

**EXPERIENCES OF SUITABLE HOUSING DEVELOPERS IN THE JEDDAH
METROPOLITAN AREA, SAUDI ARABIA**

Doctoral Dissertation Research

Submitted to the
Graduate Faculty of Argosy University, Twin Cities
Graduate School of Business and Management

In Partial Fulfillment of
the Requirements for the Degree of

Doctor of Business Administration

Organizational Leadership

by

Sahar Abdulhalim Awliya

January 2017

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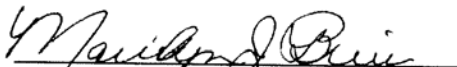
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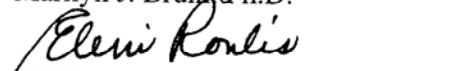
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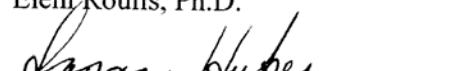
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January, 2017

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ABSTRACT

The rising demand for suitable housing for low- and middle-income Saudi residents in the Jeddah, Saudi Arabia metropolitan area exceeds the supply. This study explored the possibilities and obstacles facing private sector real estate developers in the development of suitable housing in the Jeddah metropolitan area. The study identified and described developers' perspectives relative to supply and demand trends, obstacles that inhibited the development of suitable housing, incentives that might help build suitable housing, and possible long-term solutions to address the ongoing mismatch between supply and demand. The study employed a qualitative case study design, and the case was private sector real estate development in Jeddah. The researcher conducted semi structured, open-ended interviews with 16 private sector, residential real estate developers in Jeddah, Saudi Arabia. Case study findings revealed four major obstacles: bureaucratic frustrations with the Ministry of Housing and the Municipality of Jeddah; lack of financing options for potential homeowners and private sector developers; lack of land with the necessary infrastructure to create communities; and potential homeowners' culture-based desire, or housing norm, for large, expensive villas. Future research could investigate the efficacy of the solutions recommended by the study's participants; how other nations' housing solutions could be adapted to the Saudi context; and best practices for integrating the study's findings, conclusions, and recommendations with the Kingdom's *National Transformation Program 2020* and *Saudi Arabia's Vision 2030*.

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DEDICATION

I would like to dedicate this dissertation to the very important people in my life: my family. First and foremost, my father, Abdulhalim A. Awliya, who put my siblings and me on the right path of education. He was my role model as he was the first pilot to earn a flying license in Saudi Arabia. Second, I would like to dedicate this success to my mother, Fatimah Barzangi, who suffered a great deal because I left Saudi Arabia to earn this degree. She was in her late sixties then. Third, I would like to dedicate this dissertation to my lovely children, Rayan, Anas, Rahaf, and Yousef. Without their great support and consideration, I would not have been able to finish my degree. Finally, I dedicate this success to my husband, Dr. Mahmoud Alaish. Without his determination, full support, compassion, and love, I would never have been able to end this critical stage in my life. Mahmoud helped me when times were tough and difficult, extended a gracious and caring hand, picked me up, and kept pushing forward to achieve my doctoral degree. He supported me fully to achieve my goals and dreams. I am grateful for each one of you, as you all have accompanied me on my longest journey of becoming the scholar I am today. Thank you all for helping me throughout my dissertation, and most importantly, throughout my life. I am a *doctoral survivor*.

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CHAPTER ONE: INTRODUCTION

In 2010, the estimated annual shortfall of homes in Saudi Arabia was 160,000 to 200,000 homes, which led to civil unrest and uncertainty (Roberts, 2010). By 2013, the shortfall had increased to approximately 500,000 homes (Fattah, 2013). By 2023, the Kingdom expects the shortage to be nearly 1.5 million housing units (Nereim, Mahdi, & Fattah, 2016). Recent Saudi governmental efforts have attempted to meet citizens' demands for suitable housing. In spite of attempts to offer such programs, demand has outpaced supply. The goals of this research are to describe the obstacles that prevent private sector real estate developers from meeting the demand and to offer research-based solutions to provide suitable housing units for middle-income Saudi citizens in the Jeddah metropolitan area. This chapter consists of six sections: problem background, purpose of the study, research questions, limitations and delimitations, definitions, and significance of the study.

Saudi Arabia and Jeddah Background

Saudi Arabia has the second largest land area within the Middle East and North Africa (Sallam & Hunter, 2013) and occupies approximately 80% of the Arabian Peninsula (Sallam & Hunter, 2013). Saudi Arabia is divided into five sections: West, East, North, South, and Central. The capital of Saudi, Riyadh, is located in the central part of Saudi Arabia. Jeddah is located to the west, and on the Red Sea. Figure 1, a map of Saudi Arabia, illustrates the kingdom's regions and its location relative to other nations in the Middle East and Northern Africa.



Figure 1. Map of Saudi Arabia. This map illustrates the Kingdom's regions and borders with neighboring countries in the Middle East and Northern Africa. Image retrieved from <http://www.washingtoninstitute.org/uploads/Maps/4a8415f28ec09.jpg>. Copyright 2009 by the Washington Institute for Near East Policy. Reprinted with permission.

The Saudi population has grown rapidly, from 6 million people in the 1970s to somewhere between 31.7 million and 32 million people in 2016; Jeddah is the second largest city in Saudi Arabia, with a population of over 3 million people (General Authority for Statistics, 2016; United Nations Department of Economic & Social Affairs, 2016). Nearly half of all Saudis are under the age of 24 (Sallam & Hunter, 2013). Saudi population growth is estimated at around 600,000 per year and indicators are the population growth will not decelerate (Dudley, 2014).

The lower and working class in Jeddah account for 63% of the total population (Ghaznawi, 2014). The middle and upper class account for 37% for Jeddah, Saudi Arabia (Ghaznawi, 2014). The Saudi Arabian workforce is estimated to be 8.02 million; the migrant workforce accounts for 80% of the total workforce in Saudi Arabia (Sallam & Hunter, 2013). Furthermore, Saudi unemployment rates are upwards of 20%

nationally (Sallam & Hunter, 2013). Across the country, the largest housing shortfalls are in the suitable housing market, those households in the low- and middle-income classes where population growth is least likely to decelerate (Dudley, 2014).

Problem Background

There is a rising demand for suitable housing in the Jeddah metropolitan area. The high price of land makes it difficult for low- and middle-income Saudi households to afford to build homes and kept the price of already-built homes high (Batrawy, 2014). High land costs made home ownership nearly impossible for the average Saudi Arabian citizen who could not afford to purchase land, as well as hire contractors, buy materials, and build a home. Together, Saudi population growth and the lack of suitable housing for low and middle-class populations created a serious stress for Saudi families. Only approximately 30% of Saudis owned a home (Dudley, 2014; Oxford Business Group, 2013).

Land Costs

Land prices account for 50% to 60% of the total cost of development (Oxford Business Group, 2013). Land prices in Jeddah increased by as much as 30% in 2011 and the overall cost of development increased as much as 50% to 60% in recent years (Fattah, 2013; Oxford Business Group, 2013). In some Saudi cities, land prices increased 50%, which results in land speculation (Fattah, 2013). These land prices created unrest for many young Saudi families who want to buy a home. The consequences of a country's inability to house citizens are dire and contribute to civil unrest and social instability (Affordable Housing Institute & Ernst and Young, 2013). An *Oxford Analytica Daily Brief Service* report stated, "lack of suitable housing is the largest socio-economic

challenge the country [Saudi Arabia] will face in the coming years” (Oxford Analytica, 2011, p. 2).

Developers prefer to build luxury housing (Roberts, 2010). This focus on the high-end market (with high-end profits) excludes middle- and low-income families (Roberts, 2010; SAMBA, 2010). After 25 years of conducting research and lecturing about housing in Saudi Arabia, the researcher has observed that new housing developments remind Saudis of out-of-reach housing opportunities. Households typically secure homes after saving money or borrowing from a family member to pay the full cost of the home because Western-style financing (mortgages with interest) is unacceptable in Islamic cultures (“Kingdom Needs,” 2009; Roberts, 2010).

Demographic Growth

Population growth and the younger Saudi generation’s altered habitation patterns have fueled suitable housing demand in the Kingdom (Oxford Business Group, 2013). Socioeconomic factors, behavioral patterns, and Saudi lifestyles began to change decades ago (Al-Saif, 1994). Many Saudi homeowners passed homes from generation to generation; this was one ownership option for young families. The purchase of an already-developed home was another option for new families. To save on costs, Saudis typically searched for land to buy and contracted builders. The typical process challenged low- and middle-income Saudi populations in light of rising land prices and construction costs.

Housing Prices Versus Income

An Oxford Business Group report found that the average home price was nearly 8 times the average income in Saudi Arabia; by comparison, the average home price in the

United States was 3.4 times the average income (Oxford Business Group, 2013). In Saudi Arabia, the average annual income was \$18,851 according to the General Organization for Social Insurance, while the average house price was approximately \$144,000 (Oxford Business Group, 2013). Unless public and private sector leaders develop new strategies, the disparity between households who can afford to own and those who cannot will become a major long-term problem causing social dissatisfaction on a significant scale (Affordable Housing Institute & Ernst and Young, 2013).

Finance and the Saudi Culture

Typical Western solutions of financing with long-term mortgages with interest and offering mortgages as investment instruments are not acceptable options in the Middle Eastern culture (“Kingdom Needs”, 2009; Roberts, 2010). Lending regulations fall under Sharia law, which stipulates that one cannot borrow money with interest. According to a report by SAMBA financial group (2010, p. 6), the “scarcity of mortgage financing” is a significant factor in the mismatch between supply and demand. Developers hesitate to build homes suitable for low- and middle-income Saudis because only a small portion has the financial resources to purchase homes without mortgage financing (SAMBA, 2010).

Potential homebuyers thus need a large down payment or, in some cases, full payment to buy a home. For some families, it could take 15 years or more to save enough money to buy a house (Assaad & Roudi-Fahimi, 2007; Dhillon & Yousef, 2009; Singerman, 2007).

The Problem Statement

The rising demand for suitable housing for the low- and middle-income population in the Jeddah metropolitan area exceeds the supply.

Purpose of the Study

This study explored the possibilities and obstacles facing private sector residential real estate developers in the development of suitable housing in the Jeddah, Saudi Arabia metropolitan area. The study strove to describe developers' perspectives relative to suitable housing supply and demand trends in the Jeddah metropolitan area to identify the obstacles that inhibit the development of suitable housing in Jeddah and incentives that might help build suitable housing in the Jeddah metropolitan area. Themes emerging from interviews on these topics with developers are summarized to suggest possible long-term solutions to address the ongoing mismatch between supply and demand.

Research Questions

There were four major research questions:

1. How do the study participants perceive the issue of the supply of and demand for suitable housing in Jeddah, Saudi Arabia?
2. How do the study participants explain obstacles to plan for, build, and sell suitable housing units to Saudi families in Jeddah?
3. What specific incentives would be appropriate and how might they influence the planning of, building of, and selling of suitable housing units to Saudi families in Jeddah?

