are affordable, but illegally planned and implemented. However, this definition will be ignored because this research focuses upon the formal affordable housing.

The interviews also revealed that the criteria by which people are classified as low-income groups are not formally identified. Some of the interviewees were not exactly sure about how to define and classify people as low-income group.

“I am afraid I have no clue” **(Interviewee 13 - Relevant Personnel/HAoE)**

“I do not know how to define them really. I am sorry about that” **(Interviewee 10 – Official/GEoH)**

A few interviewees said that the definition depends on income and/or the poverty line defined by the government, but they gave no accurate information on what is the poverty line or even the income range.

“I think that classifying individuals as lower income group depends upon the income expenditure that should be set by the government” **(Interviewee 8 – Official/GEoH)**

One interviewee made it clear that prevalence of corruption, along with the absence of transparency, played an explicit role in the non-disclosure of what is owned by individuals. This, from his point of view, can be the reason for the absence of clear

information on income distribution and expenditure by which people can be classified as low-income group.

“...a bribe can be paid to some tax collectors in order not to estimate the real value of the possessions that individuals own, you know it is a kind of evasion of due tax. By doing so, most of the information given to the government will be not accurate...I think this issue has greater impact upon lack of information on income distribution or expenditure” (Interviewee 1 – Official/the Municipality)

Overall, the data collected in relation to this section confirmed the limitation in understanding of the meaning of affordable housing and low-income group.

5.3.2. Section B: The Design Phase

In relation to this phase, the collected data from the interviews were analysed according to six sub-categories, namely planning system and legal and governmental procedures, institutional arrangements for providing affordable housing, land acquisition for residential use, the affordable housing design process, and fund allocation and government subsidies.

Planning system and legal and governmental procedures

In this section, the respondents primarily pointed towards the Master Plan preparation as the most essential problem at planning system level. The majority of the interviewees reported that the Master Plan is not fully prepared to respond to the need for appropriately allocating land parcels for residential use and it is not regarded as an effective means of meeting affordable housing requirements. This was attributed to the long official procedures involved in issuing new Master Plans for developments around the central cities. This issue can have an impact on the amendment of the planning requirements to deliver affordable housing in a way that is compatible with the economics of the housing market.

“I think that the most important obstacle is preparing and issuing new Master plan; can you imagine that after 17 years we got a new Master Plan for Aleppo?” (Interviewee 18 – Academic/FoCE)

A large number of the interviewees declared that these delays were followed by increasing demand for both new affordable units and land parcels to build on. Therefore, the level of demand was beyond the supply scope of the government and the public sector establishments, represented by the General Establishment of Housing and the Establishment of Military Housing.

“...since the Master Plan does not provide the required amount of land for residential use, there is always a big demand for affordable houses. This issue causes a big challenge for all sectors including public sector” (Interviewee 6 – Official/GEoH)

“I think that affordable projects are insufficient to fill the gap between the rising demand and decreasing supply” (Interviewees 2 – Official/EoMH)

“...you cannot imagine the number of subscribers who come to our establishment in order to apply for affordable housing. Unfortunately, we cannot accept all of the applications because we have a limited number of affordable houses” (Interviewee 9 – Official/GEoH)

Different opinions were obtained regarding the effectiveness of future plans and housing programmes in terms of providing a sufficient number of affordable units and increasing housing stock in the market every year. A large number of respondents reported that future plans and housing programmes that are prepared by the government are weak and inefficient because they lack the proper methodology to respond the actual needs. This issue was linked to lack of skilful and experienced individuals who are responsible for preparing these plans and programmes.

“The potential for increasing affordable housing stock can result from improving these future plans that do not respond to the actual needs” (Interviewee 1 – Official/the Municipality)

“...it is important to appoint individuals who have good experience and, at the same time, have a broader knowledge on how to prepare the future plans for better outcomes” (Interviewee 4 – Official/EoMH)

Some interviewees indicated that the prepared plans and programmes do not correspond in their practical application, because there is a big difference between what was prepared and what was implemented in reality.

“I think that the required implementation time of the Five-year Development Plans is not compatible with what has been prepared and planned within them” (Interviewee 15 - Relevant Personnel/CUoH)

Others attributed this issue to lack of co-ordination between stakeholders, along with inaction and lack of initiative.

“Actually lack of information on how to improve the future plans and housing programmes can be related to lack of coordination between all of the actors working in different positions” (Interviewee 19 – Academic/FoAE)

“As a military establishment that is related to the Ministry of Defence, we do not get orders from anyone. We take our decisions regarding the affordable units implemented within our own establishment” (Interviewee 3 – Official/EoMH)

One interviewee claimed that the housing programmes and future plans are good and helping to provide sufficient number of affordable units every year. This answer can be viewed in the light of the fact that the interviewee was working in a sensitive position in the Ministry of Housing and Construction. Therefore he was careful in selecting his words or even in expressing his thoughts.

“From my position in the Ministry of Housing and Construction, I would say that the required number of affordable units, which is outlined in the Five-year Development Plans, is provided adequately” (Interviewee 12 – Policy maker/MoHC)

With regard to legal and governmental procedures of providing affordable housing in Syria, the majority of the respondents believed that there is lack of a consistent social housing policy.

“It is important to modernize the legal system of housing in general; the government issues specific laws to each establishment , and I think that this leads to a mismatch in terms of results between the two establishments” (Interviewee 8 – Official/GEOH)

It was obvious that the implementation of housing policies were inefficient, which had many implications, the worst of which was the ever expanding informal settlements around the central cities.

“...actually, informal settlements emerged due to many reasons including housing policies and its shortfall of providing the adequate number of housing for lower income group” (Interviewee 5 – Professional/ES)

Some of the interviewees made it clear that housing laws and legislation are complex and lacking sufficiently clear and detailed drafting. In this respect, one interviewee reported that this issue has contributed to misinterpretation of the law, and led in some cases to the law being circumvented.

“One of the most important constraints to streamlining the process of affordable housing supply can be the complexity of laws and the long duration of issuing and applying housing legislation which lacks the proper explanation” (Interviewee 6 – Official/GEOH)

“...the interpretation and application of laws depend on the person who executes the laws. Unfortunately, some opportunists take advantage of the authorized power for achieving their personal interest” (Interviewee 1- Official/the Municipality)

The comments on routine and bureaucracy arising from legislation administered independently by the national and local government agencies reflected their negative impact upon affordable housing development in Syria.

“I think that the prevalence of routine and bureaucracy for a long time has negative impact upon accelerating the official procedures of providing land parcels for residential use, and therefore the adequate number of houses” (Interviewee 16 – Official/GEOH)

“It is worthy of note that routine and bureaucracy could have played an explicit role in hampering the process of housing supply for a long time” (Interviewee 4 – Official/EoMH)

At the same time, corruption was also acknowledged by some interviewees, due to a lack of enforcement in the housing market in Syria. In fact, corruption in the housing industry may be more rampant than in other industries, due to the numerous levels of applications and approvals required in order to undertake housing developments.

“Corruption has a big role in delaying the development process of housing” (Interviewee 11 – Relevant Personnel/CUoH)

“The constant quest for achieving personal gain is one of the manifestations of corruption at the legal level; unfortunately, there are a large number of beneficiaries of the legal loopholes” (Interviewee 1 – Official/the Municipality)

A few interviewees clarified that the absence of a sense of responsibility, along with centralization of the decision making process, had a negative impact on the efficiency of the official procedures carried out by the government in order to meet the national housing targets.

“...it would be useful to divide the Municipality, for instance, into small councils that would be able to estimate and provide the required needs of every region. Thus, greater savings in time and efforts could be made” (Interviewee 2 – Official/EoMH)

Overall, it seems that barriers to improving the provision of affordable housing in Syria stem from the regulatory framework and the planning system that does not underpin the provision of affordable housing, and does not provide the adequate number of land parcels for residential use. This, in turn, formed a primary constraint to meeting the rising demand for affordable housing. Table 5.2 shows the key constraints in this category identified by interviewees that played an explicit relative importance attached to the process of affordable housing supply.

| Planning System and Legal and Governmental Procedures | Constraints | Number of Responses | Ranking Position | Level of Impact |
|---|--|---------------------|------------------|-----------------|
| | <ul style="list-style-type: none"> The Master Plan is not fully prepared to respond to the urgent need of providing more land parcels for residential use | 19 | 1 | High |
| | <ul style="list-style-type: none"> Complexity of laws and poor drafting of legislations | 18 | 2 | |
| | <ul style="list-style-type: none"> The level of demand is beyond the supply scope of the government and the public sector | 17 | 3 | |
| | <ul style="list-style-type: none"> Weakness of future plans and housing programmes prepared by the Government | 16 | 4 | |
| | <ul style="list-style-type: none"> Long official procedures of issuing the Master Plan | 16 | 5 | |
| | <ul style="list-style-type: none"> Lack of a consistent social housing policy, and long official procedures of processing the actions | 14 | 6 | |
| | <ul style="list-style-type: none"> Prevalence of routine and bureaucracy for a long time | 13 | 7 | |
| | <ul style="list-style-type: none"> Future plans and housing programmes do not correspond to its practical application | 11 | 8 | Moderate |
| | <ul style="list-style-type: none"> Prevalence of corruption in the housing sector | 10 | 9 | |
| <ul style="list-style-type: none"> Lack of co-ordination between stakeholders | 8 | 10 | | |
| <ul style="list-style-type: none"> Inaction and lack of initiative | 7 | 11 | | |
| <ul style="list-style-type: none"> Absence of sense of responsibility | 3 | 12 | Low | |
| <ul style="list-style-type: none"> The centralization of decision making process | 1 | 13 | | |

Table 5.2. Key constraints encountered in the current process of affordable housing delivery at the level of planning system and legal and governmental procedures

Institutional arrangements for providing affordable housing

Although affordable housing was supposed to be provided by the public and co-operative sectors, this was not found to be the case in reality. The majority of the respondents reported that formal affordable housing is provided by public sector establishments, represented by the General Establishment of Housing, and the Establishment of Military Housing.

“Affordable housing is provided by the public sector represented in two establishments, namely the General Housing Establishment and the Establishment of Military

Housing...the co-operative sector is not participating in affordable housing supply”
(Interviewee 18 – Academic/FoCE)

In essence, the interviews showed that the public sector bears the burden of providing affordable housing for low-income groups in a way that exceeds its ability to do so. This was attributed to the following:

- Low level of productivity often due to limited resources, unskilled labour, weak management practices and backward technology.

“I think that the public sector cannot bridge the gap between the supply and demand because it lacks technical tools and sophisticated technologies that help this sector to alleviate problems at hand” **(Interviewee 5 – Professional/ES)**

- Lack of co-ordination between actors working in different positions, and the confrontational attitude taken by stakeholders.

“I would say there is a lack of collaboration at different stages in the process...there are some key personnel, working in sensitive positions, who think that they know everything ...unfortunately, hasty decisions can lead to unexpected results” **(Interviewee 13 – Relevant Personnel/HAoE)**

- Lack of data and information.
- Lack of systematic and orderly education/research done in the process of affordable housing supply and its attributes.

“Our project ‘Type V’ was implemented in 2009; it was not projected in the Eighth Five-year Development Plan (1995-2000)...what we need is not reflected into the development plans prepared by the government” **(Interviewee 17 – Official/EoMH)**

“...although the original owners have the right to object, at the end of the day they get nothing but a piece of land smaller than their original land. This is not a satisfactory issue for the landowners” **(Interviewee 15 – Relevant Personnel/CUoH)**

- Absence of private sector participation from the process of affordable housing delivery.

“I think that if the private sector participates in providing affordable housing alongside the public sector, the number of affordable units will increase, and the gap between supply and demand will decrease” (Interviewee 2 – Official/EoMH)

During the interview discussion it was clear that the co-operative sector is not currently taking part in this provision, although it was formally supposed to be participating in providing affordable housing along with the public sector. The sole concern of the co-operative sector, represented by housing associations, is primarily the quest for capital increase. However, this could not be achieved by procuring affordable projects, where revenues are relatively lower than for other projects. Another reason is that a large number of individuals have allegedly been deceived by some bogus housing associations that stole their money (Alghben, 2010). As a consequence, individuals are no longer applying to get properties from this sector since they do not trust it anymore. In view of this, the percentage of affordable housing, which was intended to be implemented during the Syrian plans, was reduced due to the absence of the co-operative sector from the process of affordable housing delivery.

“The trust between individuals and the co-operative sector is absent due to the bad reputation of some housing associations which stole their money and then disappeared” (Interviewee 16 – Official/GEoH)

“Housing Associations do not provide affordable housing at the moment because their houses are so expensive and lower income group cannot afford them” (Interviewee 14 – Professional/ES)

However, although the co-operative sector is not participating in affordable housing delivery, the researcher decided to continue probing information from the co-operative sector interviewees in order to investigate whether there are other key constraints to providing residential units in general, thus, gaining a broader understanding regarding the identification of key constraints to providing affordable housing in particular.

Different opinions were expressed during the interviews regarding the performance of the two sectors. It was clear that there is a shortfall in housing supply throughout the two sectors, and the institutional arrangements undertaken by these sectors are not fully effective. According to the interviewees, this was attributed to the following:

- Lack of co-ordination at different stages.
- Huge gap between the increasing demand and the decreasing supply.
- Lack of team work approach and sense of belonging.
- Inaction and failure to properly assign jobs to the right persons.
- Lack of initiative to accomplish tasks properly and correctly.

From the interviews, the majority of the respondents agreed that affordable housing should be sold to low-income people. It seemed that there was a lack of transparency in the allocation system for affordable units; they are actually being allocated and eventually bought or inhabited by ineligible buyers, who are not qualified by the income criteria. It was clear that anyone can apply to get an affordable unit from the public sector, and this, in turn, minimises the chance of low-income people getting the properties produced in principle for them. This issue can be attributed to lack of studies on income growth and expenditure patterns, which can be used to establish the amount which the lower income households can afford for housing, as illustrated in Chapter 2.

“...there are no clear restrictions in terms of the distribution of affordable units to the subscribers, or even the eligibility to get affordable units...all categories are entitled to apply for affordable housing via the public sector” (Interviewee 3 – Official/EoMH)

“...it is important to have clear eligibility criteria by which people can get affordable housing from the public sector” (Interviewee 8 – Official/GEoH)

With regard to the issues outlined above, a few interviewees added that corruption and bribery are additional barriers to the allocation system of affordable housing.

“The absence of clear eligibility criteria allowed some people to apply for affordable housing by using more than one application with different names. For instance, three or four members of one family could apply to get affordable units from the public sector” (Interviewee 1 – Official/the Municipality)

Obviously, the absence of provision of affordable housing by the co-operative sector has contributed to pushing a large number of people to seek affordable housing from the public sector, which could not prioritise low-income groups to get affordable housing in first place. Table 5.3 illustrates key constraints encountered in this category and their perceived impact upon improving the institutional arrangements in the public sector.

| | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--|--|---|------------------|-----------------|
| | Institutional Arrangements for Providing Affordable Housing | <ul style="list-style-type: none"> Absence of private sector participation from the process of affordable housing delivery | 18 | 1 |
| <ul style="list-style-type: none"> Absence of clear subscription terms and conditions specially prepared for low-income people to get affordable houses through the public sector | | 16 | 2 | |
| <ul style="list-style-type: none"> Low level of productivity, often due to limited resources, unskilled labour, weak management practices and backward technology | | 15 | 3 | |
| <ul style="list-style-type: none"> Lack of co-ordination and collaboration between all players at different stages | | 13 | 4 | |
| <ul style="list-style-type: none"> Lack of data and information along with systematic and orderly education | | 11 | 5 | Moderate |
| <ul style="list-style-type: none"> Inaction, failure to properly assign the jobs and distribute the tasks to the right persons, and lack of initiative to accomplish tasks properly and correctly | | 8 | 6 | |
| <ul style="list-style-type: none"> Lack of team work approach and sense of belonging | | 7 | 7 | |
| <ul style="list-style-type: none"> Absence of trust between individuals and the co-operative sector due to the bad reputation and fraud scandals of some housing associations | | 4 | 8 | Low |
| <ul style="list-style-type: none"> Prevalence of corruption and bribery | | 3 | 9 | |

Table 5.3. Key constraints encountered in the current process of affordable housing delivery at the level of institutional arrangements for providing affordable housing

Land acquisition for residential use

In this section, the respondents again pointed towards Master Plan preparation as the most essential problem. The interviewees made it clear the lack of land available for residential use was because the long official procedures of issuing the Master Plans and lack of expertise made it difficult to respond to the need for appropriately allocating land parcels for residential use to different sectors.

“Individuals who are responsible for preparing the Master Plans are not fully qualified...the new Master Plan in Aleppo city has been issued after 17 years”
(Interviewee 4 – Official/EoMH)

Due to the importance of land as one of main aspects affecting housing prices in Syria, the respondents were asked about the effectiveness of the land tenure system. It was clear that landowners are subject to severe limitations by the government regarding land transactions. The government places often comprehensive restrictions on the transferability of land, use of land, and ownership of land. In view of this, the interviews showed that both planning and land supply functions are mainly municipal responsibilities. As a result, the market for land development is narrow in practice since the Municipalities are the main, and in some cases the only possible buyer, and hence subsequently the supplier of land.

“The Municipality is the main supplier of land; it provides all sectors with land plots for residential projects” **(Interviewee 16 – Official/GEoH)**

Land to be acquired by Syrian Municipalities for residential use requires the use of compulsory purchase powers through using Land Acquisition Laws which enforce land owners to sell their land to the Municipalities. Due to lack of proper information available on official procedures of land acquisition for residential use, respondents were asked about the mechanism of providing land plots for residential use for the interest of the public sector and in accordance with different Land Acquisition Laws. A large number of respondents confirmed that this process takes place directly as the following:

(1) Land that exists within the limits of the Master Plan issued in 2004 in the main cities: the Municipality purchases land from the original owners according to Law No. 20/83 for the interest of the public sector.

(2) Land that exists within the limits of Master Plan issued in 2007 in the main cities (projected areas for future expansion): the Municipality purchases land from the original owners according to Law No. 26/2000, for the interest of the public sector, 40 per cent is allocated for public services, the remaining 60 per cent is divided as the follows: 20 per cent out of this 60 per cent is given to the public sector for residential purposes, and the remaining 40 per cent is divided and re-allocated to the original owners.

(3) Land that exists out of Master Plan limits: there are two ways:

State land: the public sector establishments purchase this land directly from the Chamber of Agriculture, which owns state farms and state land used for roads or any other public purposes, such as residential purpose.

Private land: the public sector establishments can purchase land according to Law No. 20/83, whereby the Municipality forms a committee that determines the price of the land, and then purchases it from its original owners. Figure 5.2 illustrates these categories of land use recognised in this system.

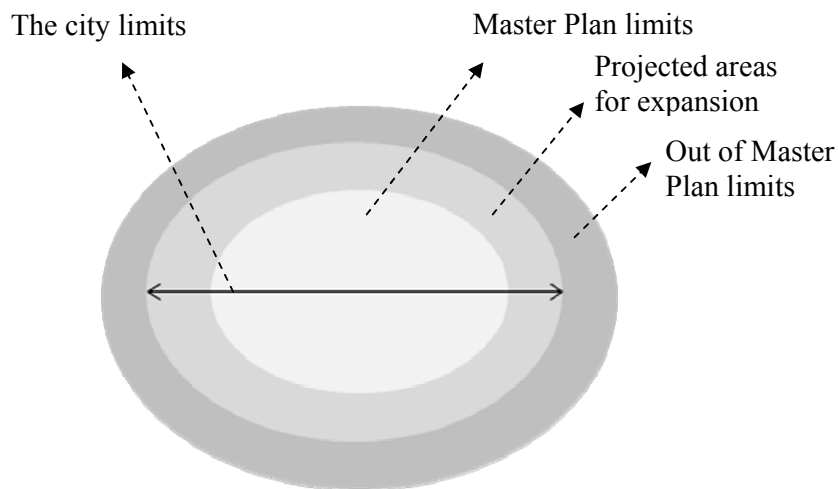


Figure 5.2. The locations of land for residential use in the Syrian cities (reprinted from Figure 2.5, p.39 in Chapter 2)

Although the original owners have the right to object and to claim for their losses, the majority of respondents stated that objections will draw owners into lengthy court hearings, and they added that the compensation process is utterly unfair. The latter comment can be linked to the small pieces of land that are given back to the original owners as a compensation for their compulsorily purchased land. It should be noted that

according to the market conditions, the value of land becomes higher after the allocation process. However, such answers received by the interviewees are related to a lack of understanding of land acquisition and redistribution process.

“The process of land acquisition is unfair because the original owners are forced to sell their land to the Municipality according to Land Acquisition Laws...although the original owners have the right to object, at the end of the day they get nothing but a piece of land smaller than their original land. This is not a satisfactory issue for the landowners” (Interviewee 15 – Relevant Personnel/CUoH)

With no sufficient compensation being made to landowners, two interviewees made it clear that some landowners have sold their land illegally to some private developers, who, in turn, were involved in providing informal settlements, and who therefore made a big profit.

“...A large number of the informal settlements are developed on land sold in the black market. Private land, which, most of them, in areas taken out of the market, have been sold to private developers, in order to avoid the compulsory land laws and the compensation process” (Interviewee 5 – Professional/ES)

When respondents were asked about the effectiveness of the land tenure system, most of them reported that, despite different land laws that involve different areas in and around the cities, the number of land plots provided through the Municipalities in accordance with those laws is insufficient, and the official procedures transferring land ownership from the municipalities to the interest of public sector are not time and cost effective.

“The Municipality is not putting that effort to acquire land for residential use... some of the legislation needs to be amendment in order to increase the amount of land in the market” (Interviewee 19 – Academic/FoAE)

“We hope that we can get the land directly from the original owners. By doing so, we can reduce the long procedures of getting land from the Municipality” (Interviewee 17 – Official/EoMH)

From the interviewees' point of view, these procedures caused delays in the inception date of affordable housing projects along with delays in infrastructure implementation. It seemed that these delays are known to cause losses to clients/contractors and to the entire industry, because construction has an important influence on the economy.

“For Al-Zahra project, for instance, we got the land from the Municipality after 4 years; this in turn delayed the inception date of this project” (Interviewee 11 – Relevant Personnel/CUoH)

Routine and bureaucracy were highlighted by the interviewees as indirect factors that affect land acquisition for residential use. Similarly, corruption was noted during the interviews as a key factor affecting both land supply and land prices. This is illustrated by imposing short-term legislation that serves some beneficiaries (developers/entrepreneurs) who work in the housing sector, and at the same time have good relationships with key actors working in the Municipalities. According to one interviewee, these actors (opportunists) facilitate the job of their beneficiaries by allowing them to own a large number of land plots, and therefore control land availability and affordability in the market.

“From my position in the Municipality, I can tell you that one law was issued for very short period of time, three weeks, in order to allow some land dealers to buy the land directly from its owners. I am sorry to say that these dealers have bribed some personnel in the Municipality in order to acquire land via that law...in this way the cost of land has increased due to land speculation, and therefore the selling price of units has been volatilized” (Interviewee 1 – Official/the Municipality)

Two interviewees also said that lack of water resources in some areas has affected the process of land development for residential use. This, in turn, has kept a considerable number of land plots out of use for residential projects.

“Lack of water in some areas makes it difficult for the Municipality to provide the sufficient number of land for residential use” (Interviewee 12 – Policy maker/MoHC)

Despite all the other key constraints identified in this section, it seemed that preparing and issuing the Master Plan, along with the role of the Municipality as a main provider

of land for residential use and the absence of the private sector in providing land for residential use through the regulatory framework were the main issues behind the lack of land available for residential use in the market. Table 5.4 summarises the Key constraints identified by the interviewees in the sub-category of land acquisition for residential use.

| | Constraints | Number of Responses | Ranking Position | Level of Impact |
|---|--|----------------------------|-------------------------|------------------------|
| Land Acquisition for Residential Use | <ul style="list-style-type: none"> • Master Plan is not prepared to respond to the need for appropriately allocate land parcels for residential use | 18 | 1 | High |
| | <ul style="list-style-type: none"> • Land acquisition for residential use is mainly Municipal responsibility | 16 | 2 | |
| | <ul style="list-style-type: none"> • Long official procedure of (i) acquiring land plots for residential use, and (ii) transferring land ownership from the Municipality to the interest of public and co-operative sectors | 14 | 3 | |
| | <ul style="list-style-type: none"> • Prevalence of routine, bureaucracy, and corruption | 7 | 4 | Moderate |
| | <ul style="list-style-type: none"> • Scarcity of water resources in some areas that affects the development of land for residential use | 2 | 5 | Low |

Table 5.4. Key constraints encountered in the current process of affordable housing delivery at the level of land acquisition for residential use

The affordable housing design process

The affordable housing design process is divided into two stages. The first stage, which is related to preparation of housing plans and programmes, has been discussed earlier in the previous section, along with legal and governmental procedures.

In connection with the second stage that includes the preparation of architectural plans of affordable housing, the respondents were asked questions about who prepares affordable housing plans. The interviews showed that the public sector, represented by the General Establishment of Housing and the Establishment of Military Housing has departments that are responsible for preparing affordable housing plans. However, there

are other managerial departments in every establishment that are responsible for housing studies and housing project preparation.

“There is a special department responsible for preparing the architectural plans; it is called the Department of Studies and Planning” (Interviewee 2 – Official/EoMH)

“we have different departments in our establishment, namely Department of Studies and Planning, Administrative Department, Technical Audit Department, Department of Engineering Studies, and Financial Department” (Interviewee 17 – Official/EoMH)

When the respondents were asked about how long the architectural plans for affordable housing project take to be ready, the majority of the respondents reported that the duration of preparing project plans varied from six months up to one year.

“Preparing the architectural plans takes up to one year; they are prepared according to Planning Standards and Building Regulations” (Interviewee 7 – Official/GEoH)

It was obvious that lack of collaboration and co-ordination between the managerial departments in the same establishment along with the duration of preparing architectural plans had an impact upon their readiness on time. At the same time, the duration of getting architectural plans endorsed by the Syndicate of Engineering was considered to be time-consuming and costly, and to delay the inception date of affordable housing projects.

“I think that lack of collaboration between us, along with the relatively long time to process the decisions can be a reason for the delay in preparing the architectural plans” (Interviewee 9 –Official/GEoH)

“...we cannot start our affordable projects before getting an approval for the architectural plans. Usually, it takes us a few months to get an approval from the Engineering Syndicate” (Interviewee 4 – Official/EoMH)

The minimal design standards and low quality for state-led affordable housing projects were underlined during the interviews. From the interviewees' point of view, this was not the case for the co-operative and private sectors. Since they provide more expensive

units, they are expected to provide higher quality houses, which in most cases are better than the affordable units.

“Honestly, our affordable units are provided, to some extent, with poor quality that is compatible with the selling price of affordable units...if we want to improve the quality of our units or even the design standards we use, we need to increase their selling prices. I think this would be a problematic issue for the subscribers who can barely pay the monthly instalments” (Interviewee 6 – Official/the Municipality)

“...our affordable units do not have as good quality as other units provided by the co-operative sector and/or the private sector” (Interviewee 3 – Official/EoMH)

In fact, there were many comments, in this section, on the design process, including preparing the architectural plans for affordable housing. It seemed that, according to the respondents, the problems at the design level went beyond the process of preparing the architectural plans or even getting an approval for them, and were related to the design standards and poor quality of affordable housing. Table 5.5 shows a summary of the key constraints identified by the interviewees at the level of the affordable housing design process.

| The Affordable Housing Design Process | Constraints | Number of Responses | Ranking Position | Level of Impact |
|---------------------------------------|---|---------------------|------------------|-----------------|
| | <ul style="list-style-type: none"> • Long duration of preparing architectural plans • Long official procedures of getting architectural plans endorsements from the Syndicate of Engineering • Lack of collaboration and co-ordination between the managerial departments in the same sector | 18 | 1 | High |
| | | 17 | 2 | |
| | | 13 | 3 | |
| | <ul style="list-style-type: none"> • Minimum design standards and low quality of affordable units | 9 | 4 | Moderate |

Table 5.5. Key constraints encountered in the current process of affordable housing delivery at the level of affordable housing design process

Fund allocation and government subsidies

In this section, the interviews revealed that affordable housing fund is divided into three parts. As explained earlier in Chapter 2, the first fund comes from the Ministry of Treasury which provides a part of the formal affordable housing finance through the budgetary funding mechanisms for the Ministry of Housing and Construction (MoHC), along with the Ministry of Defence (MoD) which finances affordable housing projects that are provided by the General Establishment of Housing and the Establishment of Military Housing respectively. At the same time, the second fund comes from the Real Estate Bank which provides loans for the public establishments in order to finance different affordable housing programmes, while the third fund is collected from the subscribers, through monthly instalments.

“We get subsidies from the government through the budgetary funding mechanisms; it is about 30% of the total selling price of an affordable project” (Interviewee 10 – Official/GEOH)

“The subscribers contribute to financing affordable housing projects” (Interviewee 2 – Official/EoMH)

“...at the beginning of the project subscribers have to pay 10-15% of the total selling price of affordable units. When the project is finished, they have to pay the remaining sum to our establishment, either in one installment or through monthly installments from 5 to 25 years. However, in most cases, subscribers choose to pay the monthly installments” (Interviewee 6 – Official/GEOH)

It was clear that the sole source of the subscribers' fund comes from either loans from the Real Estate Bank or other sources (e.g. personal savings) in order to pay the rest of the selling price of their properties (See Figure 5.3).

“I would say that most of the monthly instalments that are paid by the subscribers come from either a mortgage from the Real Estate Bank or some personal savings” (Interviewee 7 – Official/GEOH)

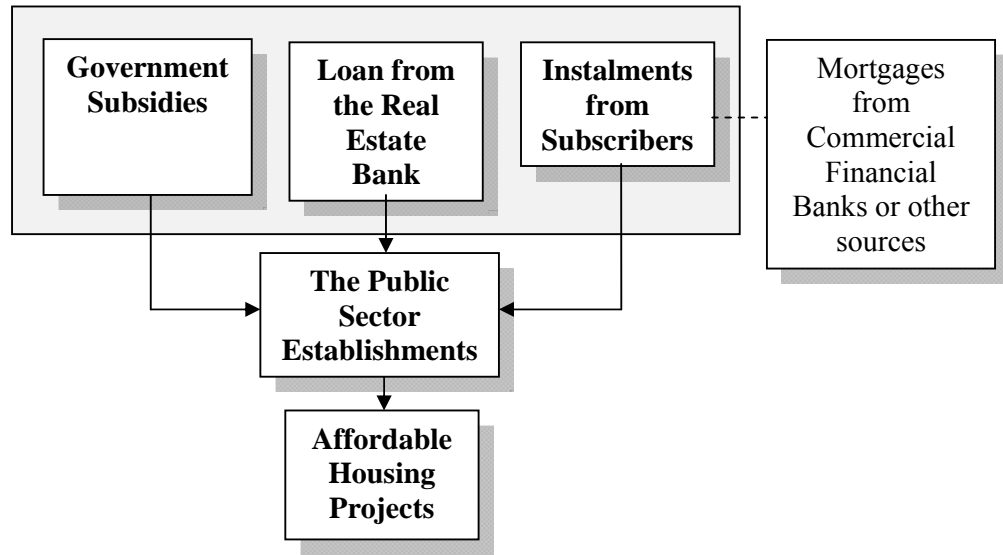


Figure 5.3. Fund allocation for affordable housing in the public sector

The interviews also revealed that the public sector has financial problems, despite getting governmental subsidies for affordable housing schemes, and collecting the monthly instalments from subscribers who applied for affordable housing.

“We always have financial problems” (Interviewee 9 – Official/GEoH)

“There is a delay in affordable housing supply due to lack of required funds”
(Interviewee 1 – Official/the Municipality)

Lack of government subsidies was attributed to (i) inadequate public spending due to inappropriate performance monitoring, (ii) lack of co-ordination at different stages, and (iii) long official procedures in processing the government subsidies.

“As a public sector, there is a lack of collaboration between the public sector establishments, the Ministry of Housing and Construction, and the Ministry of Treasury” (Interviewee 3 – Official/EoMH)

“...it takes time to get subsidies from the government due to some managerial issues”
(Interviewee 7 – Official/GEoH)

Similarly, difficulties and delays in collecting the monthly instalments were attributed to the inability of subscribers to pay instalments that exceed their monthly salaries, and

the difficulty in obtaining housing mortgages from the Real Estate Bank. From the Literature Review (Chapter 2- Section 2.4.1), the latter can be related to the limited number of those initially considered to be qualified to obtain private financing and the limited loan packages available in the market, which are inflexible, in terms of having high interest rates and fixed mortgage structures.

“Subscribers always have difficulties in paying the monthly instalments due to lack of securing the required funds” (Interviewee 16 – Official/GEoH)

Surprisingly, when the interviewees were asked whether the collected funds are used in developing more affordable housing schemes, it was declared that this fund is not used to provide new affordable projects.

“The collected fund from the subscribers can hardly help in completing the ongoing affordable projects” (Interviewee 4 – Official/EoMH)

“We do not have surplus sums to be used in providing other housing projects” (Interviewee 6 – Official/GEoH)

“...it is very difficult to build housing at the moment on the grants levels; it is too complicated” (Interviewee 9 – Official/GEoH)

With regard to the final possession of affordable houses, the respondents made it clear that the process of transferring the property ownership to the subscribers takes a long time in both establishments. In the Establishment of Military Housing, it takes up to ten years, while in the General Establishment of Housing it takes up to 15 years.

“Ownership of affordable houses is transferred to the subscribers as soon as they pay the total selling price of their houses, usually at the end of the project. However, since the subscribers decide to pay through monthly instalments, transferring the ownership of their houses from the public sector to them takes a long time. It depends on the agreed period of instalments” (Interviewee 8 – Official/GEoH)

In this section, the interviewees articulated many reasons behind not securing the required fund for affordable projects. These reasons included in first place the lack of

government subsidies that are allocated to the public sector establishments in accordance with the future plans, and delay in collecting the monthly payments from the subscribers who have difficulty in securing the funds. In addition, lack of flexible choices of loan packages for individuals accompanied with high interest imposed on the debts, and long duration of transferring the ownership of houses from the public sector to the subscribers (See Table 5.6).

| Fund Allocation and Government Subsidies | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--|--|---------------------|------------------|-----------------|
| | <ul style="list-style-type: none"> • Lack of government subsidies that are allocated for affordable housing schemes • Delay in making monthly payments by the subscribers • Limited choices of flexible loan packages, high interest rates and fixed mortgage structure | 16 | 1 | High |
| | 15 | 2 | | |
| | 13 | 3 | | |
| <ul style="list-style-type: none"> • Long official procedure of transferring the ownership of affordable property (after the total selling price of affordable units is paid) from the public sector interest to subscribers interest | 8 | 4 | Moderate | |

Table 5.6. Key constraints encountered in the current process of affordable housing delivery at the level of fund allocation and government subsidies

5.3.3. Section C: The Tendering Phase

Tendering processes, type of contracts and contractual arrangements

It was important to ask the interviewees about their evaluation of the effectiveness of the tendering process and the contractual arrangements taken by the public sector. From the interviews, it was clear that the tendering process is heavily affected by the bureaucratic procedures of preparing the tender documentation, accepting the best tender, and/or even preparing the contract documentation.

“Every contractor must prepare and fill a set of documents before he starts preparing the tender packages or documentations. It is a lengthy process really for both the public sector and the contractors” (Interviewee 14 – Professional/ES)

“...the successful contractor must sign the contract with our establishment in order to start working on site. However, before doing so, he needs to go through a set of lengthy procedures in Damascus in order to get an approval from the Ministry of Housing and Construction or from the Council of Ministers depending upon the size and the cost of the project” (Interviewee 9 – Official/GEoH)

One interviewee attributed the issue outlined above to poor drafting of project specifications provided by the public sector. This issue is not unique to the public sector, poor level of performance, and its effects is recognised at different levels in the process.

“...when I was working with the General Establishment of Housing, I remember that I needed a broader explanation for some information on a project. I could not start preparing the tender documentations before I got all the required information” (Interviewee 5 – Professional/ES)

The interviewees confirmed that the contract is awarded on the basis of the lowest bidder (competitive tender).

“The construction work of our affordable projects is granted to the contractor who has the lowest price in his tender” (Interviewee 7 – Official/GEoH)

“...we always use the traditional competitive tender” (Interviewee 2– Official/EoMH)

Furthermore, it was obvious that the traditional form of contract is by far the most popular method used amongst public sector establishments and contractors, whereby the construction work is performed traditionally, by separating the design process and the construction process.

“Actually, the traditional approach is used to construct our affordable projects. Although this method takes time to get our projects implemented, we have no other choices to change it at the moment” (Interviewee 6 – Official/GEoH)

Using the traditional method of contracting and implementation was seen, in some cases, as a cause of adversarial relationships between the contracting parties rather than

fostering a co-operative atmosphere in which issues can be resolved efficiently and effectively.

“...in some projects some contractors try to do things they want. For instance, they use different materials to what was agreed on in the contract. At the inspection date our project manager discovers that some changes have been made by the contractor...this is known to cause some problems between us and the contractor” (Interviewee 10 – Official/GEoH)

“I think that sometimes the public sector establishments underestimate our ability to do things” (Interviewee 14 – Professional/ES)

Overall, the interviews showed that the traditional type of tendering and contracting is still used to implement the affordable housing projects provided by the public sector. It also demonstrated the absence of a collaborative relationship between the public sector and the contractor, along with other key constraints shown in Table 5.7.

| Tendering Process, Type of Contracts and Contractual Arrangements | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--|---|---------------------|------------------|-----------------|
| | <ul style="list-style-type: none"> The use of traditional type of tendering and contracting processes Bureaucratic procedures of preparing (i) the tender documentation, (ii) accepting the best tender, and/or even (iii) preparing the contract documentation | 11 | 1 | Moderate |
| <ul style="list-style-type: none"> The presence of adversarial relationships between the client and contractor Poor drafting of project specifications provided by the public sector | 9 | 2 | | |
| | | 3 | 3 | Low |
| | | 1 | 4 | |

Table 5.7. Key constraints encountered in the current process of affordable housing delivery at the level of tendering process and contractual arrangements

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

In this category, the interviews showed that risk allocation, management and assessment concepts were not being defined or applied in public project contracts. In addition, the interviews' comments regarding the definition of these concepts reflect their lack of knowledge and understanding of what is meant by risk and its attributes.

