

# A HOMEOWNERSHIP CRISIS IN KUWAIT

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Low-income and Middle-income Kuwaiti families are facing a homeownership crisis. This crisis is mainly a result of the high cost of homeownership in Kuwait. Government housing programs in Kuwait are mainly directed toward increasing chances of homeownership for Kuwait families. However, rental housing services are provided by the private sector to both Kuwaiti and non-Kuwaiti families and individuals.

Kuwait is a small Arab country (6,969 square miles) located in the upper north western tip of the Arabian Gulf (Ministry of Information, 1990). In 1995, the total population of Kuwait was about 1,870,000. Only 37% of the total population were Kuwaiti. By 2015, the population in Kuwait is expected to reach 3.8 million and the total number of Kuwaiti could reach 1,482,000 individuals or 265,000 families (Al-Qabas, 1997, April 29). By Kuwaiti standards, low-income and middle-income Kuwaiti families account for 70% of the total number of Kuwaiti families (Al-Najadah, 1996).

The purpose of this paper is to: 1) discuss the parameters of the homeownership crisis in Kuwait, 2) explain the negative effects of the homeownership crisis on Kuwaiti families, and 3) introduce possible solutions to the homeownership crisis.

There are three main parameters of the homeownership crisis in Kuwait. First, applications for buying government subsidized housing are increasing at a fast rate. In 1997, 45,000 Kuwaiti families applied to buy government housing. By 2015, over 140,000 Kuwaiti families are expected to be on the waiting list (Al-Qabas, 1997, April 29).

Second, Kuwaiti families who want to own government subsidized housing are expected to wait between 8-10 years. By 2015, the waiting period is expected to be as long as 14 years.

Finally, according to the Third Study of the Master Plan of Kuwait, only 2% of the land in Kuwait is used for habitation (Al-Marzooq & others, 1993). The rest of the land is reserved for oil investigation, military and strategic use, or is privately owned. In January, 1988, the Minister of Housing announced that the government cannot meet its obligations of providing 45,000 housing units by the year 2000; the government can only provide 19,000 housing units (Al-Watan, 1988, January 15).

The average cost of private construction includes: 1) cost of 400 square meters (about 4,300 square feet) of residential plot which is around 75,000 K.D. (\$247,500), and 2) cost of building a two-floor house with 5-6 bedrooms, which averages about

70,000 K.D. (\$231,000). On the other hand, the price for owning a government subsidized house (plot and building) is about 45,000 K.D. (\$148,000).

There are at least five negative effects of the homeownership crisis in Kuwait. First, most of the low-income and middle-income families are uncertain of their homeownership future in Kuwait. Therefore, those families live under tremendous social and psychological stresses. Second, the cost of residential plots and existing housing stock are far beyond the means of the low-income and middle-income Kuwaiti families (Al-Najadah, 1997, October). Third, although the Kuwaiti government subsidizes rent for Kuwaiti families who are on the waiting list for owning government housing, 15%-20% of the head of household's income is spent on housing rent. Fourth, there is a continuous shortage of land available for residential use. Finally, many of the residential suburbs are suffering from an undesirable increase in population, This situation is having many negative effects on the public services and infrastructure in those areas (Ameen, 1998, January 2).

There is no "once-and-for-all" solution to the homeownership crisis in Kuwait. However, there are seven possible suggestions to reduce the intensity of this crisis. First, the Kuwaiti government should be obligated to increase its housing production to meet housing demand. This suggestion requires the production of a minimum of 15,000 housing units for the next three years, and 5,000-7,000 each year to 2015.

Second, the Kuwaiti government should direct its housing subsidy programs to benefit only Kuwaiti families who are in definite need of that assistance. This suggestion is expected to reduce the demand on government housing. Third, all the large residential plots should be re-evaluated to locate more lots suitable for residential usage. This suggestion has to be studied carefully because it will increase pressure on local public services and infrastructure. Fourth, the government should increase the amount of land required for residential use by reducing the land reserved for oil investigation, military, and strategic uses. Fifth, the private sector should be stimulated to invest in the housing market in a more effective way. This suggestion requires giving more Kuwaiti government incentives to the local and international investors in Kuwait's housing market (Ameen, 1998, January 2). Sixth, the Kuwaiti government and families should investigate the vertical expansion rather than continuing the horizontal expansion of residential units. This suggestion will decrease the high demand on land for residential use. Finally, the interior layout of future housing should be redesigned to accommodate vertical housing expansion (Al-Najadah, 1997, October). Housing and interior design educators and professionals may find in this solution a good way to re-evaluate existing housing norms, values, needs, and wants of Kuwaiti families in order to then try to educate and help Kuwaiti families and the government deal with the housing crisis.

## References

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Sharp crisis of accumulating application and long waiting time... a highly complicated problem (1997, April 29). AL-Qabas, p. 6.

The government will establish a housing bank and modify the 27/1995 housing law (1998, January 15). Al-Watan, pp. 1, 20.