4. What do participants propose to address long-term solutions that could be used to address the mismatch between the demand for suitable housing units and the supply of such housing to Saudi families in Jeddah?

Limitations and Delimitations

Limitations

This study had several limitations. First, qualitative studies are not easily generalizable and cannot be generalized to other areas, regions, or countries (Creswell, 2007). This study focused on the development of suitable housing projects in the Jeddah metropolitan area. Other major cities with similar deficits, such as Riyadh, Mecca, and Medina were excluded. Rural areas were also excluded because the majority of Saudis reside in urban areas. The study did not investigate the issue of suitable housing development for Saudi citizens' or Saudi government officials' perspectives. The case study nature of the dissertation also posed a limitation because case study findings are specific to development in Jeddah.

Another key limitation was that participants were Saudi Arabian. In Saudi culture, it takes people a long time to build trust and to speak with transparency. The researcher had limited time to build this trust; however, the researcher was dedicated to building trust, listening to participants' viewpoints, and bracketing biases to limit researcher influence on the data collected.

Delimitations

The case study population focused solely on private sector real estate developers who resided in Jeddah and private sector real estate development leaders whose principal

place of business was located in Jeddah. The study focused solely on the issue of suitable housing from the perspectives of private sector real estate developers.

Definition of Terms

Affordable Housing

In the Saudi Arabian context, affordable housing refers to the amount of funds and other property available to build houses, and the costs associated with building those houses for median-income Saudi citizens (Al-Dosary, 2005). Affordable housing is defined by the Saudi government as the revival of sustainable Arab housing in the cities with respect to sociocultural aspects of the Saudi population (Al-Faisal, 2009).

Affordable housing can be defined as “market quality accommodation that can be afforded by people of lower incomes, usually measured as a society’s bottom income quartile” (Affordable Housing Institute & Ernst and Young, 2013, p. 12). Affordability is accomplished when a household’s residual income is sufficient with the ability to pay for nonhousing expenditures (Affordable Housing Institute & Ernst and Young, 2013). “To be successful, this suitable housing must not make inhabitants feel second class, or isolate them in enclaves or ghettos in the making” (Affordable Housing Institute & Ernst and Young, 2013, p. 12). For the purpose of this research, an affordable home’s price was calculated at 500,000 Saudi riyals (SR), which equals approximately 133,000 U.S. dollars. The estimated unit size was between 300-350 meters square, which equals 3200-3800 square feet (Ministry of Economy & Planning, 2010).

Suitable housing can be considered a subcategory of affordable housing. In the Saudi context, suitable housing meets the housing needs of a Saudi family based on the

family's size, income, housing location, and is affordable. The terms *affordable* and *suitable* will be used interchangeably in this study.

Middle-Income Housing

Middle income housing is described as “market quality accommodation, which the middle 40-60% trane [segment] of households on the income distribution scale can afford, based on spending no more than 30% of their gross household income on housing” (Salbak, Plumb, Almihdar, & Hassan, 2015, p. 7).

Ministry of Housing

The Ministry of Housing is the Saudi governmental agency responsible for devising housing policies and regulations.

The Ninth Development Plan

The Ninth Development Plan refers to the 2010-2014 strategic plan developed by the Saudi Ministry of Economy and Planning.

Private Housing Sector

The private housing sector is “the traditional private market that allocates housing to people on the competitive basis of ability to pay” (Al-Makky, 1990, p. 49).

Public Housing Sector

The public housing sector is described as when “government agencies or other community groups distribute housing based on the needs of people and agency objectives of the agency involved” (Al-Makky, 1990, p. 49). Saudi's Real Estate Development Fund (REDF) is a public sector program.

Real Estate Development Company

A real estate development company is “an origination or business firm that purchases lands and builds residential houses and/or, commercial offices” (“Real Estate Development Company,” 2011).

Large developers. Firms that provide 200-500 residential units per year.

Medium developers. Firms that provide 25-199 residential units per year.

Small developers. Firms that provide five-24 residential units per year.

Real Estate Development Fund

Real Estate Development Fund (REDF) refers to the housing loan fund established by the Saudi Ministry of Housing.

Saudi Citizens in Jeddah (Low- and Middle-Income Population)

Middle-income Saudi households in Jeddah can afford to spend no more than one third of their income on housing expenses (Salbak et al., 2015). Study findings could assist Saudi policy makers in devising suitable housing solutions for this important population.

White Land

White land is vacant or empty land plots within city limits that have not been developed.

Significance of the Study

This study is significant because the issue of suitable housing is a major problem in Saudi culture and in Jeddah in particular. As described in the Problem Background, the demand for suitable housing is high, but the supply is low. Economic theory suggests that the private market should fill this demand. In the absence of culturally appropriate

financing or incentives for developers, however, the need goes unfulfilled. This study aimed to describe the problem and possible solutions from the perspectives of private sector real estate development professionals. Scant research exists on private sector approaches. This study attempted to contribute solutions with a specific focus on how private sector actors in the residential real estate development industry could address Saudi suitable housing needs in the long-term.

The significance of the study includes ensuring that future generations of low- and middle-income Saudis have access to suitable housing in Jeddah and surrounding Saudi regions. The study's findings are not generalizable for other cities beyond Jeddah; however, the research findings describe practical solutions for developing suitable homes that would encourage private investors to invest in the growth of Saudi Arabia.

CHAPTER TWO: REVIEW OF THE LITERATURE

Introduction

Saudi Arabia is facing a severe housing shortage, which makes it difficult for lower- and middle-income households to achieve home ownership. Many factors contribute to the deficit. Land prices are soaring rapidly, and the demand for housing is increasing, which is creating the escalation in housing values. Despite the Kingdom's oil-based wealth, the supply of suitable housing for lower- and middle-income household is inhibited by the lack of acceptable financing options and a shortage of developable land. Wealth created by the oil industry has increased young Saudis' expectations for high living standards and quality of life. The ambition for high living standards has stimulated the market demand for high-end residential construction, which lower- and middle-income Saudis cannot afford. High-cost construction in urban areas has made home rentals and purchases out of reach for lower- and middle-income households (Almunajjed, 2012). The shortage of suitable housing and the stress of spending the majority of one's income on housing have also been linked to social unrest in the Gulf region (Almunajjed, 2012).

This literature review provides a cultural context for the study of housing development in Saudi Arabia. It also includes a description for the ongoing problem of suitable housing for low- and middle-income household in Jeddah, a large port city on the Red Sea and the Kingdom's second-largest city. The study has a specific focus on private sector real estate development professionals, to understand how the Saudi government and private sector actors (the development professionals) address long-term solutions for Saudi households' need for suitable housing. Most literature on suitable

housing in Saudi Arabia exists in newspaper articles and governmental documents. The research literature from scholars in the neighboring countries of Yemen, the United Arab Emirates, Jordan, and Bahrain have addressed the development of suitable housing and the need for effective leadership and policy. This chapter includes a synthesis of the limited research from Saudi Arabia, with recent scholarship from the Arab world. The literature identifies several interrelated themes, including the need for sustainable, culturally appropriate urban housing for lower- and middle-income families. The need for the Saudi Ministry of Housing to provide leadership and intervention was also addressed. A lack of land, lack of infrastructure, and the need to navigate complex governmental regulations also surfaced as themes in the literature. The following summarizes the factors identified in the literature as affecting the housing crisis in Jeddah.

The Importance of Affordable Housing

Affordable housing is at the epicenter of both urban prosperity and social connections between families, communities, and society (Jeddah Economic Forum, 2013). Every city and community relies on productive residents. Affordable housing provides a stable environment for family development and has the potential to create critical jobs and livable wages for the Saudi workers (Jeddah Economic Forum, 2013). Adequate housing is as essential to human beings as clean water and healthy food. The availability of adequate housing influences directly the quality of life for individuals, families, and the population as a whole (Assaf, Bubshait, & Al-Muwasheer, 2010). Lower-income households struggle to find suitable housing within their budgets (Assaf et

al., 2010). Low-income householders must choose between housing and other essential needs. They often become homeless or live in substandard dwellings (Assaf et al., 2010).

Description of Suitable Housing for Lower- and Middle-Income Families

Suitable housing can be defined as adequate housing provided by special services or the government for those unable to afford a monthly payment or rent due to personal or economic circumstances (Assaf et al., 2010). Affordable housing has been defined in developed countries as housing that costs less than 30% of the household's average income (Chatfield, Shaw, & Warnock, 2000). Affordability is relative to the country or region and average household income (Chatfield et al., 2000). Suitable housing is a necessary element in a successful, prosperous city (Smith & Freeman, 2014).

The Affordable Housing Concept

The Western concept of eligibility for housing assistance was based on several factors, including marital status and income (Sidawi, 2008). Saudi Arabia adopted this strategy, although the concept was neither defined clearly nor suited to the local culture and preferences (Sidawi, 2008). A housing solution that would work for the majority as well as those who struggle to afford suitable housing was needed (Jeddah Economic Forum, 2013). Suitable housing includes the web of neighborhood amenities and relationships, as well as the quality of the dwelling unit, to provide sustainable living conditions that support healthy families (Salama, 2006). In other words, location matters for suitable housing.

Residents influence the development, social environment, and infrastructure of a city. Housing quality influences the functionality of the neighborhood. These correlations form a better understanding of sustainability and suitable housing in urban

areas, and the tools needed to create housing. The fact that suitable housing has largely been defined by income and other economic terms does not imply that other aspects, cultural preferences, lifestyles, and personal aspirations should be isolated or disregarded. The focus and emphasis of housing policy should integrate economic, social, cultural, and personal behavioral influences with strategies to build suitable and sustainable housing projects (Salama, 2006).

Housing in the Persian Gulf Region

The Persian Gulf region, referred to as Arabia, consists of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, the Sultanate of Oman, and the Republic of Yemen (see Figure 1). Saudi Arabia inhabits 80% of the Arabian Peninsula—approximately two million square kilometers or 772 square miles—in southwestern Asia (General Authority for Statistics, 2015).

Rapid population increases and demographic changes have fueled a severe suitable housing shortage in the region. The regional population has “quintupled over the past 40 years from 7.8 million in 1970, to 46.2 million in 2011” (Almunajjed, 2012, para. 10). Continued growth is expected across the region; the population is estimated to reach 66 million by 2050, and Saudi Arabia has more than 60% of the population in the region (Almunajjed, 2012). The Saudi population was 28 million in 2011, and projected to swell to 45 million people by the mid-2050s (Almunajjed, 2012). The region’s population is relatively young; the median age of Saudi Arabia is 26 years, the lowest median age in the Middle Eastern and Northern African (MENA) region. Younger generations will be entering the labor market and looking for smaller, suitable housing

(Almunajjed, 2012). Currently, 37% of the population in Saudi Arabia is under the age of 14, and 51% are under the age of 25 (Sallam & Hunter, 2013).