“There is no definition for what you are asking me about, I mean risk allocation, management and assessment” (Interviewee 8 – Official/GEoH)

“...I would say that we do not assess the potential risks in our projects” (Interviewee 3 – Official/EoMH)

Risks are often ignored or dealt with simply by adding some contingencies to estimated costs, time and performance.

“Sometimes, an unexpected escalated price of building materials could be considered as an expected risk” (Interviewee 7 – Official/GEoH)

Furthermore, the interviews confirmed that the potential risks are not equally allocated between the project parties, and the awareness of those risks which could adversely affect the outcomes of the project are defined at the level of the existing location environment (construction process). In this respect, the interviewees admitted that the contractor is responsible for dealing with hazards that happen on the site, and they said that there are some penalties imposed on the contractor in the case where there is any delay caused due to those risks.

“It is not our responsibility to manage the construction work, or even to deal with hazards that happen on the site. The contractor is responsible for these issues. In the case that he could not deal with unexpected hazards on the site, he must pay penalties identified in the contract” (Interviewee 6 – Official/GEoH)

“...if there is a problem on the site due to unforeseen circumstances, some penalties will be imposed upon the contractor in the case that there are some delays or even if the

completed work is not compatible with what was agreed on in the contract”
(Interviewee 4 – Official/EoMH)

It is reasonable to say that risk allocation fits into a system of greater conflict management that starts with prevention and ends with efficient conflict resolution devices. In contrast to this, it was found from the interviews that the absence of risk allocation causes disputes between the parties and costly delays in project completion. These disputes, in some cases, create unresolved conflict and claims.

“If there is a delay in the completion date of the project, we will impose a penalty upon the contractor. However, he will claim to reduce the amount of penalty by justifying the delay. In most cases, the dispute between him and us is resolved by using an arbitrating body whose power is identified in the contract” **(Interviewee 10 – Official/GEoH)**

“Disputes arise, for instance, when some materials, which are not compatible with what was mentioned in the contract, are used. In this case, an arbitrating body works to solve dispute between the contractor and the public establishment” **(Interviewee 17 – Official/EoMH)**

It can be concluded that there is a lack of check lists for anticipated risk, along with a lack of essential techniques as to how to allocate risk between parties in order to obtain a detailed understanding of the project process and the environment in which it is to be constructed and operated. Table 5.8 illustrates the key constraints encountered in this section and their ranking.

| Responsibilities: Risk Allocation and Assessment, Disputes, and Claims | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--|--|---------------------|------------------|-----------------|
| | <ul style="list-style-type: none"> • Risk allocation, management and assessment concepts are not clearly identified | 12 | 1 | Moderate |
| | <ul style="list-style-type: none"> • Potential risks are not equally allocated between the project parties, and they are defined at a very narrow scale | 10 | 2 | |
| | <ul style="list-style-type: none"> • The presence of disputes and claims | 9 | 3 | |

Table 5.8. Key constraints encountered in the current process of affordable housing delivery at the level of responsibilities: risk allocation, disputes, and claims

5.3.4. Section D: The Construction Phase

The real estate market

In this section, it also seemed that the private sector is not participating in providing formal affordable housing alongside the public sector (See Figure 5.4). Therefore, a large number of interviewees believed that the private sector could be responsible for providing affordable housing. This was attributed to the availability of the Real Estate Development Law that supports the involvement of both Syrian and non-Syrian private developers to develop and invest in the housing market.

“Private sector should participate in the process of affordable housing supply because it can assist in resolving the financial constraints” (Interviewee 1 – Official/the Municipality)

“Definitely, the private sector can play an explicit role in increasing the number of affordable housing units in the market, especially with the availability of the Real Estate Development Law that enables the private sector to do so” (Interviewee 6 – Official/GEoH)

“I think that the Real Estate Development Law will allow the foreign investors to provide affordable housing to the lower income group” (Interviewee 12 – Policy maker/MoHC)

Key constraints, similar to those identified in Chapter 2, to activating the role of the Real Estate Development Law in a more effective way were identified in the interviews, namely (i) delays in obtaining various approvals of plans from governmental agencies, (ii) high interest rates imposed by the banks, and (iii) the complexity of legislation that allows foreign developers to procure housing projects. However what was said by Lesch (2012) about the fact that the private sector cannot invest in Syria without the permission of the ruling family, which tries to acquire exclusive licenses to represent foreign companies in Syria and to obtain contract awards, could be another reason for the failure of this law to help in activating the role of the private sector in the affordable housing market, which as yet, is operated exclusively by the public sector.

“...there are some obstacles that affect applying the Real Estate Development Law. Actually, the complexities of legislation do not attract private developers to procure housing projects that include massive capital and high revenues” (Interviewee 5 – Professional/ES)

“...this law is not fully applicable for many reasons; high interest rates imposed by the banks upon the private developers, who want to get big loan packages, is one obstacle that stops many developers investing in the housing market” (Interviewee 18 – Academic/FoCE)

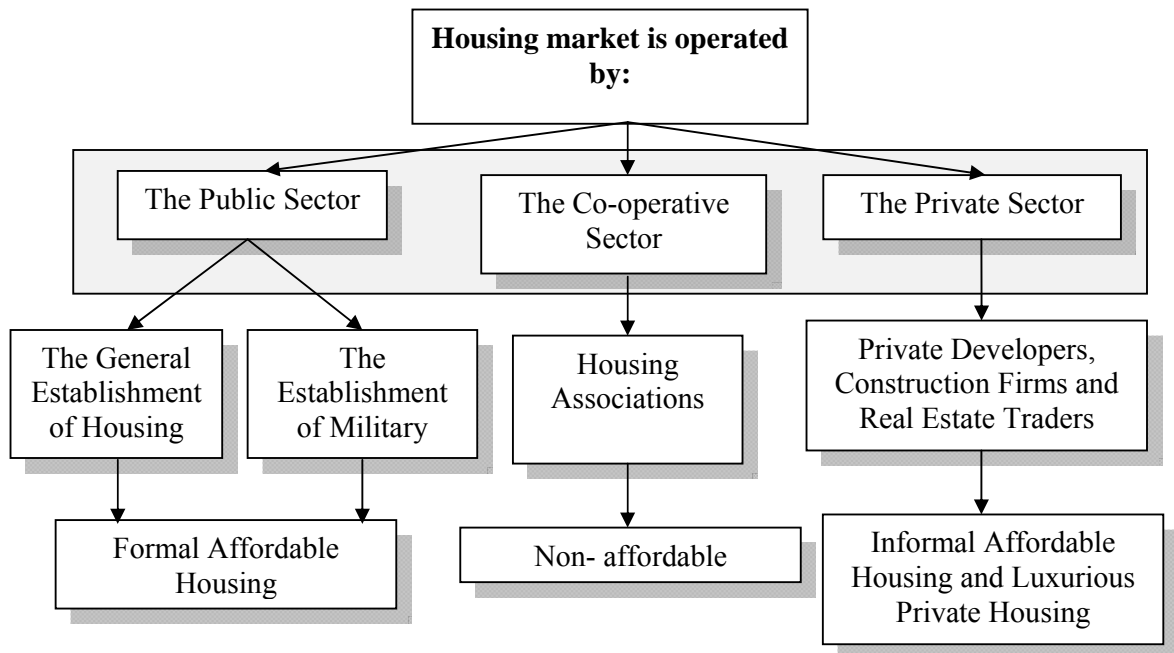


Figure 5.4. Different housing sectors that operate the Syrian housing market

The increasing demand for new affordable housing in the market was heavily emphasized by the respondents. This issue was attributed to (i) the absence of the private sector in providing affordable units alongside the public sector (increasing the supply side), and to (ii) the speculative practices, which skyrocketed houses prices on the open market and kept a large number of units out of occupation.

“There is a high demand for residential units in general, although there are a large number of empty residential units that are set aside for speculations in the market”

(Interviewee 13 – Relevant Personnel/HAoE)

“...the public sector is not able to respond to the rising demand for affordable housing because the private sector is not fully prepared to take the burden off the public sector shoulder” **(Interviewee 1 – Official/the Municipality)**

On the whole, given that the co-operative sector is not participating in affordable housing supply at the moment, it was clear that private sector participation is highly recommended by the respondents from different disciplines and organisation, due to its ability to increase affordable housing stock, along with the public sector that has financial and technical burdens to provide affordable housing. Furthermore, private sector engagement was seen as being a key issue to reducing the pressure on the overall housing market due to its ability to respond the rising demand for affordable housing. Table 5.9 illustrates key constraints to drawing in the private sector to participate in such supply.

| | Constraints | Number of Responses | Ranking Position | Level of Impact |
|-------------------------------|--|----------------------------|-------------------------|------------------------|
| The Real Estate Market | <ul style="list-style-type: none"> • Absence of private sector from providing formal affordable housing in the market | 19 | 1 | High |
| | <ul style="list-style-type: none"> • Rising demand for new affordable housing | 17 | 2 | |
| | <ul style="list-style-type: none"> • Real Estate Development Law is not fully applicable in order to allow the private sector to participate in affordable housing supply process | 14 | 3 | |
| | <ul style="list-style-type: none"> • Limited choices of flexible loan packages and high interest rates | 11 | 4 | Moderate |
| | <ul style="list-style-type: none"> • Prevalence of speculative practices which keep a large number of flats out of use, and affect upon the selling prices of other flats existing on the open market | 9 | 5 | |
| | <ul style="list-style-type: none"> • Complexity of legal system and delay in obtaining the required approvals for housing projects | 5 | 6 | Low |

Table 5.9. Key constraints encountered in the current process of affordable housing delivery at the level of the real estate market

The affordable housing construction process

In Syria, for housing development, it is the legal responsibility of the Municipalities to ensure that infrastructure is provided in land parcels for residential use. However, this does not mean that Municipality actually provides the infrastructure. It comes from a mix of public and private sector sources, although by whatever means, it is ultimately a municipal responsibility.

In this section, a set of constraints were highlighted regarding this issue. Problems began to arise early in the infrastructure implementation process, a lack of skilled labour and sufficient plant required to implement infrastructure were highly emphasised during the interviews. This, in turn, has affected the performance and the ability of Municipalities (i.e. in a negative way) to implement the infrastructure on time.

“At the construction level, delay in infrastructure implementation is a key issue causing delay in the inception date of our projects” (Interviewee 8 – Official/GEoH)

“The Municipality is responsible for infrastructure implementation. Lack of skilled labour and lack of plant do not allow the Municipality to provide the required infrastructure” (Interviewee 10 – Official/GEoH)

Subsequently, the unwillingness to admit mistakes and inaction were also reported as a reason for such delays.

“I would say that the Municipality is remiss in securing the infrastructure” (Interviewee 1 – Official/the Municipality)

“...being unwilling to admit mistakes can be considered a key constraint to improving the performance of the Municipality and other governmental agencies” (Interviewee 4 – Official/EoMH)

With regard to the construction phase, the respondents stated that affordable housing provided by the General Establishment of Housing is implemented by private contractors and sub-contractors, while affordable housing provided by the Establishment of Military Housing is implemented by a public contractor represented by a military institution named Branch No.3 (Al-Fere' 3) which is directly related to the Establishment of Military Housing. In the first case, this has been attributed to the ability of the private contractor to fully secure the required material, labour, and plant much easier and faster than the public sector.

“Affordable projects provided by our establishment are constructed by private contractors who are appointed on the basis of the lowest price of the tender” (Interviewee 6 – Official/GEoH)

“Branch No.3, which is a military institution related to our establishment, is responsible for implementing affordable housing provided by us” (Interviewee 3 – Official/EoMH)

“We depend upon the private sector in the construction process because it can secure the required equipment in more effective way than we do” (Interviewee 9 – Official/GEOH)

A large number of the respondents admitted that the traditional methods of construction, along with the conventional mechanisms are still used by the supply side, represented by private and public contractors, in order to implement affordable projects.

“The private contractors are still using the traditional approaches to construction” (Interviewee 16 – Official/GEOH)

“Construction work is still operated traditionally by Branch No.3 that is responsible for affordable housing implementation” (Interviewee 2 – Official/EoMH)

Allegations of unexpected circumstances, escalating price of building materials, and wastage of materials were made by the interviewees.

“The construction process is affected by a lot of issues such as increasing prices of building material and bad weather conditions” (Interviewee 18 – Academic/FoCE)

A high incidence of accidents, absence of job security, poor quality and productivity, poor management, low wages for high-risk jobs, and lack of opportunity for career development were regarded as further constraints that constrain improvement of the construction efficiency of public projects.

“I think that the poor management on site and poor productivity could have an influence upon the course of the construction process in general” (Interviewee 5 – Professional/ES)

“I would say that key issues such as lack of opportunity to develop the labourers’ skills and absence of job security still affect the level of performance, and therefore the construction work” (Interviewee 19 – Academic/FoAE)

In summary, the interviewees made it clear that the affordable housing construction process is affected by many constraints, as shown in Table 5.10, and articulated various reasons behind the lack of improvement of the construction process.

| | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--|---|----------------------------|-------------------------|------------------------|
| Affordable Housing Construction Process | <ul style="list-style-type: none"> Lack of skilled labours and sufficient plant required to implement infrastructure | 17 | 1 | High |
| | <ul style="list-style-type: none"> Delay in implementing the infrastructure on time | 16 | 2 | |
| | <ul style="list-style-type: none"> Use of traditional methods of construction and conventional mechanisms | 14 | 3 | |
| | <ul style="list-style-type: none"> Escalating price of building materials and wastage of materials on site | 13 | 4 | |
| | <ul style="list-style-type: none"> Poor quality and productivity | 13 | 5 | |
| | <ul style="list-style-type: none"> Unwilling to admit mistakes and inaction | 12 | 6 | Moderate |
| | <ul style="list-style-type: none"> Poor management | 10 | 7 | |
| | <ul style="list-style-type: none"> High incidence of accidents | 9 | 8 | |
| | <ul style="list-style-type: none"> Absence of job security | 7 | 9 | |
| | <ul style="list-style-type: none"> Unforeseen circumstances (e.g. bad weather conditions) | 5 | 10 | Low |
| | <ul style="list-style-type: none"> Lack of opportunity for career development | 2 | 11 | |
| | <ul style="list-style-type: none"> Low wages for high-risk jobs | 1 | 12 | |

Table 5.10. Key constraints encountered in the current process of affordable housing delivery at the level of affordable housing construction process

Project delivery system

Project delivery systems refer to the overall processes by which a project is designed, constructed, and/or maintained. From the interviews, it was clear that, in Syria, the project delivery system for affordable housing has traditionally entailed the almost exclusive use of the design-bid-build system, involving the separation of design and construction services and sequential performance of design and construction as shown in Figure 5.5.

“Affordable housing projects are implemented traditionally” (Interviewees 4 – Official/EoMH)

“We use in-house staff to prepare fully completed plans and specifications that are then incorporated into a bid package. Contractors competitively bid for the project based on

these completed plans and specifications. We evaluate the bids received, and award the contract to the lowest responsible and responsive bidder. Then, the construction work starts on site by bringing the required plant and building materials” (Interviewee 9 – Official/GEoH)

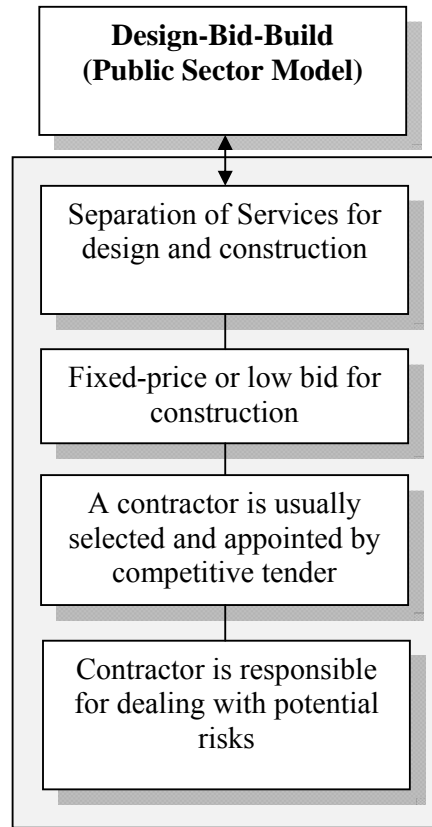


Figure 5.5. Traditional delivery system in the public sector

Conventional methods of construction are still used in affordable housing projects provided by the public sector. This includes the use of simple/traditional equipment, which does not allow the advanced technologies needed to achieve higher levels of performance and quality.

“...the construction work still depends upon the carpentry and joinery work on site” (Interviewee 13 – Key personnel/(CUoH).

The use of raw and semi-processed materials that are provided by relatively unsophisticated domestic sources and by basic industries such as cement and steel manufacturing was also reported in the interviews.

“The majority of building materials that are used in our projects are locally manufactured” (Interviewee 2 – Official/EoMH)

“We do not use the so-called prefabricated system because we do not have sophisticated factories and/or skilled labour that can deal with the constructability issues” (Interviewee 8 – Official/GEoH)

In this section, many comments were made on the project delivery system used in the public sector. The key constraints encountered in this respect are illustrated in Table 5.11.

| | Constraints | Number of Responses | Ranking Position | Level of Impact |
|--------------------------------|---|----------------------------|-------------------------|------------------------|
| Project Delivery System | • Use of design-bid-build system | 19 | 1 | High |
| | • Design and construction are separate sequential processes | 17 | 2 | |
| | • Use of conventional methods of construction that lack sophisticated and improved techniques | 13 | 3 | |
| | • Use of simple and locally-produced materials | 12 | 4 | Moderate |

Table 5.11. Key constraints encountered in the current process of affordable housing delivery at the level of project delivery system

5.4. Key Findings from the Interviews

The interviews offered in-depth insight into the main area of the study concerning the process of affordable housing supply in the Syrian market in all the sub-categories identified within the design, tender and construction phases of the housing production process. Using this analytical framework to analyse the responses by these categories it can be seen that all of the 19 interviewees identified the key constraints encountered in each category which contribute to hindering the streamline and the efficiency of the

process. These constraints are generally characterised at two basic levels, namely housing system design (strategic level) (e.g. national housing plan preparation, affordable housing programmes, planning system, etc) and housing system implementation (operational level) (e.g. land acquisition for residential use, construction process, etc).

Limitations to improving the efficiency of affordable housing supply process in Syria at **the level of housing system design** are represented in lack of any form of education or training courses to promote the theoretical concepts of affordable housing and lower income groups. As a consequence, the planning system and national housing policy have not been developed adequately in a way that responds to demand for and development of various types of residential properties, especially with regards to affordable housing, as home ownership patterns and social structures are changing over time. In these findings, there is an underlying emphasis on the importance of developing an affordable housing definition and reviewing the income eligibility for low-cost by studying income growth and expenditure patterns in order to establish the amount, which the lower income households can afford in housing.

Other manifestations of the key constraints encountered in housing system design are lack of a well-structured legal framework for processing the official procedures of housing implementation, complexity of Land Acquisition Laws and housing legislation. In addition, weaknesses of housing programmes and plans were highlighted by the interviewees as a key problem. Furthermore, it was clear that lack of co-ordination and collaboration between all actors at different stages, along with delays in obtaining necessary planning approvals and delays in official procedures of land acquisition for residential use and associated infrastructure implementation were further constraints encountered at the design level.

Although it seems logical to refer to the 'lack of land' as being a problem from the interviewees' point of view, due to delays to providing the required amount of land by the main supplier (the Municipality), the fact is that land itself is widely available in Syria; what is not fully and easily available is serviced land released into the market through legal processes. Thus, the corresponding overall legal institutional framework regulating land rights, land management, urban planning and urban management has proved wanting – and needs to be critically reassessed as a whole.

Heavy bureaucracy arising from numerous acts administered independently by the state and local government institutions has indirectly affected the development cost for affordable housing. The majority of the respondents participating in the interviews claimed that application for approvals is very time consuming and delays in obtaining all approvals have incurred additional costs for them. Corruption was also acknowledged during the interviews as affecting the housing process more rampantly than in other process, due to the huge numbers of different levels of applications and then approvals required in order to undertake any housing development. According to the interviews, there has been a lack of transparency in the allocation system and the affordable units are being allocated and bought or inhabited by ineligible buyers who have qualified through the unclear criteria.

Limitation of government subsidies, lack of loan packages in the market, and difficulty in obtaining the required instalments from the subscribers were identified during the interviews as being key obstacles for providing affordable housing through the public sector. It seems that it is difficult to acquire housing finance, except for only the privileged few. Most of the poor did not have sufficient security for the home loans, resulting in the extremely high interest rate on these loans and the reluctance of financial institutions to finance the lowest income bracket of the market, and the limited number of those initially considered to be qualified to obtain private financing. It was obvious that there is a high requirement for new sources of funding in order to increase the amount of affordable housing, because the supply process is not in line with the increasing population and the actual social and economic needs.

At the level of housing system implementation, the interview results showed that the market conditions are not adequately taken into account. In this respect, there is a big gap between the demand and supply issues. Furthermore, prevalence of speculative processes which has kept a large number of flats unoccupied was confirmed by the interviewees.

The main characteristic of the construction process and housing delivery system was the separation between the design process and the construction process, along with the use of traditional ways of construction. Contractors, in general, are interested in profits rather than improving the construction work, and they are usually selected and

appointed by competitive tender. Furthermore, there is a big gap between the client's aspiration for improvement and the contractor's/supplier's performance.

The absence of any form of education or even a proper definition of risk allocation, management and assessment were confirmed by the interviews. In other words, there was a lack of guidance on the benefits that can be procured from the efficient implementation of risk allocation. Explicitly, risks are not adequately balanced or allocated between the parties; thus disputes have emerged between the parties due to lack of willingness to assist or compromise when the contractor encountered burdens in the construction work.

Unlike the new types of contracts that comprise a collaborative relationship between the contracting parties, the use of the traditional types of contracts between the client and the contractor were seen to cause adversarial relationships, represented in failure to achieve open and honest communication, due to the adoption of a win-lose financially driven attitude of contracting parties.

It was evident that lack of skilled labour, the use of traditional and locally produced material, the amount of administrative requirements, and lack of technical knowledge all impeded improvements in efficiency and represented a major stumbling block to the successful implementation of the construction work.

Due to the fact that all the different sectors in the country are tied to the state apparatus and are operated by the government, together with the prevalence of bureaucracy and corruption, there was a high degree of cronyism at different stages in the process. This, in turn, has affected the efficiency and effectiveness of the process of affordable housing supply for a long time.

Significantly, from the interview results, the potential role of the private sector and its participation in this process was highly recommended, due to its broader capacity in terms of providing the required funds. In addition, the inclusion of the contractor earlier in the design stage could better prepare their understanding of the design and its construction and could assist in increasing the affordable housing stock in the near future.

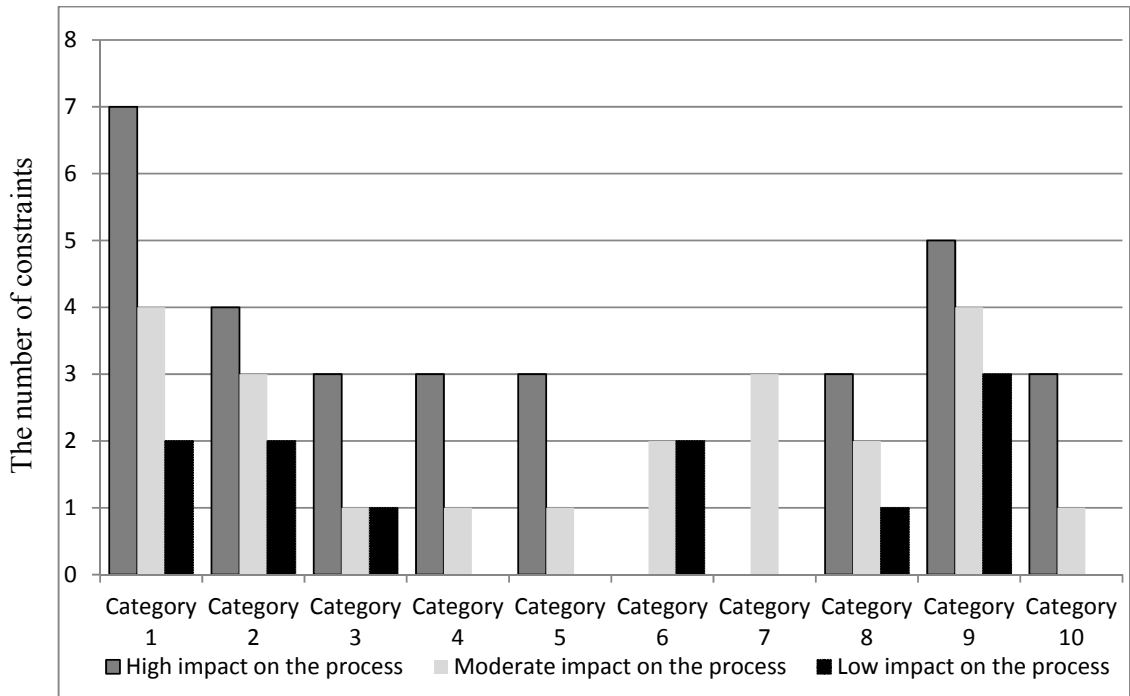
In conclusion, a total of 65 constraints were collected, of which many were mentioned multiple times. Each constraint was given a ranking position in every category according to the number of responses received from respondents, and their impact on the efficiency of the affordable housing supply process has been identified accordingly. The perceived impact of each constraint was classified into three groups (high, moderate, and low). The rule of this categorisation is based upon identifying three groups of numbers in order to incorporate the impact of each constraint underneath the proper group. Numbers between 1-6 represent constraints that have a low impact, while numbers between 7-12 represent constraints that have a moderate impact, and numbers between 13-19 represent constraints that have a high impact. Table 5.12 shows the total number of the key constraints encountered in each category and the level of their impact on the process efficiency.

| Stages | Categories | Sub-categories | Number of Key Constraints Identified | Impact of Constraints on Process Efficiency |
|--|---|---|--------------------------------------|---|
| Housing System Design | General Definitions of Affordable housing | Affordable housing and low income group | 1 | High |
| | The Design Phase | Planning system and legal and governmental procedures | 7 | High |
| | | | 4 | Moderate |
| | | | 2 | Low |
| | | Institutional arrangements for providing affordable housing | 4 | High |
| | | | 3 | Moderate |
| | | | 2 | Low |
| | Land acquisition for residential use | 3 | High | |
| | | 1 | Moderate | |
| | | 1 | Low | |
| The affordable housing design process | 3 | High | | |
| | 1 | Moderate | | |
| Fund allocation and government subsidies | 3 | High | | |
| | 1 | Moderate | | |
| | | | | |
| The Tendering Phase | Tendering processes, type of contracts and contractual arrangements | 2 | Moderate | |
| | | 2 | Low | |
| | Responsibilities: risks (allocation, management, and assessment) along with disputes and claims | 3 | Moderate | |
| Housing System Implementation | The Construction Phase | The real estate market | 3 | High |
| | | | 2 | Moderate |
| | | | 1 | Low |
| | | The affordable housing construction process | 5 | High |
| | | | 4 | Moderate |
| | | | 3 | Low |
| Project delivery system | 3 | High | | |
| | 1 | Moderate | | |
| Total Number of Key Constraints | | | 65 | |

Table 5.12. The overall key constraints and the level of their impact on the efficiency of the process

Figure 5.6 illustrates the final overall result of the initial interviews. The vertical bars, representing the number of constraints are given specific shading for their impact in each category. Clearly, the planning system and legal and governmental procedures, institutional arrangements for providing affordable housing, and the affordable housing construction process are the main categories that highly affect any type of improvement

in the process of affordable housing supply. This is followed by the impact of different laws related to land acquisition for residential use, affordable housing design process, fund allocation and government subsidies, the real estate market, and project delivery system. Then it ends up with the impact of the two remaining categories, namely the tendering processes, type of contracts and contractual arrangements and responsibilities: risks (allocation, management, and assessment) along with disputes, and claims. In Figure 5.7 the main categories identified in these results as affecting the efficiency of affordable housing supply process are highlighted in the theoretical framework identified earlier.



Sub-category 1: Planning system and legal and governmental procedures.

Sub-category 2: Institutional arrangements of providing affordable housing.

Sub-category 3: Land acquisition for residential use.

Sub-category 4: The affordable housing design process.

Sub-category 5: Fund allocation and government subsidies.

Sub-category 6: Tendering processes, type of contracts and contractual arrangements.

Sub-category 7: Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

Sub-category 8: The real estate market.

Sub-category 9: The affordable housing construction process.

Sub-category 10: Project delivery system

Figure 5.6. The impact of key constraints to improving affordable housing supply process in Syria

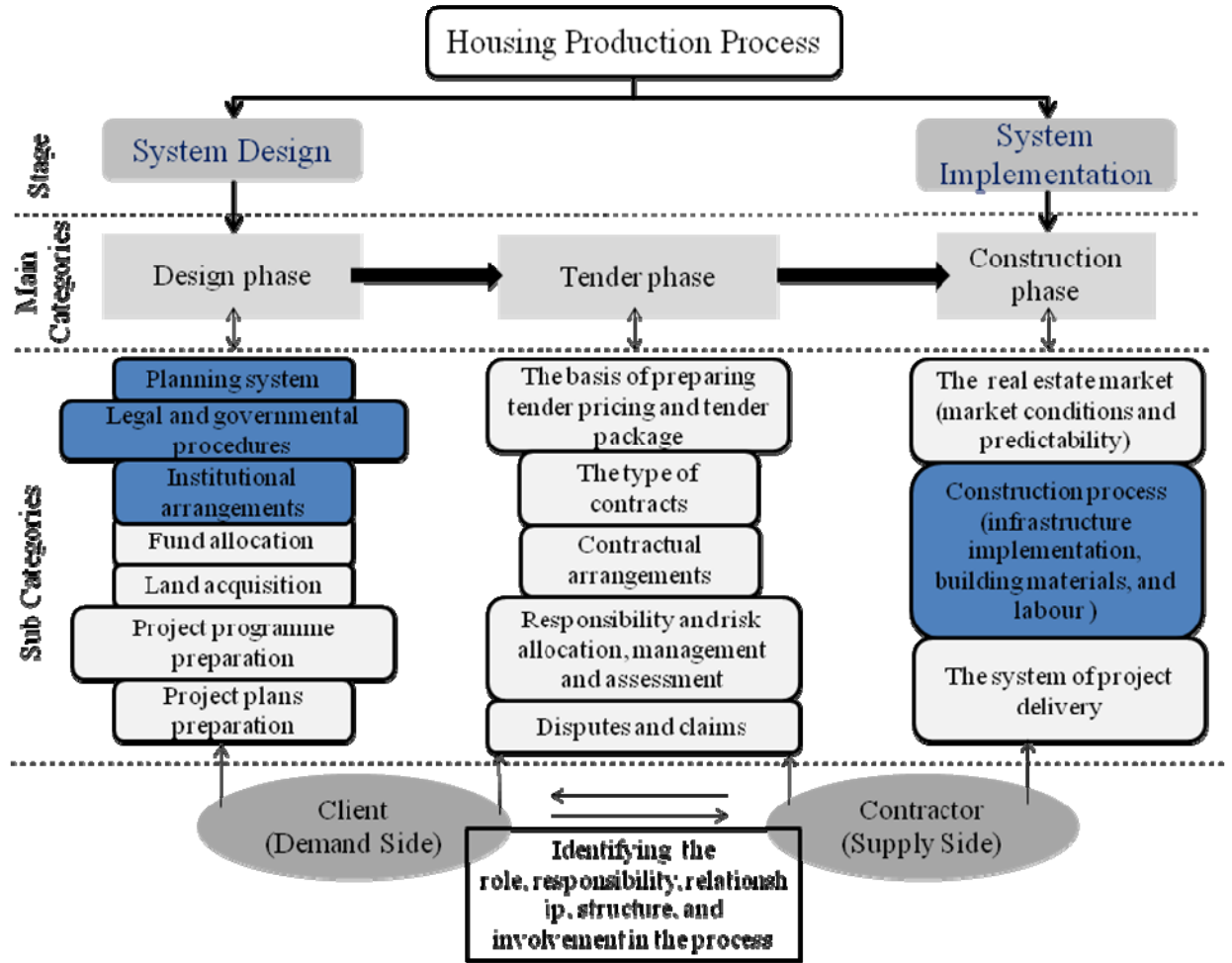


Figure 5.7. Illustrates the main categories affecting the efficiency of affordable housing supply process (the blue colour represents the position of these categories in the theoretical framework)

5.5. Conclusions

In Syria, the long gestation periods of the housing development process in general, and in the affordable housing delivery process in particular, have led to the mismatch between theoretical studies (policy) and practice. Traditional ways of providing and procuring affordable housing faced unprecedented constraints. These constraints are located at many different stages in the process. They represent a key challenge for improving the affordable housing supply process.

It should be noted that these constraints need more attention in the Syrian context, but they all cannot be studied in the scope of one PhD. Therefore, the focus of the research

will be directed to the affordable housing construction process, for the following reasons:

- The affordable housing construction process was identified as having a high impact on the efficiency of the process (the interview results).
- The affordable housing construction process is still traditionally operated and implemented and there is a big gap between the client's aspiration for improvement and the contractor's/supplier's performance.
- The construction sector forms a major aspect of the economy and contributes to improving GDP as well as providing direct employment for the working population.

Sooner or later, the affordable housing construction process will have to adopt new operational and productivity instruments so as to respond the increasing demand for new affordable housing for low-income groups in the Syrian market. The promotion of using sophisticated procurement strategies, and new relationships between the public sector and the private sector could be an alternative way of providing shelter to lower income group in the near future. Furthermore, it can only have greater importance in the re-construction and new development in the aftermath of the current political and military crisis in the country. In this respect, the following chapter provides an overview of the development of procurement processes in the UK, in order to offer a clear understanding on how to effectively use sophisticated procurement processes as a key instrument to improving the construction industry, particularly in improving the efficiency of affordable housing construction. This aims to provide a number of key considerations for the Syrian context, regarding how the process of affordable housing supply could be improved; this to be investigated later in this study.

Chapter 6 Literature Review

Part 2: The Procurement Process and Improving Affordable Housing Construction Efficiency in the UK - Implications from a Theoretical Perspective

6.1. Introduction

In Chapter 5, it was found that the process of construction was one of the main factors that affect any type of improvement in the process of affordable housing supply in Syria. This was due to the traditional system of design and implementation used so far, which has meant that the way in which that construction activity has been procured and managed has been both time-consuming and inefficient. This situation is represented in unwillingness to compromise and commit, absence of trust, lack of continuous open communication, lack of preparation, lack of mutual objectives, lack of expertise, poor levels of continuous evaluation, prevalence of a win-lose attitude, and the use of traditional methods of construction and contracting. Furthermore, all affordable housing provided by the public sector is managed by controlling costs and contract relations rather than by adjusting the production process itself. This, in turn, has led to a very fragmented process that lacks proper investment in skills, and stable employment relations. More importantly, it has created numerous obstacles to achieving construction improvement.

With the aim of understanding whether sophisticated procurement approaches can improve the outcomes of the construction process and whether efficiency⁸ improvement can be prompted in state-led affordable housing in Syria, this chapter addresses the second part of the third objective in this research: “To focus on the role of procurement processes in the context of improving efficiency, with special emphasis given to affordable housing”. Question 3.b, “What is the procurement process, and what is meant by procurement efficiency in housing construction?” is tackled in this chapter by providing an overview of the evolution and development of the procurement process in

⁸ Efficiency is “*not about cuts, but about doing more for the same – raising productivity, increasing effectiveness and enhancing value for money*” (Office of the Deputy Prime Minister, 2005, p. 9).

the UK, and examining the procurement process from different perspectives. This chapter, however, does not examine in great detail different types of procurement processes, or how they work. Rather, this chapter attempts to identify how a policy-enabling environment (the UK construction reform agenda) has been created by the government in order to promote efficiency improvement in the public sector, and in this, to identify the role of the procurement process in improving both the construction industry and the process of affordable housing supply to an acceptable level. Therefore, Question 3.c, “What can make procurement a more efficient option for improving affordable housing supply in Syria?” is dealt with through the literature reviewed in this chapter.

This chapter ends with a summary of the main points emerging from the literature review and that are relevant to this research.

6.2. The Procurement Process as a Key Issue

6.2.1. Procurement Process Definition

The procurement process has been defined in many ways in the UK context. Some researchers and authors have identified the procurement process on a narrow scale, involving the process of obtaining a building. In this respect, Goodchild and Chamberlain (1999, p.109) identify the procurement process as “*the process through which a purchaser obtains a product or a service*”, while the Construction Industry Board (CIB W92), in an unpublished document produced in 1991, identifies it as “*the framework within which construction is brought about, acquired or obtained*” (Rowlinson and McDermott, 2005). In other words, it is the overarching function that describes the processes or activities employed to secure the construction of a building for an organisation.