The high percentage of expatriates residing throughout the region also influence the demand for housing and housing costs. For example, expatriates make up 67% of Kuwait's population. Expatriates comprise 80% of Saudi Arabia's workforce and 90% of Dubai's workforce (Smith, 2009). Arab nations have experienced rapid growth and demographic shifts, which have also created a surge in demand for housing.

Governments have strategized to expand the supply of adequate, suitable housing and to avoid social unrest caused by housing disparities (Freeman, 2014). Bahrain, for example, has increased its efforts to fund housing loan programs for citizens, although the waiting list is upwards of 19 years for government-subsidized housing (Freeman, 2014).

The United Arab Emirates, Dubai, a smaller country, introduced two housing programs at the federal level: income-based grants for people earning monthly salaries less than \$2,600, and housing loans for those earning more than that monthly amount (Freeman, 2014). Grants and loans must be used to purchase or construct a first home; grants and loans may not be used to subsidize rentals (Mahmoud, 2014). Only Emirati citizens who are priced out of the private housing sector are eligible for grants and loans. Eligibility is generally limited to citizens, although an expatriate married to an Emirate, and with children, would be eligible if the Emirate applies on behalf of the family, and if the Emirate is the principal earner in the household (Mahmoud, 2014). Eligibility is also restricted if the applicant obtained housing assistance in the previous 15 years and the home continues to meet family needs (Mahmoud, 2014). Citizens who purchased a home with federal assistance are disallowed from selling the property unless the home becomes

unsuitable (for example, if the family size outgrows the home size; Mahmoud, 2014).

Female home ownership is limited to widows, women above age 30 who are unmarried, or divorced “from a man who cannot provide a home for her children” (Mahmoud, 2014, p. 118).

Saudi Arabia has made ambitious efforts to address the shortage of suitable housing; in general, however, it has failed to implement programs that increase housing supply. Some Middle Eastern countries have ignored current housing problems and taken no actions to provide or incentivize the market to develop suitable housing (Mahmoud, 2014). Compared to other Gulf nations, the Saudi government strives to develop solutions; however, it has struggled to create and implement programs that deliver suitable housing.

Sustainable and Culturally-Appropriate Housing

According to Morris and Winter (1996), the cultural norms of a society place constraints or restrictions on households. These “cultural norms” (Morris & Winter, 1996, p. 15) determine both the type of house a particular family may acquire and the resources they may use to obtain housing. These cultural norms originate in the family, community, and the society. The society itself may place certain restrictions, expectations, and sanctions upon a household concerning behavior, location, and housing arrangements. Finally, household members may place their own expectations and restrictions on what may be considered “acceptable housing” for that particular family.

Resource allocation is also a cultural consideration. Morris and Winter’s theoretical framework stated, “The amount of money that ‘should’ be spent on housing is cultural” (Morris & Winter, 1996, p. 16) and is influenced by the resources available

within every society. Once a household finds the home it desires, an “acceptable” way to finance that home must also be identified, whether that is renting it or saving funds to purchase the house. The discrepancy between the current housing and the desired type of housing results in a “deficit” (Morris & Winter, 1996, p. 8); when the deficit is large enough, the household experiences “dissatisfaction” (Morris & Winter, 1996). The household must then either adapt to its current housing situation or find a new home in order to decrease dissatisfaction to an acceptable level. Housing finances, including culturally accepted financing options, is an important component or predictor of housing satisfaction.

Cultural Differences Between Saudi Arabia and the United States

Cultural differences surrounding home ownership financing are distinct, and involve symbolic meanings and values attached to owning a home (Perry & Motley, 2010). The different views or values ascribed to owning a home derive from social institutions and financing; Saudi Arabia and the United States are on opposite ends of the housing spectrum (Perry & Motley, 2010). The two countries differ greatly on cultural dimensions of individualism versus collectivism, and uncertainty versus avoidance ideas (Hofstede, 2001). The theories and differences help explain the differences in values and beliefs between Saudi Arabia and the United States about home ownership. These differences include the finance institutions supporting home ownership, and communication between public and private sectors (Perry & Motley, 2010).

Home ownership in the United States. Owning a home in the United States is practically a universal aspiration. Homeowners accumulate wealth through equity and social status, and home ownership represents economic, social, family, and civic

responsibility (National Association of Realtors Research Division, 2012). About two thirds of U.S. citizens benefit from the outcomes of owning their home (National Association of Realtors Research Division, 2012). These benefits include higher education levels for children, civic engagement, decreased poverty rates, decreased dependence on government welfare programs, and higher rates of volunteerism (National Association of Realtors Research Division, 2012).

In the United States, home ownership is the dream and supported by financial systems that amortize long-term mortgages and offer tax incentives. Borrowing money to finance homes is culturally acceptable and supported by an intricate network of private and public lenders. The U.S. mortgage network is considered the most advanced financing system in the world (Green & Wachter, 2005). The American mortgage system provides financing with interest, and allows for long-term financing for average earners to afford home ownership. Homeowners in America typically sign long-term 15-, 20-, or 30-year mortgages (National Association of Realtors Research Division, 2012). The U.S. government subsidizes mortgage loans with tax deductions for interest costs (Perry & Motley, 2010). Tax deductions provide enticing finance incentives for people to buy homes, even for middle-income citizens (Bourassa & Yin, 2008).

Home ownership in the Arab region. Across Saudi Arabia, property ownership has fallen below regional averages. Home ownership rates in Saudi Arabia are low compared to the United States and other Arabian countries. Ownership rates are 75% in the United Arab Emirates, 80% in Qatar, 82% in Bahrain, and 83% in Oman (Oxford Business Group, 2015a).

Home ownership in Saudi Arabia. There is consensus that Saudi nationals should have suitable housing options, including home ownership. The lack of housing opportunities is an important issue for Saudi families. One estimate, however, of the rate of home ownership in Saudi Arabia is 30%, in contrast to the global median rate of 70% (Almunajjed, 2012; Salbak et al., 2015). In 2011, the Saudi government allocated 250 billion SR (66.6 billion U.S dollars) to build 500,000 living units (Sultan, Basunbol, Mahboob, & Allam, 2013). The Ministry of Housing was also formed in 2011 to address the housing crisis (Jeddah Economic Forum, 2013; Sultan et al., 2013). The Ministry of Housing, however, has not developed and implemented a comprehensive strategy of solutions without the financing options and tax advantages associated with home ownership in the United States; purchasing housing is the single largest expense for most Saudi citizens.

Religion, Culture, Islamic Banking, and Housing Market in Saudi Arabia

Deep-seated cultural beliefs, including religion, play major roles in the views of home ownership and influence financial and legal systems. Islam is the official religion in Saudi Arabia, and Sharia law dictates government, cultural values, lifestyles, and legal systems (Perry & Motley, 2010). Sharia law derives from the Qur'an and Sunni records of the Prophet Muhammed (Rice & Al-Mossawi, 2002). "Islam is more than a religion: it is a totally self-contained cosmic system" (Long, 1997, p. 42) and it is a way to lead one's existence. Islamic law prohibits paying or charging interest, which makes it difficult for lower- and middle-income earners to purchase a home over time (Perry & Motley, 2010). Having a loan with interest is taboo and violates Islamic law.

Basic Islamic finance and banking principles were founded upon interpretations of the Qur'an; primary principles include interest-free banking because charging interest was viewed as a breach of the faith (Hosseini, 2009). Islamic conceptualizations of economics developed in the middle of the 20th century, and by the 1970s, these approaches were implemented in Islamic banking systems (Hosseini, 2009). Islamic law prohibits lending someone money with interest or for profit. Any financial gain must benefit society rather than being a profit venture (Rowey, July, & Fèvre, 2006). Islamic ideas about money and usury exist to avoid social stratification tied to the accumulation of wealth (Cummings, Askari, & Mustafa, 1980).

The first principle of Islamic finance is that significant income inequality is considered dehumanizing (Cummings et al., 1980). The second primary principle of Islamic finance is the prohibition of economic activities that can produce profit without a risk of loss (Cummings et al., 1980). The third principle holds that people were supposed to work hard to accumulate wealth rather than trying to earn money passively by charging interest (Cummings et al., 1980). Khan and Mirakhor (1989, p. 40) summarized these principles:

[An] Islamic banking system is essentially an equity-based system in which depositors are treated as if they were shareholders of the bank. Consequently, depositors are not guaranteed the nominal value, or a predetermined rate of return, on their deposits. If the bank makes profits then the shareholder (depositor) would be entitled to receive a certain proportion of these profits. On the other hand, if the bank incurs losses the depositor is expected to share in these as well, and receive a negative rate of return.

Participants in Islamic-compliant financial transactions, then, are business partners with shared risks and rewards (Sidawi & Meeran, 2011). The Kingdom uses Islamic rules and financing methods when engaging in financial transactions (Sidawi & Meeran, 2011).

Finance institutions calculate risk into the loan price, which adds another barrier for low- and middle-income households (“Saudis Study Fannie Mae-Style,” 2012).

Two financing options comply with Sharia law: (a) Murabaha (cost-plus credit), and (b) Ijara (lease agreement). Murabaha plan allows people to make payments similar to fixed-rate finance and mortgaging. It is in essence a rent-to-own program (Murray, 2007). The home is not considered owned by the buyer until the loan has been repaid fully (El-Gamal, 2002; Karam, 2007; Perry & Motley, 2010).

Musharakah is another rent-to-own program. In this type of finance arrangement, the lender and homebuyer co-own the property. The homeowner pays rent and part of the principal; the lenders’ share of the home diminishes over time. This mortgage model includes profit and loss in the case of selling the home. Muslim scholars approve such loans within Saudi banks (Murray, 2007).

Parties Involved in Housing Development in Saudi Arabia

Historical Context in the Kingdom

In 1932, the Kingdom of Saudi Arabia was formed (Al-Mayouf & Al-Khayyal, 2011). Eighty percent of the kingdom’s population at that time was nomadic and rural (Al-Mayouf & Al-Khayyal, 2011). The discovery of vast oil reserves triggered migration to more populated areas, as Saudis sought employment opportunities in the growing oil and gas industry (Al-Mayouf & Al-Khayyal, 2011). Governmental intervention for housing began with the provision of land for employees of the national oil company ARAMCO (Al-Mayouf & Al-Khayyal, 2011). When the nation’s governmental offices relocated from Jeddah to Riyadh in 1953, the Kingdom provided land grants to the relocated governmental employees (Al-Mayouf & Al-Khayyal, 2011).

The Ninth Development Plan

The Ministry of Economy and Planning established housing benchmarks or goals in 5-year increments, known as *development plans*. The Ninth Development Plan covered the years 2010-2014 (Ministry of Economy and Planning, 2010). From the inception of the REDF until the end of the 2014-2015 financial year, the REDF processed over 773,000 loans for nearly 229 billion SR (\$61 billion U.S.), which resulted in the building of over 928,000 housing units (Ministry of Economy and Planning, 2010).

The goal under the ninth plan was to raise the rate of home ownership to 80% by the year 2024 (Ministry of Economy and Planning, 2010). According to the Ministry of Economy and Planning (2010), the Saudi population was expected to grow at an average rate of 2.23%, a growth rate requiring approximately 800,000 additional housing units. In addition, the non-Saudi population was projected to grow at a rate of 1.86% and require 200,000 additional housing units. The Ninth Development Plan estimated a demand of 1.25 million housing units, and the Ministry planned to satisfy 80% of that demand by building one million houses by the Public Housing Authority, the REDF, and the private sector between 2010 and 2014 (Ministry of Economy and Planning, 2010).

The Ministry of Housing

The Ministry of Housing is the governmental agency responsible for Saudi Arabia's housing policies and procedures. Several stakeholder groups are involved with the housing planning process in Saudi Arabia, including public and private sectors. In providing adequate housing units, the government and private sector collaborate to mobilize a large amount of resources for housing construction. Finance resources are

provided by the REDF, national banks, public sector, private sector, joint organizations, and institutions that provide housing for employees (Assaf et al., 2010).

Real Estate Development Fund

Since the 1970s, decent quality, sustainable housing standards have been a national objective (Al-Otaibi, 2004). To achieve this goal, the REDF, a specialized institution, was created in 1974 (Mubarak, 1999). The REDF was the major source of government subsidies and funding for citizens. The REDF provided interest-free loans up to \$80,000 U.S. dollars for a loan period of 25 years (Al-Mayouf & Al-Khayyal, 2011). The REDF extended interest-free credit to people 18 years or older and married, or to single people at least 21 years of age (Mubarak, 1999). The private sector developed private housing (Al-Otaibi, 2004). The loan criteria did not target any particular social group. Loan criteria stipulate that the recipient has not obtained a previous REDF loan. It is essentially a “first come, first serve” policy (Al-Otaibi, 2004).

Applicants needed to provide records documenting land ownership in order to get approval for a REDF loan. Loan recipients were completely responsible for the design of their housing (Mubarek, 1999). Recipients were responsible for making their annual loan payments in a timely manner. To “encourage amortizing [of the 25-year] loans, 20% of the annual payment is forgiven if paid within sixty days of its due time. And if the entire loan is redeemed in one payment, 30% of the loan value is forgiven” (Mubarek, 1999, p. 11). For example, if the loan recipient had three annual payments remaining on the loan, and wished to pay for all 3 years in one lump sum, then 30% of that balance would be forgiven (and thus reduce the lump sum amount).

The REDF also extended funding to Saudi developers to build businesses and rental houses. Loans up to \$3,000,000 were available to certified investors. The rental units built from investors have increased drastically from 11% of the housing stock in 1974, to 42.2% in 1996 (Mubarak, 1999). This loan program stimulated the development of commercial and rental units, not home ownership.

The REDF, established with the goal of helping low- and middle-income citizens gain access to financing to buy a home and articulated in the Five-Year National Development Plan has been unable to implement a program that can keep up with the demand (Al-Otaibi, 2004). In 2013, the waiting list for REDF funding had 2.3 million applicants (Ghafour, 2015; Jeddah Economic Forum, 2013). Between 1974 and 2015, the REDF issued 750,000 loans, nearly 200,000 of which were granted from 2011 to 2015 (Ghafour, 2015).

REDF-based funding decreased during the 1980s from more than 600 million to 200 million (Al-Otaibi, 2004). In the early 1990s, during the Gulf War era, funding decreased further, although a review of the REDF loan criteria indicated the loans were allocated equitably to regions and metropolitan areas (Al-Otaibi, 2004). To address the REDF primary concern was to increase the Kingdom's private housing stock; the housing needs for every class and section of the society need to be supported (Al-Otaibi, 2004).

Banks and finance firms had the potential to fund private housing development, but needed more capacity to offer financing to low- and middle-income Saudi households. These goals could have been accomplished by redirecting resources from historic area preservation and urban renewal toward home ownership (Al-Otaibi, 2004).

Since the REDF financing became available, significant amounts of new housing units have been developed; however, in the REDF, loans have influenced a substantial regional imbalance in the housing adequacy in the Kingdom (Al-Otaibi, 2004). In order to meet future housing needs, the strategy was to balance trade-offs between economic efficiency and social equity in allocating housing funds. Examples included two loan programs implemented by the REDF: (a) a long-term (25 years or more) interest-free loan, granted to Saudi nationals to construct their own housing and; (b) a medium-term, interest-free commercial loan for investment in residential rental construction (Muirfi & Benna, 1995).

In general, Saudi Arabian governmental housing policies focused on demand rather than supply (Sloan, 2014), the focus contributed to the current housing problem. The private sector failed to implement “specific mechanisms to address the issue of housing affordability,” even though the private sector “finances over 90% of Saudi housing” (Al-Dosary, 2005, slide 17, p. 10). In a 2010 study, Assaf et al. interviewed five real estate developers about construction costs and affordable housing; findings suggested primary factors affecting the cost of housing in Saudi included the cost of materials, the design quality, construction laborer nationality, lack of on-site financial control, and experience (Assaf et al., 2010).

Real Estate Development Fund policies. In March of 2014, the Ministry of Housing launched an electronic application process for financing home ownership called Eskin. Eskin allowed citizens to apply for a 500,000 SR interest-free home purchase loan. The Eskin goal was to relieve housing financial stress for more than 2 million

citizens on the REDF waiting list (Oxford Business Group, 2015b). This program has been complicated by difficulties in obtaining land (Oxford Business Group, 2015b).

Land grants. The Ministry of Housing worked on the supply side by providing land grants to real estate developers. The Ministry of Housing hoped to release 306,000 plots between 2015 and 2019, and it established a deal to provide 26,000 apartments in Jeddah, Dammam, and Al Hofuf in 2015 (Oxford Business Group, 2015b).

Developers had authority to price each housing unit on a case-by-case basis and to earn a certain percentage off the price of each unit or project. The Ministry offered additional incentives to developers willing to construct houses on their own land to ensure a large number of suitable housing projects over the next few years (Oxford Business Group, 2015b).

The Saudi government distributed land grants to Saudi nationals, which shaped the housing market. Free land lots were distributed to mainly low-income citizens in Riyadh and, by 1986, nearly 49% of the land was distributed. This land distribution encouraged urbanization as migration from less developed communities spurred building and construction around the borders (Mubarak, 1999). By 1996, the government had distributed over two million land plots across the nation, a substantial amount of free land given to a population of 12 million. Riyadh was a preferred location, with 45% of the requested lots. The housing supply, coupled with the large number of vacant housing units in city areas, depressed real estate values and rental rates (Oxford Business Group, 2015a). From 1974 to 1996, over 120,000 housing units, 26% of the total housing supply in the capital city, was provided through subsidized programs (Mubarak, 1999).

The REDF had no restrictions on housing location. Residents were free to choose the land where they wanted to build their dwelling. It successfully increased the opportunity for housing and funded the development of single-family houses, duplexes, townhouses, or apartments. The units could have been used for rental and owner-occupied housing. The housing needed to blend in with the surrounding landscape, not interfere with existing housing, or interfere with daily activities of existing residents (Mubarak, 1999).

Mubarak (1999) identified the 1990s as a turning point in the Saudi government's approach to housing. Initially, governmental efforts focused on housing availability; in the 1990s, the focus transferred to housing affordability (Mubarak, 1999). Decreased oil prices in the 1990s affected these efforts, such that the government no longer played its "leading role in subsidizing numerous development programs, including the REDF" (Mubarak, 1999, p. 15). Without a coherent comprehensive approach, however, the programs designed to provide financing did not solve all the housing issues.

Regulations and Legislation

Governments can influence housing development through housing policy. Adequate housing helps maintain social order, and prevents problems associated with homelessness, poverty, and segregation (Almunajjed, 2012). Saudi Arabia considered drafting regulations and real estate financing similar to Fannie Mae (Almunajjed, 2012). The necessary regulations and reform may have been part of the government efforts to develop housing loans and mortgages, in a conservative country where Islamic laws made it difficult or impossible to lend money on the basis with interest or even against property ("Saudis Study Fannie Mae-Style," 2012).

A 2013 report by the Jeddah Economic Forum suggested the Kingdom could establish a nation-wide building code, specialized housing courts, a research center to collect and report housing data, a national housing database. The report authors also suggested incentives for developers and called on the private sector for increased participation in affordable housing development (Jeddah Economic Forum, 2013).

The Kingdom increased the housing supply by half a million homes between 2007 and 2012. At the same time, new mortgage laws were also approved (Jeddah Economic Forum, 2013). Policy makers' primary efforts were tied to regulating the housing industry (Jeddah Economic Forum, 2013). Dr. Al Rabiah, Minister of Commerce and Trade, argued that such regulations would incentivize private sector real estate developers to contribute to the supply of affordable homes (Jeddah Economic Forum, 2013). The efforts, however, have yet to eliminate the unmet demand for suitable housing.

Consequences of the Lack of Affordable Housing

According to Dr. Abdullah Sadiq Dahlan, the Chairman of the Board of Trustees of University of Business and Technology, a well-reputed private college in Jeddah, commented, "If you leave a problem, it becomes a crisis" (Jeddah Economic Forum, 2013, p. 1). The long-term consequences of inadequate housing include high crime rates, domestic terrorism, and high poverty levels (Smith, 2009). Failure to address the housing issue increases the chance of social unrest (Smith, 2009). A high proportion of unmarried men and social problems are linked to the lack of affordable housing units. When young men are unable to marry and start families of their own, the society may be at risk for urban violence (Smith, 2009). Advocates call for governmental intervention to address

affordable housing to safeguard the well-being and social fabric of the Kingdom (Assaf et al., 2010).

The Current Housing Market Environment in Saudi Arabia

Creating Affordability

The Kingdom develops 5-year housing plans. The 2010-2014 plan included policies and programs addressing multiple causes of the housing shortage. For example, provisions included opportunities to explore Islamic finance-compliant loans to encourage households that already owned land to build homes on their land. There was also a provision to gift land parcels (generally 650 square meters) to low-income individuals. Additional provisions addressed supply-side issues; for example, subsidies for architectural design service and incentives for individuals and partnerships to invest in development (Mahmoud, 2014).

Home Ownership

Owning a home is an important valuable asset and investment that influences the ability to build equity or wealth. In Saudi Arabia, home ownership provides social status and increased quality of life (Perry & Motley, 2010). The experience of owning a home differs greatly from renting. Homeowners have a financial stake in the neighborhood and are more likely to engage in community activities (National Association of Realtors Research Division, 2012).

It is difficult to determine the rate at which Saudi citizens own their homes because different agencies report different figures. Data from the Kingdom's General Census of Population and Housing in 2004 revealed that about 60% of the 2.7 million Saudi households owned their homes, and a 2007 survey showed little change in the rate

(General Authority for Statistics, 2004). Almunajjed (2012) reported a home ownership rate of 30%. According to the Kingdom's Central Department of Statistics and Information, approximately 60% of Saudis owned their own home (Oxford Business Group, 2015a). The Kingdom estimates a current home ownership rate of 47% (Council of Economic and Development Affairs, 2016b). Other estimates were lower— according to Century 21, the Kingdom's house ownership ratio was 35% (Oxford Business Group, 2015a). The Kingdom's Council of Economic and Development Affairs (2016a) recently indicated that a home ownership rate of 47%; the Kingdom's goal for 2020 is to increase home ownership 52% (Council of Economic and Development Affairs, 2016a). Conflicting statistics make it difficult to measure the demand for affordable housing.