Others, on the other hand, have attempted a more sophisticated definition. The Office of Government Commerce (OGC, 2004, p.5) identifies the procurement process as “*only one of a number of mechanisms that could be used to deliver government policy*”. In fact, apart from the ‘purchasing’ process, procurement involves economic, environmental, managerial and political aspects. This can be attributed to the holistic

nature of procurement process, spanning a range of activities from the identification of the needs and objectives of the client through the design process, to selecting the supplier and appropriate type of contracting, and finally providing the services (Rowlinson and McDermott, 2005). With a similar perspective, LHC Building Components and Services (2005), which is a not-for-profit consortium set up to provide effective procurement solutions for local authorities, housing associations, and other public sector bodies, helps to extend the concept's reach into the world of affordable housing, recognizing the procurement process as a crucial issue to implementing publically-funded housing programmes, since procurement is seen at the heart of the development process in social housing.

Due to the absence of a proper definition for the procurement process in the Syrian context and lack of understanding the dynamics of the housing market, the researcher here defines the procurement process in the context of affordable housing as a contractual arrangement between the demand side, represented by the client (the public sector agencies), and the supply side, represented by contractors/private developer, to build affordable housing schemes by drawing on the best of both sectors in order to improve the efficiency of affordable housing projects and achieve shared benefits for the contracting parties in terms of the production time, cost, and quality.

6.2.2. Overview of the Evolution of the Procurement Process in the UK from the Post-war Period until the Present

Unlike the case of Syria, the construction industry⁹ in the UK gradually witnessed major changes from the 1940s until the late 1990s (Barker, 2003). In the UK, the construction industry was seen as an important contributor to the national economy (Conway *et al.*, 2005) and, thus, governments were challenged to change the use of traditional methods of procurement which prevailed in the period before the Second World War (Greenhalgh and Squires, 2011). Enduring efforts for change produced useful techniques and tools which have been utilised in the construction industry, each of which helped public sector clients to improve the efficiency of their projects. The procurement process is one of these tools that have assisted in attaining change, not solely in publically-funded projects, but in the whole construction industry.

⁹ Construction industry is "a process that consists of the building or assembling of infrastructure" (Conway *et al.*, 2005, p.5).

On this basis, a broad question about how change has actually occurred in the UK construction industry is inevitably posed. Thus, it is important to review the development of procurement methods used in the construction industry from the post-war period until now, to gain greater understanding of the UK experience.

The improvement in the construction industry was not implemented at a wide level between the 1940s and the 1960s despite the commissioning of Emmerson and Banwell by the government to prepare two reports in 1962 and 1964 respectively, with the aim of increasing the collaboration between the project team and the client, and encouraging the use of selective tendering and non-conventional methods of procurement (Morledge and Smith, 2013). This situation and the lack of response to these reports can be attributed to the fact that the industry was predominantly adversarial in its approach in terms of its reliance on legalistic and tightly drawn contracting procedures, and the public projects were implemented by using conventional methods of construction (Greenhalgh and Squires, 2011).

Greenhalgh and Squires (2011) attribute the continued use of traditional methods of procurement mainly to lack of time for public clients to learn more about the use of new methods. It is a common assumption that progression towards an envisioned future moves along an incremental path, and that incremental adaptation is required to keep pace with those changes which are occurring. Therefore, according to Thomson and Jackson (2007), it was to be expected that the process of change in the construction industry through the implementation of the procurement process happened slowly in that period.

Morledge and Smith (2013) report that throughout the 1970s and 1980s the level of demand for improvement in the construction industry increased, due to the fact that the industry was directly controlled by government as client, so such improvement was regarded to respond to the client's aspiration of achieving greater benefits in the public projects, which were seen at that time to have cost and time overruns and poor quality design (Adamson and Pollington, 2006). Therefore, the use of the design & build approach (Love *et al.*, 1998) and also management contracting (Masterman, 2002) was encouraged by the government, in order to procure public projects.

According to Adamson and Pollington (2006), it was only in the 1980s that governments recognised that their ability to improve the construction industry depends on understanding of running the procurement process successfully in a way that is compatible with the characteristics of the project itself, as well as the nature and responsibilities of public projects. As a consequence, there was a significant change of attitude in public opinion regarding the role of the state in the economy in first place, particularly with the growing public financial constraints (McCrudden, 2007). One effect of this was that government withdrew to a broader extent than any recent time from the public services, and methods of government procurement were managed with a view to reducing costs and increasing efficiency in order to improve the national economy (Ibid).

Due to financial constraints in the case of Syria, these economic considerations could thus be an important factor motivating the policy makers to minimize the role of the state and open the market to other players who could take part, and at the same time, adopt new procurement approaches for a satisfactory outcome to be achieved.

The UK government as a public client “identified the need to develop bespoke methods of procurement, mainly based on the use of construction management techniques, in order to ensure that their needs were met effectively” (Masterman, 2002, p.36). Therefore, a significant increase in the use of design & build approach was noticed in this period (Greenhalgh and Squires, 2011) in response to the clients’ needs, which called for significant improvements in the predictability of construction projects in terms of time, cost, and quality (Mullins and Murie, 2006).

Consequently, the public sector clients played an explicit role in improving knowledge for change, due to having both strategic and operational roles in improving performance (Morledge and Smith, 2013). Fernie and Thorpe (2007, p.329) claim that understanding and implementing change requires a full engagement between the client organisations, policy makers and private sector consortia because “calling for change needs to understand the legitimacy of current practice, and thus the scope for productivity improvement in the sector”. Therefore, according to Mullins and Murie (2006), the UK government initiative in the 1990s to make changes within the construction industry

was due to a recognition of its poor past performance, and in order to alleviate failure resulted from lack of knowledge on how to use new procurement methods, as well as lack of co-operative relationships between all of the parties. Accompanying these developments was an emphasis on competition, “which was conceived to be an important element in reducing cost and controlling the power of vested interest” (McCurdden, 2007, p.11).

Concerning Syria, where the economy is controlled by the state apparatus and the state is, in most cases, the only buyer in the market, opening the market to competition could pave the way for new players to take part and modern procurement processes to apply in the affordable housing construction process.

Another manifestation of the ideological package in the UK at this time was the publication of two major reports, namely the Latham Report (1994) and the Egan Report (1998). Latham and Egan were commissioned by the UK government and industry organisations to review procurement and contractual arrangements in the construction industry, in order to tackle controversial issues facing the industry as a whole and to change the way the industry manages its own projects. More importantly, this entailed the use of a sophisticated procurement process in order to deliver better performance and achieve continuous improvement in the production time and quality of publically-funded projects (Morledge *et al.*, 2006), as discussed below in more detail. Therefore, the use of design & build approaches along with management contracting, and partnering agreements increased rapidly in late 1990s (King, 2002).

Recently, public sector projects have become subject to the European public procurement framework, which consists of a series of EU directives implemented at a national level through regulations and other forms of legislation. This new public procurement directive is “intended to secure open and fair competition, transparent and auditable contracting procedures and equal access to contract opportunity for all EU suppliers” in order to ensure public money is spent in a way that achieves best value (Lewis, 2007, p.13). Likewise, the UK Office of Government Commerce (OGC) produced a set of guidance documents for the public sector, in 2006, in order to help contractors gain a deeper insight into the views of clients about quality of work, value

for money, and partnering agreements (Greenhalgh and Squires, 2011). Such legal improvements made by the government sought to elucidate not only the type of procurement to use in public projects, but also the responsibilities and relationships between both clients and suppliers for the success of procurement process and therefore greater gains for all of the parties.

Overall, the traditional method of construction which was sustained over a long period in the public sector in the UK has gradually changed with a rise in the use of design & build and partnering approaches in order to respond the new needs and requirements of both the construction industry and the stakeholders. Rationales for improving the efficiency and using sophisticated procurement processes are discussed in the following section.

6.2.3. The Movement towards Improving the Construction Industry

As discussed earlier, the initiative in improving the construction industry was justified on the basis of the continuous dissatisfaction of public clients with the performance of the industry and the quality of construction activity, which rarely provided best value for clients (Wood and Ellis, 2004). This initiative was encouraged by the UK government from 1994 onwards through the commissioning and publication of influential reports which sought to shape the performance and attitudes of parties (Langford, 2003), and to achieve progress towards structural and operational change in the construction industry (Adamson and Pollington, 2006). A particularly pioneering government-sponsored report, which led to radical rethinking by the public sector, was Sir Michael **Latham's**¹⁰ **report 'Constructing the Team'**. This report called for significant cost savings by the utilization and formulation of effective construction processes, and the use of collaborative procurement in order to improve the client's satisfaction. It concluded that an enhanced performance could be achieved by team work in an atmosphere of fairness to all of the parties (Masterman, 2002).

The Latham Report led to the development of the Construction Industry Board (CIB), which was set up with the principal objective of implementing, monitoring and reviewing the recommendations of this report (Greenhalgh and Squires, 2011). Later,

¹⁰ Sir Michael Latham was a conservative back-bench MP, and one with a keen interest in the construction industry (Greenhalgh and Squires, 2011).

Sir John Egan's report 'Rethinking Construction' was commissioned in 1998 by the UK government's Department of the Environment, Transport and the Regions (DETR) as a result of the growing dissatisfaction of both public and private clients with the performance of the industry (Morledge and Smith, 2013). This report called for the integration between the design and construction processes along with the use of standardisation and competitive tendering as the key drivers in achieving change in the construction industry (Scottish Homes, 2000). This report was successfully adopted by the government in order to implement publically-funded projects (Morledge *et al.*, 2006) including affordable housing schemes (Jones and Kaluarachchi, 2007).

It should be noted, however, that putting the numerous recommendations of these reports into practice has been slower than envisaged by the government. Greenhalgh and Squires (2011) attribute this issue to a lack of understanding of the dynamics of the industry by all of the parties and their insufficient involvement with the project. Thus, in an effort to ensure that government became a 'best-practice client', a set of supplementary recommendations were made, in order to lay down procedures for procurement approaches and increase collaboration between all of the parties with the aim of improving productivity and efficiency (Masterman, 2002). **Egan's follow-up report 'Accelerating Change'** (2002) reinforced the challenges set out in the first report, and identified ways of accelerating change in the construction industry by calling for "most value for money" improvements, and enhancing the quality of products on year-to-year basis (Potts, 2008). In this, the report aimed to meet the shortfalls of previous reports and keep it up to date in accordance with the construction needs and market conditions.

John Semple's Report (2007), which commented on social housing procurement strategy, was another milestone on the road to improving construction efficiency, calling for the "need to ensure maximum efficiencies in order to make best use of available funding and recognised that economies of scale could be achieved from a more proactive and strategic approach" (The Ministry of Social Development, 2008). Thus, this report has been seen as providing an excellent foundation on which future housing and planning policy can be developed.

It is important to note that this overview of these reports is not aimed at describing them in detail or examining them critically, but at illustrating how they have enriched the ideological package prepared by the government with the aim of challenging the construction industry to throw off the old practices and reinvest itself in well-structured approaches in order to become more efficient (Potts, 2008).

The practices identified in the above discussion would have useful implications into the Syrian construction process particularly for affordable housing, which is still traditionally implemented and lacks the policy package for change in both attitudes and performance.

All things considered, these reports, with special emphasis on Egan's report 'Rethinking Construction', were considered as setting a '**client-led agenda**' for reform. This agenda focused on restructuring the construction sector by promoting innovative programmes for improving the public sector. It appears that the construction industry with a focus on publically-funded projects (e.g. affordable housing) has been improved through the policy package, including government-sponsored reports. Unlike the Syrian government, the UK government recognized that improving construction is about changing the way of thinking rather than seeking isolated solutions to the various problems at hand (Koskela, 1992). It, therefore, adopted the principle of improving the public sector on a big scale. At the same time, it integrated this agenda into all of the public projects it was responsible for in order to improve their efficiency to an acceptable level. More importantly, it encouraged the use of sophisticated management techniques for measuring the efficiency (i.e. Key performance indicators (KPIs) and benchmarking) in order to monitor and report on elements of the public sector performance (Green, 2011). Detailed discussion will be provided on these issues later in this chapter.

These techniques, alongside the continuous demand for improving efficiency, represent the central component of the reform agenda (Green, 2011), and the key driver of the

innovation programme¹¹ in the construction industry (Edler and Georghiou, 2007). The importance of the procurement processes for innovation was highlighted particularly in the public sector, in which the government is considered as an important client (European Commission, 2006). Figure 6.1 illustrates the spectrum of different procurement processes used in construction work in the UK. In 2003 the UK government launched two reports, namely ‘the Movement for Innovation’ and ‘Capturing Innovation’, which propose a series of measures aimed at increasing the innovation impact of procurement process, and emphasizing the importance of procurement for spurring innovation respectively.

In order to confirm rationales for the potential application of the procurement process in the case of Syria for greater improvement in the construction process, the following sections provide a broader understanding of the influence of procurement processes upon affordable housing projects in terms of improving the efficiency and achieving value for money.

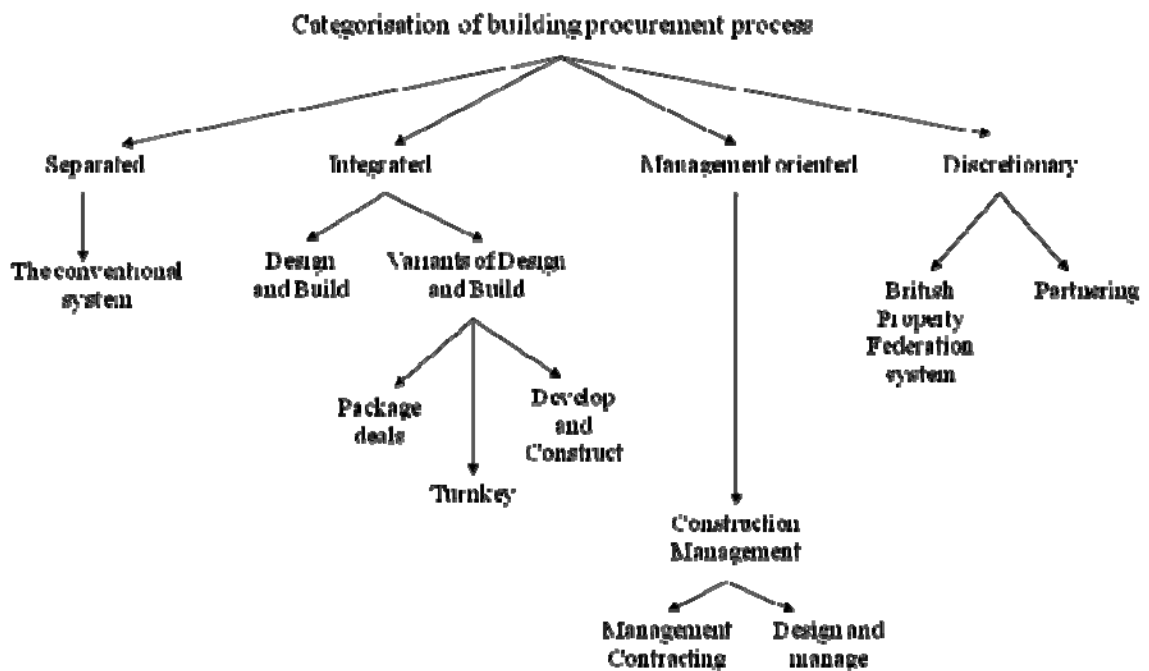


Figure 6.1. Different types of procurement approaches used in the construction industry

Source: Adopted by the researcher from Masterman (2002, p.30).

¹¹ Innovation programme is “a new idea that leads to enhance performance...it is not a single nor an instantaneous act but a whole sequence of events that occurs over time and involves all the activities of bringing a new product, process or service to the market” (Jones and Saad, 2003, p.16).

6.3. An Overview of the Use of Procurement Processes in Affordable Housing Schemes

6.3.1. The New Wave of Interest: Improving the Efficiency of Affordable Housing Production Process

Since the United Kingdom is one of many countries which have a long tradition of promoting affordable housing through the planning system (as discussed in Chapter 2), the government recognised that the innovation programme is crucial to providing sought-after improvements in the residential construction as being a part of the wider construction industry. Accordingly, AMPHION¹² (Advanced Manufactures and Procurement for Housing Innovation) initiative was established in order to “provide a mechanism by which high-quality housing, designed and procured in line with the principles set out in the Egan Agenda, could be delivered to the UK social housing sector” (Jones and Kaluarachchi, 2008, p.126). And in this, the procurement process was seen as a key element to generate innovation and achieve a change programme in this sector (Construction Productivity Network, 1998; Edler and Georghiou, 2007; Jones and Kaluarachchi, 2007).

In the application of the procurement process in affordable housing projects, three elements were considered by the public sector, in accordance with Latham’s and Egan’s recommendations. The first element is **strategy** which starts by establishing the procurement strategy of an organisation. This includes setting out clear objectives for providing new affordable housing by attaining the balance between immediate and long-term gains. The second one is the **structure** of the procurement operation ‘purchasing team’; its number, nature and its area of expertise. The third one is the **operation** of the purchasing product. This involves understanding of the legal framework, establishing evaluation criteria including benchmarking and key performance indicators (KPIs), and setting out effective specifications as well as using improved tendering and contractual arrangements (Green, 2011). According to Jones

¹² The AMPHION, which is a client consortium consisting of 25 RSLs, established in order to ‘develop new way of procuring its housing-based around non-adversarial contracting (partnering), off-site housing manufacture, and the use of benchmarking and KPIs to monitor performance’ (Jones and Kaluarachchi, 2008, p.132).

and Kaluarachchi (2008), this application was seen to achieve efficiency gains¹³ in affordable housing projects.

Given that affordable housing is still provided through the use of traditional procurement, setting out the base for a proper application of the procurement process could assist in attaining a balance between the strategic phase and the operational phase of the procurement, and therefore more efficiency can be gained in affordable housing supply process in Syria.

It is worthy of note that achieving efficiency gains in affordable housing supply became a priority for the government and clients organisations (LAs and RSLs), which made significant efficiency improvements in their procured projects in the UK (The Office of Government Commerce, 2005). This can be attributed to the fact that achieving efficiency gains is the best condition of (a) increasing affordable housing supply without public grants, (b) reducing the price of affordable units, (c) providing value for money (VFM), (d) achieving continuous improvement in housing process, and (e) increasing the national economy (The Office of Government Commerce, 2005; Fraser, 2005).

To put it briefly, the role of the procurement process in improving the efficiency of public sector projects was given a special emphasis by the UK government. According to the Office of Government Commerce (OGC, 2005), the relationship between the procurement process and achieving the efficiency gains is, to considerable extent, a 'synonymous' process. The procurement process is the best condition of achieving efficiency gains, and efficiency can be achieved by the selection of the appropriate procurement approach (See Figure 6.2).

¹³ Efficiency gains are "about continually developing more effective ways of delivering the same or better outcomes for customers; for tenants and communities" (Scottish Executive Development Department, 2005, p. 12).

Due to the financial constraints in the Syrian context, represented by lack of government subsidies and delay in collecting the monthly instalments, the above discussion reinforces the emphasis upon adopting and applying the procurement process in Syria for achieving efficiency gains, and therefore providing more affordable housing without public subsidies and overcoming those limitations.

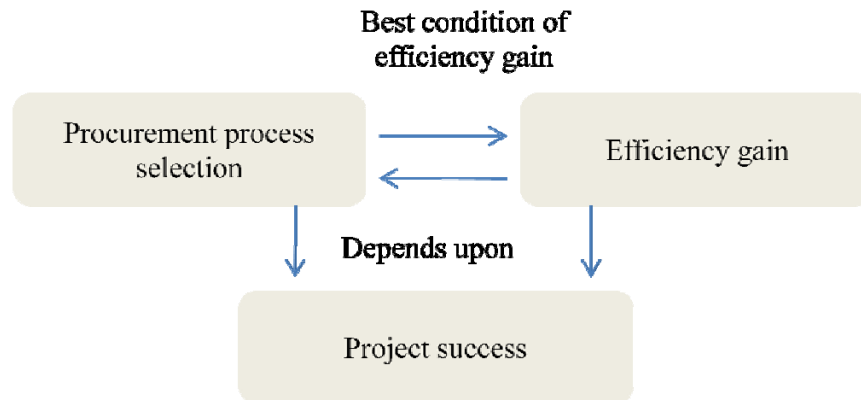


Figure 6.2. The nature of the relationship between the procurement process and efficiency gains

6.3.2. Rationales for Applying the Procurement Process in the Provision of Affordable Housing Process

Against the background of key reports on improving the construction industry, the government has taken forward a number of initiatives to improve the performance of both the public client and private sectors as a part of its policy packages for change. In this, alternative procurement processes were considered as a sophisticated way to encapsulate the government initiatives for better outcomes (Crook *et al.*, 2002). These initiatives are **Best Value, Construction Best Practice, and Achieving Excellence in Construction**. Best Value initiative was introduced in England and Wales in 1997 by the UK Labour Government for improving local services in terms of both cost and quality, and increasing value for money in the services provided (Department of Environment, Transport and the Regions, 1998). The latter is regarded as a major contributor to the call for change in the public sector organisations and agencies (Ferne *et al.*, 2006).

Construction Best Practice is a joint initiative of the Department of Environment, Transport and Regions and the Construction Industry Board. It was established in 1998 in order to help those involved in construction to improve their performance (i.e. clients, contractors, consultants and specialists), and to provide “guidance and advice to the UK construction and client organisations so that they have the knowledge and skills required to implement change” in construction (Manseau and Seaden, 2001, p.355). This initiative includes four main paths: ‘procurement route selection, risk management, value management, and benchmarking’ (The Office of Government Commerce, 2005).

Achieving Excellence in Construction was launched in 1999 in England and Wales in order to enhance the performance of the public client and to provide a step change in construction procurement performance and in the value for money (The Office of Government Commerce, 2005). This initiative is based on a mutual relationship between the demand side (public sector organisations) and the supply side (private sector consortia). In view of this, the private developer responds to the client demand by achieving better value and sophisticated performance. In return, the client has to be a good employer by providing fair rewards for good performance (The Ministry of Social Development, 2008).

In connection with the three initiatives, it seems that client (the public sector) was targeted by the government to review, develop and show continuous improvement in terms of securing value for money in their projects with respect to their procurement strategies (Lewis, 2007). This discussion enhances emphasis on the importance of value for money and its relationship with the procurement process, and therefore explains rationales for adopting the procurement process in publically-funded projects.

Value for money from the services’ and consultancies’ point of view is defined as “*meeting the user’s requirements with the best quality of service at the right price*” (Lewis, 2007, p.23). In connection with this definition, Greenhalgh and Squires (2011) clarify that value for money is determined by the level of trade-off between time, cost and quality of project. In other words, it involves minimizing construction cost and time, and maximizing construction quality. This, therefore, requires an ‘institutional mechanism’ which allows actors to learn from each other and from other’s experiences by using benchmarking and key performance indicators (Masterman, 2002).

Furthermore, it requires the use of both integrated procurement approaches (e.g. turnkey and design & build), and collaborative procurement approaches (e.g. partnering agreement), which are seen as a key element to “integrating resources, improving consistency, and obtaining value for money and continuous improvement from clients, contractors and suppliers” (The Ministry of Social Development, 2008, p.4).

Basically, in public projects the extent to which value for money is achieved is attributed to the selected procurement approach for implementing an affordable housing project. Supporting this, Jones and Kaluarachchi (2007), in an observational study of a real-time partnering initiative of 15 UK social housing case studies, show that the use of a collaborative approach was based on its ability to develop the ‘joint-working ethos’, thus achieving value for money and spurring innovation programme.

In the same way, El Wardani *et al.* (2006) report that the design & build approach, which represents an example of a speedier method of procurement, promotes value for money and innovation programmes in publically-funded projects because it was proved more cost effective than the traditional approach, which is criticised as causing cost overruns (Morledge and Smith, 2013).

The emphasis upon achieving value for money through the use of modern procurement processes enhances the scope for using them as a mechanism for change in the UK public policy in order to identify what works, and what could work better, not only in terms of the construction efficiency, but also in terms of construction value. This relationship has been encapsulated in what is called the “procurement efficiency”. Walker and Rolinson (2008) develop a set of guidelines that include identifying the meaning of best value, and matching the strategy of value creation with an appropriate procurement choice. With regard to these guidelines, they consider that procurement efficiency is influenced by the extent by which: (i) the stakeholders influence the value, (ii) the innovation programme can generate value, and (iii) the project management leaders can balance co-operation and competition in procuring public projects (Ibid).

Public procurement is, however, a multi-objective policy, the main goal of which remains to ensure a good quality of government services in terms of attaining value for money in the public sector. This can be attributed to the fact that public sector projects

are the largest category of expenditure for any local authority in the UK constituting around 30% of their annual spend (Yorbuild, 2010).

At the heart of this challenge for the client (the public sector), a set of performance measurements were used to measure the efficiency of procurement in the public sector as a supplementary action to maintain efficiency improvements (Kaluarachchi and Jones, 2007; Green, 2011). Key Performance Indicators provide a comprehensive support for collecting, reporting and analyzing data. They represent “a set of measures focusing on those aspects of organization performance that are the most critical for the current and future success of the organization” (Parmenter, 2011, p.27).

Benchmarking, on the other hand, is “a continuing process of establishing critical areas for improvement within an organisation, investing the extent to which others carry out the same or similar tasks more efficiently, identifying the techniques that give rise to better performance, implementing them in a manner suitable to the organisation and measuring the outcomes” (Moore, 2008, p.22). In other words, benchmarking provides a guideline by which the public sector agencies can judge their performance and compare it with others.

As a wider scope, it is worthy of note that procurement efficiency was meant not only as a key driver to achieve value for money, but also as a key initial step that will provide best value to all of the parties in the construction industry (Morledge and Smith, 2013).

The rich nature of the UK policy package for change presented in the above discussion stimulates interest in applying the appropriate procurement approach in the case of Syria. However, a set of conditions are deemed as prerequisites for the success of procurement selection and implementation in Syria. Therefore, such conditions need to be identified in the UK context, in order to understand how to create a good environment for applying the procurement process in most efficient way possible. These conditions are illustrated below.

6.4. Conditions for a Successful Procurement Process

Several conditions, namely policy clarity, project goals and identification of objectives, the roles and experiences of actors, accountability and transparency, negotiation and ability to communicate, and provision of training are crucial to the selection of the appropriate type of procurement that will assist in improving the efficiency of publically-funded projects. It should be noted that these conditions have been established through reviewing different sources in the literature and then organizing the emerging materials according to the main issues identified by the researcher.

6.4.1. Policy Clarity

Detailed and transparent policy is a key parameter that influences the process of affordable housing provision (Barlow *et al.*, 1994). The establishment of clear policies allows local authorities/housing associations to draw up the features of the procurement process that will be chosen for satisfactory outcomes.

Policy can be perceived at two levels. The first one is the national policy which consists of a set of regulations/reports prepared by the government in order to inform housing agencies with a spectrum of procurement processes that are available for public project implementation. Supporting this, McCrudden (2007, p.445) reports that “one of the significant changes in the context of European procurement law and policy was the greater legal clarity regarding the extent to which such linkages were legally permissible”. In this respect, as described above, many policies and reports produced on the construction industry have been sponsored by the UK government in order to define different options of public procurements (Greenhalgh and Squires, 2011), and to clarify how best they can be implemented for the benefit of the industry and the public client (Potts, 2008).

The second level is the local policy of housing agencies. This policy includes identifying a team of trained specialists who (i) manage the procurement process, (ii) help to choose the appropriate procurement approach for the benefit of the clients, and (iii) specify on what basis the construction work is procured. For example, as Greenhalgh and Squires (2011) point out local authorities in England, Scotland, Wales and Northern Ireland all have affordable housing policies written into their local plans

that help, to some extent, in choosing the appropriate type of procurement according to the characteristics of the affordable housing projects.

Such policy clarity at these two governmental levels is required in Syria as a key element for change, for promoting efficiency improvement, and for applying the procurement process in the public sector in the most effective way possible.

6.4.2. Project Goals and Identification of Objectives

According to Masterman (2002), it is crucial to identify the project objectives at an early stage of the project, and to prioritise each objective against the other in accordance with the project nature, cost, time, and quality. Morledge and Smith (2013) claim that the feature of potential enhanced procurement approaches can be identified through doing so.

In affordable housing projects, the role of public clients in setting out clear objectives with the project team is discussed by some researchers. Morledge *et al.* (2006) indicate that experienced clients, who have a detailed knowledge and understanding of the construction industry and its procedures, work with the project team on balancing the project goals in a way that achieves the project success without compromising the project performance, while Kumaraswamy and Dissanayaka (1998) claim that the same clients identify the appropriate type of procurement that fits the project characteristics, including project type, size, complexity, availability of information, availability of materials, and the effect of legal system.

The identification of project objectives is crucial for achieving greater outcomes from the public projects, including affordable housing in Syria. This could assist in reducing the amount of waste in terms of performance, time, and public spending, and therefore secure an effective application of the procurement process.

6.4.3. The Roles and Experiences of the Actors

The role of actors and their relationships to each other and to the project itself is crucial to a successful project implementation (Murdoch and Hughes, 2008). A study made by

Walker (1995) declares that the project success and the selection of the appropriate procurement path can be heavily related to (i) having mutual relations between all of the project team members, (ii) establishing a good base of consultation, (iii) sharing experiences and skills, and (iiii) consolidating trust between all of the members (Walker, 1995).

Morledge *et al.* (2006) assert that the way in which the client interacts with the project team is based on the client's knowledge and experience, and is therefore a key issue in project success. Morledge and Smith (2013) see this issue as a crucial element in evaluating and selecting the appropriate path of procurement strategy in public projects.

With regard to the absence of a sense of responsibilities, and the lack of co-ordination and a team work approach in the Syrian construction process, this discussion promotes the rationales of the importance of identifying the role of actors in affordable housing supply, and assigning the job to the right person for the sake of implementing the projects in the most effective way possible.

6.4.4. Accountability and Transparency

Morledge *et al.* (2006, p.43) argue that the public sector must be accountable to the “taxpayers who have the right to be shown that their money is being spent in accordance with the approved published policies, standing orders, financial regulations, etc”.

Accountability has been discussed from different angles in terms of its role in affordable housing development (The Office of Government Commerce, 2005). It is seen as a key element in providing solutions to the most critical challenges in sustainable development (Williams, 2006). At the same time, it is regarded alongside the transparency issue as an important determinant in selecting the appropriate procurement approach for affordable project implementation (Crook *et al.*, 2002; Morledge *et al.*, 2006). Reasons for this include that accountability and transparency lay the groundwork for a clear audit trail and a competitive environment between different players who are rewarded and/or judged on the base of fairness and without any discrimination on the grounds of location, nationality and so on. This issue is in direct relationship with the EU public sector procurement rules that are “intended to secure open and fair

competition, transparent and auditable contracting procedures and equal access to contract opportunities for all EU suppliers” Lewis (2007, p.13).

Due to the prevalence of corruption and bribery in the construction sector in Syria, it should be noted that accountability and transparency should be a part of the public behaviour practiced on clear and solid bases, not only for best application of the procurement process, but also for bringing up the construction sector to an acceptable level.

6.4.5. Negotiation and Ability to Communicate

Negotiation appears to be a key issue to creating a space for communication and co-ordination between all of the parties. This, in turn, assists in making proper decisions on different issues related to the project (Crook *et al.*, 2002), including the selection of the appropriate procurement approach (Morledge and Smith,2013).

Negotiation and the ability to communicate, particularly in the context of affordable housing projects, appears more likely to result in successful outcomes because the negotiation process between local authorities and developers/landowners for providing affordable housing secures better outcomes in terms of deciding on “the amount, tenure and location of the new affordable housing” (Crook *et al.*, 2002, p.12). More importantly, it assists in selecting the appropriate procurement path to be adopted for project implementation (Morledge *et al.*, 2006).

This discussion focuses on the importance of creating a transparent environment that allows the actors in Syria to exchange experiences, improve their performance, admit mistakes, and discuss the appropriate route of procurement process that assists in implementing affordable housing projects effectively.

6.4.6. Provision of Training

Because the efficiency of the project management team is an important factor that ensures the selection of the appropriate type of procurement process (Walker and

Rolinson, 2008), necessary training should be provided to the project team members, including project managers and administrators (Ong and Lenard, 2006).

The provision of suitable training can greatly help the project team members to influence procurement choice that will deliver value to the project and achieve project success (Ibid). Techniques for risk analysis, cost estimation, project planning and resource allocation should be learned by those who are appointed to that specific task.

This discussion stimulates interest in promoting these sophisticated concepts and techniques in affordable housing construction in Syria, where there is a small construction sector with outdated technology.

6.5. Summary and Conclusion

This chapter has provided a brief overview of the procurement process, and allowed us to place the role of the procurement process in the wider context of improving the efficiency of the construction industry in the UK. Figure 6.3 illustrates the importance of the procurement process in terms of the main issues discussed throughout this chapter.

Different issues, which provide a solid grounding in what is meant by the process of change through the implementation of the procurement process, have been discussed in this chapter. In addition, some rationales for the promotion of new procurement processes as one type of policy measure in Syria have been illustrated throughout this chapter.

It was clear that the actual change in the UK construction industry was supported by influential reports prepared by the government highlighting the need for greater improvement. Unlike earlier reports, the Egan report has had the most profound impact on the UK construction industry, being given a high profile by the government of the time, and, as a result, it was integrated into public sector processes. Thus, affordable housing providers were urged to respond to the innovation programme in their projects. This innovation programme has been perceived as means to act on and improve the performance of the public sector, in general, but more importantly, it has been seen as a

technique for spurring value for money. In this connection, new procurement processes, which were featured in the government's reports, were regarded as a sophisticated way to diffuse innovation and therefore improve efficiency along with attaining value for money in the public sector.

The rise in the use of alternative procurement methods has provided the public sector with the opportunity to select from a spectrum of procurement options. This has coincided with introduction of new policies, establishing innovative relationships between clients and contractors. As a result, partnering has been used due to its beneficial outcomes, including dispute avoidance and resolution, safety performance, quality improvement and time and cost savings. Moreover, the use of the design & build method has been greatly encouraged by the increasing demand of clients requiring a single organization to be responsible for the project delivery.

Over the years, the procurement process has witnessed major changes because it has been challenged to deliver better performance in public projects. It has played an explicit role in tackling some issues related to the project itself, and then to the roles, responsibilities and relationships between all of the parties. It has become evident that the success of the project is significantly based upon the selection of the appropriate type of procurement approach that fits the project conditions and characteristics.

The relationship between procurement process and efficiency gains was also addressed in this chapter. Procurement efficiency was given high attention in terms of its role in delivering best value. It has been shown that new tools and processes (e.g. KPIs and benchmarking) can be used in order to measure efficiency and improve performance and this maintains the improvements in the public sector.

The discussions and debates on the importance of procurement process in improving the efficiency and attaining value for money are still ongoing in the UK construction industry in general and the public sector in particular.

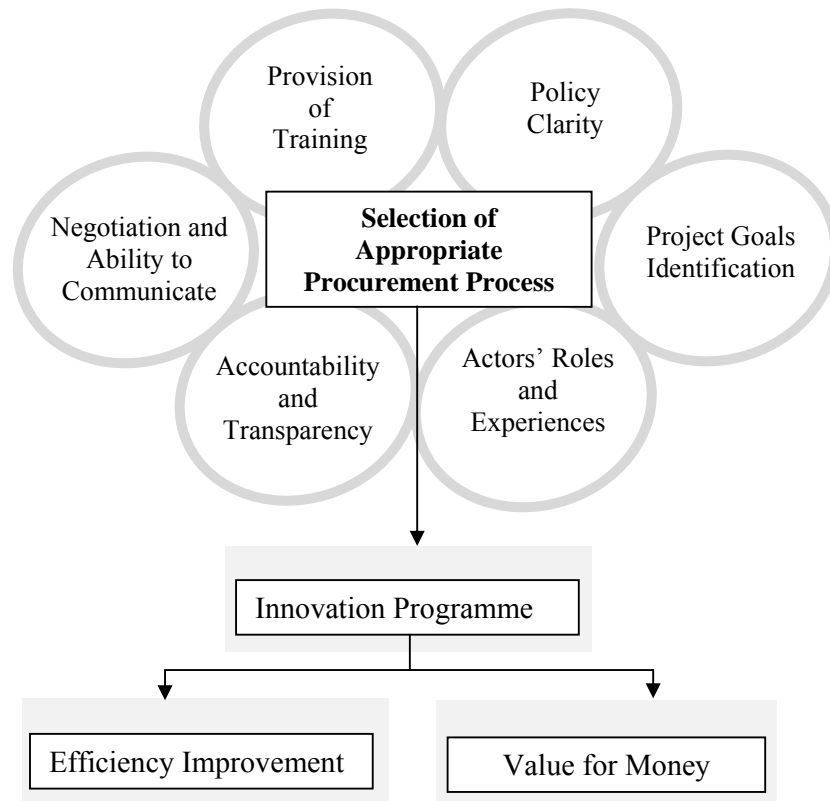


Figure 6.3. The importance of procurement process in construction

6.6. Reflections on the Literature

By looking at different issues addressed in this chapter, the picture remains incomplete without a deep understanding of the practical application of the reform agenda and its recommendations on improving construction efficiency, with special emphasis on the role of procurement process. This is not an argument against the reform agenda in the construction industry but rather for a more secure and robust basis upon how this agenda has been interpreted and considered in the present process of affordable housing delivery the UK as well as for a clearer vision on whether this agenda has been useful for the public sector. Therefore, further investigation was undertaken in order to capture the points of view of key informants working in the public sector organisations with the aim of identifying the extent to which the reform agenda recommendations have been perceived and dealt with in affordable housing projects in the UK, and in this, identifying the role of existing procurement processes in improving efficiency as a key element of government policy. This is the focus of the following chapter.