Global homeownership rates have decreased due to rising land and housing costs (Sidawi & Meeran, 2011). In Saudi Arabia, the housing market suffered from a shortage of small to mid-priced houses. The median home price, 200,000 SR (\$53,300 U.S.) is unaffordable for younger Saudis (Almunajjed, 2012). Even with government efforts to supply 500,000 housing units via a 67 billion SR program (\$17.87 billion) the Ministry of Housing could reconfigure its policy, and empower citizens and private developers to deliver more units (Oxford Business Group, 2015a). The housing crisis and demand has spurred interest from residential and retail developers in the region. The Ministry of Housing planned to reduce housing shortfalls by encouraging job and work opportunities with construction of houses (Oxford Business Group, 2015b). Recent estimates indicate a need to increase housing supply by 160,000 to 200,000 houses each year ("Saudi Housing Crisis," 2015). The REDF indicated there were 2.3 million applicants waiting for home loan approval as of 2013 (Jeddah Economic Forum, 2013).

Housing Supply and Demand

Saudi Arabia is a country with a young population and high birth rates. About 45% of the population is younger than 15 years old; 70% of the citizens are younger than 30 years old (Assaf et al., 2010). These demographics suggest that demand will continue to escalate in the future, as more people marry and start families (Assaf et al., 2010).

Economic, social, and demographic factors play a role in people's housing goals. Housing choices are limited by current housing market supply (Al-Otaibi, 2004). Housing demand for customers and housing options relates to income levels. Consumer housing choices are tied as well to the housing unit's capacity to meet customer needs (Al-Otaibi, 2004). Housing preferences were motivated by demographic factors, income levels, status, and other societal factors (Al-Otaibi, 2004).

The past and current trends of population growth, household characteristics, income, and unemployment factors influence the issue of housing in Jeddah, Saudi Arabia. The housing sector needs to account, identify, and ultimately address the key trends and the implications relating to the housing market (Al-Otaibi, 2004). The Chief Economist of the Kingdom's National Commercial Bank, Al Shaikh, indicated that "there would be a need for 2.4 million additional housing units in Saudi Arabia between 2013 and 2020, which would cost 1.3 trillion SR [\$35 billion] to build" (Jeddah Economic Forum, 2013, p. 13). Al Shaikh concluded that if the government did not act with urgency, suitable housing could have serious repercussions by creating social dissatisfaction and unrest among Saudis' under the age of 30 ("Saudi Housing Crisis," 2015).

Average Income and Expenditure for a Saudi Household

The average Saudi household size in Jeddah was 5.8 (Ministry of Housing, 2013). The average monthly income for a household in Jeddah in 2013 was 13,106 SR (\$3,494 U.S.). Living expenses were approximately \$715, or 2,681 SR per month (Ministry of Housing, 2013).

The Saudi Central Department of Statistics stated that the average household costs for housing increased from 23% in 1979, to 28% in 1983 (Al-Otaibi, 2004). The increase of land prices has led to increases in rent and home costs. A previous survey revealed that household expenditure on rent was approximately 14% of income (Al-Otaibi, 2004).

Relationship Between Wages, Costs, and Affordability of Houses

Al-Hogail (the current Minister of Housing) stated that the average household lifestyle and demographics would change the current behaviors and priorities, along with trends (“Al-Hogail: Clear Goals Vital for Success,” 2013). Sulayman pointed out that while “Saudi Arabia is a rich country” its wealth is not reflected in its citizenry; even middle-income earners typically cannot afford home ownership until they are 50 years of age or older (Jeddah Economic Forum, 2013, p. 5). An average-price home in the Kingdom “costs SR700,000 [\$186,666 U.S.], nearly 10 times the average national salary of SR72,000 [\$19,200 U.S.]” (Jeddah Economic Forum, 2013, p. 5). Al Shaikh, Chief Economist at the National Commercial Bank, stated that the ratio of average wage to land costs was an indicator of housing affordability. Al Shaikh also argued that the average yearly income for Saudis was about 72,000 SR (\$19,200 U.S.), and that homes cost nearly 10 times that amount, 700,000 SR (\$186,666 U.S.) on average (Jeddah Economic Forum, 2013). In contrast, in the U.S., a home was considered affordable if its purchase

price was three times as much as the buyer's salary (Jeddah Economic Forum, 2013). Al Shaikh argued Saudi Arabia's low home ownership rates were unacceptable (Nasir & Abdullah, 2014).

Population Growth and Urbanization in the Region

Historically, the majority of the Saudi population lived in rural areas (Al-Otaibi, 2004). Annual growth rates were 12.43% since the 1970s and 11.05% in 2000 (Frisbie & Al-Khalifah, 1991). The Saudi population grew from 6 million in the 1970s to over 29 million in 2012 (Oxford Business Group, 2013). Al Jassar, the Saudi Minister of Economy and Planning, estimated that 67% of the entire population of the kingdom now lives in urban areas such as Jeddah (Al-Otaibi, 2004; Jeddah Economic Forum, 2013). In 1910, 80% of the world's population lived in rural areas (Jeddah Economic Forum, 2013). In 2010, 51% of the world's population lived in cities (Jeddah Economic Forum, 2013). A mismatch in supply and demand on urban areas (Salama, 2006) has created a crisis in the Gulf region (Almunajjed, 2012).

Successful urbanization requires sustainably built cities with access to essential health and welfare services (Jeddah Economic Forum, 2013). As David Smith, the CEO of the Affordable Housing Institute summed it up: "If a city doesn't work, its economy dies; and if the economy dies, the city dies. We've seen this in America" (Jeddah Economic Forum, 2013, p.7). Jeddah and other cities have experienced a shortage of affordable housing options. Rapid growth has been accompanied by increased poverty; an estimated 25% of the entire population was below the poverty line (Sallam & Hunter, 2013). "The influx of rural and desert population into urban areas have exacerbated the problem of providing affordable housing to the populace" (Salama, 2006, p. 67).

The government has provided some help financially, but despite the government assistance, housing prices continued to soar (Al-Otaibi, 2004). Al-Hogail, the Minister of Housing, stated that the demand for housing was due in large in part to the rising young population (“Al-Hogail: Clear Goals Vital for Success,” 2013). The government has set aside 250 billion SR (\$66.7 billion U.S.) for the housing budget, and has begun to address the problem (“Al-Hogail: Clear Goals Vital for Success,” 2013). The budget gap was projected at 500 billion SR to fulfill the construction expenses (“Al-Hogail: Clear Goals Vital for Success,” 2013). The gap will widen in the future to an amount estimated at over 1 trillion SR (\$266.7 billion U.S.) and the private sector was limited due to limited support of the government agencies (“Al-Hogail: Clear Goals Vital for Success,” 2013).

Affordable housing needs to be addressed in a comprehensive manner. According to Salama (2006, p. 68),

The Saudi environmental and socio-cultural contexts demand that affordable housing should not aim at merely providing shelters to lower income populations, it should also offer design solutions that are sensitive to the local context. Issues such as privacy, social cohesion . . . and the lifestyles of the target populations should be considered in providing desirable, affordable and sustainable housing.

Households with high incomes have more freedom and resources to choose where they live (Morris & Winter, 1996). The choice of where to live affected the quality of life, access to services, and the social benefits of residing in a safe and healthy community. These demand factors and considerations can influence the development of new housing and neighborhoods (Al-Otaibi, 2004).

Expatriates and Housing

Migration attracted firms and foreign laborers, and employment opportunities contributed to population growth (Al-Otaibi, 2004). Most expatriates in the Kingdom

come from all over the world and work for a few years until their work contract expires. They transfer the bulk of what they earn to their home countries. Government regulations prohibit non-Saudis from owning land or homes—rentals are the only option for expatriates. Higher numbers of expatriates increase the need for rental housing, and their demand drives rental costs.

Lack of Financing Alternatives

Inadequate finance options prove to be a major roadblock for suitable housing efforts and energies (Almunajjed, 2012). Housing finance includes loans or other interest-free arrangements (Almunajjed, 2012). Many citizens do not earn enough money to qualify for mortgages (Almunajjed, 2012). The framework for mortgage regulations is still being developed, and innovative business models are lacking (Almunajjed, 2012). Mortgage regulations are reliant on Sharia law and the lending laws associated with charging interest (Perry & Motley, 2010; “Saudis Study Fannie Mae-Style,” 2012).

Delegates to the Jeddah Economic Forum (2013) agreed private-sector banks need to increase participation in housing finance solutions for potential homeowners. Delegates also agreed that the majority of potential homeowners in lower- and middle-income households were underserved by REDF-based loans and by commercial bank loans, which were most often issued to high-income earners (Jeddah Economic Forum, 2013). According to Mohammed Alzamea, public relations director of the Ministry of Housing, “We’d like to extend half a million loans over five years, but the issue was supply. We have a budget for 500,000 people, but there are 750,000 eligible people” (Oxford Business Group, 2015a, p. 2). Alzamea stated that the ministry was working with banks to provide loans (Oxford Business Group, 2015a).

Lender portfolios indicated that growth potential has been impeded by a mismatch between consumer income and home prices (Oxford Business Group, 2015a).

Developers tended to focus on the higher-end market segments, in which profits are typically greater (“Saudis Study Fannie Mae-Style,” 2012). The vast majority of loans are offered to higher income customers that earn 30,000 SR (\$8,000 U.S.), at a minimum, based on data from Deutsche Gulf France, for example. The average price for homes financed by Deutsche Gulf is 1.63 million SR (\$434,666 U.S.) and with current home loans only covering 4% of the costs (Oxford Business Group, 2015a), this average appears to be an unaffordable price for most Saudis (Oxford Business Group, 2015a). In 2014, the value of property loans increased 31% with the majority being individual loans (Oxford Business Group, 2015a).

Prospective buyers’ access to financing became more arduous in November 2014, when new regulations mandated borrowers make 30% down payment (minimum) on property loans (Oxford Business Group, 2015a). While this requirement decreased the overall risks of the loan, it meant that fewer Saudis citizens had enough income and capital to access financing (Oxford Business Group, 2015a). It became even less likely that low- and middle-income Saudi citizens could obtain approval for home loan purchases (Oxford Business Group, 2015a). The Kingdom began to discuss long-term loan financing and risk reduction for finance agencies and banks (Ghafour, 2015).

Home financing regulations were expected to boost the availability of suitable housing and housing sectors, although it remained unclear how a foreclosure process would work. Twenty financial institutions, including 12 banks, were awarded a real estate license under the new laws; an additional 28 institutions sought the license (Oxford

Business Group, 2015a). Once foreclosure regulations were determined, lenders may have been encouraged to increase lending volumes (Oxford Business Group, 2015a).

Consumer attitudes in MENA focus more on lifetime costs than monthly installments. MENA nations are still establishing basic forms of financing. These differences are essential in understanding the complicated issue of financing, since it affects the ability to lend and to borrow. Another complication is the fact that many Arab countries disallow foreclosure procedures, especially in cases in which the property is the borrower's primary residence (Jeddah Economic Forum, 2013).

Even with legislation, Saudi reform will take time. Price inflation and lack of finance options remain two major issues for the affordable housing crisis ("Saudi Housing Crisis," 2015). Dr. Fahad Al Mubarak, the Governor of Saudi Arabian Monetary Agency (SAMA), indicated that the Kingdom's new financing initiatives included comprehensive finance company regulations, mortgage legislation, and the formation of a new finance organization with 5 billion SR in funding (Jeddah Economic Forum, 2013). Mubarak indicated that recently introduced mortgage laws in Saudi Arabia would help low- and middle-income citizens obtain financing (Jeddah Economic Forum, 2013).

Lack of Lands

Another factor related to the housing crisis was lack of available land for construction (Almunajjed, 2012). Saudi Arabian land was scarce because of drought, land degradation, and desertification (Almunajjed, 2012). These elements posed a direct threat to agricultural capabilities and rural building, since resources dictated the decisions for building most everything. Saudi Arabia spans four fifths of the Arabian Peninsula,

but the majority of the land is desert region (Almunajjed, 2012). Desert lands hinder the ability to build homes because of the lack of infrastructure (Almunajjed, 2012). The main challenge of expansion was the high cost of construction and supplies, and the affordability factors of building and expanding into undeveloped areas.

High cost of land. A large part of the Saudi population has been affected by rising land costs (Sidawi & Meeran, 2011). Land remains the biggest challenge and consideration for development costs and expenditures, with land expenses totaling nearly 50% of overall costs to build structures (Oxford Business Group, 2015a). Al Bar, CEO of Real Estate Services Company explains, “In recent years land prices have risen dramatically, for both residential and commercial developments. Additionally, the demand is higher than the supply in both segments” (Oxford Business Group, 2015a, p. 1).

Detailed information on land pricing and trends remain limited, although anecdotal evidence suggests that land costs of purchasing land remains excessive (Oxford Business Group, 2015a). For example, the Saudi Real Estate Company (known as Al Akaria) sold a large plot of land in the capital for 3,558 SR per square meter (\$323 U.S. per square foot). The result was more than 8 and a half times the cost of originally purchasing the land, and a profit of 68.3 million SR (\$18.21 million U.S.; Oxford Business Group, 2015a). Companies with large land banks benefit from the high return on investment and make it difficult to build for low- and middle-income Saudi households. As explained by Tomalieh, an independent financial analyst, profit margins are lower for low-cost housing and may function as a disincentive for participation in the

affordable housing market for low- and middle-income buyers (Oxford Business Group, 2015a).

Land prices in urban areas are inflated by land speculation, which has rendered land costs unaffordable for many (“Saudi Housing Crisis,” 2015). Jeddah residents were coming to terms with this reality of having to rent apartments for long periods. For decades, renting was temporary for many families. The cost of housing and land prices became unaffordable for most of the Saudis (“Land Crunch,” 2015).

The high cost of land, increased housing costs, and increased urbanization were the crux of the problem (Almunajjed, 2012). In addition, the growing number of foreign laborers in Saudi Arabia has fueled urbanization and a higher cost of living (Almunajjed, 2012). Less land was available in major cities such as Jeddah, and landowners were reluctant to sell because they knew the value of their land would only increase in the future (Almunajjed, 2012).

White land. Land accounts for 50% of costs of building in Saudi Arabia compared to about one third of costs in Europe (Fattah, 2013) and less than 20% of the building costs in the United States (Taylor, 2015). The fundamental problem of the housing crisis was the lack of affordable land, which was controlled by long-term investors who were not developing the land (Dudley, 2014). According to Fattah (2013), one reason for the land shortage in Saudi Arabia is the undeveloped land plots given by the Saudi government to citizens. Approximately 50% of lands within some cities were vacant, and the local governments were being forced to look to the outer parts of the cities to build (Fattah, 2013). Years of these plot gifts resulted in plenty of vacant land, but no infrastructure (Fattah, 2013). Building and developing outside city limits was far

too expensive and unrealistic; the land needed to be developed within or near city limits in order to include services such as water, electricity, and roads (Fattah, 2013).

Municipalities thus had two options: purchase the previously gifted land at inflated prices or build outside of city limits and pay the additional costs to build the necessary infrastructure (Fattah, 2013).

In March 2015, the Saudi government approved a new “white land fee” to be charged to land owners who refuse to develop land within city limits. Experts in the Saudi housing field hypothesize that the fees could create opportunities to build affordable housing on the city’s white lands (NCBC Research, 2015). The fee was designed to address the Kingdom’s shortage of homes (Nereim et al., 2016). The new fee may also stimulate land purchases by reducing land prices (Ernst & Young, 2016). The owners of vacant white land may wish to reduce potential tax burden, and may thus reduce the selling price of their lands to move the property. If the owner of an urban white land wishes to retain the land and simultaneously minimize the tax consequences of not developing it, then the owner would reduce the sales price of the land.

Few lands are available now, but more lands are expected to become available. An increased supply of land will decrease land prices. It is important to note that not all white land properties will be taxed—only those located within urban city limits (Nereim et al., 2016). The largest land plots—those measuring larger than half a million square meters (approximately 124 acres)—will be levied first (Nereim et al., 2016).

High Cost of Construction

Several factors added to the high cost of housing in the Kingdom. Assaf et al. (2010) categorized and rank ordered the fundamental elements affecting affordable

housing costs in Saudi Arabia through 34 factors that impacted the construction cost of affordable housing in Saudi Arabia. These factors include demographic changes and trends, immigration factors, rental unit availability, building costs, land costs, labor supply, and land availability (Assaf et al., 2010). The researchers interviewed 35 experts in the field of construction in Saudi Arabia, 14 consultants, 16 contractors, and five real estate investors (Assaf et al., 2010). Participants ranked the degree to which a factor would affect affordable housing construction costs. The study findings indicated that labor shortages, building material costs, and floor plan designs were factors severely affecting affordable housing costs (Assaf et al., 2010).

Rental Costs

Home rental rates varied from data source to data source. According to some speculations, 50% of the total housing units in Saudi Arabia were rented, whereas 41.6% of people owned property (Hanware, 2014). The average Saudi individual expense towards rent in 2013 was SR2668.8 (\$711.68 U.S.), and the average Saudi per capita rental expense was SR443.5 (\$118.30 U.S.) according to the Ministry of Housing (2013). Renting does not build equity (Abou-Alsamh, 2014). The renter has nothing to show for renting in terms of value. Higher land costs made home ownership challenging for younger Saudis, even those from middle-income households (Abou-Alsamh, 2014).

The Municipality of Jeddah has implemented urban renewal initiatives. The Municipality's Slum Areas Development Department has tried to increase the housing supply for low- and middle-income earners (Abou-Alsamh, 2014; Ministry of Housing, 2013).

The Existing Role of the Private Developers

In 2010, the Samba Financial Group announced plans to provide 500 furnished housing units for low- and middle-income Saudi households (SAMBA Financial Group, 2010). The goal was to deliver 100 units per year over a 5-year period (“Samba to Provide 500 Housing Units,” 2015). This plan reflected the need to address social issues, and involved both the public and private sectors in housing development. Al-Eisa, chairman of Samba Financial Group, emphasized that the program was designed to provide adequate housing, as well as engage all stakeholders, with the support of the Ministry of Housing to achieve the goal of providing suitable housing (“Samba to Provide 500 Housing Units,” 2015). Al-Eisa stated, “The target groups for this initiative were predominantly low- and middle-income household from disadvantaged backgrounds that faced difficulty in securing adequate housing in Saudi Arabia. These include people with special needs, the elderly, widows and divorcees” (“Samba to provide 500 Housing Units,” 2015, p. 1). The housing initiative was to become the foundation for programs aligned with social responsibility strategies, including education, job creation, as well and housing. The Samba Financial Group (2010) adopted the plan to serve the most important community needs.

Public-Private Partnership

Public-private partnerships (PPPs) with effective leadership may be the key ingredient missing from previous attempts to resolve the housing shortage. The government has not been able to produce enough houses on its own, and needed to collaborate with the private sector to be successful (Jeddah Economic Forum, 2013). Abu Ras, municipal mayor of Jeddah, stated that there has been progress in bringing the

private sector aboard in the construction of suitable housing units (Jeddah Economic Forum, 2013). Private-sector partners planned to construct 65,000 housing units by 2018 and 750,000 units by the year 2025; these goals could be accomplished with help of the private sector (Jeddah Economic Forum, 2013).

Lack of Professional Real-Estate Developers for Mega Projects

It takes great leadership and cooperation to advocate effectively for adequate infrastructure; to date there has been little participation from large developers (Jeddah Economic Forum, 2013). Large-scale building could provide substantial economic stimulus. The creation of social housing through PPPs is attractive both because it benefits low- and moderate-income Saudi households, and because such partnerships can trigger economic growth (Jeddah Economic Forum, 2013).

Small developers. To date, most housing plans have been promoted by the government or small-scale developers. As Buisman, the head of real estate at Ernst and Young, emphasized, “Governments cannot accomplish social infrastructure without the assistance of the private sector. But it takes great skills and leadership to make sure it works” (Jeddah Economic Forum, 2013, p. 16).

Another dimension of the problem influencing the inertia may be a lack of awareness among citizens surrounding housing issues. For example, Al-Shaibani, a public figure, thanked Municipal and Rural Affairs Minister Prince Mansour bin Miteb for sponsoring the first national project to increase awareness among citizens about constructing quality homes and to educate people about the home buying process.

Susilwati and Al-Surf (2011) investigated awareness of housing sustainability in Saudi Arabia among members of the Saudi Council of Engineers. Sustainable housing

architecture in Saudi Arabia would take into account the region's climate, which is dry and hot (Susilwati & Al-Surf, 2011). While housing industry experts in Saudi Arabia were familiar with the principles of sustainability, there was an overall lack of public awareness of the issue (Susilwati & Al-Surf, 2011).

Appropriate housing. As government officials and developers explore plans to develop affordable housing, advocates and researchers have been investigating factors that influence design and costs. Bahammam (1998) identified significant factors that affect the size and cost in both traditional and contemporary housing design. This research identified relationships between home sizes and perceptions of adequacy and acceptable housing for lower- and middle-income households (Bahammam, 1998). The study's primary research question was, what were "the various economic and sociocultural factors as well as building practices and trade changes which have contributed to" the phenomenon of contemporary dwellings "exceeding" the size of traditional dwellings (Bahammam, 1998, p. 558). Data were collected by taking measurements of "the total size of the plot, the built-up area of the plot (plot coverage), the total built area, the number of rooms per household and per occupant, the total number of spaces and their average size" (Bahammam, 1998, p. 560). This research highlighted future challenges that owners of oversized housing units could face.