Chapter 7 The Procurement Processes and Efficiency Improvement - Implications from Practical Experience

7.1. Introduction

This chapter adds to the UK focus discussed in Chapter 6. It aims to present the results of the data analysis in a general discussion especially related to identifying how the UK reform agenda objectives have been perceived and dealt with in the present process of affordable housing delivery in the UK (whether the housing associations have been following this policy), and in this, to identify the role of existing procurement processes in improving the efficiency of the supply process (whether this policy has been useful for the housing associations).

Semi-structured interviews were carried out with selected key informants from Housing Associations responsible for providing affordable housing around the UK. These interviews added depth to the current study by: (i) looking at the UK experience in more detail (i.e. beyond the literature review), and (ii) extracting a certain number of key elements from the UK experience that have potential application in the case of Syria in order to improve the efficiency of the affordable housing delivery process in Syria. The interviews results are analysed and discussed later in this chapter.

This chapter ends with a summary of the interviews results relevant to this study.

7.2. Interviews

The interviews lasted about an hour and were designed to allow the interviewees the freedom to express their feelings and thoughts regarding the studied context (the UK experience).

The total number of the interviews was 10, interviews carried out with housing associations from England, Wales, Scotland, and Northern Ireland. Although this was a small number, the researcher considers that the saturation point was achieved in the amount of collected data from the interviewees.

7.2.1. Developing the Questions

The questions in the interviews were prepared according to issues arising from the literature review on the procurement process and improving affordable housing construction efficiency (Chapter 6). A set of questions and probes was prepared with the intention to investigate the extent to which the government policy of improving the efficiency has been applied (whether the housing associations have followed the recommendations of Egan's agenda in terms of improving the efficiency in the public sector), and to investigate whether the policy package has actually been useful in affordable housing supply in these respects (the procurement process and its role in improving the efficiency). Many follow-up questions and probes were also used when unexpected thoughts were introduced during the interviews (See Appendix B.3).

7.2.2. Selection of Interviewees

The selection of the interviewees was a result of an online search through logging into the Housing Associations Database and the National Housing Regulator Website in England, Wales, Scotland and Northern Ireland. Initial contacts were made via both telephone call and e-mail with 140 housing associations around the UK. After sending e-mails to all of these housing associations, some of them apologised saying that they were unable to help with the interviews survey because they were busy. Others agreed that this research is very interesting, but their reasons for not taking part in the interviews were that they are small housing associations and do not have a very large volume of work, so their contribution would not be as useful as the big housing associations. Most of housing associations provided the names of their experts to contact for help in these interviews. After this attempt to contact as many key informants as possible, a final 10 respondents agreed to participate in the survey. These respondents were working in different positions in housing associations (See Table 7.1).

The respondents were sent a participant information sheet and a consent form prior to the interview, to read and sign (See Appendix B.1 and B.2). All the respondents who gave their consents were interviewed either at their suggested places of work or by telephone, at a time of mutual convenience. The content of the data collected through the interviews was rich, and the depth and detail of actual experiences and feelings of the respondents revealed in the interviews were very helpful for the study.

| The Interview Survey | | | |
|-----------------------------|--------------------------------|---------------------------|---------------------|
| Interviewees | Geographical Background | Position | Organisation |
| S.M | Scotland | Head of Development | Housing Association |
| J.M | Scotland | Head of Development | Housing Association |
| K.A | Scotland | Development Manager | Housing Association |
| S.H | Scotland | Head of Asset Management | Housing Association |
| A.K | England | Asset Management Director | Housing Association |
| D.H | England | Head of Home Improvement | Housing Association |
| J.H | Wales | Head of Development | Housing Association |
| C.M | Wales | Director of Development | Housing Association |
| P.W | Northern Ireland | Head of Construction | Housing Association |
| M.F | Northern Ireland | Director of Development | Housing Association |

Table 7.1. Region, position and the affiliation of the interviewees

7.2.3. Data Coding

The literature review discussed in Chapter 6 serves here as a basis for identifying the main categories, which are related to the key issues of improving the efficiency of the public sector in the UK. These categories were used for coding the data collected from the interviews, in order to capture information on underlying issues and recurrent themes. In this respect, the interviewees’ responses were grouped under main headings, namely:

- Efficiency Improvement.
- Procurement Processes.
- Generic Tools to Measure and Improve the Efficiency.
- Value for Money.

Underneath these headings were a set of sub-headings related to themes discussed in the interviews (See Figure 7.1).

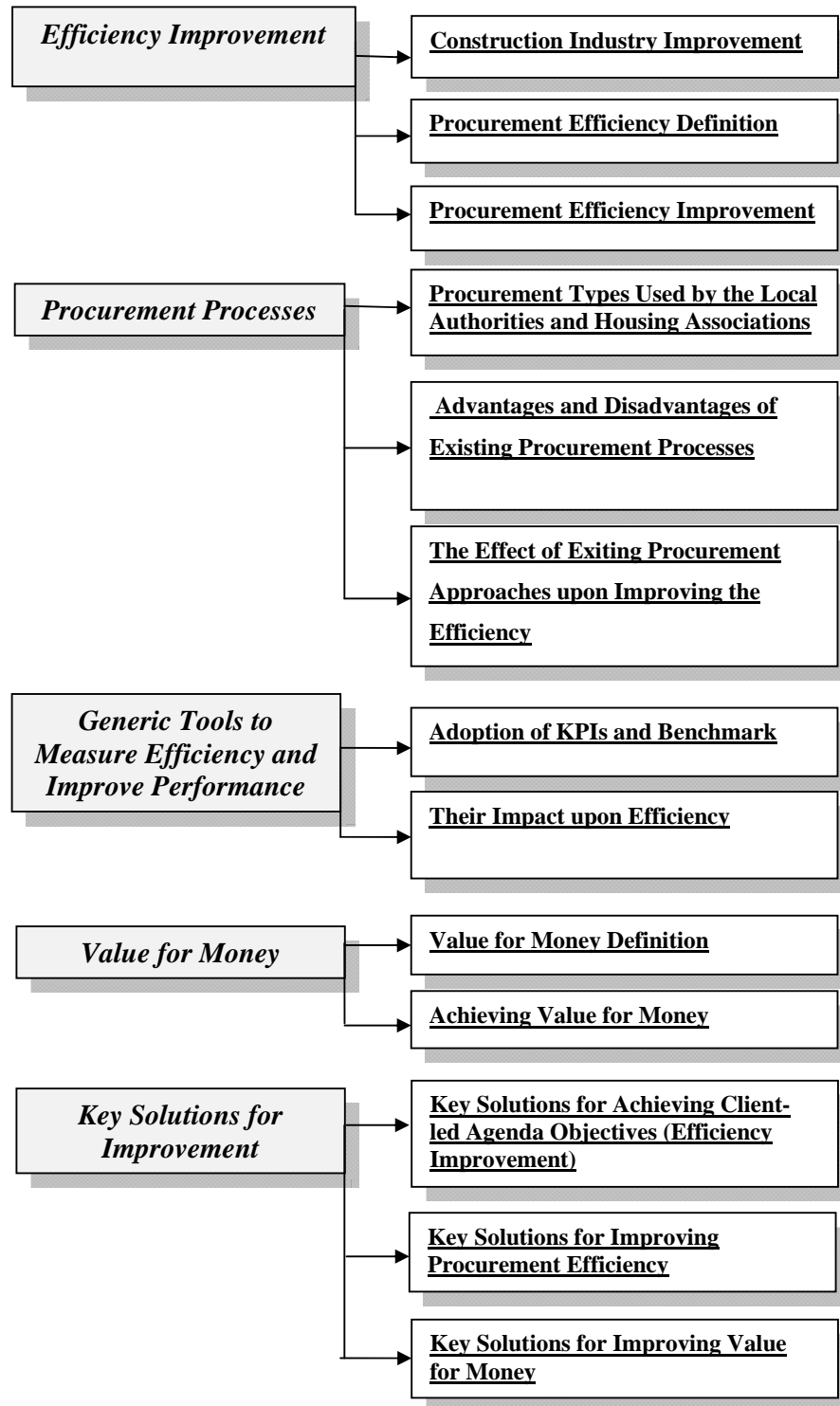


Figure 7.1. The main categories and related sub-categories used for data coding and analysis

7.3. Interview- Results, Analysis and Discussion

7.3.1. Efficiency Improvement

The interviewees' responses regarding their understanding of the efficiency improvement concept were organised under three sub-headings as illustrated below.

Section A: Construction industry improvement

This section asked about the perceptions of the interviewees regarding aspects of improving the construction industry in general. From the interviews, improving the construction industry is all about understanding what needs to be done, and how efficiency could be achieved. Simply it is about looking at how to do things better by following the principles recommended by the government policy package. This, in turn, is compatible with what has been discussed in the literature.

“...I think clients have taken on board and recognized that they can be much better at leading a project to make sure that it is more efficient” (Interview 4 - Scotland)

“I think most housing associations are taking on-board the principles raised by Egan and Latham and trying their best to be more efficient in the way they commission things” (Interview 5 - England)

Furthermore, they stated that improving the construction industry is about using new forms of contracts that promote best practice among all of the parties and embrace a project management concept.

“Everyone has seen construction skills registered. There is appraised health and safety and we are now using the NEC3 formal contract which encourages all parties to be more up front, and more proactive in project management” (Interview 10 – Northern Ireland)

In addition, the interviewees confirmed the view that improving the construction industry necessitates all actors to deal wisely with what is available and understand what is actually achievable, and require all parties to co-operate and work together in a systematic way in order to improve the efficiency and try to be more efficient. Such

illustration provides more understanding of the way of improving the construction industry in general and affordable housing in particular.

“In general, you would have all the different parties sitting down around a table and working together between the client, contractors and suppliers, and making sure that they all know what each wants and what each looks for” (Interview 7 - Wales)

From the survey, it was clear that no improvement can be made in the public sector unless all parties look at and work on issues that are proven to give the public sector some sort of benefit.

“From my point of view, I am reluctant to look at, for example, a method of construction which is unproven to be effective...we have to learn from previous experiences and look at stuff that is relatively confirmed to be useful” (Interview 10 – Northern Ireland)

The interviews showed that such issues include changing the way that affordable housing projects are produced, and using modern approaches to procurement which represent compliance to the government policy that encourage efficiency improvement in the whole industry.

“We have changed the way we procure from the more adversarial way, ‘traditional approach’, to partnering agreements that was proved to be the best way for quite few years” (Interview 6 - England)

“...we had our larger development, like 133 units, the design and build process is a more efficient way of procuring that particular development than the traditional approach” (Interview 2 - Scotland)

It could be concluded that the proactive approach of the UK government appears to have led the process of improving the construction industry by changing the mindset on how the construction industry should be improved. These changes in the interviewees’ points of view involved identifying new types of relationships between clients and contractors, building up trust and collaboration, and utilizing new forms of contracts and procurement approaches; this is illustrated and summarized in Table 7.2.

| Improving the Construction Industry |
|--|
| <p>It is all about:</p> <ul style="list-style-type: none"> • Understanding what needs to be done, and how efficiency could be achieved. • Increasing the efficiency of affordable housing projects, and looking at how to do things better. • Being more proactive in project management, and encouraging all parties to be more up to front in doing things. • Using new forms of contracts that encourage co-operation and best practice among all of the parties. • Dealing wisely with what is available, and understanding what is actually achievable. • Working together between the client, contractor, and supplier in order to improve the efficiency and trying to be more efficient. • Looking and working on stuff that is proven to give the public sector some sort of benefits. • Changing the way that affordable housing projects are produced and using modern approaches of procurements in order to achieve efficiency improvement. |

Table 7.2. Ways of improving the construction industry identified by the interviewees

Section B: Definition of procurement efficiency

Different opinions were obtained regarding the definition of procurement efficiency. The responses received from the interviewees can be summarized as the belief that it is about achieving the typical project management triangle (Time, Cost, and Quality). By looking at the affordable housing supply process, procurement efficiency means reducing the time scale of the project and providing a better quality of product for smaller housing association grants.

“...I would say procurement efficiency covers broadly quality, cost and time of construction” (Interview 2 - Scotland)

“...time, cost and quality are the three things that we would be defining in terms of the efficiency of the procurement process” (Interview 1 - Scotland)

Some interviewees viewed procurement efficiency as creating long-term relationships with contractors/suppliers through setting up a ‘five year framework agreement’ for a larger volume of work and less time and effort. In relation to what has been discussed in Chapter 6, this definition is compatible with the concept of procurement efficiency,

which involves achieving best value through the use of an appropriate type of procurement.

“...it is about achieving long-term relationships based on the continuity of the work. By doing so, both contractor and client can plan into the future, and therefore on that basis they develop the supply chain” (Interview 7 – Wales)

It was evident from the interviews that through this kind of relationship the client organisation (Housing Association) can get more from the contractor in terms of improving the quality of the product, reducing risk, getting the price down, getting a return and paying the capital back, as well as getting better value for money through bulk purchase.

“...you build up a relationship with a particular contractor and that is a part of the programme coming out from Egan. In doing so you get more from the contractor in that way...and get more savings for us as an association” (Interview 4 - Scotland)

“...if you can offer to a single contractor or a consortium of contractors several hundred houses over a multi-year period that allow them to plan their construction, they can be more cost effective” (Interview 1 - Scotland)

It seems that the definition of procurement efficiency emerging from/supported by these interviewees is to achieve best value rather than best price in procuring affordable projects. This means Housing Associations search for the best and most efficient way of project implementation that promotes new relationships and creates greater benefits to all of the parties.

Section C: Procurement efficiency improvement

The interviewees were asked what their understanding of improving the procurement efficiency is. Some interviewees made it clear that much of their understanding has come from (i) reading magazines and government reports, (ii) attending seminars on how they might procure more efficiently, and (iii) following government policy on how to improve the efficiency and achieve best value for money.

It was obvious that it was believed that having a long-term funding agreement between housing associations and the government would help to improve the efficiency of their projects, and would generate greater benefits in terms of (i) achieving more continuity and more volume of work, (ii) improving the quality of product, and (iii) achieving better value for money.

“...we could build more if we have more financial capacity to raise private loans and through that route, become more efficient” (Interview 3 - Scotland)

“...I do not think, as an organization, we have delivered much by way of efficiency in the actual procurement of the works, because we are always operating on a one year to one year basis of funding” (Interview 5 - England)

“...so in some respect we are getting that extra added quality and value from it by having this long-term funding agreement” (Interview 4 - Scotland)

Moreover, it was stated that improving procurement efficiency can be achieved by using new forms of contracts and new procurement approaches that encourage co-operation and best practice among all of the parties. In this, a partnering agreement was seen as an appropriate procurement process to meet that aim.

“I think the partnering approach was very much the response to Egan agenda which assists in improving the efficiency” (Interview 1 - Scotland)

“We have seen a movement in recent years towards partnering arrangements and partnering frameworks that were used by RSLs and Local Authorities to procure affordable housing development” (Interview 9 – Northern Ireland)

Other interviewees saw this issue from a different angle. These respondents identified the use of key performance indicators (KPIs) and benchmarks as crucial requirements for measuring procurement efficiency to achieve greater outcomes and improve the quality of products.

“...we have KPIs for all our projects so we are required to complete our KPIs and a part of that is to look at improving the procurement efficiency” **(Interview 10 – Northern Ireland)**

Having regular meeting and increasing the co-operation between all parties were also regarded as a primary step towards improving not only the procurement efficiency itself, but also the efficiency of the whole project from A to Z.

“In terms of how we improve procurement efficiency, we are meant to have regular meetings with our design and construction teams to provide feedback in terms of their performance and they are meant to do the same” **(Interview 10 – Northern Ireland)**

“...they would need to have the certainty as to what scale of project and profit they were likely to be able to generate. It really would require a significantly greater focus of all sides to sit down and actually have that kind of in depth discussion” **(Interview 2 – Scotland)**

Table 7.3 provides a summary of the main issues identified in this section related to improving procurement efficiency in the public sector, in accordance with the government policy package.

| Key Issues for Improving Procurement Efficiency |
|---|
| Having a long-term funding programme agreement between housing associations and the government |
| Using new forms of contracts and new procurement approaches that encourage co-operation and best practice among all of the parties. |
| Using key performance indicators (KPIs) and benchmarks |
| Having regular meeting and increasing the co-operation between all parties |

Table 7.3. Key issues on improving the procurement efficiency in the public sector identified by the interviewees

7.3.2. The Procurement Processes

Respondents explained the procurement processes used by their housing associations, identified the advantages and disadvantages of each procurement approach, and then clarified the impact of the existing procurement approaches on the efficiency of their affordable projects.

Section A: Procurement types used by the local authorities and housing associations

A large number of the interviewees stated that the current policy, which recommends achieving Egan's agenda in terms of improving the efficiency, helps housing associations in selecting the appropriate procurement approach.

“Yes. We were led down the partnering route by the Egan agenda, but we very quickly realised that there would be benefits from using that methods of procuring” (Interview 6 - England)

“...yes, it does. It would certainly encourage you to look at more long-term relationships, to use the expertise of others and certainly design and build” (Interview 10 – Northern Ireland)

The majority of the interviewees responded that the local authorities and housing associations are using modern procurement processes, namely partnering and design & build approaches to procure their affordable housing projects all around the UK. It is noted that design & build approach is not considered as a new procurement approach as it has been around for a long time, however a large number of the interviewees considered this approach as a new one due to its advantages compared to the traditional approach.

“We have used both of those approaches; I mean the partnering agreement and the design & build approach” (Interview 8 - Wales)

It was recognized that the traditional approach is, to some extent, still used in procuring affordable housing projects. The use of this approach was attributed to the volume of work and the nature of projects.

“...we use the three approaches; we are flexible depending on the nature of the scheme to decide what procurement route we have to go” (Interview 4 - Scotland)

It is worth noting that the number of interview samples was limited due to the reluctance of some housing associations to take part in this survey, and more importantly to the limited time of this research. However, despite this limitation, the

researcher was able to gain enough information about the general practices to classify the procurement approaches used by both the local authorities and housing associations in the investigated context (England, Wales, Scotland and Northern Ireland). This is illustrated below in Table 7.4.

| Procurement Processes | | |
|------------------------------|--|--|
| Location | Procurement Type Used by Local Authorities | Procurement Type used by Housing Associations |
| England | Partnering Approach | Design & Build/ Partnering Approaches |
| Wales | Do not provide affordable housing | Design & Build/ Partnering Approaches |
| Scotland | Traditional/ Design & Build/ Partnering Approaches | Traditional/ Design & Build/ Partnering Approaches |
| Northern Ireland | Do not provide affordable housing | Traditional Approach |

Table 7.4. The procurement approaches used by the Local Authorities and Housing Associations in the UK

Overall, housing associations use modern approaches of procurement in compliance with the government policy and its aspirations of improving the efficiency of the construction industry in general and the public sector in particular.

Section B: Advantages and disadvantages of existing procurement processes

In this section the interviewees were asked to identify the advantages and disadvantages of the existing procurement processes, in order to compare their responses with what has been discussed in the literature review regarding the beneficial outcomes of these approaches in terms of improving the efficiency, attaining value for money and promoting an innovation programme in the public sector.

The majority of the respondents identified the advantages of the design & build and partnering approaches. These approaches were considered to allow housing associations to be more flexible in choosing their contractors, unlike the traditional approach where the choice is simply made on the lowest price of tender, and to be exposed to different sources of knowledge (e.g. collaborative relationship, trust and mutual benefits).

“...having partnering approach and/or design & build allows us to tap into a different knowledge pool than which we currently have” (Interview 10 – Northern Ireland)

It was found that design & build approach helps in building up a long-term relationship with the same contractor in every project, reduces the timescale of both the design and construction processes, and achieves better quality of product. This, in turn, achieves time and effort savings.

“...by using design & build approach we will be closer to contractors, achieving the buildability aspects and using long-term relationships in terms of the supply chain and also community benefits that can be spurred from that as well” (Interview 7 - Wales)

“The advantages are that you can either deliver slightly higher quality for the same price or same quality for a slightly lower price” (Interview 5 - England)

“One of the advantages is mainly time reduction since there is a lot of time in all the traditional ways where we had to spend months putting together the tender documents” (Interview 6 - England)

On the other hand, the partnering approach was considered to be a collaborative approach towards (i) attaining value for money, (ii) extending the design involvement to both parties (client and contractor), and (iii) producing a better product and less conflict within the work by distributing the risk and reward between all parties. These advantages were seen to be a viable vehicle to experiencing new type of relationships between the demand side (clients) and the supply side (contractors) in terms of being open to a win-win attitude, which creates continuity in relationship and secures a stable income stream. Therefore its use was more satisfactory to the interviewees.

“...if we go down the partnering agreement, we would get better value for money” (Interview 5 - England)

“...you could achieve more savings as you take advantages of the contractor’s input into the schemes, and work with the monitor-peak basis” (Interview 9 – Northern Ireland)

“...partnering allows you to pre-empt problems that you may have and allows for sharing of risks off that loss as opposed to one company dumping the risks on the others” (Interview 10 – Northern Ireland)

It could be summarised that the advantages of the two approaches perceived by the respondents are similar to those identified in the literature review, as ways of improving the process of affordable housing supply to an acceptable level in accordance with Egan’s agenda. These advantages are gathered in Tables 7.5 and 7.6. However, in spite of the considerable advantages of those approaches, according to some respondents, not all housing associations were able to use them because their volume of work has been reduced due to housing associations grants cut made by their funder (the government).

| The Advantages of Design & Build Approach |
|---|
| <ul style="list-style-type: none"> • To be flexible in choosing a contractor who is known to be a good and honest contractor. • To use long-term relationships based on the continuity of the work. • To reduce the timescale of both design and construction processes. • To get better quality of product and achieve buildability concept. |

Table 7.5. The advantages of the Design & Build approach

| The Advantages of Partnering Approach |
|---|
| <ul style="list-style-type: none"> • To move towards attaining value for money. • To extend the design involvement to both parties (client and contractor). • To produce better product. • To get less conflict within the work, and eliminate problems. • To share risk and rewards. • To experience different types of relationships and be open to win-win situation that creates continuity in relationship between partners. |

Table 7.6. The advantages of the Partnering approach

For further investigation the researcher asked the interviewees to identify the disadvantages of those approaches in order to discover whether they have any negative impact on the efficiency of affordable housing projects, unlike the picture that emerged in the literature.

From the interviews undertaken, two interviewees said that the partnering approach does not generate the savings that housing associations thought they would achieve. This was attributed to (i) the fact that contractors cannot be trusted to give a good

quality for a good price (this issue falls under the cultural aspect of the collaboration trust), and (ii) the absence of the possibility of imposing discipline upon the contractor, as he is a partner under the agreement. As discussed earlier, the client-led agenda has changed the mindset and encouraged the building up of trust between client and contractor. However, the messages are mixed on how that could be achieved, and this is due to some contractors still behaving very traditionally. Thus, looking at this, it could be inferred that the success of a partnering approach depends on the attitude of the partners - if they are genuinely prepared to share risk and information they will work particularly well together.

“...I think there is a suspicion that contractors will be negotiating then, they will just try to get as much money out of you as they possibly can” (**Interview 2 - Scotland**)

“What I would say is that the costs are no cheaper working for a partnering framework than they are in working on a purely commercial basis” (**Interview 10 – Northern Ireland**)

With regard to the quality issue, housing associations do not seem to get a very much better quality of product by using the partnering approach.

“I think we have not realised the benefits at all particularly on quality” (**Interview 9 – Northern Ireland**)

“...we have an element of uncertainty about what the quality of the finished product will be” (**Interview 1 - Scotland**)

There seems to be a degree of contradiction between the responses received. What were identified by the majority of the interviewees to be advantages were identified again by a few respondents to be disadvantages. However, this contradiction is quite subjective because it could be attributed to the experiences of those interviewees working in housing associations that mainly depend on the traditional approach and never tried modern procurement approaches to the extent of getting real outcomes from them.

Section C: The effect of existing procurement approaches upon improving efficiency

From the survey, it was clear that these approaches are more effective than the traditional approach in terms of (i) being more innovative and (ii) making savings for both parties.

“Definitely they are more innovating because you can actually choose a good contractor that you have a good working relationship with, and you know that you will get good quality product at a good price and time” (Interview 2 - Scotland)

The partnering approach, which is used in the housing associations in the interviews, helps in building up collaborative trust with the contractor. This was seen to save time, effort and money over the period of project and to reduce the risk for both parties.

“...through partnering we can build up the relationship over the years, so once the trust has been built up we do not need to inspect all the work that the contractor does because we know that he is going to treat us and our customer in the right way” (Interview 7 - Wales)

“...design & build approach passes the risk to the contractor, anything that happens once the job is on site, you know it is down to the contractor risking. We know exactly what we are paying for the product at the outset” (Interview 5 - England)

In addition, the design & build approach reduces both inception and completion time of the project.

“...they are also efficient in terms of the schemes are coming through in a shorter period of time” (Interview 7 - Wales)

These approaches, by generating more savings, allow housing associations to afford to build more social housing, even with the cut in the housing association grant.

“...I think without all these efficiencies coming through from these approaches, we would find it harder to afford to build more houses...because the grant coming from the

Scottish government is being reduced and we have to find more money” (Interview 4 – Scotland)

In addition to the above-stated influences, these approaches allow more apprenticeships to be provided by contractors, and more community involvement.

“...at the end of the day the contractor can actually make savings for us as we move from one scheme to another” (Interview 4 - Scotland)

“I think one of the other issues is the involvement of residents or the end users. They were involved and their opinions were taken as much as professionals” (Interview 6 - England)

It could be concluded that design & build and partnering approaches have influenced the efficiency of the affordable schemes in a positive way that is compatible with the government aspirations to attain value for money and efficiency improvement in the public sector.

7.3.3. Generic Tools to Measure Efficiency and Improve Performance

Section A: Adoption of Key Performance Indicators (KPIs) and benchmarking

It was claimed in the literature that there is a set of performance measurements, namely Key Performance Indicators (KPIs) and benchmarks, used to measure the efficiency of the procurement processes adopted in public sector projects, as a supplementary action to maintain efficiency improvement encouraged by government.

From the survey, when asked to what extent these tools are adopted in affordable housing projects, the answers provided by the respondents were very similar in that the majority of the respondents stressed that these tools are implemented to the same extent (See Table 7.7).

KPIs and Benchmarks are very commonly adopted in order to measure efficiency, monitor and report on elements of performance, and allow housing associations to understand whether they meet their own targets set out every year. In other words, they

reflect the organization's goals, and they are likely to be a key issue to its success due to the use of a set of critical issues in order to prepare the benchmarking programme.

“The KPIs make sense on the basis you say this is the target that we are going to set for this project and on the next project you will deliver better” (Interview 1 – Scotland)

“We are a member of a benchmarking club with other housing associations from different parts of the country, so quite a diverse range. And we compare not only processes, but also our costs of delivering the housing programmes...a list of critical issues related to cost, time, waste and customers’ satisfaction help us in doing so” (Interview 6 - England)

In summary, the interviews show that the public sector agencies have been following the government agenda, and using KPIs and benchmarking in order to judge their performance and compare it with others.

| The Level of Adopting the New Generic Tools | |
|--|--------------------------|
| Tool | Level of Adoption |
| Key Performance Indicators (KPIs) | High |
| Benchmarks | High |

Table 7.7. The extent of which the new generic tools are adopted in the public sector

Section B: Impact of performance measurements tools upon efficiency

In this section the interviewees were asked to report on the impact of these tools on the efficiency improvement. It was reported that these tools are very important because they allow housing associations to share information across the industry on a quarterly basis, and they also increase the quality and performance of contractors and consultants that housing associations are working with.

“...they are very important. We share information across the consortium; we look at who was performing and who was not” (Interview 5 - England)

“They are useful for setting targets for the contractors to go forward with...if the contractor was very slow, then we would not use that contractor again. In this respect, it gives them the incentive to work with us” (Interview 4 - Scotland)

These tools were seen to be very effective in terms of creating a transparent environment for a clear audit trail to disseminate information to all parties in the industry. This view has its roots in the literature review when Morledge *et al.* (2006) and Crook *et al.* (2002) considered transparency as an important determinant in selecting the appropriate procurement approach for the sake of improving the efficiency.

“They allow us to be more transparent with the people that we report to, both the board here, to outside bodies and back to our tenants and customers” (Interview 3 - Scotland)

These tools help housing associations to set and meet their targets successfully.

“...it is continuous process so every year we set targets and then try to achieve them through KPIs...so every time we achieve a level, we mark its rate” (Interview 6 - England)

Furthermore, these tools assist in achieving better building standards, better quality of products, site improvements and operations.

“...we have required as a part of the code that all contractors have to achieve a score of 32 under the considered contractors schemes, so there is more responsibility for the contractor to build right” (Interview 10 – Northern Ireland)

These tools are used to measure the efficiency of public projects and give intensive feedback on performance. However, by the fact that housing associations do not have that continuity of work, due to public funding cuts, the actual impact of these tools cannot be tangible unless housing associations have the scope to implement them over multiple projects.

7.3.4. Value for Money

Section A: Value for money definition

When asked to define the value for money concept, the answers provided by the interviewees were compatible with its definition in the literature review, that is, according to the interviewees, value for money is about maximising the quality of

product and minimising the cost of production. In other words, it is about getting best quality for that set amount of money and within the timescale allocated to deliver the product.

Section B: Achieving value for money

In this section, all the respondents asserted that their housing associations achieved value for money in their affordable projects. When asked on how value for money is achieved in affordable housing projects, the respondents explained various mechanisms.

This target is mainly achieved through working with contractors and designers on a regular basis to drive the cost down as much as possible by matching the budget back to the initial brief and restricting the project team to it from day one.

“...we do work with our contactors and designers to try to produce efficient housing developments” (Interview 9 – Northern Ireland)

“...we tell them at the beginning ‘here is the brief in terms of what requirements and what standards we want you to design’ so the designers and project team will be fully aware of the budget” (Interview 10 – Northern Ireland)

Attaining user/customer satisfaction is a crucial condition to achieve value for money. In other words, improving value for money requires housing associations to improve specifications (e.g. better insulation, energy efficiency, etc...) that would cost them more money at the beginning but it can be effective in terms of value for money on a long-term basis.

“I think one of things that we have to look at is to speak to our residents... It is about looking at what we do and making sure that we are doing what the end users want” (Interview 6 - England)

“...value for money is that you have to make sure that what you deliver is what your tenants want” (Interview 8 - Wales)

It was clear that some housing associations have a benchmarking club¹⁴ which tells them whether they are achieving value for money in their projects. This is achieved by negotiating their targets with the contractor and driving cost down as they progress from one scheme to another. Hence, through lessons learned on earlier schemes, housing associations can know that they are achieving more cost savings and maintaining the quality of product.

“...we are a member of the benchmarking club, and through this club we can demonstrate that we do achieve value for money” (Interview 6 - England)

It seemed that housing associations have to achieve value for money in their projects as a part of the government regulations in order to obtain housing association grants from the government.

“We have a benchmarking cost we have got to meet in order to get our housing associations grant approved by our funders” (Interview 2 - Scotland)

As the results show, there is a direct correlation between achieving value for money and getting the public grant from the government. Thus, housing associations seem to be striving to take all these factors into account to get a satisfactory result. Table 7.8 summarises the different routes identified by the interviews to achieve value for money in the public sector.

| Achieving Value for Money in the Public Sector |
|--|
| <ul style="list-style-type: none"> • Working with contractors and designers on a regular basis to drive the cost down as much as possible • Attaining user/customer satisfaction • Having a benchmarking club |

Table 7.8. Different routes to achieve value for money in affordable housing projects

¹⁴ Benchmarking club: is a consortium in which quite a diverse range of housing associations are registered from different parts of the country. Through this club housing associations compare not only processes but also their cost of providing affordable housing programmes (Interview 6).

7.3.5. Key Solutions for Improvement

In order to identify the key issues by which the existing procurement process could be applied in the most effective way possible, the interviewees were invited to suggest key solutions for improvement in three areas discussed earlier: (i) efficiency improvement, (ii) procurement efficiency, and (iii) value for money.

Section A: Key solutions for achieving client-led agenda objectives (efficiency improvement)

In this section, the interviewees were invited to suggest key recommendations for achieving client-led agenda objectives in the way that Egan was hoping. They were generous with their repeated comments regarding this issue.

Again, there was general agreement on (i) having a long-term funding programme agreement with the government, (ii) relaxation of policies and regulations that housing associations have to comply with, and (iii) identifying the scale issues associated with construction practices on site as key recommendations to be made for further improvement.

“...we need to get access to funding streams that allow us to build more property to a higher standard” (Interview 8 - Wales)

“...we could do with less government interference and more flexibility in legislation in order to allow us to become more efficient” (Interview 4 - Scotland)

“It comes to a lot of construction practice and scales on site....that is really the best way to get improvement across the whole sector” (Interview 7 - Wales)

To be aware of lessons learned in the past in order to avoid mistakes and meet targets, as well as to have less bureaucracy across the whole industry were also recommended by some interviewees.

“...we need to be aware of problems with other procurement approaches and take all of that into account when making policy for going forwards” (Interview 6 - England)

“We need less bureaucracy. We are not in the best situation in there because they are putting so much bureaucratic issues in the construction industry” (Interview 7 - Wales)

Having obtained the interviewees’ recommendations to achieve client-led agenda objectives in the way that was hoped, the researcher decided to go further and ask the interviewees to identify key solutions for improving procurement efficiency. The comments received are discussed below.

Section B: Key solutions for improving procurement efficiency

It was strongly suggested to: (1) consider the legal area and know how to get through the legislation more effectively, (2) streamline the regulation in the system, (3) get flexibility in the planning system and the planning process, (4) get more funding resources and (5) generate a greater scale of projects.

“...there is enough regulation in the system, but we just need to streamline it to some basic fundamental issues so we can gain other consistency really” (Interview 7 - Wales)

“As I mentioned earlier, we need more money to procure more affordable projects” (Interview 2 - Scotland)

“I think we need to get a bigger volume of work so that we are in a position to apply more competitive pressure on contractors at an early stage in the project” (Interview 1 - Scotland)

It was also proposed that there is a need to develop the soft skills of individuals, and to understand the discipline of project management in order to deliver affordable housing projects within time and budget available.

“Actually, a good project manager is one who can galvanize a team and get the best out of individuals with a strong eye not only on what the product is or what the cost is but also by being able to react to unforeseen issues” (Interview 3 - Scotland)

In addition, it was recommended to draw in the end users to participate in the process of affordable housing supply in order to drive cost down, and improve the procurement efficiency.

“...we do need to look at the satisfaction of our residents, and look at what we have missed and try to get that back by using existing finance that is available. I think that would help not only the procurement route that we have got, but also would help the procedures further because we will be delivering what they want” (Interview 6 - England)

It seems that housing associations have followed the government policy through using modern procurement approaches which generate benefits to them. However, there are still some key recommendations suggested by the interviewees for more improvement in the public sector.

Section C: Key solutions for improving value for money

In this section it was recommended to (i) increase knowledge and information on the form of procurements and the pros and cons of different approaches to use - (ii) to have better evidence on the relative outcomes of different methods of procurements - and (iii) to have more flexibility on how to select the most appropriate procurement approach. These recommendations would, in turn, increase bulk procurement and then through bulk procurement housing associations could generate greater savings and efficiencies.

“...if you rely only on your own experience then there is not enough data to make a reliable decision about the appropriate procurement method” (Interview 1 - Scotland)

“I think there is a sort of elements letting us select our own procurement method and not to dictate on how to do that” (Interview 9 – Northern Ireland)

It was also suggested to increase the amount of housing grants, and to have long-term funding programme agreement with the government.

“...if we have long-term funding agreement for the affordable housing, we will get the confidence to improve the old procurement process and work much more closely with contractors to deliver what we want” (Interview 5 - England)

Balancing between the profit requirements and the requirements for value for money in order to satisfy all the parties was proposed during the interviews.

“...the public sector is keen on value for money, but at the same time there has to be something for the contractors and builders in terms of profits” (**Interview 10 – Northern Ireland**)

In essence, there was a strong emphasis on the importance of expanding the base of knowledge and experiences of all the actors working in the public sector, and achieving a balance between the interests of all parties in order to motivate them to generate more savings in their projects.

7.4. Key Findings from the Interviews

This chapter has presented and discussed the results of the interview survey. The qualitative interviews with key informants working in housing associations in the UK offered insight into “the actual considerations in improving the efficiency of the public sector” in five separate main categories, namely ‘Efficiency Improvement’, ‘Procurement Processes’, ‘Generic Tools to Measure and Improve Efficiency’, ‘Value for Money’, and ‘Key Solutions for Improvement’. The data were discussed and analysed according to related sub-categories identified earlier and many connections were discovered between the answers received about the different sub-categories. This, in turn, represents the heart of the grounded theory method employed.

The interviews result showed that the public sector was targeted by the government to achieve the objectives of a client-led agenda in terms of improving efficiency and achieving value for money. It was obvious that there are some limitations to adherence to the reform agenda. However, the public sector is still trying to achieve those objectives in a way compatible with what has been recommended.

The interviews offered useful insights into the interviewees’ perceptions regarding the UK government promotion of change in terms of improving the efficiency in the public sector. It was clear that the government has established the base for such change at strategic and operational levels. This, in turn, required promoting a cultural change in mindset and attitudes. In this regard, the interviews demonstrated that improving the

efficiency requires more joint working between clients and contractors in a way that allows contractors to invest in alternative production processes. In addition, it requires clients to work closely with contractors and consultants in an open and honest manner, and select the right people to do that. This was really a key issue.

Furthermore, it was obvious that there is a broad understanding among the interviewees on how to improve the efficiency of the construction industry in general, and affordable housing schemes in particular. This has been confirmed as (i) using modern procurement approaches, (ii) achieving value for money, and (iii) adopting performance measurements tools that were recommended in Egan's agenda.