Challenges Facing Private Sector Real Estate Developers

Lack of Land

Cultural considerations affect land availability. Saudi citizens have an emotional relationship to the land. A Saudi proverb says, "The land does not eat or drink," which means that land is viewed as a long-term investment. Land value is shaped by two major

factors: the location of the land and the extent to which it has the infrastructure necessary for development.

The lack of availability has driven up land prices, and changed development costs for many builders. Land can account for as much as 50% of the total building costs for construction of a single housing unit because of the inflated cost calculations (Oxford Business Group, 2015b). The Housing Ministry acknowledged the issue as sensitive. Alzamea stated, “This is an important issue in the Kingdom because most people have their wealth in these lands. This regulation will affect their investments” (Oxford Business Group, 2015b, p. 4). The Ministry of Housing addressed that people need to find other areas for investment opportunities. More so, the regulation will stimulate building activity and deliver a boom in construction, which means economic growth (Oxford Business Group, 2015b).

In many areas of the Kingdom, private investors hold their undeveloped land for reasons of investment. Land scarcity increases and the availability of affordable homes decrease when land prices rise steeply (Jeddah Economic Forum, 2013). It is true that a small number of wealthy Saudis owned much of the land and were reluctant to sell or develop it. Dr. Abdullah Sadiq Dahlan, the University of Business and Technology’s Board of Trustees Chair, stated that the Kingdom’s Ministry of Planning “needed some 350 million square meters of land upon which to build affordable homes in order to meet projected demand” but “only 220 million square meters” were obtainable (Jeddah Economic Forum, 2013, p. 18). Taxes on urban land would help remedy the problems of space and available land to build suitable housing, although there was a shortage of available land in urban areas because much was tied up in private individual ownership

(Oxford Business Group, 2015b). This supply and demand mismatch and the issue of undeveloped, private white land were at the crux of the problem.

Lack of Incentives for the Developers to Take Risks

In an interview before he was appointed, Majed Al-Hogail (current Minister of Housing) said, “We need to encourage the private sector to develop more initiatives. Otherwise, we will continue to have the problem” (“Al-Hogail: Clear Goals Vital for Success,” 2013, p. 4). Dr. Hani Abu-Ras, the current Mayor of Jeddah, argued that the shortage would shrink through the implementation of successful PPPs (Jeddah Economic Forum, 2013). Samar Sheikh disagreed, and argued malls or hotels would be more profitable than housing (Jeddah Economic Forum, 2013).

High Risk on the Developer’s Side

PPPs will be crucial to tackle the affordable housing problem. Buisman stated, “The challenge for government was to adequately incentivize private sector developers and lenders to make affordable housing” a profitable and worthwhile investment opportunity (Jeddah Economic Forum, 2013, p. 16).

Gandier, Senior Partner in Ernst & Young’s Saudi Arabian office, suggested that the government subsidize private lending as an incentive to expand loan offerings to low income earners (Jeddah Economic Forum, 2013). Gandier said, “Expanding access to finance for lower-income borrowers requires a particular kind of public-private partnership between government institutions and private lenders” (Jeddah Economic Forum, 2013, p. 18). The government must provide some financial guarantees for the realities and risks associated with foreclosure (Jeddah Economic Forum, 2013).

Complex Governmental Regulations

Many real estate firms were waiting and observing what the Ministry of Housing could propose before starting new building programs (Oxford Business Group, 2015a). Developers have waited for updated regulations. Small developers have been ambivalent about land loans and financial regulations (Oxford Business Group, 2015a).

Availability of Laborers for Contractors and Developers

Labor issues have hampered the ability to obtain affordable housing. In the last 18 months, government measures have clamped down on illegal immigrants, and pushed for greater Saudi involvement in the workforce (Oxford Business Group, 2015b). In addition, the government was handing down penalties for employing too many expatriates, which has created problems for industry players (Oxford Business Group, 2015b). Labor costs posed another challenge, and construction expenses in Saudi Arabia were 18% more than in the United Arab Emirates, and 51% higher than in Qatar (Oxford Business Group, 2015b). Efforts to restrict illegal labor have increased pressure on the Saudi economy, since many workers were temporary and only stay as long as their visas allowed (Oxford Business Group, 2015b). Developers must deal with the obstacles of price escalation and labor costs, which affect construction costs. Developers must consider these factors during contract negotiations. The cost of labor bears down on the cost of building, which developers have to take into account as potential risk when deciding upon building projects or contracts overall (Oxford Business Group, 2015b).

Government Initiatives

The Municipality of Jeddah created a strategic plan in October 2013 (Finopolous & Mantownsend, 2013). The plan detailed city and region demographics. Jeddah is

about 1,765 square kilometers [681 square miles] and is a coastal city (Municipality of Jeddah, 2016b). Jeddah is a major player in the commercial sector of the Saudi economy, and the main access point for Muslim pilgrims to Mecca (Municipality of Jeddah, 2016a). Jeddah's rapid population growth in recent decades has directly influenced the major housing problems; the city has grown from an estimated population of 35,000 in 1974, to about 3.88 million in 2013 (Finopolous & Mantownsend, 2013). Vast plots of land in Jeddah have remained vacant or undeveloped, despite the population surge (General Authority for Statistics, 2004).

Existing Housing Developments in Jeddah

The King Abdullah bin Abdualziz Parents Housing Association, established in 2003, focuses on lower-income citizens (Mahmoud, 2014). The association constructs and maintains housing and aims to improve social and educational awareness (Mahmoud, 2014). The organization focuses on internal finance, sustainable funding, and long-term investing (Mahmoud, 2014). In addition, the Association receives government funding, donations, endowments, investment returns, and housing rental and sales profit from housing rental and sales (Mahmoud, 2014).

Jeddah Affordable Housing Program

The Jeddah Affordable Housing Program (JAHP) emphasizes wide-ranging community efforts. One program initiative is a proactive, multipronged, and comprehensive approach. The JAHP aims to develop affordable housing units to create vibrant, sustainable communities (Al-Faisal, 2009). Jeddah would need to minimize urban boundaries, reduce dependence on private transit, and attract private construction companies to develop housing efficiently (Al-Faisal, 2009). In addition, the JAHP

requires efficient use of land, adequate public utilities, sustainable construction resources, and infrastructure (Al-Faisal, 2009). The affordable housing initiative also considers the needs of future generations of Saudi households, attracts private investments, and encourages environmentally sustainable business activities that protect and improve the environment of Jeddah, Saudi Arabia (Al-Faisal, 2009).

Affordable Housing Provisions and the Saudi Development Plans

Fifth Development Plan. The Saudi 5-year plan was partially successful. During the 1970-1975 plans, the REDF and Ministry of Public Works and Housing removed many market obstacles (Al-Otaibi, 2004). Nearly 900,000 homes were built; the target was 800,000 units (Al-Otaibi, 2004). That success created a housing surplus in urban areas during the 1980s. Those units could accommodate up to 47% of the national population and 64% of the urban population (Al-Hathloul & Edadan, 1995). The housing surplus resulted from the collaborative efforts in the 1980s (Fadaak, 1989).

Seventh Development Plan. The Seventh Development Plan, which ended in 2009, failed to meet housing demand by 270,000 housing units. The backlog was transferred into the Eighth Development Plan (2010 to 2014), which included plans for an additional 730,000 housing units. Most units were planned for urban areas, including Makkah, Riyadh, and Eastern provinces (Mahmoud, 2014).

The Saudi government created the Ministry of Housing to address all housing related issues, including residential land development regulations. The new Ministry absorbed the General Housing Authority (Mahmoud, 2014).

Eighth Development Plan. Housing is an essential and critical segment in modern, developed societies, both socially and economically. The housing segment has

received increased attention from the Saudi government and private sectors and by the Eighth Development Plan specifically. The General Housing Authority developed goals and action plans. The plan proposed regulations such as system policies and other agencies regarding the issue of adequate housing solutions. Moreover, REDF funding increased enabling it to increase financing on a number of housing projects. These projects included housing construction for government employees. The private sector continued to construct residential housing and land development (Ministry of Economy & Planning, 2010).

The Ministry of Housing announced in late 2014 that it assigned funds for a large development project (31 million square meters) of apartments and detached houses in Jeddah, but the local Chamber of Commerce and Industry Real Estate Committee estimated that “land allocated for housing would need to be doubled to meet demand” (Oxford Business Group, 2013, n.p.). The problem was exacerbated by the high construction materials costs, land scarcity, rising land prices, rapid population growth and a young populous with few private financial resources (Oxford Business Group, 2013).

The recommendations included that the Housing Ministry put forth a timetable and schedule for providing suitable housing for Saudi Arabians (“Shoura to Vote on New Housing Plan,” 2015). The committee also requested that the ministry coordinate efforts with the Ministry of Municipal and Rural Affairs and other bodies to develop urban housing designs that would boost population density in urban areas, where available land was lacking (“Shoura to Vote on New Housing Plan,” 2015). Several initiatives have been offered to launch the implementation of a 100-day plan, which hoped to accelerate the construction of housing throughout the country (“Saudi Housing Crisis,” 2015).

Much of the government's focus has been on projects large in scale like the Knowledge Economic City, King Abdullah Economic City, and Jeddah Gate, which is estimated to see its first residents in the year 2020 at the earliest ("Saudi Housing Crisis," 2015). For over 4 years, the Housing Ministry has not achieved the aspirations of the citizens' hopes to become homeowners. The Ministry managed to build only 4,000 resident homes for entitled citizens of Madinah, Qasim, and Jazan ("Land Crunch," 2015). Earlier in 2015, the Housing Ministry initiated a partnership with the private sector, and promoted housing products through the Eskan project, an online portal found on the Ministry's Web site. The Ministry found it difficult to deliver on housing units given the lack of available land in Jeddah, Riyadh, and Dammam ("Land Crunch," 2015).

The majority of Saudis prefer privately constructed homes (Mahmoud, 2014). Nearly two thirds of first-time homebuyers bought land and built their own house (Mahmoud, 2014). About 94% of Saudis finance their housing via personal funds (Mahmoud, 2014). If personal funds were low, people asked friends and family members for assistance (Mahmoud, 2014). Only 4% of the entire Saudi population pursued housing grant assistance (Mahmoud, 2014). Thirty percent of Saudi households living in rented housing or government provided housing reported they needed financial help to buy a house. Fifty-eight percent of the entire Saudi population was in the lower-income bracket earning less than 3,000 SR per month (\$800 U.S.). Financial assistance needs have increased recently (Mahmoud, 2014).

It has indeed become a Herculean challenge for the government and private and public sectors to provide affordable housing units for low- and middle-income earners in the Kingdom, especially in urban areas. The demand was high but supply was low, and

escalating property costs, along with a dislike for apartments (vertical building), further complicated the situation (Assaf et al., 2010). The issue has developed into the top national priority in terms of social well-being and welfare (Smith, 2009).