More importantly, the procurement process was not about selecting contractors and/or consultants, it was about how housing associations bring all those issues together and work with the supply chain, in accordance with what was permissible. The design & build approach and the partnering agreement were seen as new procurement methods. The traditional approach was used alongside design & build as well as partnering approaches in some of housing associations that were interviewed. However it was claimed that the use of this approach was restricted by the circumstances of any particular development. Furthermore, it was also clear that whatever the procurement approach that housing associations use, they were able to generate greater savings in terms of value for money and efficiency improvement in their affordable projects. This was justified by the use of Key Performance Indicators and benchmarking which measure the efficiency of the public projects and give intensive feedback on performance. All of the data obtained by the interviews regarding the advantages of the exiting procurement approaches and the benefits of KPIs and benchmarks are supportive to what was discussed and recommended in the literature chapter.

It is worthy of note that there was, to a limited extent, a difference between the responses received from the interviewees regarding some issues. This difference is expected because practical application is not compatible with the theoretical study, due to the emergence of some unexpected obstacles that affect the outcomes. Furthermore, the judgement made on the success or the failure of the outcomes depends on people's experiences, feelings, thoughts and beliefs. Having said that, the data obtained from the interviews and the interviewees points of view remain a rich source for this research.

The interviews were concluded by identifying key solutions for further improvement in the public sector. The recommendations made by the interviewees to improve the procurement efficiency confirmed the limitations in the present practice of affordable housing supply. However, the interviewees' experience and their understanding of the full meaning of the role of procurement in improving the efficiency had a significant impact on their comments and responses in this regard. The latter, has enriched the study and added a meaning to the investigated context.

The main message seems to be that among all of the surrounding circumstances the public sector has still been able to generate greater savings and improve the efficiency of its affordable housing schemes. This was attributed to their compliance to the government policy package and the reform agenda, which led to radical rethinking, in particular into achieving and improving the efficiency of affordable housing projects through using the appropriate type of procurement as a key element for change. In this, a study of the UK experience and the actual practice of the affordable housing supply process in its entirety identifies key issues from which the Syrian context could learn and benefit.

7.5. Conclusions

This chapter has shed light on the actual considerations in improving the efficiency in the current process of affordable housing supply in the UK. In this respect, the interviews results supported what has been discussed in the literature chapter regarding the tendency towards improving the public sector performance, and the role of modern procurement approaches in improving the efficiency and promoting value for money.

After the rich inputs made by the interviewees, the following chapter will include a comparative assessment between the UK and Syria. This will involve a comprehensive discussion (in an illustrative way) on the importance of the procurement process and other key elements extracted from the UK experience (both through the literature review and fieldwork) for the case of Syria. This discussion will be conducted to enable some comparisons to be made, not just about practices and approaches of affordable housing implementation, but also about the context, relationships, and attitudes of parties in affordable housing design. Through this discussion the researcher will identify a set of

key issues for validation by interviewing key informants in order to identify its applicability in the case of Syria.

Chapter 8 Relevance of the UK Experience to Improving the Efficiency of the Affordable Housing Delivery Process in the Case of Syria (Part I) and Validation Process (Part II)

Part I

8.1. Introduction

This chapter aims to respond to research objective 4 namely “To develop practical recommendations in order to improve and develop the efficiency of the affordable housing production process in Syria, on the basis of lessons learned from the UK by undertaking a form of validation”. In order to deal with Question 4.a, “What lessons can be drawn from the UK experience to date, with a focus on the procurement process?”, the first part of this chapter will review the current process of affordable housing supply both in Syria and the UK in their entirety, and illustrate different directions for achieving possible improvement in the case of Syria from lessons learned from the UK experience.

Question 4.b, “How can the proposed procurement process, and other related considerations for improving the efficiency of affordable housing supply potentially be implemented in the Syrian context?”, is dealt with through a comparative assessment of the UK and Syrian practices, and a discussion of the importance of key issues extracted from the UK experience (literature review and fieldwork) to bring about improvements in the Syrian context.

8.2. The Contexts Investigated

8.2.1. Reflections on the Existing Affordable Housing Supply Process in Syria

Based on the findings obtained from Chapter 2 (Literature Review) and the fieldwork reported in Chapter 5, a wide range of constraints have been identified, located at two basic levels, namely housing system design (strategic level) and housing system implementation (operational level). Together, these constraints have played an explicit

role in aggravating the mounting housing crisis in the Syrian market, especially in key cities such as Aleppo and Damascus.

At housing system design (strategic level), the key constraints identified are:

- The absence of any form of education or training courses to promote the theoretical concepts of affordable housing and lower income groups in particular.
- Lack of political packages which ensure that affordable housing plans are both more economical and more efficient.
- The planning system and national housing policy are not developed adequately in a way that responds to increasing demand for and development of, various types of residential properties, especially affordable housing, as home ownership patterns and social structures are changing over time.
- Poor drafting of laws and legislation alongside routine and bureaucracy prevailing in public sector organisations and agencies have affected the effectiveness of the affordable housing supply process.
- The level of demand is beyond the supply scope of the government and the public sector agencies.
- Prevalence of corruption due to lack of enforcement in the housing market, high degree of cronyism at different stages in the process.
- Lack of funds represented in government subsidies and/or monthly instalments collected from subscribers.
- Minimal design standards for affordable housing projects and lengthy process of getting plan endorsements from the Municipalities/ the Syndicate of Engineering.
- Difficulty in obtaining housing loans from financial banks because loan packages available in the market are very limited and inflexible in terms of high interest rates and fixed mortgage structures.
- Lack of transparency in the allocation system as in affordable units; they are being allocated and eventually bought or inhabited by ineligible buyers who have not qualified by income criteria or households' expenditures.

Apart from the key constraints identified at housing system design level, it was also established at the operational level of housing system implementation, the fact that the construction industry is controlled by the government and used to support Syria's centrally planned economy means that most construction projects are financed by the government, designed by state-owned design institutes, and in some cases, built by state-owned construction companies. This bureaucratic system, combined with the poor project-management skills of the enterprises, has resulted in low-quality work, cost overruns, and late completion of projects. The affordable housing market, as being a part of the construction industry, is often inefficient and subsidized programmes can add further market distortions.

One key constraint to improving the affordable housing market (and one that is often ignored) is the fact that housing policies and construction practices systematically exclude the informal construction sector; the sector that represents one of main sources of affordable housing supply for the poorest group. However, the study showed that the affordable housing construction process seriously affects any type of improvement in the process of affordable housing supply. The use of very traditional approaches, unsophisticated procurement and traditional types of contracting, in the production process, is the main constraint contributing to the shortfall of affordable housing stock.

The key constraints identified at housing system implementation (operational level) are:

- The use of traditional methods of construction and primitive procedures of bidding and contracting.
- The public sector bears the burden of providing affordable housing for low-income groups in a way that exceeds its ability to do so.
- The private sector does not take part in formal affordable housing supply. Therefore, the percentages of affordable units to be implemented during the future plans have been reduced.
- Lack of co-ordination between actors working in different positions, and the confrontational attitude taken by stakeholders.
- Lack of a team work approach and sense of belonging.
- Absence of any form of education or even a proper definition of risk allocation, management and assessment.

- Lack of land available for residential use due to (i) complexity of Land Acquisition Laws, and (ii) long official procedures of getting land parcels from the Municipalities and transferring land ownership from the Municipalities to public sector interest.
- Lack of skilled labour and sufficient plant required to implementing infrastructure.
- Delay in both the inception and completion dates of affordable housing schemes.
- Escalating price of building materials, wastage of materials, high incidence of accidents, absence of job security, poor quality and productivity, poor management, low wages for high-risk jobs, and lack of opportunity for career development.

In conclusion, the main message was that a key issue affecting supply is the cumbersome procurement system used for state support to affordable housing supply. As a result, it is suggested that there is a need to significantly rethink the role of government in affordable housing supply, introduce new forms of relationship between the public sector and the private sector, and adopt new operational procurement processes.

8.2.2. Reflections on the Existing Affordable Housing Supply Process in the UK

Based on the findings from the literature review and fieldwork, reported in Chapters 3, 6 and 7, it was found that, unlike the Syrian context, the UK construction industry has, since the 1940's, voiced a desire to change the way it performs its public services. This change was encouraged by the UK government through policy packages aimed at improving the construction industry in the creation, utilisation, and implementation of processes, both at strategic and operational levels. At the strategic level, monitoring the housing market has become an important requisite. Housing affordability has been always influenced by the market conditions. Therefore, different tenure patterns at different locations have been put in place to face house price volatility. Furthermore, affordable housing was defined on an agreed, sustained basis, prepared by taking into account the dynamics of the housing market, the age structure of the population and income eligibility. The planning system has also become central to securing the delivery

of affordable housing, supported by a set of policies and acts that were used to stimulate and steer market processes and determine the quantity and location of new homes.

At the operational level, the public sector has witnessed major changes in the adversarial culture of construction, replacing the traditional procurement and contractual procedures with modern mechanisms. In this respect, the procurement process, operated in accordance to client-led agenda, has received a particular attention. The use of alternative procurement has risen in order to improve the efficiency of publically-funded projects, including affordable housing for low-income groups.

The attention of the government to the importance of procurement was not focused only on contractual relationships but, rather, encompassed a more generic structure to the overall building process, including cultural and legal aspects, in order to ensure a smooth-running project. The cultural aspect is represented in changing the mindset and behaviour of the people involved to accept change and improve performance, promoting the meaning of trust and mutual interests, and encouraging a collaborative relationship between clients and contractors. In view of this approach, the role of the private sector in accommodating this change was significantly increased, to invest at different levels in the process. The legal aspect, on the other hand, is represented in a gradual change in policies and regulations in order to underpin legislation and make it effective for successful application of procurement.

The main findings from the survey undertaken in the UK can be summarised as below:

- There is a broad understanding on how to improve the efficiency of the construction industry in general, and affordable housing schemes in particular by using new procurement approaches, achieving value for money, adopting a set of performance measurements recommended in Egan's agenda.
- Improving efficiency requires more joint working between clients and contractors in a way that allows contractors to invest in alternative production processes. In addition, it requires the clients to work closely with the contractors and consultants in an open and honest manner, and select the right people to do that.

- The design & build approach and the partnering agreement are seen as key approaches to improve the efficiency. The traditional approach is used alongside design & builds as well as partnering; however its use is restricted to the circumstances of any particular development.
- The use of Key Performance Indicators and benchmarking, which measure the efficiency of the public projects and give intensive feedback on performance, helps to generate greater savings in terms of value for money.

Overall, the public sector has been able to generate greater savings and improve the efficiency of its affordable housing schemes. This is justified by its compliance to the government policy packages and the reform agenda objectives which led to radical rethinking in particular into achieving and improving the efficiency of the public sector.

8.3. Existing UK Practice and its Potential for Use at Different Levels towards Improvements in the Syrian Context

This section will identify a number of key issues (extracted from the UK experience) applicable to the Syrian context.

Due to the complex nature of the housing system in Syria, a strict separation in discussion of the strategic and the operational levels was not useful if desirable inputs are required for the whole system. This is attributed to the fact that any improvement at any level is likely to feed directly into improving the other level, and more importantly, that in the Syrian context, each level has proved challenging and more work is likely to be needed on every level. Therefore, the hierarchy of the following discussion will be a top-down approach in accordance with the analytical framework obtained from the literature review (Chapter 3 – Part 1). It lists key elements of change that happened in the UK at the higher level of the process (housing system design level) in order to identify its relevance to the Syrian context (in accordance to issues obtained from Chapter 5). Then, it will be followed by a discussion on identifying key elements for change at the lower level of the process (housing system implementation level) in accordance with issues obtained from the literature chapter (Chapter 6 – Part 2) and the interview results discussed in Chapter 7 (See Figure 8.1).

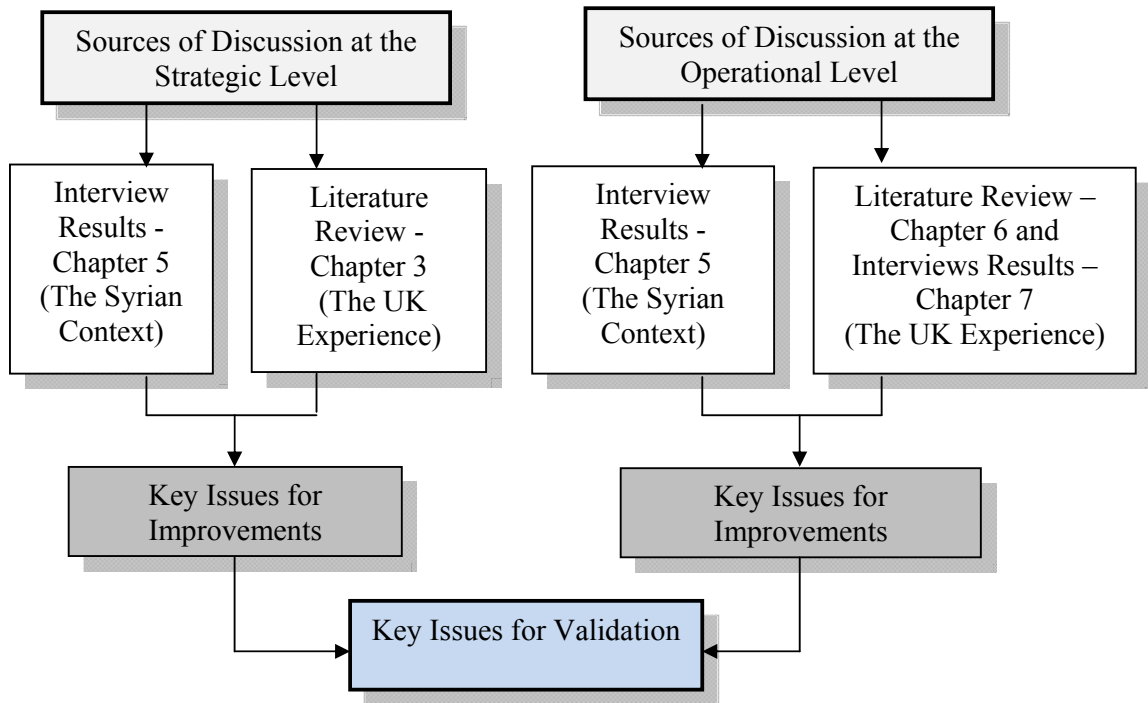


Figure 8.1. Illustrates the sources of discussion on efficiency improvement in the Syrian context, both at strategic and operational level (in accordance with the theoretical framework)

8.3.1. Considerations at the Strategic Level of the Process (Housing System Design)

Planning system

In Syria, the planning system is not fully prepared to appropriately provide affordable housing and respond to the actual needs, and thus planning policy is not responsive to housing market conditions. It has been demonstrated that the affordable housing supply is not integrated into the planning policy as a key element of consideration. There is no proper definition for affordable housing, and the criteria by which people are classified as low-income groups are not formally identified.

In contrast, the UK experience reveals that the government is putting increasing emphasis on providing affordable housing through the planning system. The planning policy has been modified gradually in order to increase the scope of supply in accordance with the market conditions. In other words, residential projects fit into the legal framework of the government policy in order to increase the number of affordable housing through a set of official procedures. Furthermore, an examination of the UK

experience shows that there is a clear definition of affordable housing and affordability concepts achieved on a reasonably sustained and agreed basis rather than being uncertain or precarious.

At the level of the planning system, lessons that could be learned for the Syrian context are, firstly, that affordable housing should be identified clearly in accordance to income distribution and household expenditure. Furthermore, the government needs to reconsider the role of the planning system in providing affordable housing to the lower income group. At the same time, affordability should be achieved through an on-going review of the structure and dynamics of the market, as well as through a set of housing types at different prices, tenure, and locations.

Legal and governmental procedures

It is clear that the Syrian government sets out the development plans with the aim to increase the number of houses. However, lack of consistent affordable housing policy means the outputs cannot be produced in the quantities necessary to make a significant contribution towards meeting the large-scale of housing needs. This issue is linked to (1) poor drafting of laws and legislation, (2) lack of skilful and experienced individuals who are responsible for preparing those plans and policies, (3) lack of co-ordination between stakeholders, (4) the absence of sense of responsibility as well as (5) inaction and lack of initiative. More importantly, it is related to the fact that the government is still very much the direct provider of land and housing development in the market. It was also shown that all of the governmental procedures are tied to a bureaucratic system, alongside prevalent corruption at different stages in the process.

In the UK, affordable housing policy is linked to the political agenda and future plans. The government intervention has shifted from being the main provider to be an enabler in the process of affordable housing supply in terms of leading the way for change by enhancing the legal structure and reviewing the housing market in an iterative and flexible approach. Unlike Syria, for smooth-running procedures, bureaucracy and routine are being dealt with at different governmental levels.

Overall, any changes to the composition of the housing sector, policy, and tenure patterns are likely to be gradual rather than dramatic in Syria. However, benefits could be gained in Syria through clarifying housing policy and legislation, setting out constructive plans in line with the population growth and the actual market needs, learning how to manage bureaucracy more effectively, considering the government withdrawal from the process of affordable housing supply, and changing the housing tenure patterns in order to allocate the scarce resource of affordable housing to those most in need.

Institutional arrangements for providing affordable housing

The ability of the public sector institutions, namely, the General Establishment of Housing and the Establishment of Military Housing, to provide affordable housing for low-income groups is restricted by a low level of productivity often due to limited resources, unskilled labour, weak management practices and backward technology, lack of co-ordination between actors working in different positions, lack of data and information, lack of systematic and orderly education, and, more importantly, the reluctance of private sector to participate in providing formal affordable housing.

There is also an issue associated with the allocation system; the failure to allocate affordable houses to eligible buyers and to weed out those potential subscribers who have already applied to get an affordable unit. This issue is attributed to the absence of a proper form of eligibility by income, and a lack of studies on income growth and expenditure patterns to establish the amount lower income households can afford for housing.

In the UK, the responsibility for affordable housing supply is not assigned to the public sector itself; on the contrary the private sector is also taking a lead role in affordable housing supply and finance. Eligibility for affordable housing is identified more tightly in relation to income levels; to qualify for an affordable home, individuals need to fulfil the relevant eligibility criteria, and every case is assessed on an individual basis.

In the Syrian context, improvements could be achieved by (i) drawing in new organisations to take part in affordable housing supply alongside the General Establishment of Housing and the Establishment of Military Housing, (ii) following a

proper strategy of allocating the affordable units, and (iii) identifying the eligibility criteria to qualify for an affordable home could be essential solutions to provide and allocate the affordable units to the targeted group.

Land acquisition for residential use

In Syria, land supply and development functions are mainly Municipal responsibilities; developers have no role in planning and land development processes. Although land acquired by Syrian Municipalities for residential use requires the use of compulsory purchase powers through using Land Acquisition Laws, there is a lack of land available for residential use in the market. This is attributed to long official procedures of getting land parcels for residential use from the Municipalities, and transferring land ownership from the Municipalities to the public sector interest. More importantly, it is attributed to the absence of proper legal framework within which the planning system seeks to secure sites for affordable housing in accordance with the actual needs in the market, and difficulties in justifying the selection of specific sites for affordable housing.

In the UK, it is noted that the process of land development is provided mainly by private interests, and the planning system is essentially used as a means for reconciling interest in land use. Therefore, the government planning machinery intends to achieve greater degree of co-ordination and purposive action to increase land supply for affordable housing and to reduce the private sector influence on land affordability and availability. In other words, it is clear that the government encourages the development and use of land, and facilitates the development of land by the private sector. Such an attitude has ensured that affordable housing is developed in suitable locations in both urban and rural areas.

From the UK experience, it could be suggested that it is time for the Municipalities and the private sector in Syria to pool their efforts and resources to provide land for residential use through the planning mechanism, which still lacks the proper methodology to do so.

The affordable housing design process

It is noted that the UK and Syrian contexts are similar in that the preparation of housing plans and programmes is addressed to all potential beneficiaries of the project in order to implement them within what is permissible. However, in Syria, it is obvious that preparing affordable housing programmes and plans takes a long time. This is attributed to lack of collaboration and co-ordination between the managerial departments in the same establishment, and more importantly, to the intertwined roles and responsibilities of the government and the public organisations since there is one organisation with multiple functions (e.g. apart from the Municipality being responsible for providing land for residential use, it is in some cases also responsible for issuing the endorsement of the housing plans).

In the UK, unlike the Syrian context, there is a separate organisation for each function and clearly separated roles. This separation of roles and responsibilities helps to reduce the time required by the government to secure smooth-running procedures of preparing housing programmes and plans. Therefore, possible outcomes from the UK experience are conceivable in terms of the importance of separating roles and responsibilities of public bodies in Syria in order to facilitate and speed up affordable housing design process.

Fund allocation and government subsidies

In Syria, funding for affordable housing mainly comes from the public sector, in the form of government subsidies and loans from the Real Estate Bank. This study has shown that the public sector has financial problems in securing the required funding for affordable development. This is attributed to initial organisational problems such as meeting certain conditions required by the public sector before the financial scheme can function properly, and bureaucratic procedures to be followed, especially in getting state subsidy approvals; lack of co-ordination at different stages; inability of subscribers to pay monthly instalments that exceed their monthly salaries, and the reluctance of financial institutions to finance the lowest income bracket of the market. In this respect, it is noted that the affordable housing funding is insufficient and there are no surplus sums to use for providing new affordable housing in the market.

In the UK affordable housing funding is also provided by public bodies in a form of public grants. However, in order to overcome the financial constraints resulted from market fluctuations, the government has drawn in the private sector to participate by ceding a portion of the housing they build to housing associations, which, in turn, offers wider integration between the low-income group and the community, and decreases the pressure on the government to take the responsibility of developing affordable housing.

In Syria, there is a lack of funds for the housing sector, at present, and the mortgage system is virtually nonexistent. The current political and military crisis in the country adds further financial constraints to securing affordable housing funding. The UK experience and its financial approach suggests there is a potential to eventually improve the funding programme undertaken by the Syrian government, and find other, private sector, sources of funding.

Tendering processes, type of contracts and contractual arrangements

As shown in this study, the tendering process in Syria is heavily affected by the bureaucratic procedures of preparing tender documentation. This is attributed to poor drafting of specification by the public sector along with the time required to process and approve tender documentation. It also appeared that the traditional form of contract is by far the most popular method used amongst public sector organisations and contractors. This means that the construction work is offered on the basis of competitive tender, and then performed traditionally, by separating between design and construction process. These traditional contractual arrangements are seen to cause adversarial relationships between client and contractor; contractors have to comply with procedures and documentation that they do not favour, since clients do not give contractors sufficient opportunity to understand, and hence aspire to meet their needs. In addition, contractors have no desire to contribute financially towards any future changes in procedures during construction work because their contract is awarded on the basis of the lowest price bid.

In the UK, on the other hand, it is found that the tendering process and contractual arrangements have witnessed a great change in the last few years in light of the recent reviews of the construction industry. Furthermore, the relationship between client and contractor has shifted to a collaborative relationship that encourages a win-win attitude

between all of the parties. In order to accommodate this, new tendering processes and new forms of contracts are used with flexible structure and clear drafting– although this still has some way to go to improve practice generally, as Chapter 7 showed.

The procedural and administrative aspects of Syrian tendering and contracting have remained largely unaltered but this may soon change, along the lines of the UK practices, in terms of using new forms of contract and tendering processes that are seen to be much useful both for client and contractor. This, in turn, will have useful implications especially in the aftermath of the current political and military crisis in the country for the sake of speeding up the development of affordable housing.

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

It is important for the public client and the private bidders to assess all of the potential risks through the whole project life. However, as shown in this study, risk is not equally allocated between the project parties, with financial implications for the public sector and/or effects on the outcomes of the project. This issue is, in first place, linked to lack of knowledge and understanding of what is meant by risk assessment, allocation and management.

Therefore, risk allocations principles are overlooked by the parties during contractual arrangements. This, in turn, is found to cause disputes between the parties and also costly delays in project completion.

The design and construction industries in the UK have, over the last few years, been actively educating member firms and their owners in risk allocation, management and assessment. These principles are well-documented and are widely accepted in the industry for generating greater benefits in terms of a reduction in project costs, improved project delivery schedules, as well as efficient resolution and avoidance of disputes. In other words, realistic allocation of risks is a management best practice when negotiating construction contracts, and is the foundation for prevention of problems and disputes between the contracting parties.

These insights into the importance of risks allocation and its impact on maintaining a productive working relationship among the relevant parties could be beneficial to the case of Syria, where the principles of risk allocation, management, and assessment are not clearly identified in preparing construction contracts, to achieve a win-win situation to all of the parties.

8.3.2. Considerations at the Operational Level of the Process (Housing System Implementation)

The real estate market

In Syria, the common form of tenure is home-ownership. This form imposes restrictions upon the ability of the households to acquire affordable units because most of the eligible households are not able to afford the selling price of their desired homes, and does not allow greater flexibility to the public sector to set shorter term housing tenure patterns.

It is noted that the equation between supply and demand issues is not effectively balanced. The increasing demand for new affordable housing in the market is heavily attributed to (i) the absence of the private sector in providing affordable units alongside the public sector (increasing the supply side), and to (ii) the speculative practices, which grossly inflated houses prices on the open market and kept a large number of units out of occupation. Lack of a regulatory framework, which tackles the housing market volatility and helps to achieve a sustainable housing market free from corruptive practices, has meant a failure to increase the supply for affordable housing, and, more importantly, to draw in the private sector to participate in affordable housing supply process.

In the UK, in order to alleviate supply and demand issues, the planning system is used as a power to draw in the private sector to participate in affordable housing supply and finance. Over time, there has been increased private sector involvement with the development of financial instruments to support the process of affordable housing supply, as discussed earlier in this chapter. Another manifestation of addressing housing market volatility is the use of new housing tenure patterns to meet a broad range of incomes and needs, allowing a large number of household different ways to acquire

affordable housing on the open market, thus representing a means of entry to the existing housing stock.

On the whole, it would be required to make significant changes in the housing tenure pattern and the long-term policy of the housing sector in Syria if the involvement of the private sector is to be increased for the prosperity of the affordable housing market, especially in the aftermath of the current political and military crisis in the country.

The affordable housing construction process, with a focus on the project delivery system

In Syria, infrastructure implementation is assigned to the Municipalities. A lack of skilled labour and sufficient plant required to implement infrastructure, and the unwillingness to admit mistakes and inaction are reported as reasons for delay in implementation. It was also found that project delivery system has traditionally entailed the almost exclusive use of the design-bid-build system, involving the separation of design and construction services and sequential performance of design and construction.

In this study, unexpected circumstances, lack of skilled labour, escalating price of building materials, wastage of materials, use of simple/traditional equipment, high incidence of accidents, absence of job security, poor quality and productivity, poor management, low wages for high-risk jobs, and lack of opportunity for career development are cited as initial constraints to improving the construction efficiency of affordable housing projects in Syria. These issues can be attributed to lack of new forms of relationship between public and private sectors that are considered to bring greater benefits to both of them.

It is clear that the Syrian experience does not borrow heavily from the UK approach, where infrastructure is heavily implemented by the private sector that has broad financial and technical capacities. The procurement process is seen by the government as a wide field for achieving efficiency, because it secures value for public funds with due regard to propriety and regularity. Affordable housing construction is thus moved to collaborative relationship between the public sector and the private sector. Rationales for the use of procurement processes in promoting value for money and spurring

innovation in the development of affordable housing were addressed both in the literature and the fieldwork of this study.

Undoubtedly, the UK experience opens up potential new avenues for improving the efficiency of the construction process of affordable housing in Syria, since this process represents one of key issues that have a high negative impact upon efficiency. What is now needed is to change the way of thinking rather than seeking isolated solutions to the various problems at hand. The adoption of the appropriate procurement process could be an alternative solution to improve the efficiency of affordable housing delivery process in the Syrian market alongside other key considerations that enhance its role in doing so. These are discussed at more length in the following section.

8.4. Potential Role of Procurement Process and Other Key Elements in Improving the Efficiency of the Current Process of Affordable Housing Supply in Syria

It is worth noting that the terms ‘procurement process’ and ‘efficiency improvement’ are really new concepts in Syria, thus rationales for adopting the appropriate procurement process to achieve better outcomes in the case of Syria will not only depend upon the points that emerged from the literature review (Chapter 6 - Part 2), but rather from the results of the interviews carried out in the UK (Chapter 7), which support the importance of the procurement process in improving the efficiency of publically-funded projects as a compliance to the government policy packages for change.

8.4.1. The Procurement Process

The UK interview results show that Housing Associations use modern approaches to procurement, namely the design & build approach and the partnering agreement, as a form of compliance with the government’s policy packages that seek to respond the continuous demand for change in the construction industry, bringing it to an acceptable level, in accordance with the Egan agenda. It is clear that through selection of the appropriate procurement approach, housing associations are able to achieve value for money, and therefore improve efficiency of their affordable projects.

The justifications for the use of a collaborative procurement process (partnering agreement), is based on its impact on efficiency in creating mutually advantageous, flexible and long-term relationships, based on continuous improvement of quality and performance, developing supply markets, affecting behaviours and attitudes in terms of getting more apprenticeships provided by contractors, attaining value for money, extending the design involvement to both parties (client and contractor), and producing a better product and less conflict by distributing the risk and reward between all parties. These advantages represent the actual responses of the participants as to what is meant by improving the construction industry.

Partnering agreements, as a new procurement approach, have a potential role in improving the efficiency of affordable housing projects in Syria due to the following advantages:

- Partnering has played a considerable role in improving the efficiency of affordable housing in the UK; this has been confirmed by the interviewees and in the literature review. So what works for the UK could work for the case of Syria, if the actual requirements and conditions of its application are secured (as discussed in Chapter 6, Section 6.4).
- Second, the partnering approach has roots in Syria, too, since the government issued the Real Estate Development Law in 2008, with the aim of supporting collaboration between private and public sectors to provide affordable housing. However, the application of this law is still some way from achieving fruitful outcomes, due to issues discussed in Chapter 5.

Accordingly, it is the time to rethink the method used to provide affordable housing in Syria, and to adopt/encourage new approaches that bring relatively greater improvement to the housing sector. The prospect of partnership would be brighter if the Syrian government can learn from others' success and failure. It seems that this procurement approach will continue to grow and it could be the solution for the housing sector in Syria.

8.4.2. Efficiency Improvement

It is clear that the UK government policy is driven by the desire to focus on issues that really matter in terms of efficiency improvement and thus to allow housing associations to choose the procurement route that would bring greater benefits to public sector. In view of this, it is noted that there was a broad understanding among the UK interviewees of how to improve the construction industry and what are its attributes; there is shown to be a cultural change on how the construction industry should be improved. Equally, the literature review and these interviews confirm that this improvement involves the following priorities:

- Having a long-term funding programme agreement between housing associations and the government.
- Using new forms of contracts and new procurement approaches.
- Building up trust and encouraging collaborative relationships among all of the parties.
- Sharing risks and utilising new technical tools (i.e. KPIs and benchmarking).

Likewise, in the UK context, the meaning of procurement efficiency is also well-defined in relation to achieving value for money through the use of modern procurement process. It means reducing the time of affordable projects and providing better quality of product for less housing association grants through the use of the appropriate type of procurement that promotes new relationships and creates greater benefits to all parties. This approach could be a starting point in Syria towards understanding what is meant by procurement efficiency and how this concept can be achieved in the housing sector in general and affordable housing in particular.

From the UK interviews, understanding of this concept comes from following the government agenda/reports, attending seminars/symposiums and, of course from the interviewees' experiences. This means that what is the so-called 'reform agenda' is initiated in the national government and implemented by the public sector as well as explained/discussed through reports and seminars. Such an agenda could be a further step towards identifying the procurement efficiency and enlarging the base of knowledge of the stakeholders in Syria. To this end, a cultural change in the mindset of stakeholders is required in order to first introduce the new concepts (i.e. procurement

process, procurement efficiency) at the national level and then to identify key elements of operating those concepts and strategies on the ground.

Given that procurement cannot be understood in isolation, it is necessary to view procurement as a constituent part of an integrated process that acts across the established disciplines of the construction industry.

In Syria, given that the public sector is responsible for providing affordable housing, the procurement process can be fundamental in bringing about change. A more consistent approach at policy level (as discussed in Chapter 6), is seen to be the single solution to improve the selection of appropriate procurement routes. Indeed, having clear and shared understanding of how all the parties can work together in a systematic way, the provision of training between the parties, and laying the groundwork for clear audit trail and a competitive environment between all the players, who are rewarded on the base of fairness, can ensure the successful application of procurement, and therefore improve the efficiency of the affordable housing supply process.

8.4.3. Generic Tools to Measure Efficiency and Improve Performance

The interviews confirmed a set of generic tools is used to measure the efficiency of the public procurement process. Benchmarking and Key Performance Indicators (KPIs) were reported as highly used in all the participating housing associations. They also believed that greater benefits can be acquired by the use of these tools, as shown in Table 8.1. In addition, it was found that the public sector is led by the government agenda for change, and their projects are operated in accordance to what has been recommended.

| Benefits of Using Key Performance Indicators KPIs and Benchmarking in public projects |
|--|
| <ul style="list-style-type: none">• Sharing information across the industry on a quarterly basis.• Increasing the quality and performance of contractors and consultants.• Creating transparent environment for clear audit trail.• Setting out and meeting housing associations targets.• Achieving better building standards and better quality of products. |

Table 8.1. The identified outcomes of using KPIs and benchmarks in the public sector

Overall, these tools that provide systematic ways of measuring and comparing project performance against others are relevant to the Syrian context because they will help the public sector to look at who was performing well and who was not, each year, to be more transparent with the key personnel it works with, and to set targets for contractors to go forwards and encourage them to fulfil these targets in order to enable them to perform properly. KPIs and benchmarking need to become a habit practiced in every affordable project if the public sector wants to improve its performance. Before that can be done, a list of critical issues to measure and benchmark is required for those who will be responsible for preparing the benchmarking programme. These issues are related to time, waste, customer satisfaction, quality, and cost.

8.4.4. Value for Money

All of housing associations being interviewed in the UK claim that they are achieving value for money as a part of the regulations to obtain housing associations grant from the government. This means to get best quality for that set amount of money and within timescale allocated to deliver the product. In this respect, value for money is attained by collaborative and mutual work between client and contractor to drive the cost down as much as possible, and by achieving user satisfaction, which helps housing associations in improving the quality of product.

It is worthy of note that the value for money concept is not actually identified in Syria, and therefore, public sector foundations are not working to achieve value for money. Given that affordable housing is provided without achieving so-called ‘efficiency gains’, the challenge is substantial for the scale of the value for money in Syria.

However, the commitment by the public sector to improve itself, and the introduction of the new performance framework and value for money concept could form a powerful underpinning to meet this challenge because the government/public sector could work best when given the flexibility to determine for themselves how and where to deliver and reinvest efficiency gains.

8.4.5. Key Solutions for Improvement

The recommendations made by the interviewees draw attention to the limitations in the present process of affordable housing supply in the UK. At the same time, they point out the awareness of housing associations to important issues through which more efficiency improvement can be made in the public sector. This is attributed to the constant quest to identify problems and work to overcome them as a way to improve performance in the public sector. The recommendations made by the interviewees are summarised as follows:

- To build more flexibility into the planning system and process.
- To have more flexibility on how to select the most appropriate procurement approach.
- To achieve balance between the interests of all parties in order to motivate them to generate more savings in their projects.
- To increase the amount of housing grants and have a long-term funding programme agreement with the government.
- To have relaxation of policies and regulations that housing associations have to comply with.
- To have less bureaucracy across the whole industry and expand the base of knowledge and experiences of all parties represented.

These recommendations could be supplementary solutions to bring the current process of affordable housing supply in Syria up to an acceptable level, since they are related to the higher level of process (Housing System Design Level) for which a set of key constraints were identified in Chapter 5.

8.5. Relevance of the UK Experience to the Case of Syria

The previous sections have concluded that considerations of the UK experience and the actual practice of the affordable housing delivery process in its entirety marks a step forward to identifying key issues from which the Syrian context could learn, offering solutions at different stages and levels in the process of affordable housing delivery.

At the higher level of the process (strategic level), the UK experience helps to address the gap that exists between policy and practice in Syria. This could involve a strategy of working towards overarching policy objectives and identifying a wide range of options (e.g. increase affordable housing supply through the planning mechanism) and concepts (e.g. the definition of affordable housing, procurement process, procurement efficiency, value for money) that are considered to be new in the Syrian context. These concepts should be carefully defined and their manifestations should be studied at national and local levels in Syria, in order to ensure that housing policy engages with what actors actually do in pursuit of policy objectives, not just what they say they are doing.

In addition, the UK experience offers an introduction to ways of changing the composition of the affordable housing sector and of housing tenure patterns in Syria in order to improve affordable housing supply and alleviate the market conditions. It seems that the possibility of considering the **legal aspect** in Syria can be approached through the **cultural aspect** that requires a change in mindset, beliefs, and values of actors in order to introduce these concepts to professionals and stakeholders in the housing sector. It requires a full engagement and collaboration between all of the parties, and a creation of new environment that helps to encapsulate this change and establish a base for further improvement. In this way, the Syrian government can intensify its efforts to boost affordable housing provision through (i) drawing in new organisations/bodies to take a part in affordable housing delivery alongside the General Establishment of Housing and the Establishment of Military Housing, (ii) following a proper strategy to allocate the affordable units by preparing comprehensive studies on income growth and expenditure patterns, (iii) and identifying the eligibility criteria more tightly in relation to income levels to qualify for an affordable home.

The affordable housing market in Syria cannot expand without major improvement in the land market and the regulatory system governing land use. In this respect, the Syrian government needs to reconsider its role in land supply process, and look for other players who could work to reduce loads placed on the state, and increase the amount of land available for residential use by employing their financial and technical capacities. This approach make more sense when viewed in the context where an effective planning system includes constructive guidance on effective planning policy and practice with this regard.

Given that housing finance is usually difficult to secure because of low income and limited access to finance, a gradual change in the financial approach is required. With respect to this financial aspect, the Syrian government should be working to explore opportunities for operating a housing subsidy system to aid affordable housing supply. Allowing the private sector to participate in securing affordable housing finance could achieve the increase of implicit subsidies and the stability in finance.

With regard to the tendering process and contractual arrangements, adopting the UK approach can help to develop a shared language for the project between clients and contractors who are as yet having win-lose relationship, and then to embrace a broader range of considerations for raising these two aspects to an acceptable level by improving the transparency, fairness and flexibility of the tendering process and clear drafting in terms of risk allocation.

At the lower level of the process (operational level), the Syrian government exerts considerable power over the whole economy, and there is a lack of understanding the dynamics of industry structure as well as the separation between the strategic and operational phases of affordable housing delivery system. Therefore, the UK experience offers an insight into the **technical aspect** that involves improving the construction industry, particularly publically-funded projects. In this respect, the government sets out the case for policy change at both the strategic and operational levels in order to make affordable units more accessible to the poor. This change involves using new forms of procurement approaches, introducing new types of relationships between clients and contractors, identifying the actual requirements/conditions for successful procurement process, achieving value for money, and using KPIs and Benchmarking.

To adopt the collaborative procurement approach as a key element for improving the efficiency of the public sector, it is required to define the structural and regulatory change needed, to develop new policies to quantify the wider impacts of the application of modern procurements, to create new collaborative instruments/relationships to reward parties through financial benefits, and to give constructive guidance to understand the concepts of procurement process efficiency. Such considerations can be encapsulated in what can be called policy package for change, prepared by the government. This is justified on the grounds that the successful implementation of the proposed procurement process requires a change from the managerial stage to the operational stage, setting the basis for constructive and effective procurement, which moves away from traditional methods of project implementation.

One dimension of this issue is that procurement efficiency is a key element to capture value for money in bringing together data about costs, performance and activity of the public sector. In Syria, since affordable housing projects and programmes have not been well thought through or planned as they could be in terms of achieving value for money; paying attention to this **economic aspect** would help to bring greater benefits in terms of improving efficiency and so managing the public sector at minimal cost. Thus, the financial constraints identified earlier in this study can be alleviated for greater savings in affordable housing schemes.

Another dimension of this issue is that, the Syrian public sector should consider KPIs and Benchmarking as an integral part in affordable housing projects, as it is in the UK, and to relate their application to a list of critical issues to prepare the benchmarking programme (i.e. cost, time, waste, safety, and client satisfaction). If these tools are to be implemented in the housing sector in Syria, stakeholders will be directed through the potential pitfalls of improving the performance and, to a limited extent, measuring the efficiency of public organizations in the future.

Overall, the UK experience provides examples by which the Syrian context can improve. In the light of the current conflict in the country, it seems that the call for a holistic approach including the use of clear guidance and constructive policy, new roles and responsibilities, new procurement approaches of projects implementation, new collaborative relationships between public and private sectors, and new technical tools

to measure the efficiency and improve the performance is crucial to improve the efficiency of affordable housing supply process to an acceptable level.

8.6. Summary and Conclusion

This chapter has shown that there are a wide range of lessons that can be learned from the UK experience covering legal, cultural, financial, economical, and technical aspects, as summarised in Table 8.2. However, emphasis has been given to the technical aspect due to its beneficial inputs not only at the contractual arrangement level, but also for the whole construction industry, as discussed throughout this study.

In conclusion, there are new avenues to be gained from the UK approach for the sake of improving the process of affordable housing supply in Syria in the most effective way possible. It is hoped that the importance of the collaborative procurement approach and other key considerations for improving the efficiency will be recognized by the public sector, as it is the main client. To this end, Part II of this chapter provides a validation for the main findings of the research concerning a set of relevant elements for Syria. It discusses the views of key informants working in the Syrian public sector (i.e. the client) in order to assess the effectiveness and applicability of the research findings and suggested solutions.

| Level | Categories | Sub-categories | Suggested Solutions for Validation | Related Aspects |
|---|------------------|---|--|---|
| The Strategic Level (Housing System Design) | The Design Phase | Planning system | A- To define affordable housing and affordability concepts B- To integrate the provision of affordable housing into the planning policy | Legal and cultural aspects |
| | | Legal and governmental procedures | A- To set up government policy package for change as an essential instrument for improving the efficiency of the public sector, and to call for a holistic approach for using alternative procurement processes B- To clarify housing policy and legislation, and to set out constructive plans C- To consider government withdrawal from the process of affordable housing supply D- To establish a committee responsible for management of bureaucracy and corruption | Legal aspect |
| | | Institutional arrangements for providing affordable housing | A- To draw in new organisations to take part in affordable housing supply B- To follow a proper strategy for allocating the affordable units C- To fully identify the eligibility criteria to qualify for an affordable home | Legal aspect |
| | | Land acquisition for residential use | A- To change the role of the Municipality from the main provider of land to facilitator of the development of land by the private sector B- To achieve greater degree of co-ordination and purposive action to the development of land by controlling the role of private sector C- To draw in the private sector to participate in the planning process | Legal and cultural aspects |
| | | The affordable housing design process | A- To separate roles and responsibilities of public bodies in order to facilitate and speed up the affordable housing design process | Cultural aspect |
| | | Fund allocation and government subsidies | A- To find other sources of funds (the private sector) B- To cede a portion of private housing to the public sector institutions | Financial aspect |
| | | The Tendering Phase | Tendering processes, type of contracts and contractual arrangements | A- To improve the relationship between the client and contractor and shift it to a collaborative relationship B- To use new tendering processes and new forms of contracts, which have a flexible structure and clear drafting in terms of risk allocation |

| | | | | |
|--|-------------------------------|---|---|---|
| | | Responsibilities: risks (allocation, management, and assessment) along with disputes and claims | A- To have a proper and clear definition of risk allocation, management and assessment concepts B- To establish an efficient risk allocation framework which enables both public sector and contractors to know what the risks are and how they can be shared by all of the parties in affordable housing project | Technical and cultural aspects |
| The Operational Level (Housing System Implementation) | The Construction Phase | The real estate market | A- To draw in the private sector to participate in affordable housing supply and finance B- To use new housing tenure patterns to enable a larger number of households to acquire affordable housing C- To set up a legal framework that controls the speculative practices in the housing market | Legal and technical aspects |
| | | The affordable housing construction process, with a focus on the procurement process | A- To draw in the private sector to implement the infrastructure of affordable housing projects B- To use new procurement approaches that can increase project performance and reduce the use of traditional methods C- To use partnering agreement for relatively greater efficiency improvement in the public sector | Technical and cultural aspects |
| | | Efficiency improvement | A- To introduce new concepts (i.e. efficiency improvement, procurement efficiency) at national and local levels, and then identify the key conditions/policies for operating those concepts on the ground B- To build up trust and encourage a collaborative relationship among all the parties C- To use new forms of contracts and new procurement approaches D- To utilise new technical tools (e.g. KPIs and Benchmarking), and share the project risks E- To have a long-term funding programme agreement between the public sector and the government | Technical, cultural, financial and economic aspects |
| | | Generic tools to measure efficiency and improve performance | A- To use Key Performance Indicators (KPIs) and benchmarking in affordable housing projects in order to measure efficiency and improve performance B- To identify a list of critical issues to select against which to benchmark | Technical and economic aspects |
| | | Value for money | A- To identify and achieve value for money concept in publically-funded projects | Economic aspect |
| | | | | |

| | | | | |
|--|--|-------------------------------|--|---|
| | | Key solutions for improvement | <p>A- To increase the amount of housing grants and have a long-term funding programme agreement with the government</p> <p>B- To build flexibility into the planning system and planning process</p> <p>C- Relaxation of policies and regulations that the public sector has to comply with</p> <p>D- To have less bureaucracy across the whole industry and expand the base of knowledge and experience of all parties represented</p> <p>E- To have more flexibility on how to select the most appropriate procurement approach</p> <p>F- To achieve a balance between the interests of all parties in order to motivate them to generate more savings in their projects</p> | Financial, legal, technical, and cultural |
|--|--|-------------------------------|--|---|

Table 8.2. Key issues for validation at the strategic and operational levels of affordable housing supply process

Part II: The Validation of the Main Results of the Research

8.7. Introduction

Part I of Chapter 8 identified key elements for improving the efficiency of affordable housing delivery process in Syria in accordance with lessons learned from the UK experience. The second part of this chapter addresses Question 4.c, “What would need to happen for this to take place in Syria?”. In this respect, it presents the validation process of the main results of the research by identifying the applicability of the proposed procurement strategy and other key considerations for improving the efficiency of affordable housing supply process in Syria. For this, the opinions of key informants were obtained by carrying out in-depth and structured interviews with closed and open-ended type of questions respectively.

8.8. Validation Process and Selection of Respondents

To validate the research results and their applicability in Syria, the further interviews were carried out with 12 out of the 19 interviewees interviewed during Phase 1 of the investigation in Syria (primary data collection fieldwork). This was done for the following reasons:

- The study was focused on improving the performance and the efficiency of the public sector, as it is the main client, and therefore judgements from those interviewees on the proposed solutions for the sake of improving the efficiency of the current process of affordable housing delivery were considered most appropriate.
- Using the same interviewees provides continuity of information to the research since they are working in the public sector that is responsible for providing affordable housing for lower-income households in the Syrian market.
- Most importantly, although the remaining 7 interviewees had positions concerning housing development processes in general in Syria, they were not working directly in providing affordable housing. Thus, their inputs would not be considered as useful as those who have broader knowledge and good expertise regarding affordable housing delivery process (See Table 8.3).

| Total Number of Interviewees | Number of Interviewees in Group | The Position of the Interviewees |
|------------------------------|---------------------------------|--|
| 19 | 12 | Working in the public sector responsible for affordable housing delivery (i.e. the General Establishment of Housing, the Establishment of Military Housing and the Municipality) |
| | 7 | Working in different positions in housing process in general (e.g. academia, Engineering Syndicate, and co-operative sector) |

Table 8.3. The number and positions of the interviewees participating in Phase 1 of the investigation

The validation interview guide contained closed and open-ended types of questions (See Appendix C). The in-depth interviews with close-ended questions required the respondents to give their views on the research results discussed in part one of this chapter, while the structured interviews with open-ended questions called for the respondents’ additional comments on the applicability of these results in the case of Syria for the sake of improving the efficiency of the present process of affordable housing supply, and on the completeness of the research results.

At the beginning of each interview, a brief explanation of the aim and objectives was provided. The research findings were discussed during the interviews. The duration of the interviews enabled sufficient richness to be extracted. All the interviews with key informants were conducted via telephone calls, due to the unrest in Syria which prevented the researcher from going back to carry out on-site interviews. Digital voice recording was used throughout all the interviews, for an accurate record of the interviews. The permission of the respondents was obtained to record the interviews. The 12 respondents were given the same reference numbers used in the primary field trip (See Table 8.4).

The validation interviews included a set of questions that required the respondents to determine whether the collaborative procurement approach and other key considerations for improving the efficiency identified from the UK experience contain the right characteristics to improve the efficiency of the affordable housing delivery process in Syria. After that, the interviewees were asked to rank each proposed solution in terms of

its usefulness to achieve greater benefits in Syria, and to identify the applicability and the completeness of the research results.

| The Interviewees' Reference Number | Institute | Experience | Location |
|---|--|---|--------------------|
| 1 | Municipality of Aleppo city | Has worked in the Municipality for 25 years | Aleppo city/ Syria |
| 2 | The Establishment of Military Housing | Has worked in the Establishment for 7years | Aleppo city/ Syria |
| 3 | The Establishment of Military Housing | Has worked in the Establishment for 22 years | Aleppo city/ Syria |
| 4 | The Establishment of Military Housing | Has worked in the Establishment for 10 years | Aleppo city/ Syria |
| 6 | The General Establishment of Housing | Has worked in the Establishment for 13 year | Aleppo city/ Syria |
| 7 | The General Establishment of Housing | Has worked in the Establishment for 5 years | Aleppo city/ Syria |
| 8 | The General Establishment of Housing | Has worked in the Establishment for 11 years | Aleppo city/ Syria |
| 9 | The General Establishment of Housing | Has worked in the Establishment for 15 | Aleppo city/ Syria |
| 10 | The General Establishment of Housing | Has worked in the Establishment for 6 years | Aleppo city/ Syria |
| 12 | The Ministry of Housing and Construction | Worked in the Establishment of Military Housing for 9 years | Aleppo city/ Syria |
| 16 | The General Establishment of Housing | Has worked in the Establishment for 18 years | Aleppo city/ Syria |
| 17 | The Establishment of Military Housing | Has worked in the Establishment for 4 years | Aleppo city/ Syria |

Table 8.4. Number, affiliation, experience and location of the interviewees

8.9. The Validation Process Results

The interviewees were asked to provide their comments on each key solution suggested by the researcher for achieving efficiency improvement in affordable housing delivery process, and to identify the extent to which these solutions are applicable in the case of

Syria. A ranking position from 1 to 5 was adopted for the responses, ranging from ‘strongly agree’ to ‘not applicable’.

8.9.1. Validation of the Research Results at the Strategic Level of the Process (Housing System Design)

Planning system

From the validation interviews, the responses were split between ‘strongly agree’ and ‘agree’ when the interviewees were asked to indicate their level of agreement or disagreement on the following:

A-The Syrian government should put increasing emphasis on providing affordable housing through the planning system and integrate the provision of affordable housing into the planning policy.

B- To have a clear definition of affordable housing, along with the criteria by which people are classified as low-income groups, and to identify the affordability concept through an on-going review of the structure and dynamics of the market, as well as through a set of housing types at different prices, tenure, and locations (See Table 8.5). In this respect, it should be noted that the researcher introduced her definition of affordable housing (in Chapter 3, Section 3.3) to the Syrian interviewees in order to see whether or not they agree on it. Positive responses were received from the interviewees as stated above.

When asked about the applicability of these approaches in Syria, all of the interviewees confirmed that they are applicable because they would assist in increasing the number of affordable units which could be provided on reasonably sustained and agreed basis.

Furthermore, when asked if there are any constraints in applying those approaches at planning system level, all the respondents confirmed that there are no constraints to their application because the public sector is keen to have clear definitions and new concepts through which it can provide affordable housing to the targeted group. In addition, when asked about the completeness of the research results in this category, most of the interviewees declared that they consider the results comprehensive, while others added that it is important to revise the National Housing Policy in order to

address the need to better match demand for, and development of, various types of residential properties, especially with regard to affordable ones.

| Sub-category1 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|-----------------|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Planning System | A- To integrate the provision of affordable housing into the planning policy | 1 | A,B | – | – | – | – |
| | | 2 | B | A | – | – | – |
| | | 3 | – | AB | – | – | – |
| | | 4 | A,B | – | – | – | – |
| | | 6 | B | A | – | – | – |
| | | 7 | B | A | – | – | – |
| | B- To define affordable housing and affordability concepts | 8 | A,B | – | – | – | – |
| | | 9 | – | A,B | – | – | – |
| | | 10 | A | B | – | – | – |
| | | 12 | – | AB | – | – | – |
| | | 16 | A,B | – | – | – | – |
| | | 17 | A | B | – | – | – |

Table 8.5. Comments of the interviewees on the research results (key solutions) in Sub-category 1

Legal and governmental procedures

The responses were equally split between ‘strongly agree’ and ‘agree’ when the interviewees were asked to indicate their level of agreement or disagreement on the following issues:

- A- To set up a strategy for policy change (government policy package) as an essential instrument for improving the efficiency of the public sector, and to call for a holistic approach for using alternative procurement processes to deliver affordable housing projects and/or selecting the appropriate type of procurement approach, which assists in altering the traditional approach and improves the efficiency of public sector performance.
- B- To clarify housing policy and legislation, and to set out constructive plans in line with the increasing rate of population and the actual needs in the market.
- C- To consider government withdrawal from the process of affordable housing supply and allow other parties to take part.
- D- To establish a committee responsible for management of bureaucracy and corruption at a governmental level. Table 8.6 illustrates the comments received by the interviewees regarding the suggested solutions.

| Sub-category 2 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|-----------------------------------|---|---------------------------|-------------------|-------------|----------|----------------------|-------------------|
| Legal and Governmental Procedures | A- To set out a strategy for policy change as an essential instrument for improving the efficiency of the public sector | 1 | A,B,C, D | – | – | – | – |
| | | 2 | B,C | A,D | – | – | – |
| | | 3 | A,B | C,D | – | – | – |
| | B- To clarify housing policy and legislation, and to set out constructive plans | 4 | A,B,D | C | – | – | – |
| | | 6 | A,B,C | D | – | – | – |
| | | 7 | A,B | C,D | – | – | – |
| | C- To consider government withdrawal from the process of affordable housing supply | 8 | – | A,B,C, D | – | – | – |
| | | 9 | A,B,D | C, | – | – | – |
| | | 10 | A,C | B,D | – | – | – |
| | D-To establish a committee responsible for management of bureaucracy and corruption | 12 | A,B | C,D | – | – | – |
| | | 16 | A,B,C, D | – | – | – | – |
| | | 17 | – | A,B,C, D | – | – | – |
| | | | | | | | |

Table 8.6. Comments of the interviewees on the research results (key solutions) in Sub-category 2

The majority of the interviewees also declared that these solutions are applicable because government policy lacks the proper methodology to improve the housing sector, and/or help to select and implement the best approach for affordable project implementation. The majority of the interviewees considered the results comprehensive. Two interviewees added that there is a need to pass new governmental legislation which assist in reducing long official procedures of acquiring land for residential use.

Institutional arrangements for providing affordable housing

Respondents were asked to comment on the need to (A) draw in new organisations to take part in affordable housing delivery alongside the public sector, (B) follow a proper strategy for allocating the affordable units, and (C) identify the eligibility criteria to qualify for an affordable home. The responses are shown in Table 8.7.

All of the interviewees confirmed that these approaches are applicable because it is important to change the allocation system of affordable units, and identify eligibility criteria more tightly in relation to income levels and local connection to specific schemes. Similarly, when asked about the completeness of the research results in this category, most interviewees did not add anything to the results. Three interviewees stated that there is a need to prepare a comprehensive work plan and encourage co-operation between all of the players as well as to properly distribute the responsibilities and tasks at different stages in the process.

| Sub-category 3 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|---|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Institutional Arrangements for Providing Affordable Housing | A- To draw in new organisations to take part in affordable housing supply | 1 | – | A,B,C | – | – | – |
| | | 2 | B,C | A | – | – | – |
| | | 3 | B | A,C | – | – | – |
| | | 4 | A,B | C | – | – | – |
| | B- To follow a proper strategy of allocating the affordable units | 6 | B,C | A | – | – | – |
| | | 7 | A,B,C | – | – | – | – |
| | | 8 | A | B,C | – | – | – |
| | C-To fully identify the eligibility criteria to qualify for an affordable home | 9 | A,B | C | – | – | – |
| | | 10 | B,C | A | – | – | – |
| | | 12 | B,C | A | – | – | – |
| | | 16 | A,B,C | – | – | – | – |
| | | 17 | A | B,C | – | – | – |

Table 8.7. Comments of the interviewees on the research results (key solutions) in Sub-category 3

Land acquisition for residential use

A small number of the interviewees agreed on (A) changing the role of the Municipality from the main provider of land to facilitator of the development of land by the private sector, in order to increase the availability of land in urban and rural areas. However, a

large number of the interviewees disagreed on this issue because they think that the Municipality is more capable of providing bigger sites at a reasonable price that will not be reflected in the selling price of the affordable units. More importantly, according to the interviewees, there would be many problems faced by the private sector, such as procedures involved in land supply, land conversion, and planning approvals. As a result, they stated that solution A would not be feasible in Syria because the private sector always looks for profit. It was not surprising to obtain such responses, in view of the high selling prices of land and houses provided by private developers in Syria.

Responses were split between strongly agree and agree on the suggestions: (B) achieve a greater degree of co-ordination and purposive action in land development by controlling the role of the private sector (developers and owners) in escalating the price of land, and (C) draw in the private developers to participate in the planning process in order to meet the government objectives and reduce their influence upon land affordability and availability (See Table 8.8). In this respect, the majority of the interviewees confirmed the applicability of solutions B, and C.

When asked about the completeness of the research results in this category, the majority of the interviews declared that they consider the results comprehensive. Three interviewees added that it is important to speed up the planning process and increase investment in water and sewerage in order to boost the amount of land suitable for residential use, while one interviewee recommended speeding up the official procedure of transferring land ownership from the Municipality to the public sector interest.

| Sub-category4 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|--------------------------------------|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Land Acquisition for Residential Use | A- To change the role of the Municipality from the main provider of land to facilitator of the development of land by the private sector | 1 | | B,C | A | - | A |
| | | 2 | B | A,C | - | - | - |
| | | 3 | B,C | A | - | - | - |
| | | 4 | | B,C | A | - | A |
| | | 6 | | B,C | A | - | A |
| | B-To achieve greater degree of co-ordination and purposive action to the development of land by controlling the role of private sector | 7 | B | A,C | - | - | - |
| | | 8 | B,C | - | A | - | A |
| | | 9 | B | C | A | - | A |
| | | 10 | - | B,C | A | - | A |
| | | 12 | B | A,C | - | - | - |
| | C- To draw in the private sector to participate in planning process | 16 | - | A,B,C | - | - | - |
| | | 17 | | B,C | A | - | A |

Table 8.8. Comments of the interviewees on the research results (key solutions) in Sub-category 4

The affordable housing design process

In this category, most of the interviewees strongly agreed on (A) the importance of separating roles and responsibilities of public bodies in order to facilitate and speed up the affordable housing design process. This was attributed to the need to reduce the time required by the government to process the procedures of preparing housing programmes and plans. The remaining interviewees agreed on this suggestion, as shown in Table 8.9.

When asked on the applicability of this solution in Syria, all of the interviewees confirmed that it is applicable because it would help to assign the job to the right individuals who have broader knowledge and expertise, and increase the number of key personnel working in the housing sector.

Similarly, when asked about the completeness of the research results in this category, all of the interviewees declared that they consider it comprehensive.

| Sub-category 5 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|---------------------------------------|--|------------------------|----------------|-------|----------|-------------------|----------------|
| The Affordable Housing Design Process | A- To separate roles and responsibilities of public bodies in order to facilitate and speed up affordable housing design process | 1 | A | - | - | - | - |
| | | 2 | - | A | - | - | - |
| | | 3 | A | - | - | - | - |
| | | 4 | - | A | - | - | - |
| | | 6 | A | - | - | - | - |
| | | 7 | - | A | - | - | - |
| | | 8 | A | - | - | - | - |
| | | 9 | A | - | - | - | - |
| | | 10 | - | A | - | - | - |
| | | 12 | A | - | - | - | - |
| | | 16 | A | - | - | - | - |
| | | 17 | - | A | - | - | - |

Table 8.9. Comments of the interviewees on the research results (key solutions) in Sub-category 5

Fund allocation and government subsidies

Positive responses were also received in this category: the majority of the interviewees strongly agreed on (A) finding new sources of funds (e.g. private sector) in order to improve the funding programme undertaken by the Syrian government, while the remaining interviewees agreed with this proposal.

The majority of the interviewees also agreed on the suggestion that private sector participation in securing the required funds can be encouraged by (B) ceding a portion of the housing they build to the public sector institutions (See Table 8.10).

Furthermore, all of the interviewees confirmed the applicability of these suggestions, because the pressure on the government would be reduced, if the private sector assists in providing affordable housing alongside the public sector institutions and with the same selling price for the units.

Additionally, the majority of the interviews declared that they consider the research results comprehensive. Two interviewees added that there is a need to increase the government subsidies that will help to boost the housing sector. Two interviewees also recommended that the banking sector should provide housing loans with flexible interest rates and flexible mortgage structures, in order to increase the borrowing capacity of the low-income buyers.

| Sub-category 6 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|--|---|------------------------|----------------|-------|----------|-------------------|----------------|
| Fund Allocation and Government Subsidies | A- To find other sources of funds (the private sector) | 1 | A | B | - | - | - |
| | | 2 | A | B | - | - | - |
| | | 3 | A,B | - | - | - | - |
| | B- To cede a portion of private housing to the public sector institutions | 4 | - | A,B | - | - | - |
| | | 6 | A | B | - | - | - |
| | | 7 | - | A,B | - | - | - |
| | | 8 | A | B | - | - | - |
| | | 9 | - | A,B | - | - | - |
| | | 10 | A,B | - | - | - | - |
| | | 12 | A,B | - | - | - | - |
| | | 16 | - | A,B | - | - | - |
| 17 | A,B | - | - | - | - | | |

Table 8.10. Comments of the interviewees on the research results (key solutions) in Sub-category 6

Tendering processes, type of contracts and contractual arrangements

Again, the interviewees strongly agreed or agreed with the suggestions to:

- A- Improve the relationship between the client and contractor and shift it to a collaborative relationship that encourages a win-win attitude;
- B- Use new tendering processes (e.g. negotiated tendering) and new forms of contracts which consist of a variety of documentation, and having a flexible structure and clear drafting in terms of risk allocation.

One interviewee disagreed on these issues. It is important to notice that this interviewee is working in the Municipality, so his judgment of the quality of the contracts used and tendering process is different from those who work in the public sector responsible for affordable housing supply, and who deal with contractors (See Table 8.11).

When asked on the applicability of these solutions in Syria, all of the interviewees, except one, confirmed that these issues are applicable because they will speed up the tendering process, and will improve the contractual arrangements that are considered time-consuming and costly. The reason for the reluctance of one interviewee to agree on the applicability of these suggestions is that he is working in the Municipality and does not have any inputs into the tendering and contracting processes. Therefore, his judgement on the importance of the proposed solutions would be different.

When asked about the completeness of the research results in this category, all of the interviewees except one declared that they were happy with these results and felt that implementing the suggestions would reduce the time scale of processing and approving tender documents, which can incur additional costs to contractors.

| Subcategory 7 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|---|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Tendering Process, Type of Contracts and Contractual Arrangements | A-To improve the relationship between the client and contractor and shift it to a collaborative relationship | 1 | - | - | A,B | - | A,B |
| | | 2 | A | B | - | - | - |
| | | 3 | A,B | - | - | - | - |
| | | 4 | A | B, | - | - | - |
| | | 6 | - | A,B | - | - | - |
| | | 7 | A,B | - | - | - | - |
| | | 8 | A | B | - | - | - |
| | | 9 | A,B | - | - | - | - |
| | | 10 | A | B | - | - | - |
| | B- To use new tendering processes and new forms of contracts | 12 | A,B | - | - | - | - |
| | | 16 | - | A,B | - | - | - |
| | | 17 | B | A | - | - | - |

Table 8.11. Comments of the interviewees on the research results (key solutions) in Subcategory 7

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

In response to the proposals to (A) have a proper and clear definition of risk allocation, management and assessment concepts, and (B) establish an efficient risk allocation framework which enables both public sector and contractors to know what the risks are and how they can be shared by all of the parties to prevent problems and disputes, almost half of the interviewees strongly agreed whilst the remaining interviewees agreed with these suggestions (See Table 8.12).

All of the interviewees felt that these are applicable to the Syrian context, since they could be profitable in terms of reducing the construction time and avoiding possible disputes. When asked about the completeness of the research results in this category, all of the interviewees also showed their approval of these results.

| Sub-category 8 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|---|---|---------------------------|-------------------|-------|----------|----------------------|-------------------|
| | | | | | | | |
| Responsibilities: Risk (allocation, management, and assessment) along with Disputes, and Claims | A- To have a proper and clear definition of risk allocation, management and assessment concepts | 1 | - | A,B | - | - | - |
| | | 2 | A | B | - | - | - |
| | | 3 | A,B | - | - | - | - |
| | | 4 | B | A | - | - | - |
| | | 6 | - | A,B | - | - | - |
| | B- To establish an efficient risk allocation framework which enables both public sector and contractors to know what the risks are and how they can be shared by all of the parties in affordable to prevent problems and disputes | 7 | A,B | - | - | - | - |
| | | 8 | A | B | - | - | - |
| | | 9 | A | B | - | - | - |
| | | 10 | B | A | - | - | - |
| | | 12 | A,B | - | - | - | - |
| | | 16 | A | B | - | - | - |
| | | 17 | - | A,B | - | - | - |

Table 8.12. Comments of the interviewees on the research results (key solutions) in Sub-category 8

8.9.2. Validation of the Research Results at the Operational Level of the Process (Housing System Implementation)

Again, the interviewees were invited to indicate their level of agreement or disagreement with the proposed solutions for each category at the operational level (Housing System Implementation), and to identify the applicability of each suggested solution as well as commenting on the completeness of the research results.

The real estate market

The majority of the interviewees strongly agreed with proposals to (A) draw in the private sector to participate in affordable housing supply and finance, and (B) set up a legal framework that controls the speculative practices in the housing market, while the remaining interviewees agreed on this issue.

The majority of the interviewees agreed with the suggestion to (c) use new housing tenure patterns to enable a larger number of households to acquire affordable housing (See Table 8.13) and confirmed the applicability of the suggestions in Syria. The majority of the interviewees declared that they consider the research results comprehensive. However, three interviewees also added that there is a need to set up a clear legal framework by the government that activate the application of Real Estate Investment Law, in order to encapsulate these suggestions and secure a larger number of affordable houses.

| Sub-category 9 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|------------------------|---|------------------------|----------------|-------|----------|-------------------|----------------|
| The Real Estate Market | A- To draw in the private sector to participate in affordable housing supply and finance | 1 | – | A,B,C | – | – | – |
| | | 2 | B,C | A | – | – | – |
| | | 3 | B | A,C | – | – | – |
| | | 4 | A,B | C | – | – | – |
| | B- To set up legal framework that controls the speculative practices in the housing market | 6 | B,C | A | – | – | – |
| | | 7 | – | A,B,C | – | – | – |
| | | 8 | A | B,C | – | – | – |
| | | 9 | A,B | C | – | – | – |
| | C- To use new housing tenure patterns to enable a larger number of households to acquire affordable housing | 10 | A,B,C | – | – | – | – |
| | | 12 | B,C | A | – | – | – |
| | | 16 | A,B,C | – | – | – | – |
| | | 17 | A | B,C | – | – | – |

Table 8.13. Comments of the interviewees on the research results (key solutions) in Sub-category 9

The affordable housing construction process, with a focus on the procurement process

The majority of the interviewees disagreed with (A), drawing in the private sector to implement the infrastructure of affordable housing projects, because they think that the Municipality is more capable of implementing the infrastructure at a reasonable price that will not be reflected in the selling price of land available for residential use. In this respect, they stated that solution A would not be feasible in Syria because the private sector always looks for profit, as reported earlier in this chapter.

A large number of the interviewees strongly agreed with proposal (B), the use of new procurement processes that can increase project performance and reduce the use of traditional methods. In addition, they strongly agreed with proposal (C), the use of

partnering agreement for relatively greater efficiency improvement in the public sector, while the remaining interviewees agreed with these suggestions.

It was felt that partnership between public and private sectors should be at project delivery level. In other words, the private sector involvement would be either by building affordable units on sites, or ceding a portion of private housing to the public sector institutions at low prices. In the interviewees' view, the private sector has more capability to fully secure the required building materials, labour, and plant much more easily and faster than the public sector (See Table 8.14).

The majority of the interviewees confirmed the applicability of solutions B and C, because they could bring great benefits to both sides, in terms of speeding up the construction process and increasing the number of affordable units by calling upon private management skills. Similarly, when asked about the completeness of the research results in this category, the majority of the interviewees declared that they are comprehensive. Four interviewees also added that in order to encourage private sector to build more affordable houses, the government should provide attractive incentives, rather than criticise them from failing to build affordable houses as a part of their social responsibility. It is therefore important to find out what is the level of profit that the private sector is willing to accept and the contribution that the private sector is prepared to forego as a part of their social responsibility.

| Sub-category 10 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|--|--|------------------------|----------------|--------|----------|-------------------|----------------|
| The Affordable Housing Construction Process, with a Focus on the Procurement Process | A- To draw in the private sector to implement the infrastructure of affordable housing projects | 1 | B,C | – | A | – | A |
| | | 2 | – | A, B,C | – | – | – |
| | | 3 | C | B | A | – | A |
| | | 4 | – | B,C | A | – | A |
| | B- To use new procurement approaches that can increase project performance and reduce the use of traditional methods | 6 | C | A,B | – | – | – |
| | | 7 | B,C | – | A | – | A |
| | | 8 | B | C | A | – | A |
| | | 9 | A,C | B | – | – | – |
| | C- To use partnering agreements for efficiency improvement in the public sector. | 10 | B,C | – | A | – | A |
| | | 12 | C | A,B | – | – | – |
| | | 16 | B,C | – | A | – | A |
| | | 17 | B | C | A | – | A |

Table 8.14. Comments of the interviewees on the research results (key solutions) in Sub-category 10

Efficiency improvement

In this category, the responses were equally split between ‘strongly agree’ and ‘agree’ when the interviewees were asked to indicate their level of agreement or disagreement on the need to (A) introduce new concepts (i.e. efficiency improvement, procurement efficiency) at national and local levels, and then identify the key conditions/policies for operating those concepts on the ground, (B) build up trust and encourage a collaborative relationship among all the parties, (C) use new forms of contracts and new procurement approaches, (D) utilise new technical tools (e.g. KPIs and Benchmarking), and (E) have a long-term funding programme agreement between the public sector and the government (See Table 8.15).

When asked about the applicability of these results in Syria, all of the interviewees confirmed the applicability of results due to their importance to improve the quality and performance of affordable housing projects. All of the interviewees showed their approval of the research results in this category.

| Sub-category 11 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|------------------------|---|---------------------------|-------------------|---------------|----------|----------------------|-------------------|
| Efficiency Improvement | A- Introducing new concepts (i.e. efficiency improvement, procurement efficiency) at national local levels, and then identifying the key conditions/policies for operating those concepts on the ground | 1 | A,B,C | D,E | – | – | – |
| | | 2 | B,C | A,D,E | – | – | – |
| | | 3 | – | A,B,C, D,E | – | – | – |
| | | 4 | A,B,C D,E | – | – | – | – |
| | B- Building up trust and encouraging collaborative relationships among all the parties | 6 | B | A,C,D, E, | – | – | – |
| | | 7 | B,C,D | A,E | – | – | – |
| | C- Using new forms of contracts and new procurement approaches | 8 | A,B,C | D,E | – | – | – |
| | | 9 | B,D,E | A,C | – | – | – |
| | D- Utilising new technical tools (e.g. KPIs and Benchmarking) | 10 | A,B | C,D,E | – | – | – |
| | | 12 | – | A,B,C, D,E | – | – | – |
| | E- Having a long-term funding programme agreement between the public sector and the government | 16 | B,C,D,E | A | – | – | – |
| | | 17 | A,B,C | D,E | – | – | – |

Table 8.15. Comments of the interviewees on the research results (key solutions) in Sub-category 11

Generic tools to measure efficiency and improve performance

All of the interviewees strongly agreed or agreed on (A), the use of Key Performance Indicators (KPIs) and benchmarking in order to share information across the industry on a quarterly basis, increase the performance of contractors and consultants, create a transparent environment for clear audit trail, set up and meet the public sector targets, and finally assist in achieving better building standards and better quality of products.

Furthermore, eight interviewees strongly agreed with (B) the identification of the list of critical issues against which to benchmark, in terms of cost, time, waste, safety and client satisfaction (See Table 8.16). When asked on the applicability of these results in Syria, all of the interviewees felt that these have a high potential to be applied in Syria, because they will help parties to learn from previous mistakes and compare the performance of each affordable housing project against others. This in turn will improve the quality of affordable projects that presently have a poor quality of construction. All of the interviewees considered the research results comprehensive. Changes in regulations, with the aim of adopting these tools and forcing contractors to meet the public sector expectations, were recommended by two interviewees during the interview.

| Sub-category 12 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|---|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Generic Tools to Measure Efficiency and Improve Performance | A-To use Key Performance Indicators (KPIs) and benchmarking in affordable housing projects | 1 | A,B | - | - | - | - |
| | | 2 | A,B | - | - | - | - |
| | | 3 | B | A | - | - | - |
| | | 4 | - | A,B | - | - | - |
| | | 6 | B | A | - | - | - |
| | | 7 | A,B | - | - | - | - |
| | B-To identify a list of critical issues to select against which to benchmark | 8 | - | A,B | - | - | - |
| | | 9 | A,B | - | - | - | - |
| | | 10 | B | A | - | - | - |
| | | 12 | A | B | - | - | - |
| | | 16 | A,B | - | - | - | - |
| | | 17 | A | B | - | - | - |

Table 8.16. Comments of the interviewees on the research results (key solutions) in Sub-category 12

Value for money

In this section, a large number of the interviewees agreed with (A) identifying and achieving value for money in publically-funded projects to attain efficiency gains by working with contractors and designers on a regular basis, in order to drive the cost down and improve the quality of the product, while a small number strongly agreed with this suggestion (See Table 8.17).

When asked about the applicability of this result in Syria, some interviewees felt that it is applicable and would generate reasonable savings that would help to provide more affordable units without the need for government subsidies; this was mentioned as an important issue. However, others were not sure whether the public sector and/or the whole industry are ready to adopt this concept, or they have the proper mechanism to operate it. Such a response confirms the importance of changing the mindset of actors in order to promote change and achieve value for money, as discussed earlier in Part I of Chapter 8. When asked about the completeness of the research results in this category, all of the interviewees considered them comprehensive.

| Sub-category 13 | Research Findings (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|--------------------|--|------------------------|----------------|-------|----------|-------------------|----------------|
| Value for Money | A- To identify and achieve value for money concept in publically-funded projects | 1 | - | A | - | - | - |
| | | 2 | A | - | - | - | - |
| | | 3 | - | A | - | - | - |
| | | 4 | - | A | - | - | - |
| | | 6 | A | - | - | - | - |
| | | 7 | - | A | - | - | - |
| | | 8 | - | A | - | - | - |
| | | 9 | A | - | - | - | - |
| | | 10 | - | A | - | - | - |
| | | 12 | - | A | - | - | - |
| | | 16 | - | A | - | - | - |
| | | 17 | A | - | - | - | - |

Table 8.17. Comments of the interviewees on the research results (key solutions) in Sub-category 13

Key solutions for improvement

Respondents were asked to indicate their level of agreement or disagreement on the applicability of key recommendations made by the UK interviewees for improving the performance and efficiency of the public sector in the UK, (mentioned in Part I of this chapter). These recommendations are identified as follow:

- A- To increase the amount of housing grants and have a long-term funding programme agreement with the government.
- B- To build flexibility into the planning system and planning process.
- C- Relaxation of policies and regulations that the public sector has to comply with.
- D- To have less bureaucracy across the whole industry and expand the base of knowledge and experience of all parties represented.
- E- To have more flexibility on how to select the most appropriate procurement approach.
- F- To achieve a balance between the interests of all parties in order to motivate them to generate more savings in their projects.

In this section, all the interviewees strongly agreed or agreed with these proposals, although when asked on the applicability of the key recommendations in Syria. The majority of the interviewees confirmed the applicability of all the suggestions, believing that they would assist in improving the current process of affordable housing delivery in Syria to an acceptable level, in conjunction with the proposed solutions discussed earlier. The responses are illustrated in Table 8.18.

When asked about the completeness of the proposed key solutions, all of the interviewees expressed confidence in the comprehensive nature of the research results and no further suggestions were made.

| Sub-category 14 | Research Results (Key Suggestions for Improvement) | Number of Interviewees | Strongly Agree | Agree | Disagree | Strongly Disagree | Not Applicable |
|-------------------------------|---|---------------------------|-------------------|-------------------|----------|----------------------|-------------------|
| Key Solutions for Improvement | A- To increase the amount of housing grants and have a long-term funding programme agreement with the government | 1 | A,B,C | D,F,E | - | - | - |
| | | 2 | - | A,B,C, D,E,F | - | - | - |
| | B- To build flexibility into the planning system and planning process | 3 | A,B,C, E | D,F | - | - | - |
| | | 4 | A,B,C | D,E,F | - | - | - |
| | C- Relaxation of policies and regulations that the public sector has to comply with | 6 | A,B | C,D,E,F | - | - | - |
| | | 7 | A,B,C, D | E,F | - | - | - |
| | D- To have less bureaucracy across the whole industry and expand the base of knowledge and experience of all parties represent | 8 | A,B,D | C,E,F | - | - | - |
| | | 9 | B,E | A,C,D, F | - | - | - |
| | E- To have more flexibility on how to select the most appropriate procurement approach | 10 | A,B,C, E | D,F | - | - | - |
| | | 12 | A,B,E | C,D,F | - | - | - |
| | F- To achieve a balance between the interests of all parties in order to motivate them to generate more savings in their projects | 16 | A,B,C, D,F | E | - | - | - |
| | | 17 | - | A,B,C, D, E, F | - | - | - |

Table 8.18. Comments of the interviewees on the research results (key solutions) in Sub-category 14

8.9. 3. Comments on the Research Results

As explained earlier, the validation interviews invited the interviewees to comment in an open-ended way on the research results extracted from the UK experience from

which the Syrian context can learn and benefit. Their comments are summarised in Table 8.19.

| Number of Interviewees | Institute | Comments |
|------------------------|---------------------------------------|--|
| 1 | Municipality of Aleppo city | I think that the research results are useful. However, from my point of view, some of them are not applicable at the present time due to the need to establish the proper base for adopting and activating these suggestions. And this requires a reasonable time to be done. |
| 2 | The Establishment of Military Housing | I am impressed by the key solutions proposed by the research. I think they have possibility in terms of improving the efficiency of affordable housing delivery process in Syria. |
| 3 | The Establishment of Military Housing | The research results are quite comprehensive and ambitious; I believe that they have, to a considerable extent, applicability in Syria. |
| 4 | The Establishment of Military Housing | The key solutions proposed are well defined since they are categorised underneath different categories related to two levels in the process. It will be very useful to adopt at least some of them at both the strategic and operational levels. |
| 6 | The General Establishment of Housing | The research results have a big potential in Syria right now with regard to the present situation in the housing sector in particular. However, the likelihood of implementing the proposed solutions requires the need to change the mindset and culture, inherited for a long time, and to impose some conditions that secure better implementation. |
| 7 | The General Establishment of Housing | I do agree with the research results, especially those that bring in new concepts and approaches. I think it is the time to think of new concepts and methods of procurements that add better value to the work we do. |
| 8 | The General Establishment of Housing | I am impressed by the thoroughness of the suggestions like the use of benchmarking and KPIs. I think they will assist in getting greater benefits and savings in the housing projects. |
| 9 | The General Establishment of Housing | With regard to the massive destruction happening to the housing sector due to the current unrest in Syria, the research results can be used as a base for restructuring the housing sector and delivering new affordable units to those who have lost their houses. There will be key obstacles to adopting and applying all of the research results, for sure, but some of them are urgent and important to take place straight away for better outcomes. |
| 10 | The General Establishment of Housing | I think they are quite useful for the housing sector in general, because these proposed solutions cover all aspects of restructuring the housing sector and housing policy by changing the way of thinking and working at different stages. |
| 12 | The General Establishment of Housing | I am quite happy with these results, and I hope that they will be taken into account in order to achieve essential improvement in the public sector in the near future |
| 16 | The General Establishment of Housing | I am very pleased by the research results. We lack the proper knowledge on how to develop our strategies, and how to balance between theory and practice. In fact, these results have the potential to improve our experience. |
| 17 | The Establishment of Military Housing | In fact, there are some challenges to adopt all of the proposed solutions at the moment. However, I think that these solutions have big potential for the sake of future improvement in the process of affordable housing delivery in Syria. |

Table 8.19. Comments of the interviewees on the research results

8.10. Discussion and Conclusion

The validation process was conducted to confirm the validity of the research results concerning the collaborative procurement approach and other key considerations for improvement the efficiency of affordable housing supply at the strategic and operational levels of the process, and their applicability in Syria. The interviews showed that there is a very high degree of consensus amongst the interviewees in terms of the validity of the final results of the research. From the validation interviews, full agreement was given to suggestions or key solutions made in the following sub-categories:

- Planning system.
- Legal and government procedures.
- Institutional arrangements for providing affordable housing.
- The affordable housing design process.
- Fund allocation and government subsidies.
- Responsibilities: risks (allocation, management, and assessment) along with disputes and claims.
- The real estate market
- Efficiency improvement.
- Generic tools to measure efficiency and improve performance;
- Value for money.
- Key solutions for improvement.

Slightly less agreement was given to some suggestions made in the remaining sub-categories 4, 7 and 10 (See Table 8.20). This is attributed to the interviewees' perspectives, opinions and experiences that affect their judgement on the value and/or the meaning of the suggestions.

In essence, (1) revising the structure of policies and having a systematic framework or a policy package for change at national and local levels, (2) identifying new concepts (e.g. affordable housing, procurement process, procurement efficiency, value for money, and risk allocation, management and assessment), (3) identifying the eligibility criteria to qualify for an affordable home and following a proper strategy of allocating the affordable units, (4) identifying new types of relationships between client and

contractors based on trust and a win-win attitude, (5) sharing risk, (6) using new forms of procurement (collaborative procurement process) and new types of tender, (7) utilising new technical factors (i.e. KPIs and Benchmarks) and (8) allocating funds on a sustained basis are agreed by all of the interviewees to be key elements in improving the efficiency and effectiveness of the current process of affordable housing supply in Syria. Due to the massive destruction that has affected the housing sector during the current military conflict in the country, the adoption of these key elements is argued as crucial to gear up the housing sector to provide shelter to a large number of people who have lost their homes.

Finally, the applicability level of each suggestion was grouped according to the number of responses received by the interviewees agreeing that this suggestion was applicable in Syria. The applicability levels were categorised in three stages [high (71-100%), moderate (36-70%), and low (below 36%)]. Percentage from 10 to 35% represent suggestions that have a low percentage of participants saying they are applicable, while rates from 36 to 70% represent suggestions that have a moderate percentage of application; rates from 71 to 100% represent suggestions that have a high percentage of application (See Figure 8.2).

It is worthy of note that some of the key solutions proposed by the UK interviewees for improving the efficiency in the public sector were also recommended by the Syrian interviewees during the validation interviews. This, in turn, confirms that both of the UK and the Syrian interviewees have similar aspirations to improve the efficiency of the affordable housing delivery process. Although the UK has made significant steps in this domain, changes for improving the efficiency of affordable housing supply process in Syria are likely to be gradual rather than radical. This requires changes in mindset and attitudes of actors to accept and understand change in the process at different levels. The interviewees' comments on the validation of the research results are considered as another means of assessing the reliability of these results. The positive comments gave additional support to the results of this research and its ability to identify key solutions to help in improving the efficiency of the present process of affordable housing supply in Syria.

In conclusion, each suggestion has different characteristics which all offer a certain degree of potential improvement for affordable housing situation in Syria. The collaborative procurement approach with mutual trust and collaborative relationships, combined with the use of technical tools to measure efficiency and improve performance will provide better value for money and assist in completing affordable housing projects on time and within budget. Thus, collaborative procurement should not be seen as a prescriptive device but rather a mechanism for understanding the broader issues surrounding this approach in the construction industry for improving the efficiency of the current process of affordable housing delivery. To this end, the key conditions for the successful procurement process, as identified in Chapter 6, are crucial for the application of the collaborative procurement process. It is expected that changes will continue to evolve in the future when more research is undertaken and new findings are reported in Syria.

| Level | Phase | Categories | Research Results | Number of Responses | Ranking Position | Rate of Applicability | Level of Applicability |
|---|---|--|------------------|---------------------|------------------|-----------------------|------------------------|
| The Strategic Level (Housing System Design) | The Design Phase | Planning System | A | 12 | 1 | 100 | High |
| | | | B | 12 | 1 | 100 | High |
| | | Legal and Government Procedures | A | 12 | 1 | 100 | High |
| | | | B | 12 | 1 | 100 | High |
| | | | C | 12 | 1 | 100 | High |
| | | | D | 12 | 1 | 100 | High |
| | Institutional Arrangements for Providing Affordable Housing | A | 12 | 1 | 100 | High | |
| | | B | 12 | 1 | 100 | High | |
| | Land Acquisition for Residential Use | A | 5 | 3 | 41.6 | Moderate | |
| | | B | 12 | 1 | 100 | High | |
| | | C | 12 | 1 | 100 | High | |
| | The Affordable Design Process | A | 12 | 1 | 100 | High | |
| | Fund Allocation and Government Subsidies | A | 12 | 1 | 100 | High | |
| | | B | 12 | 1 | 100 | High | |
| The Tender phase | Tendering process, Type of Contracts, and Contractual Arrangements | A | 11 | 2 | 91.6 | High | |
| | | B | 11 | 2 | 91.6 | High | |
| | Responsibilities: Risks (allocation, management, and assessment) along with Disputes and Claims | A | 12 | 1 | 100 | High | |
| | | B | 12 | 1 | 100 | High | |
| The Operational Level (Housing System Implementation) | The Construction Phase | The Real Estate Market | A | 12 | 1 | 100 | High |
| | | | B | 12 | 1 | 100 | High |
| | | | C | 12 | 1 | 100 | High |
| | | The Affordable Housing Construction Process, with a Focus on the Project Delivery System (The Procurement Process) | A | 4 | 4 | 33.3 | Low |
| | | | B | 12 | 1 | 100 | High |
| | | | C | 12 | 1 | 100 | High |
| | | Efficiency Improvement | A | 12 | 1 | 100 | High |
| | | | B | 12 | 1 | 100 | High |
| | | | C | 12 | 1 | 100 | High |
| | | | D | 12 | 1 | 100 | High |
| | | | E | 12 | 1 | 100 | High |
| | | Generic Tools to Measure Efficiency and Improve Performance | A | 12 | 1 | 100 | High |
| | | | B | 12 | 1 | 100 | High |
| Value for Money | A | 12 | 1 | 100 | High | | |
| Key Solutions for Improvement | A | 12 | 1 | 100 | High | | |
| | B | 12 | 1 | 100 | High | | |
| | C | 12 | 1 | 100 | High | | |
| | D | 12 | 1 | 100 | High | | |
| | E | 12 | 1 | 100 | High | | |
| | F | 12 | 1 | 100 | High | | |

Table 8.20. The applicability level of the key suggestions agreed by the interviewees

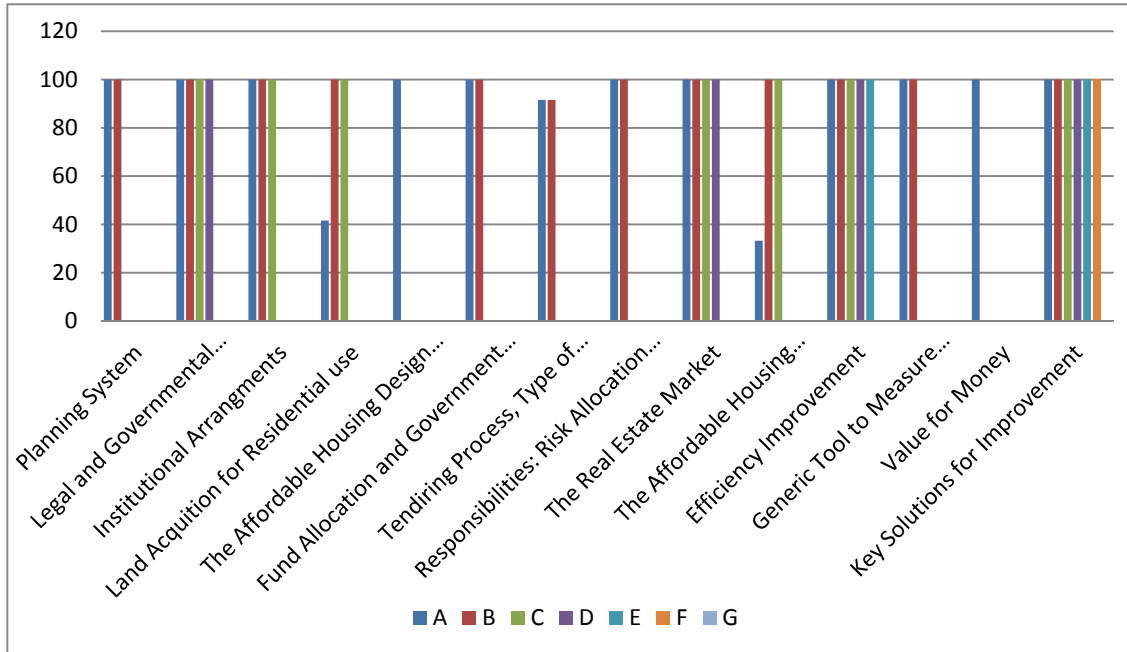


Figure 8.2. Applicability rate and level of the research results in all categories at the strategic and operational levels

Chapter 9 Summary, Conclusions, Recommendations and Reflections

9.1. Introduction

This research was carried out with the aim of investigating “how more affordable housing can be provided in Syria, in terms of the possible efficiency improvement concerning the supply process of affordable housing, focusing specifically on the role of more sophisticated and modern approaches to project delivery - i.e. the procurement process” (Chapter 1).

This final chapter collates and discusses a summary of the main research results, and highlights the final conclusion along with a number of recommendations for further investigation. The last section of this chapter provides the final reflection on the learning process acquired by carrying out this research.

9.2. Summary of the Main Findings of the Research

Findings from Phase 1 of the investigation were gathered from two main areas of literature review, namely, the housing market and policies in Syria with special emphasis on affordable housing (Chapter 2), and the affordable housing production process- the UK experience (Chapter 3).

Chapter 2 was carried out to understand more fully the process of affordable housing delivery in Syria and as such, was a “problem statement”. It was found that there are a number of key issues which burden the Syrian government in achieving any type of improvement in the process of housing development. These include the high population growth rate; market imperfections and weaknesses in the financial sector; poor drafting of future plans, which are characterized as only indicative rather than instructive in nature; emergence of informal settlements around the big cities; high prices of land for residential use; lack of proper understanding of the dynamics of the whole housing industry and fluctuations of the housing market.

These issues have increased the pressure upon the Syrian government to provide affordable houses to new households, or assist with supply through the market.

Furthermore, it was also found that the housing crisis has worsened as the government has been consistently unable to appropriately fulfil its own future plans to meet the increasing demand for housing. In fact, the First Syrian Plan was implemented in the period 1960-1965, and aimed to reduce the housing shortage in the whole country. Since then, formal and structured housing programmes have been undertaken to provide affordable housing to meet the needs of the lower income groups. Latterly, due to the high population growth especially in urban areas, new emphasis has been given to affordable housing in the Sixth Syrian Development Plan (1985-1990). However, even with the various housing programmes implemented in the country, Syria has still been facing critical affordable housing shortages, and the problem is getting much worse due to the current military and political conflict in the country which still causes a massive destruction in the housing sector in general and affordable housing in particular.

Due to (i) the complex nature of the housing system in Syria, (ii) lack of a theoretical base of knowledge on issues related to the structure of the housing system in Syria, and (iii) the need to understand the process of affordable housing in more detail, it was decided to explore the way in which affordable housing supply is being considered in other countries. Thus, the UK experience was chosen as a basis to investigate other ways to approach affordable housing. Accordingly, **Chapter 3** was a review of the current published knowledge on the concepts of affordable housing and affordability, and also sought to identify the key elements of the affordable housing production process in the UK. It was found that affordable housing is defined here on a sustained and clearly defined basis; and affordability issues were dealt with through on-going review of the structure and dynamics of the market as well as aiming to provide a set of housing types at different prices, tenure, and locations, in order to alleviate the continuing market fluctuations. It was also found that the key elements of providing affordable housing are presented at two main levels (strategic level and operational level) in three phases of production, namely the design phase, the tendering phase and the construction phase.

Based on the findings obtained from the literature review, it was necessary to carry out further phases of the investigation and to select the methodologies for data collection and analysis to take the study forward in more empirical detail (**Chapter 4**). First, further investigation, consisting of informal conversational interviews and semi-structured interviews with key informants in Syria, was carried out.

The informal conversational interviews aimed to identify potential key informants for follow up interviews. Semi-structured interviews were then used to justify and confirm the initial findings from the reviews in Phase 1 and at the same time to explore the opinions of key informants about the specific issues which had been identified. The interviews also provided rich data in terms identifying key constraints encountered in the current process of affordable housing supply in Syria. The findings from the interviews showed that these constraints are located at two basic levels in the process, namely the housing system design (strategic level) and housing system implementation (operational level), as presented in **Chapter 5**.

Limitations to improving the efficiency of affordable housing supply at the strategic level were the level of demand was beyond the supply scope of the government and the public sector institutions. This was attributed to a **legal aspect**, which is represented by complexity of laws and poor drafting of legislation, weak future plans and housing programmes, and lack of response to appropriately provide land for residential use through the Master Plans prepared by the Municipalities. Not only was the supply of land a problematic issue, but also long official procedures of acquiring land for the Municipalities alongside a long official procedure of transferring land ownership from the Municipalities to the public sector interest both had an impact on the effectiveness of the process. Another manifestation of the constraints encountered at the strategic level, was a **technical aspect** related to lack of skill and experience in the individuals responsible for preparing housing plans and programmes, minimal design standards and low quality of affordable units, long official procedures of getting architectural plans endorsed from the Syndicate of Engineering, and failure to properly assign the jobs and distribute the tasks to the right persons all influenced the starting date of affordable projects. Furthermore, it was clear that the efficiency of affordable housing supply process was influenced by a **cultural aspect** represented by lack of co-ordination between stakeholders, inaction and lack of initiative, unwillingness to admit mistakes, and prevalence of routine and bureaucracy arising from legislation administered independently by the national and local government agencies alongside corruption and bribery. Limitation of government subsidies, lack of loan packages in the market, and difficulty in obtaining the required instalments from the subscribers represented a **financial aspect** that affected increasing the number of affordable houses in the market.

At the operational level of the process, on the other hand, key constraints to improve the efficiency of affordable housing were represented by a **technical aspect** including the absence of private sector from providing affordable housing alongside the public sector, prevalence of speculative practices that are driven mainly by private developers, the use of traditional methods of construction, and separation between the design process and the construction process. The latter was seen to have low level of productivity often due to limited resources, unskilled labour, escalating price and wastage of building materials, high incidence of accidents and absence of job security, low wages for high-risk jobs, poor quality and productivity, and lack of opportunity for career development. Unlike the new types of contracts that comprise a collaborative relationship between the contracting parties, the use of the traditional types of contracts between the client and the contractor were seen to cause depressing relationships, represented in failure to achieve open and honest communication, due to the adoption of a win–lose financially driven attitude of contracting parties. These traditional types of contracts were lacking guidance on the benefits that can be procured from the efficient implementation of risk allocation, management, and assessment.

In light of the above, given that the construction process was one of the main three issues impacting on the efficiency of affordable housing supply process in Syria, it was important to look at the UK experience in order to investigate the role of the government's policy package in improving the construction industry, and in this underlining the role the procurement process in improving the efficiency of affordable housing, as being a key issue in the Syrian context. It was found, through a second literature review in **Chapter 6**, that the role of the UK government was essential in spurring change in the construction industry in the most flexible and iterative way possible for improving efficiency. It was also clear that the public sector has witnessed major changes as a part of the policy-enabling environment encouraged/created by the government through a set of influential reports, which led the way to improving the efficiency of publically-funded projects (affordable housing).

The next stage in the research was to gain insights into how the UK reform agenda objectives have been perceived and dealt with in the present process of affordable housing delivery in the UK, and in this, whether that policy has an impact in the present practice (i.e. the role of existing procurement processes in improving the efficiency of the supply process). This was carried out through a series of semi-structured interviews

with representatives of housing associations in England, Scotland, Wales and Northern Ireland. The interviews results (discussed in **Chapter 7**) suggested that the public sector has still been able to generate greater savings and improve the efficiency of its affordable housing projects. This was justified by their compliance to the government policy and achieving the reform agenda objectives which led to radical rethinking into improving the efficiency of affordable housing projects.

In order to extract key elements from the UK experience by which the Syrian context can improve, **Part 1 of Chapter 8** included a comparative assessment between the UK and Syria. This involved a comprehensive discussion (in an illustrative way) on approaches obtained from the UK experience and their potential role in improving the efficiency of affordable housing supply in the Syrian context. The discussion was based on the findings from the extensive literature review and the two sets of interviews undertaken in Phase 2 of the investigation. Key conditions for a successful application of the appropriate procurement process discussed in the literature review (Chapter 6) were identified. And also the possible mechanisms that could help make changes and improve the efficiency of the affordable housing supply process in Syria, which can be summarised as:

- Setting up a policy package for change at both national and local levels, as an essential instrument for gearing up efforts for improving the efficiency of the public sector, and to address the gap that exists between policy and practice.
- Calling for a holistic approach for using alternative procurement processes to deliver affordable housing projects and/or selecting the appropriate type of procurement approach, which assists in altering the traditional approach and improving the efficiency of the public sector performance.
- Identifying a wide range of options (e.g. increasing affordable housing supply through the planning mechanisms) and concepts (e.g. affordable housing definition, procurement process, procurement efficiency, value for money) that are considered to be new in the Syrian context.
- Following proper procedures to allocate the affordable units to the targeted group.
- Defining the concept of affordability and developing eligibility criteria to qualify for an affordable home.

- Using new collaborative relationships between public and private sectors in various ways, and building up trust between all of the parties.
- Drawing in the private sector to take financial and operational parts in affordable housing supply.
- Developing a shared language for the project between clients and contractors by assessing and sharing the risks.
- Using new generic tools- i.e. KPIs and benchmarking in order to improve the performance and measure the efficiency of the public sector.
- Achieving value for money in order to generate greater savings.
- Finally, changing the mindset and attitudes of actors in order to adopt and introduce the new concepts and approaches to the stakeholders at both the strategic and operational levels of the process.

To validate these research results and the issues and approaches identified, a further round of telephone interviews was carried out with selected interviewees from the previous round of Syrian interviews. As reported in **Chapter 8 – Part 2**, the importance of the research results and their applicability in Syria was strongly confirmed by all of the interviewees in the validation process with very minor adaptations.

9.3. Conclusions

The research concludes that the role of the government is essential in creating an enabling policy position which stimulates and encourages as well as sets the scene (legally, culturally, financially, economically and technically) for the many possible changes in the public sector. In this, the government needs to be proactive and lead the process of affordable housing supply to an acceptable level. This can be reflected in a holistic ideological package for change, which is based on analysing the structure of the existing housing system and housing market, and identifying key obstacles for change. This policy package should take a long-term approach, calling for a profound change in the relationship between the public sector (client) and the private sector from an adversarial relationship to a collaborative one, and the use of new procurement processes, which encourage innovation, promote value for money, and assist in improving the efficiency.

Each consideration has different characteristics, offering a certain degree of potential improvements in the current situation of affordable housing in Syria.

This research indicates that the role of government in the production process of affordable housing will be essential in Syria, especially in the aftermath of the current political and military crisis in the country. In view of this, the government should prepare an ideological package for change, involving various levels and stages in the process of affordable housing. At the strategic level, it is important to revise the National Housing Policy in order to address the need to better match demand for and development of various types of residential properties, especially with regard to the affordable category. It is important to consider planning policy as a starting point of change in order to make affordable units more accessible to the lower income households. In this respect, government needs to (a) identify affordable housing and affordability concepts on sustained bases, (b) integrate the provision of affordable housing into the planning system, (c) identify the eligibility criteria to qualify for an affordable home by studying income growth and expenditure patterns, and (d) follow a proper strategy of affordable housing allocation in order to alleviate the shortfall of the public sector to provide and allocate affordable units to the targeted group .

Furthermore, government should reduce unnecessary steps of processing and approving project applications in order to reduce development costs and secure smooth-running process, and to this end it needs to: draw in new organisations/bodies to take part in affordable housing delivery alongside the public sector, have more land supply relief mechanisms for affordable housing in both urban and rural areas, in accordance with the characteristics of each area, prepare a comprehensive work plan in order to separate roles and distribute responsibilities among public organisations/bodies for accelerating the process of preparing affordable housing plans and programmes in Syria. This, in turn, will speed up the inception date of affordable projects.

At the operational level, one of the key overall messages to emerge from the research is the need to create a more sustainable housing market by analysing the existing housing system, setting up a legal framework that controls the speculative practices in the housing market, and using new housing tenure patterns to allow a larger number of households to acquire affordable housing. More importantly, the need to undertake a cultural change on how the efficiency of the construction industry can be improved,

and/or identify the prerequisites for such change. This requires understanding and identifying key concepts related to procurement process, efficiency improvement, and value for money and performance measurements tools, because these concepts will be the starting point for Syria to move towards implementing change in the construction of affordable housing. The commitment by the public sector to improve itself and the introduction of the new concepts, and contracts could form a powerful underpinning by which aspirations to accelerate the pace of change for improving the efficiency of affordable housing delivery process in Syria can be met. In this respect, seeking a more collaborative procurement approach is seen to maintain the ability of the public sector to change and improve performance.

Partnering (collaborative procurement process) is seen as one of the procurement approaches to be used in Syria. A successful partnership depends largely on the nature of the project, the commitment of the partners involved, the ability of actors to communicate, and willingness to build up trust. If this long-term relationship between the public sector and the private sector is used effectively, there is no doubt that this approach will provide better value for money and efficiency improvement in Syria.

Unlike traditional forms of contracts, partnership will call for improving the relationship between client and contractor and shift it to a collaborative relationship. It will create a greater turnover with a predictable flow of work and profit for the private sector. For the government with limited resources, partnership will raise the quality of workmanship thus producing houses of higher standards. This will therefore reduce maintenance costs, and increase the possibility of producing more affordable homes for the targeted group. Joint ventures can be formed between public and private sectors in order to utilize advanced technology and provide technical support and training courses to the construction parties.

The government and the public sector as public clients have a greater impact on the success of partnership. In order to encourage the private sector to build affordable houses, the government agencies at national/local levels should reduce the bureaucracy attached to the application and the approval process as delays contribute to additional costs to the private sector. Incentives or guarantees provided by the government-legislative, administrative or financial must be attractive and sufficient to enable the private sector to invest in affordable housing projects under the partnering agreement.

Private sector participation can be either by building affordable units on sites, or by ceding a portion of private housing they build to the public sector institutions that are responsible for providing affordable housing. This, in turn, will necessitate the use of new forms of contracts, which consist of full documentation and have a flexible structure plus clear drafting in terms of risk allocation, management and assessment, in order to enable both public and private sectors to know what risks are and how they can be shared and/or assessed.

Overall, the Syrian government can intensify its efforts to boost affordable housing supply, especially in re-construction and new development in the aftermath of the current domestic crisis. This, however, will need significant co-ordination and engagement with government and industry stakeholders. It should not be underestimated how significant the challenges are; and affordable housing can only be implemented with active involvement and leadership from the government (whether the current government remains in power, or a new government takes over the leadership of the country), which should encourage a positive approach to enable appropriate development and improvement to come forward wherever possible. The housing market cannot produce affordable housing for those who cannot afford homes on the open market, unless the government absolutely leads the way to providing affordable housing in the most cost efficient and economic way possible. If the private sector needs to get involved in providing affordable housing in the aftermath of the current unrest, this requires creating a policy package which draws in the private sector to participate both in the planning system and the supply process, and sets the base for a holistic top-down process involving legal, cultural, technical, economic, and financial aspects of affordable housing supply.

9.4. Recommendations for Future Research

The focus of this research has been on improving the efficiency of the affordable housing delivery process in Syria based on lessons learned from the UK government, However, due to the wide scope of the potential need to increase the provision of adequate and affordable housing to the lower income group in Syria, it was not possible to cover all areas in the course of this research. Therefore, the aim of this section is to address some issues for further research.

This research has showed that UK government introduced several housing policies in order to solve the nationwide housing affordability problem. This policy is the starting point to support affordable housing agencies and other key players in delivering more high-quality affordable housing within mixed communities by using all tools available to them. Therefore, what is necessary is high quality research which builds up the body of knowledge, and also leads to the formulation of a uniform national housing policy, which assesses current and future need and demand for both market and affordable housing, and enables the public sector in Syria to implement housing programmes in a more effective way. In this, there is thus a need for encouragement of linkages between research institutions, private sector and public sector. This allows communication between actors involved in the construction industry, and proper sharing of knowledge in order to enable better implementation of affordable housing policy.

This research has also demonstrated that the UK government believes everyone should have the opportunity of a decent home, which they can afford. This means providing a wide choice of housing tenures and price ranges is necessary to meet the needs of the whole community. In Syria, further research on the importance of relating affordable housing data to new tenure patterns, region, household type and income will help to meet the needs of households and provide them with the proper choice of affordable homes.

In the UK, eligibility for affordable housing is identified more tightly in relation to income levels and local connection to specific schemes, and affordable housing applications are assessed in accordance with different housing options that are available, and according to some conditions set out by local authorities. The distribution system of affordable units needs attention in Syria. Thus, further research can be carried out in order to assist in setting out an instructive framework for affordable housing allocation. A national computerised system should be set up to improve the transparency and accountability of the allocation of affordable units. It is important that the system should be kept up to date, to identify eligible buyers and at the same time to weed out those potential buyers who have already purchased houses. Furthermore, any vacant units should be sold back to the public sector by the original owners, to ensure that units are then re-allocated to other eligible households.

The government should also adjust the resale price accordingly, and there must be regulations that require affordable housing buyers should occupy the units themselves.

Financial aspects should be investigated in the development of affordable housing in Syria, and future research should be focused on improving the funding programmes of affordable housing. The willingness of commercial banks to provide loans to private sector entities involved in affordable housing supply is another prerequisite for attention.

As this research has shown, the attention of the UK government has been focused on the importance of the construction sector, as a vital sector for the UK economy, a key driver of growth, and a key sector by which greater improvements are achieved in affordable housing projects. Further research needs to be done on technology developments in the construction industry and their impact on productivity improvement in Syria, since this sector is operated traditionally. Architectural and environmental aspects such as health and safety, thermal comfort and refurbishment work are some areas to be researched. Alternative building materials and modern methods of construction can assist in improving design standards, achieving better quality of product and minimising dependence on human resources. Education and training development should be areas of interest. Thus, training and technical support need to be provided to both public and private sectors to help them compensate for the lack of procurement staff.

9.5. Final Reflection on the Research Process

The topic of this research was chosen because of its importance; the public sector is not able to respond to the increasing demand for more affordable housing in the market, and to provide the adequate number of affordable housing to the lower income households.

Reviewing the literature review was an ongoing process throughout the research phases. It required the researcher to balance between seeking the material to be reviewed, reading it and at the same time completing the research work which was in itself a demanding task.

The main method used in this research was the interview survey; it involved a range of interviews represented by informal conversational interview, semi-structured interviews, in-depth interviews, and structured interviews, which were carried out either by telephone calls or face-to-face. These latter allowed the researcher to ask for further elaboration of replies. The research method gave the researcher the opportunity to gather information of greater depth and to be more sensitive to contextual variations in meaning. It helped the researcher to gather a large amount of qualitative data which was coded into categories to be made amenable to statistical analysis.

The data collection process was the most exhausting stage in this research. Snowballing samples were chosen at the beginning of the data collection process in Syria. It emerged through a process of reference from one person to the next, quickly building up and enabling the researcher to find people with specific skills that had been determined as being useful. It was time consuming process because, in some cases, some of the snowballing samples were not able to help in introducing the researcher to the right respondents who could participate in the research. Accordingly, the researcher had to search for respondents who sometimes did not agree to take part in the interviews. The data collection process in the UK was not better than its counterpart in Syria. Out of 140 e-mails and telephone calls made to different housing associations in the UK, only 10 housing associations agreed to take part in the interview survey. However, the data collected from both Syria and the UK was really helpful and valuable to the research.

One refereed international conference paper and two journal papers have been produced from this research (See Appendix D). The results of semi-structured interviews carried out in Syria in order to identify key constraints encountered in the current process of affordable housing delivery in Syria were presented in Al Khalaf (2012). Aspects related to the data analysis of semi-structured interviews carried out in the UK in order to identify problematic issues associated with improving the efficiency of the public sector were also presented in Al Khalaf (2013) as were issues related to the relevance of the UK experience to the case of Syria for the sake of improving the efficiency of the affordable housing delivery process. In addition, a paper was prepared to be presented at the International Journal of Multidisciplinary Research Conference, in 2014. This is on aspects related to the land tenure system and affordable housing development in Syria (Al Khalaf *et al.*, 2014).

This thesis has been a worthwhile journey in itself. It provided a depth and richness to the researcher's experience. At the beginning, the researcher came to the UK with a small background on how to carry out a research on housing, but over time she learned a lot about research and knowledge and how she can apply them while doing a PhD. This journey was exciting, inspiring, but at the same time it was exhausting and difficult. During this journey, a series of events occurred on a personal level some of which were wonderful and the other were distressing. However, the researcher was keen to continue and finish the research. Each phase of the research, including the identification of research problem, the literature review, the data collection and analysis, the process of producing conference and journal papers, and finally the thesis writing, was a learning curve for the researcher in every sense of the word.

Appendices

Appendix A

Interview Guide (Primary Field Work- Syria)

Appendix B

Interview Guide (the UK)

Appendix C

Interview Guide (Validation Process- Syria)

Appendix D

List of Publications

Appendix A



A.1. Participant Information Sheet

My name is Aseel Al Khalaf; I am a post-graduate researcher working at Heriot-Watt University. The interview is a part of wider research conducted by the researcher to identify key constraints on the affordable housing supply in Syria, and to what extent the efficiency of the process of affordable housing delivery is affected by these constraints.

What will I have to do if I take part?

If you agree to take part, we will ask you to answer some questions. The discussion should take about an hour at the longest.

Do I have to take part?

No, **taking part is voluntary**. If you don't want to take part, you do not have to give a reason and no pressure will be out on you to try and change your mind. You can pull out of the discussion at any time.

If I agree to take part what happens to what I say?

All the information you give us **will be confidential** and used for the purposes of this research only. The data will be collected and stored in accordance with the Data Protection Act 1998 and will be disposed of in a secure manner. The information will be used in a way that will not allow you to be identified individually.

What do I do now?

Think about the information on this sheet, and ask me if you are not sure about anything. If you agree to take part, please complete and sign the consent form.

The interview will be transcribed into written format and a copy of this can be sent to you on request.

I would like to thank you in advance for expressing an interest in taking part in the research.

APPROVED BY HERIOT-WATT UNIVERSITY RESEARCH ETHICS COMMITTEE

Appendix A



A.2. Consent Form

This form is to be completed independently by the participant.

Name: _____

| | Yes | No |
|--|-----|----|
| 1. I have read and understood the attached information sheet and have had the opportunity to ask questions. | | |
| 2. I understand that I can withdraw from the interview at any time without having to give any reasons. | | |
| 3. I understand that my participation is voluntary. | | |
| 4. I am aware of, and consent to the recording of my discussion with the researcher. | | |
| 5. I wish my name to be anonymous. | | |
| 6. I give consent that I would like to take part in the interview. | | |

Name of participant.....

Signature.....

Date.....

Name of Researcher taking consent.....

Signature.....

Date.....

APPROVED BY HERIOT-WATT UNIVERSITY RESEARCH ETHICS COMMITTEE

Appendix A

A.3. Interview Guide Used in the Primary Fieldwork Carried out in Syria

Aim

The aim of this interview is to get information from the key informants working in different disciplines (policy makers, officials, professionals, academics, and relevant personnel) in the housing development process in Syria, in order to identify the key constraints encountered in affordable housing supply and its impact on efficiency.

SECTION A: GENERAL DEFINITIONS OF AFFORDABLE HOUSING

Question 1: In your opinion, how do you define affordable housing?

Probe: How do you define low-income?

Probe: How do you classify low-income group? (What are your criteria for this classification?)

Probe: Do you think affordable housing should only be sold or rented to the low-income group? Why?

SECTION B: THE DESIGN PROCESS

Planning system and legal and governmental procedures

Question 1: What do you think of the current situation of formal affordable housing in Syria?

Probe: Do you think there is a demand for affordable housing?

Probe: What do you think of the performance of different sectors in the provision of affordable housing?

Question 2: What do you think of the effectiveness of the various housing programmes implemented by the Government? And what do you think of the several guidelines/housing policies set by the Ministry of Housing and

Construction for affordable housing supply based on development size and percentage of affordable housing required?

Question 3: Do you think there is a delay in providing the sufficient number of affordable housing units within the five year plans?

Questions 4: In your opinion, what are the key constraints encountered in the current situation of affordable housing provision in the market?

Probe: What are the reasons for these inefficiencies?

Institutional arrangements for providing affordable housing

Question 1: Who are responsible for providing affordable housing in the market?

Question 2: Do you normally build affordable houses in your housing project?

Probe: What is the mandatory requirement on the minimum size of development, which requires you to provide affordable houses?

Probe: What is the percentage of affordable units that you build?

Question 3: How often do you build affordable houses?

Probe: How many types of affordable housing do you build in your schemes?

Question 4: How do you allocate the residential units to the subscribers?

Probe: What are the criteria of choosing the subscribers?

Probe: Can other kind of subscribers apply to get affordable housing from your schemes? How?

Probe: What do you think of the system of distributing the affordable units to the targeted group?

Probe: Do you think that affordable housing should be sold to the low-income group? Why?

Question 5: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

Land acquisition for residential use

Questions 1: How can you acquire land for residential use?

Probe: Who is the main provider of land for residential use?

Probe: How long does it take you to get land for residential use?

Question 2: How do Land Acquisition Laws affect land supply for residential use?

Probe: To what extent is land supply affected by these laws?

Probe: From your opinion, do you think that land tenure system is effective? Why?

Probe: Does it affect land supply for residential use?

Probe: What is the process of providing land parcels for residential use?

Question 3: What is the cost of land for affordable housing schemes?

Probe: Is its cost cheaper than the land for other housing schemes? Why?

Question 4: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

The affordable housing design process

Question 1: Who prepares the architectural and engineering plans of affordable units?

Question 2: How many departments are involved in preparing the project plans? What are these departments?

Probe: What is the role of each department?

Question 3: How long does it take to prepare affordable housing architectural plans?

Question 4: Are there any specific layouts for affordable units? And are they repeated in each project or not?

Probe: How many layouts do you have?

Probe: Do these layouts come with different areas?

Probe: How many square meters are they?

Question 5: Who gives the final approval of the architectural plans?

Probe: How long does it take to get the final endorsement of affordable housing architectural plans?

Question 6: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

Fund allocation and government subsidies

Question 1: From where does affordable housing funding come?

Probe: How is the required fund provided? Is it a loan, monthly payments or both ways?

Question 2: Are there other sources to get affordable housing funding from?

Probe: What is the amount of this loan?

Probe: What is the interest of this loan?

Question 3: How is the remaining fund collected from the subscribers? Could you explain the process?

Probe: When do the subscribers pay the first payment? And what is the amount of this payment?

Probe: What kind of difficulties is faced while collecting the fund from the subscribers? Why?

Probe: Do you face any financial difficulties in your affordable housing projects?

Question 4: When is the ownership of affordable units transferred to the subscribers?

Probe: When do the subscribers have to pay the full price of their property? In the case they are not able to do that on time, what action is taken?

Probe: How many years does it take the subscribers to pay their instalments?

Probe: Is the fund collected from the subscribers used in providing more affordable housing? Why?

Question 5: What is the name of the financial bank which provides the public sector with the required funds?

Probe: Is it the same bank that provides loans to the subscribers?

Probe: How many types of loan are available for the public sector?

Probe: What type of conditions do the subscribers have to satisfy in order to get loan from the bank?

Probe: What types of housing loans are available in the market? (Interest rate, repayment period and flexibility).

Questions 6: What is the difference between the loans given to the public sector and the subscriber's loan?

Probe: Are the majority of the commercial banks willing to provide housing loan to low-income group? Why?

Question 7: In your opinion, what are the key constraints uncouncted in this category?

Probe: What are the reasons for these inefficiencies?

SECTION C: THE TENDERING PHASE

Tendering processes, type of contracts and contractual arrangements

Question 1: What is the nature of the contractor? (Central or regional)

Probe: What is the type of contractor? (Main contractor + subcontractor)

Probe: What is the type of relationship between the contracting parties? Why?

Question 2: What is the most common type of contract used?

Probe: How is the contract awarded? And on what basis does this happen

Probe: What is the type of contract between contractor and sub-contractors?

Question 3: What is the basis of preparing the tender package?

Probe: What do you think of the tendering process and the contractual arrangements made between parties?

Question 4: In your opinion, what are the key constraints uncouncted in this category?

Probe: What are the reasons for these inefficiencies?

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

Question 1: How do you define risk allocation, management and assessment?

Probe: Have you heard of them before? Why?

Question 2: How are the anticipated risks allocated between parties?

Probe: On what basis are risks allocated?

Probe: Who is responsible for dealing with risks in affordable housing projects?

Question 3: Is delay in construction work reported to the demand side?

Probe: In the case that there is a problem on site, to whom does the contractor report this problem? Why?

Probe: Does the demand side take any action against the supply side due to this delay? And what is this action?

Probe: In the case where there is a dispute between the contracting parties over the delay of work, who is responsible for resolving it? How?

Question4: In your opinion, what are the key constraints uncouncted in this category?

Probe: What are the reasons for these inefficiencies?

SECTION D: THE CONSTRUCTION PHASE

The real estate market

Question1: Who is responsible for providing affordable housing in the market?

Probe: Should the private sector bear the burden of providing affordable housing to the low-income group alongside the public sector? Why?

Probe: Do you think that the private sector has a potential role to improve the efficiency of this process?

Probe: To what extent can the private sector be involved in this process?

Probe: To what extent can the involvement of this sector achieve tangible solutions?

Question 2: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

The affordable housing construction process

Question1: Who is responsible for infrastructure implementation?

Probe: To whom does the public sector apply to get the infrastructure implemented?

Question 2: Where does plant and machinery of infrastructure implementation come from?

Probe: Does the Municipality own this plant or not?

Probe: Does it have its own staff, or not, to implement the infrastructure? If not, where do these staff come from?

Probe: Does the Municipality need to contract with another body to implement the infrastructure on site?

Probe: Who supervises the process of infrastructure implementation? Is he/she a representative of the public sector agency or the Municipality?

Question3: Are there any problems associated with the implementation of infrastructure?

Question 4: What is the main method used in the affordable housing construction process?

Probe: Are there any problems while working on site? What are they?

Question 5: Are health and safety standards taken into account in the affordable housing construction process?

Probe: Where do these standards come from?

Probe: How are unexpected accidents on site dealt with?

Probe: Are builders and workers compensated for their injuries?

Probe: On what basis do you decide on the amount of compensation?

Question 6: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

Project delivery system

Question 1: What type of construction is affordable housing implemented by?

Probe: Do you have another type of construction system?

Probe: What are the problems encountered with this form of construction?

Question 2: Once the project is constructed, who is the affordable housing project handed over to?

Probe: Who hands over the project?

Probe: Could you please explain how the process of handing over happens?

Probe: Are there any problems associated with the process of handing over?

Question 3: What are the main sources of building materials, labour and plant that are used in affordable housing projects?

Probe: What are the standards of building materials used?

Probe: Is there any difficulty in getting the required building materials? Why?

Question 4: What kind of problems is faced while dealing with building materials labour, and plant? Please explain.

Question 5: In your opinion, what are the key constraints uncounted in this category?

Probe: What are the reasons for these inefficiencies?

Appendix B



B.1. Participant Information Sheet

My name is Aseel Al Khalaf; I am a post-graduate researcher working at Heriot-Watt University. The interview is a part of wider research conducted by the researcher to investigate the potential role of procurement process and other key elements in improving the efficiency of affordable housing delivery process in the Syrian cities in accordance with lessons learned from the UK experience.

What will I have to do if I take part?

If you agree to take part, we will ask you to answer some questions. The discussion should take about an hour at the longest.

Do I have to take part?

No, **taking part is voluntary**. If you don't want to take part, you do not have to give a reason and no pressure will be out on you to try and change your mind. You can pull out of the discussion at any time.

If I agree to take part what happens to what I say?

All the information you give us **will be confidential** and used for the purposes of this research only. The data will be collected and stored in accordance with the Data Protection Act 1998 and will be disposed of in a secure manner. The information will be used in a way that will not allow you to be identified individually.

What do I do now?

Think about the information on this sheet, and ask me if you are not sure about anything. If you agree to take part, please complete and sign the consent form.

The interview will be transcribed into written format and a copy of this can be sent to you on request.

I would like to thank you in advance for expressing an interest in taking part in the research.

APPROVED BY HERIOT-WATT UNIVERSITY RESEARCH ETHICS COMMITTEE

Appendix B



B.2. Consent Form

This form is to be completed independently by the participant.

Name: _____

| | Yes | No |
|--|-----|----|
| 1. I have read and understood the attached information sheet and have had the opportunity to ask questions. | | |
| 2. I understand that I can withdraw from the interview at any time without having to give any reasons. | | |
| 3. I understand that my participation is voluntary. | | |
| 4. I am aware of, and consent to the recording of my discussion with the researcher. | | |
| 5. I wish my name to be anonymous. | | |
| 6. I give consent that I would like to take part in the interview. | | |

Name of participant.....

Signature.....

Date.....

Name of Researcher taking consent.....

Signature.....

Date.....

APPROVED BY HERIOT-WATT UNIVERSITY RESEARCH ETHICS COMMITTEE

Appendix B

B.3. Interview Guide Used in the UK

Aim

The interview survey aims to investigate the present practice of procuring the affordable housing projects in the UK, and its responsiveness to the recommendations of Egan's agenda in terms of improving efficiency and promoting value for money in public sector projects, as a part of the government policy.

AFFORDABLE HOUSING DELIVERY PROCESS: THE ROLE OF PROCUREMENT PROCESSES IN IMPROVING EFFICIENCY

Efficiency improvement

Question 1: Improving the construction industry has been encouraged by the UK government from 1994 onwards through influential reports which, with special emphasis on Egan's report 'Rethinking Construction', were considered as a '**client-led agenda**' for reform. This agenda focuses on restructuring the construction sector by promoting an innovation programme and attaining value for money in order to improve the efficiency of the construction industry. To what extent is the present practice of affordable housing delivery compatible with the reform agenda of improving the efficiency of public sector projects?

Probe: In your opinion, how have had client-led agenda objectives been perceived in the process of affordable housing provision?

Probe: What do you know about improving the efficiency of the construction industry?

Probe: What are key constraints to achieve the client-led agenda recommendations in the present practice of the affordable housing delivery process? Why?

Question2: Within construction efficiency, what is it meant by procurement efficiency in affordable housing projects? Or how can you define procurement efficiency according to your experience?

Probe: What do you know about improving procurement efficiency?

Probe: What are the key constraints to improving the procurement efficiency in the affordable housing delivery process?

The procurement process

Question 1: It has been claimed that the traditional methods used in the construction process have failed in achieving the aim of improving the efficiency of the construction industry. Thus, new procurement processes were recommended in order to improve the efficiency of the public sector projects. What are the recent procurement approaches you use to allow implementation of the affordable housing programme in the most effective way possible?

Question 2: Do you think that the current policy that recommends improving efficiency and achieving value for money in the public sector helps in selecting the appropriate approach to procurement?

Question 3: On which basis do you select your procurement approach to be used in procuring affordable projects? Why?

Probe: What are the advantages of these new approaches compared to the traditional ones?

Probe: What are the disadvantages of the selected procurement approach used in the affordable projects? To what do you attribute this issue?

Question 4: Is there any difference between the procurement processes used in affordable projects delivered by the local authorities and housing associations/ RSLs? Why?

Probe: What is the most common procurement approach used by the local authorities?

Probe: What is the most common procurement approach used by the housing associations or RSLs?

Question 5: Are these approaches effective in terms of being more innovating and more efficient in terms of value for money?

Probe: How do the selected procurement approaches influence the efficiency of social housing projects, compared to traditional procurement approaches?

Probe: What influence do the selected procurement approaches have on your projects in terms of efficiency improvement?

Generic tools to measure efficiency and improve performance

Question 1: It was claimed in the literature that there are a set of generic tools used to measure the efficiency of procurement process that is adopted in the public sector. These tools are KPIs (Key Performance Indicators) and benchmarks. In your opinion, to what extent are these tools adopted in the affordable housing projects?

Probe: In your view, to what extent are these tools effective in terms of measuring and improving the procurement efficiency?

Probe: In your opinion, do you think that there are other procedures to be taken in order to improve procurement efficiency?

Value for money

Question 1: How do you define value for money?

Question 2: Do you achieve value for money in affordable housing projects through the selected procurement approach?

Probe: How do you achieve this target?

Probe: In your opinion, what are the key challenges to reap beneficial outcomes from the procurement approach used, in terms of achieving value for money?

Key solutions for improvement

Question 1: In your opinion, what is required to achieve client-led agenda objectives in the most effective way possible?

Question 2: In your opinion, what is required to facilitate the selection of the most appropriate approach to procurement for the sake of promoting value for money?

Probe: In your opinion, what is required in order to improve the role of procurement in achieving the reform agenda objectives in terms of attaining value for money and efficiency improvement?

Question 3: In your opinion, what is required to improve value for money in the public sector?

Appendix B

B.4. Sample of the Interview Transcriptions

Interview 6

Duration: 00:56:12

Key:

I = Interviewer

R = Respondent

AFFORDABLE HOUSING DELIVERY PROCESS: THE ROLE OF PROCUREMENT PROCESSES IN IMPROVING EFFICIENCY

Efficiency improvement

I - Improving the construction industry has been encouraged by the UK government from 1994 onwards through influential reports which, with special emphasis on Egan's report 'Rethinking Construction', were considered as a 'client-led agenda' for reform. This agenda focuses on restructuring the construction sector by promoting an innovation programme and attaining value for money in order to improve the efficiency of the construction industry. To what extent is the present practice of affordable housing delivery compatible with the reform agenda of improving the efficiency of public sector projects?

R - I think the way we have done our work has been led by rethinking construction and the Egan agenda. That particularly brought a major change from the traditional method to the partnering method. And everything we do now is related back to Egan report, and we have obviously developed to suit our own purposes and our own policies.

I - In your opinion, how have had client-led agenda objectives been perceived in the process of affordable housing provision?

R - One of the major things that we have introduced the use of KPIs, and as I mentioned earlier setting out the Procure Plus and one of things we introduced in Northward housing was the emphasis of quality and diversity within the construction industry.

It was one of Northward's policies we have very keen approach to quality and diversity and we all aware that procure plus did not really see it as a high priority as we did so it was a compo rising system that is particular issue elevated within the procurement process, so now all the contractors that are in the procure plus framework have got their own policies and I think that we have got some credit by introducing that into procure plus.

I think one of the other issues is the involvement of residents or the end users. They were involved and their opinions were taken as much as professionals' opinions. And few organisations found that difficult but is a cultural change, we were more used to it. Some our ideas were different to what the larger organisations would procure; procure plus helps to get framework that we would be more comfortable with that we could drive further improvement through. Impact new to us saying about the policies and delivering reform we were actually recognised by the change agency they actually gave us some money to help to management, so they discover that we were helping the change of the procurement and the structure of contract. So what we were doing was supportive.

I - What do you know about improving the efficiency of the construction industry?

R - I think I have covered that already, so I do not want to add anything.

I - What are key constraints to achieve the client-led agenda recommendations in the present practice of the affordable housing delivery process? Why?

R - Again from my perspective one of the main constraints we have got to impose Manchester working as a sole contactor we have to work with, as I explained earlier that we have special relationship with the city council and the city council is a part of Manchester working. Having said that, we are fairly happy with the value of money we are getting. This it can a big constraint for Northward Housing because we do not have the freedom to go and explore the market the way we want. I think that we have constraints as well as benefits because the constraint is you would deal with one contractor and we are not able really to delve in, drive and benchmark as much as you would like to do. But the benefits are you always keep learning, and the lessons you are learning do not have to be done in the next project. So the constraint of only having one contactor to deal with it is also benefit in other area.

I - Within construction efficiency, what is it meant by procurement efficiency in affordable housing projects? Or how can you define procurement efficiency according to your experience?

R - I am presuming within the construction industry?

I - Yes.

R- Efficiency in procurement really is quite broad subject, is not it? Because there are efficiencies in terms of the procurement process and then there are efficiencies in terms of financial efficiencies as a result of that procurement method. So I presume that this is about the procurement process. Historically, the building industry has always projects individually, right, drawing a very detailed specifications, and then sending that specifications out to let us say six contractors, they submit the tender, and more often the lowest tender gets the job. It is that simple. That was quite a long- win process because all the documentations had to be put together and it had to be clear and ambiguous, so all the tender will be pricing at the same basis, so if there are any areas that they are not clear, then there is potential for getting different prices from different people. So a lot of time to preparing the documentations before anything went out to tender. And then any ambiguities that got through the net there is potential there for any contractual claims, so whichever the contractor that won the contract he would then look for these ambiguities, and start to pursue those contractual claims in order to get them all which with this very adversarial sort of way of doing things, and that one of many things that Egan brought out in his report, this adversarial approach to contracting is bad, it is kind of unproductive, and it costs a lot of money and it would be more better if that money were used to actually do the work. So there was a big changing in the way that the construction work procured. At Northwards Housing, when we were formed into 2005, we were a part of what we call a house programme used to improve all of our stock to a certain level. That programme was about 200 million pounds, so it was a massive amount of money that we have to procure very quickly. In order to do that we set of an organisation called impact Manchester which was a framework of six contractors and a number of client' organisations, all were procuring the discerned housing programme. All those six contractors were selected through a adverting the European Union and the individual client organisations which chose which contractor to use from that framework. They were all basically in the same framework and they were all delivering the same amount of work more or less for the same price. That was all generated through this European Union advert.

But the difference with the old way to the new way was that once we settled the framework, there was an ethos of continuous improvement, so we have set the original prices, and through of the five-year term of framework there was a value engineering group, they were set up, and that group has a membership from all the contractors and the clients, and they would work together to get the price down. So by year, two years, three years, four years we will be getting better value for money as a client organisation. Through bulk purchase, through standardising on materials we are all using the same boiler for example. So through that process we are managing to not only get efficiencies on the procurement side because we did not have to draw those little details and specifications ever time, it has been done once and once only. But also we are getting efficiencies on the cost of work as well. So I think that what you are looking for.

I - Yes. What do you know about improving procurement efficiency?

R - Well as I have explained really, the procurement efficiency has improved over the years, and it is still improving. Since we set up Impact Manchester, that framework has not out seized. Though a merger of two existing frameworks, one is the impact Manchester and the other is called GM Procure, Greater Manchester Procure, those two organisations have got to work together and set up new framework called Procure Plus. So we are currently procuring all our whole improvement works through the Procurement Plus framework which is getting to set up from Europe and it is all advertised, and we have now agreed schedule of prices for each individual contractor.

I - What are the key constraints to improving the procurement efficiency in the affordable housing delivery process?

R - I think from our point of view, we as an ALMOs you probably need to understand that the ALMO does not own the properties, it is only managing those properties and the council that the ALMO set up behind in our case Manchester City Council still owns those properties, so we do not actually have any assets against of which we can borrow money whereas the housing company owns the properties so it can use the assets to borrow money. So because of our financial constraints, all the work that we carry out is paid by our city council of Manchester, and also because Manchester city council has got government constraints, that constraints passed to us. So we basically we do not have as much money as the housing associations would have. So from our point of view, getting best value for money through the procurement framework really works for us because of those constraints. Another constraint we have got, as being an ALMO, is

the contractor we work with now which is Manchester working that company is a part of Manchester city council so there is agreement between ourselves and Manchester city council that we have to use Manchester working for whole our capital programmes or all our improvement works. So that is a little bit constraint for us because we cannot exploit the market and we cannot go to other contractors on the procurement plus framework as maybe we would like to, so we have got to work much harder to make sure that we get value for money from Manchester working because we have those constraints.

The procurement process

I - It has been claimed that the traditional methods used in the construction process have failed in achieving the aim of improving the efficiency of the construction industry. Thus, new procurement processes were recommended in order to improve the efficiency of the public sector projects. What are the recent procurement approaches you use to allow implementation of the affordable housing programme in the most effective way possible?

R- I think that I have answered that already. We have changed the way we procure from the more adversarial way 'traditional approach' to partnering approach. We have been working on partnership with Manchester working particularly for the last 7 years, and also to lesser degree with companies like West Living Space, G N J in Bolton and a number of other contractors, but now we are solely working with Manchester Working. We do have another contractor who is doing some works for us it is called HT Forest, but that through many competitions which we run about 12 months ago.

I - So you do not use the traditional method of procurement?

R - No. We Just use partnering and procurement plus framework.

I - What about design and build approach?

R - We have one particular project which we used the design and build approach. That is because it was a unique project to create some after care flats. We have used it but not usually. It is usually a negotiated contract sum which is on agreed amount of money based on fairly list of specifications and it is hold on in a partnering way.

I - Do you think that the current policy that recommends improving efficiency and achieving value for money in the public sector helps in selecting the appropriate approach to procurement?

R - Yes. We were led down the partnering route by Egan report, but we very quickly realised that they would be benefits from using that method of procuring. We would not still be doing it I think if we did not feel that way, and we now on our second framework of procure plus and there is certainly no intention at any level within Northward Housing to change. So certainly for the next three years we will be using that method.

I - On which basis do you select your procurement approach to be used in procuring affordable projects? Why?

R - It is partnering because that was proved to be the best way for quite few years, so we have no intention of changing that in the future.

I - What are the advantages of these new approaches compared to the traditional ones?

R - It is mainly time, since there is a lot of time in all the traditional way where we had to spend months putting together tender documentation. But now it can be a matter of week and it is fairly open because they know what we want, the contractors, we sort of develop the specifications together and it evolves.

I - You already have a set of contractors to deal with, are they used regularly in every project?

R - Yes.

I - What are the disadvantages of the selected procurement approach used in the affordable projects? To what do you attribute this issue?

R - I think the main disadvantages to us is that because we have to use Manchester working most of the time we have not got the ability to explore the market as we would like to do. That is not because of the use of partnering particularly, but it is because our relationship our city council and Manchester working (the name of contractors) these offices are owned by Manchester working and we share this office with them, so as a part of partnering we actually work together in the same office so if we have a problem we can go talk to them and get it sorted straight away. There is a big saving there in

terms of time, it is not adversarial sort of relationship, we work together to sort problems, and our prime objective is to deliver services to our customers (the tenants).

I - Is there any difference between the procurement processes used in affordable projects delivered by the local authorities and housing associations/ RSLs? Why?

R - I do not think there is much difference in there. I mean our city council uses framework as well for the procurement process, and all the housing associations use procurement plus as well. So there are housing associations we know in the Manchester area who use Procure Plus, in fact I think there are approximately fifty different client organisations that are using Procure Plus.

I - Is Procurement Plus a part of EU procurement legislation?

R - It has been advertised in Europe, and then it complies with the OJEU legislation. That was all done probably about 2 years ago.

I - What is the most common procurement approach used by the local authorities?

R - I think it is a partnering approach as well.

I - What is the most common procurement approach used by the housing associations or RSLs?

R - From my experience it is the same, I would say.

I - Are these approaches effective in terms of being more innovating and more efficient in terms of value for money?

R - Definitely there are more innovating. One example I could give you if let say there is a particular problem with a central heating boiler, and would be approving to be difficult to obtain and because of that they are quite expensive we would maybe look at the contractor to suggest an alternative. Whereas in the past, in the traditional way, they were just come back to us saying we can get these boilers which one you want us to use. Now, we can get the boiler as quickly as we would like because we work together so we can sort out the problems.

I - How do the selected procurement approaches influence the efficiency of social housing projects, compared to traditional procurement approaches?

R - There is innovation and value for money. I think I have already covered value for money, and there is continuous drive to trying to get cost down by using alternative materials that are already available and generally by working together in more efficient

way so it reduces our costs. One of the big advantages of partnering is as you build up the relationship over the years you build collaborative trust with the contractor. So once that trust has been built up, we do not need to inspect all the work that they do, we know that they are going to do to certain standards, we know that they are going to treat our customers in the right way. However, under the traditional method we have to inspect the hundred percent of the work, but now we do not have to do that because we trust them, we still do inspection but we do not have to do a hundred percent inspection. So there is efficiency saving in there.

I - What influence do the selected procurement approaches have on your projects in terms of efficiency improvement?

R - The same really. I think I have covered that already.

Generic tools to measure efficiency and improve performance

I - It was claimed in the literature that there are a set of generic tools used to measure the efficiency of procurement process that is adopted in the public sector. These tools are KPIs (Key Performance Indicators) and benchmarks. In your opinion, to what extent are these tools adopted in the affordable housing projects?

R - KPIs are something that we use a lot, and the KPIs we have got at the moment are quite extensive. And we have to report to our committee every month about the KPIs results we are getting. So there are various sections of the KPIs, we score our contractors on their performance, the contractors score us and our customers or residents score both of us. And we also have separate set of KPIs to cover the quality and diversity of our residents as well. So it is quite complex process we go through every month, but it reveals few issues and then flanged up areas that we need to concentrate on. We report to our committee, and we ask the residents three questions like were you satisfied with the improvement to your home kitchen, window, etc. Were you satisfied with the contractors who build the home we own. Were you satisfied with the service provided by us or not. We score from 0 to 10, and then through questions you can bind and that give us our KPIs that we could put them back in areas. So if the contractor was failing, we fail our product. We ask the residents what could be done there to get 9 out of ten, and they say you need to do this and this. So in the KPIs we keep learning lessons and trying to improve our performance according to it.

I - What about the benchmarks?

R - We are a member of benchmarking club with other ALMOs from different part of the country so quite a diverse range. And we compare not only processes but also our costs of delivering the housing programmes. We found that we sort of midway, you know we are not the cheapest and certainly not the most expensive, we are about midway which it is quite comfortable it is good to be midway because we feel that we deliver, and we do three-star service. In order to deliver three-star service you will expect our cost to be a little bit higher.

I - In your view, to what extent are these tools effective in terms of measuring and improving the procurement efficiency?

R - Well, KPIs drive our performance and it is continuous process so every year we set targets and then we are trying to achieve through KPIs. In the main we either achieve or exceed our targets probably within the following year we read the targets and we go up again. So every time we achieve a level then mark it rates, so it is a continuous process year on year. They do work. We agree on the KPIs and at the beginning of the year we review last year performance with the contractor and the major materials suppliers and then we agree the targets and then take it to the committee for approval. So we do not say we did that last year and this year it is going to be higher. We actually look at the range we have got, we agree on it, and see if it is feasible we increase it or keep it the same but we do not increase them all, it is specific, we get that approved and we say this is the target.

I - In your opinion, do you think that there are other procedures to be taken in order to improve procurement efficiency?

R - I think one of things that we have got to look at is to speak to the residents and end users because some of things we do they might be value for money but not be wanted and that is a key area you are driving down your cost but you putting something in that somebody does not actually want it. It is about looking at what we do, and making sure that we are doing what the end users want. And if we are not taking the element out and reinvest some money somewhere else, so they will actually be delivering what they want to deliver. Obviously we need to meet the regulation they are out there but sometimes we increase the specifications or doing things that the residents want. So it is about looking at not maybe the procurement route that we have got, but we do need to look at the satisfaction of our residents, and looking at what we have missed and trying

to get that back using the existing finance that is available. I think that would help the procedures further because we will be delivering what they want.

Value for money

I - How do you define value for money?

R - It is about value, it is not about the cheapest. It is the quality of property you are getting and the service you are getting. As I mentioned earlier that we are three-star organisation we have some standards that we have to deliver, and we have policies that we have to implement. And you know three-star service does not can cheap, we make promises to our residents and in order to deliver all that we have to invest timing, staff and resources to deliver that service. So it is providing that service for not the cheapest cost but a reasonable cost that is giving you value for money. And also as I said earlier we got financial constraints given the government cut backs, we are governed by the city council that is how much money we are given to do certain amount of work to deliver the whole service. So those constraints really they make us deliver value for money service because if we did not we probably not be existing in the future.

You get a level of quality that will give you of a life span of product, so you have day-to-day sights so you will own your cost to minimise site, so it is putting something in our roles that hopefully has got a good warranty, and has got good quality the choice there for the end users and it is going to life spam it is not going to cost you fortune to keep going back to change it, but you got it to level and you keep it a choice for a value for money and when it is fitted, the end user is there and they are pride that they are all whole. The value for money goes from there giving their energies in maintaining the properties and maybe you want them to stay there. So you will have all the benefits from of it you turn overage to reduce, you get people to staying in the home, you get people looking after the home and that grows across the community, so they actually see that you are investing your money in your properties. So the value for money is that you have to make sure that what you deliver is what they want, and sustain and feel secure and it is about the place you are in there. So you know you can just be doing physical improvement this is what we actually do but it has a real impact specially if somebody is waiting for a long time for that they feel that they have been valued and more likely to stay.

I - Do you achieve value for money in affordable housing projects through the selected procurement approach?

R - Yes we do. And through the benchmarking club we can demonstrate that we do.

I - How do you achieve this target?

R - Benchmarking club tells us we are achieving value for money; how we do it is by negotiating our targets projects with the contractor and driving down costs as we progressed from one scheme to another so through lessons learned on earlier scheme we know we are achieving more cost saving whilst maintaining the quality is the important thing we know. So through lessons learned we improved. Yes I think we are definitely achieving value for money.

I - In your opinion, what are the key challenges to reap beneficial outcomes from the procurement approach used, in terms of achieving value for money?

R - I think the key challenge is the procurement of key materials is quite a key challenge, through procure plus there are a number of different materials that we can use we have full massive catalogue of different materials that we can use. But to which one we should use in order to get value for money is quite a challenge because there are so many. And this is where partnership working helps because we can consult with the contractor and say let us decide which materials to use because there are various aspects to purchasing materials availability, delivery time, delivery cost and the seal issue whether we could by sledges from china or we could by them from Wales. I think again as I mentioned earlier for those particularly the challenges getting value for money from our contractor Manchester working because we lost that ability to be able to explore the market.

Key solutions for improvement

I - In your opinion what is required to achieve client-led agenda objectives in the most effective way possible?

R –I think we need to be aware of problems with other procurement approaches and take all of that into account when making policy for going forwards. This is really a key issue.

I - In your opinion what is required to facilitate the selection of the most appropriate approach to procurement for the sake of promoting value for money?

R - I think it is largely down to the organisation policies, the target of organisation because we have got certain issues to deal with, and the type of staff that the organisation has its disposal we are fortunate to have technical team of quantity surveyors, building surveyors etc. Some organisations do not have that in house expertise, so they have to bring that expertise in through external consultants. So those are sort of questions need to be asked to decide which procurement route to go through.

I - In your opinion, what is required in order to improve the role of procurement in achieving the reform agenda objectives in terms of attaining value for money and efficiency improvement?

R - I think decision makers and policy makers need to be aware of lessons have been learned in the past, they need to be aware of problems with the traditional method of procurement and take all of that into account when making policy for going forwards. So it is the directors and the board members need to be aware rather than relying on offices to make recommendations. I think that is a key instance to maybe understand a little bit more about procurement, past problems, lessons learned and more innovative ways forwards. I think it is the job of our offices to make them aware of those issues so they can make informed judgement.

I - In your opinion what is required to improve value for money in the public sector?

R – I think I have covered that already.

I- Ok. We are done today, thank you so much for your time; I do appreciate your co-operation.

R- You are welcome. Good luck.

I – Thank you. Bye.

R- Bye.

Appendix C

C.1. Interview Guide Used in Syria (Validation Process)

Aim

These interviews are being conducted to achieve the following objectives:

- 1- Evaluate which suggestions are considered to be the most important for the public sector in order to improve the efficiency of the affordable housing delivery process in Syria.
- 2- Identify the importance of these suggestions and its applicability in Syria.
- 3- Identify the completeness of the research results.

SECTION A: HOUSING SYSTEM DESIGN (STRATEGIC LEVEL)

Planning system

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A-The Syrian government should put increasing emphasis on providing affordable housing through the planning system and integrate the provision of affordable housing into the planning policy.

B- To have a clear definition of affordable housing, along with the criteria by which people are classified as low-income groups, and to identify affordability concept through on-going review of the structure and dynamics of the market.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Legal and governmental procedures

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To set up a strategy for policy change as an essential instrument for improving the efficiency of the public sector, and to call for a holistic approach for using alternative procurement processes to deliver affordable housing projects.

B- To clarify housing policy and legislation, and to set out constructive plans in line with the increasing rate of population and the actual needs in the market.

C- To consider government withdrawal from the process of affordable housing supply and allow other parties to take part.

D- To establish a committee responsible for management of bureaucracy and corruption at a governmental level.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Institutional arrangements for providing affordable housing

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To draw in new organisations to take part in affordable housing delivery alongside the public sector.

B- To follow a proper strategy of allocating the affordable units.

C- To identify the eligibility criteria to qualify for an affordable home.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Land acquisition for residential use

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To change the role of the Municipality from the main provider of land to facilitator of the development of land by the private sector, in order to increase the availability of land in urban and rural areas.

B- To achieve a greater degree of co-ordination and purposive action in land development by controlling the role of the private sector in escalating the price of land.

C- To draw in the private developers to participate in the planning process in order to meet the government objectives and reduce their influence upon land affordability and availability.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

The affordable housing design process

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- The importance of separating roles and responsibilities of public bodies in order to facilitate and speed up the affordable housing design process.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Fund allocation and government subsidies

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To find new sources of funds (e.g. private sector) in order to improve the funding programme undertaken by the Syrian government.

B- To encourage private sector participation in securing the required funds by ceding a portion of the housing they build to the public sector institutions.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Tendering processes, type of contracts and contractual arrangements

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To improve the relationship between the client and contractor and shift it to a collaborative relationship that encourages a win-win attitude.

B- To use new tendering processes (e.g. negotiated tendering) and new forms of contracts which consist of a variety of documentation, and having a flexible structure and clear drafting in terms of risk allocation.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Responsibilities: risks (allocation, management, and assessment) along with disputes and claims

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To have a proper and clear definition of risk allocation, management and assessment concepts.

B- To establish an efficient risk allocation framework which enables both public sector and contractors to know what the risks are and how they can be shared by all of the parties to prevent problems and disputes.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

SECTION B: HOUSING SYSTEM IMPLEMENTATION (OPERATIONAL LEVEL)

The real estate market

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To draw in the private sector to participate in affordable housing supply and finance.

B- To set up a legal framework that controls the speculative practices in the housing market.

C- To use new housing tenure patterns to enable a larger number of households to acquire affordable housing.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question 4: What do you think of the research results in this sub-category? Please explain your opinion.

The affordable housing construction process, with a focus on the procurement process

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To draw in the private sector to implement the infrastructure of affordable housing projects.

B- To use new procurement processes that can increase project performance and reduce the use of traditional methods.

C- To use partnering agreement for relatively greater efficiency improvement in the public sector.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive?
Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Efficiency improvement

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To introduce new concepts (i.e. efficiency improvement, procurement efficiency) at national and local levels, and then identify the key conditions/policies for operating those concepts on the ground.

B- To build up trust and encourage a collaborative relationship among all the parties.

C- To use new forms of contracts and new procurement approaches.

D- To utilise new technical tools (e.g. KPIs and Benchmarking).

E- To have a long-term funding programme agreement between the public sector and the government.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive?
Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Generic tools to measure efficiency and improve performance

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To use Key Performance Indicators (KPIs) and benchmarking in order to share information across the industry on a quarterly basis, increase the performance of contractors and consultants, create a transparent environment for clear audit trail, set up

and meet the public sector targets, and finally assist in achieving better building standards and better quality of products.

B- To identify of the list of critical issues against which to benchmark, in terms of cost, time, waste, safety and client satisfaction.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Value for money

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To identify and achieve value for money in publically-funded projects to attain efficiency gains by working with contractors and designers on a regular basis, in order to drive the cost down and improve the quality of the product.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Key solutions for improvement

Question 1: To what extent do you agree or disagree with the following suggestions to improve the efficiency of the affordable housing deliver process in Syria?

A- To increase the amount of housing grants and have a long-term funding programme agreement with the government.

B- To build flexibility into the planning system and planning process.

C- Relaxation of policies and regulations that the public sector has to comply with.

D- To have less bureaucracy across the whole industry and expand the base of knowledge and experience of all parties represented.

E- To have more flexibility on how to select the most appropriate procurement approach.

F- To achieve a balance between the interests of all parties in order to motivate them to generate more savings in their projects.

Question 2: Are these issues applicable in Syria? Please specify the degree of their usefulness.

Probe: Are there any constraints to its applicability in Syria? Why?

Question 3: Do you think that these suggestions are complete and/or comprehensive? Would you like to add anything?

Question4: What do you think of the research results in this sub-category? Please explain your opinion.

Appendix D

D.1. Publications

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