Prominent Economic Activities

The growing housing disparity needs to be addressed with a dynamic, multifaceted, and comprehensive approach. The most pressing issues were land availability and cost (Abuzaid, 2012; Salama, 2006). Adequate housing provides stability for the country (“Al-Hogail: Clear Goals Vital for Success,” 2013). The 2013 Jeddah Economic forum aimed to address the challenge of affordable housing challenge in MENA nations generally and Saudi Arabia specifically. The event also addressed governmental approaches to housing solutions, PPPs, and innovative approaches to private sector housing finance (Jeddah Economic Forum, 2013). Dr. Said Al Shaikh, the Chief Economist at the National Commerce Bank Institution, argued that there is a need for 2.4 million homes by 2020, which would cost around 1.3 trillion SR (\$0.34 trillion U.S.). The total nongovernment investment would require approximately 900 billion SR (\$240 billion U.S.), which would be added to the 250 billion SR (\$66.6 billion U.S.) set aside by King Abdullah for construction costs (Jeddah Economic Forum, 2013).

The urgency for suitable housing units is clear. Arab affairs expert Mona Abu Sulayman stated that the need for affordable housing options was imperative (Jeddah Economic Forum, 2013). Moreover, Sulayman stated, “If you have middle class couples and young couples unable to own their own homes and home ownership becomes a huge obstacle to family security, then it is a ticking bomb” (Jeddah Economic Forum, 2013, p. 14). If there were middle-income household who cannot afford to buy their own home

and build equity, then that is a huge obstacle for family stability and security. Sulayman continued, “We have a rich country, but we do not have rich citizens. We have a huge inequality for wealth distribution, and a 20% poverty rate.” (Jeddah Economic Forum, 2013, p. 14). Sulayman stated the issue is urgent, and that even middle-income households were only able to afford and own their own home after they are 50, which is late in life, and leaves much stress and concern for the younger Saudis who feel uncertain about their future (Jeddah Economic Forum, 2013). The Saudi cultural environment and sociocultural circumstances demand that providing suitable housing should not be limited to providing shelters to low-income populations, but focus on solutions designed around the local environment (Salama, 2006).

The supply of affordable housing was falling far short of the current demand, and the demand was constantly rising (Jeddah Economic Forum, 2013). The affordable housing in the region was affected by the rise in land valuation during the 2004-2008 economic peak (Jeddah Economic Forum, 2013). Investor demand for land and real estate rose steeply during that period. This circumstance pushed the affordable homes out of reach for younger generations and new households (Jeddah Economic Forum, 2013). Unless MENA countries change their current housing strategies, the affordable housing crisis will become a long-term problem, and threaten the region with social turmoil and dissatisfaction, as well as a decrease in competitiveness (Jeddah Economic Forum, 2013).

The affordable housing crisis is an issue that affects every class in the society, and not just low- or middle-income citizens. Jeddah is a major participant in Saudi Arabia’s economy; 80% of imports come through the city. This flow of goods through the city has

created jobs and a better quality of life. Jeddah also plays the role of gateway to the two holy cities, Makkah and Medina, where millions of people make a pilgrimage and come to visit every year.

Investors hold their land because there were not many other options for investing; land was investors' best way to trade funds. The Council of Ministers approved a new white land tax in March 2015 (Oxford Business Group, 2015a). The fees were thought to free up supply for municipal development of suitable housing (Oxford Business Group, 2015a). These fees were implemented to increase the cost of holding lands so there is less profit in holding lands. Fees on white land were intended to encourage developers either to sell or develop their lands to increase the supply of land and affordable houses.

The provisions of the regulation give land owners time to develop land, or show intent to develop their land in a reasonable timeframe (Oxford Business Group, 2015b). Kamel, Chairman of the Jeddah Chamber of Commerce, suggested that landowners who had failed to develop their land for construction should pay a 2.5% *zakat* (Jeddah Economic Forum, 2013). *Zakat*, the third pillar of Islam, is the annual financial donation offered by members of the faith.

Other Countries' Housing Crises

At the 2013 Jeddah Economic Forum, Dr. Abdullah Sadiq Dahlan urged the Kingdom to study and review how other governments had successfully addressed the need for affordable housing and expand its "efforts to change citizens' perceptions of what constituted social housing" (Jeddah Economic Forum, 2013, p. 15).

The Malaysian Experience

Malaysia has experienced similar housing problems concerning affordability and adequate houses for their citizens, especially low-income urban regions (Nasir & Abdullah, 2014). The Malaysian government played a major role in remedying the housing issue, along with the private and public sectors (Nasir & Abdullah, 2014). The impact of high urban migration from rural areas led to high housing demand, which increased land and living expenses (Nasir & Abdullah, 2014).

Housing price and affordability constraint. Malaysia was in desperate need of low-income housing, because property demand affected residential land costs. The low-income household could no longer afford rent or housing accommodations. Squatter settlements appeared, and homeless people flooded the city streets. Both public and private sectors failed to address the issue and provide low-income housing. The government formed a housing policy due to the ballooning issue. The policy resulted in the People's Housing Projects. The program strived to provide housing opportunities for the people most in need. The government enacted the Program Perumahan Rakyat. Despite the efforts, insufficient housing continued to be a problem for low-income people (Nasir & Abdullah, 2014).

Rapid population growth, high land costs, bureaucracy, and economic prosperity triggered Malaysia's housing problem, and the nation was under pressure to provide suitable housing. Supply and demand issues were the root of the problem in Malaysia (Nasir & Abdullah, 2014).

Abandoned housing projects have also led to the problem and economic downturn in the past 20 to 30 years. Weaknesses in the government policy with obtaining licensing

and approvals were also cause of blame. Buyers were not protected from faulty and irresponsible developers. Lack of coordination among stakeholders, which included the developers, consultants, and government authorities, were in large part responsible for the crisis. In addition, poor quality on the part of developers betrayed the trust of buyers, and raised concerns over quality control and maintenance of the homes (Nasir & Abdullah, 2014).

Even though the government raised the supply of housing, housing quality was still a major issue. Quality is not only related to the house design, size, and facilities, but also the location. The neighborhoods and location to work are all major factors of housing quality. The serious complaints about housing safety were all absorbed by the buyers, and often quality of the house would expire and fail, leaving families without adequate living shelter. Construction delays deprived families of adequate housing (Nasir & Abdullah, 2014).

Finance constraint. Safe and adequate housing options were overpriced and out of the price range of most Malaysian people. About 30% of their income was used to pay rent and bank loans. Furthermore, some houses were not safe, and near industrial areas, and there were no on-site facilities. Housing projects were stopped and abandoned due to financial issues and resources being scarce. Once abandoned, there became legal fights and difficulties over who actually owned the land. Financial issues were the most significant problem facing Malaysian homeowners. Other issues like price, affordability, and quality were significant factors in the Malaysia housing problem (Nasir & Abdullah, 2014).

The Jordanian Experience

Jordan experienced similar housing issues, with elements such as lack of human resources, construction supplies, and materials being costly to build adequate homes. Inappropriate materials, expensive technology, and land rights were an issue. Construction was limited to available land. There was no government assistance for homeowners, and building was subject to government laws. Furthermore, financing was limited to Sharia-compliant law, and fundraising often times was inadequate for the cost of the home, since there were social and cultural factors to consider (space, gender requirements for rooms). Jordanians had to follow certain codes, and the issues they faced were similar to their neighbors, with respect to land and finances (Al-Homoud, Al-Oun, & Al-Hindawi, 2009).

Approaches and Strengths in the Kingdom

Many approaches could be deployed to resolve the housing crisis. These approaches include focusing on social and cultural aspects, urban and land usage aspects, construction and financing aspects, policies and legal aspects, as well as aspects involved with cost of construction and land costs. Lowering the prices of land and construction would be one of the most effective strategies for developing suitable housing on a wide scale (Assaf et al., 2010). This requires consideration of the most influential building costs. Material standards, design quality, and inadequate labor availability are the most pressing issues providing suitable housing units, and land prices complicate the problem (Assaf et al., 2010).

It has been suggested that administrative reform will be required in a much broader sense to address properly the core structural issues of urban planning (Garba,

2003). Specific issues in need of reform include decentralization of decisions delegated to local management, a clearer definition of roles of specific agencies, and the continuous improvement of the institutional system as a whole (Garba, 2003). This means that the system needs to be designed for immediate action, and have the capability to locate sustainable sources of financing for development (Garba, 2003).

The government acknowledges the need for private-public sector partnership and joint ventures to solve the housing crisis. The government has solid and fluid financial capabilities, and institutions devoted to delving deeper into the root causes and possible solutions. Some institutions and plans have experienced incremental successes but are still unable to find acceptable solutions for the long-term future of affordable housing for the citizens of Saudi Arabia.

Confusion of Housing Sectors' Leadership

Housing affects more government stakeholders than any other sector, which makes this issue the ultimate test of the effectiveness of current government (Jeddah Economic Forum, 2013). The implementation of housing policies happens on the city level, which requires high government partnerships, approvals, and interactions (Jeddah Economic Forum, 2013). The housing gap was not evidence that the government did not care about the problem, but rather was a testament that existing methods and frameworks were being asked to do more than they were ever designed to do (Jeddah Economic Forum, 2013). In other words, the government was not ready to handle such an issue, and acted too late. It is time that the Saudi government steps up and changes its policies, delivery models, and laws to move towards a more empowered and outsourced PPP-

oriented approach on both the supply aspect of new housing, and the demand aspect of financing availability (Jeddah Economic Forum, 2013).

Housing Sector Leadership

There have been recent changes in the leadership of the Ministry of Housing. In March 2015, King Salman appointed Majed Al-Hogail, a former managing director of Rafal Real Estate Development Company, a private firm owned by Saudi family interests, as the new minister of housing (McDowall & Rashad, 2015). Al-Hogail's passion, knowledge, and leadership can help ease the housing shortage (McDowall & Rashad, 2015). Minister Al-Hogail has called on the Ministry to provide a fair and balanced housing environment that will support the ability of Saudis to own adequate and suitable homes; PPPs are a centerpiece of the approach ("Shoura to Vote on New Housing Plan," 2015). The government has promised tens of billions of SRs, but construction has been delayed by bureaucratic red tape and a lack of available land (McDowall & Rashad, 2015). Al-Hogail's multipronged approach to the housing crisis includes decreasing household sizes, increasing technology use, and adopting new forms of professionalism ("Al-Hogail: Clear Goals Vital for Success," 2013). Historical approaches to housing, the new minister indicated, suffered from an unclear vision for the Ministry, a tendency to focus on short-term solutions, and excessive delays in decision-making ("Al-Hogail: Clear Goals Vital for Success," 2013).

King Salman stated that the issues of suitable housing, joblessness, and corruption were a government priority ("Saudi replaces housing minister," 2015). At the height of the Arab Spring uprisings in 2011, the late King Abdullah promised citizens that half a

million new homes would be built. Unfortunately, bureaucratic obstructions prevented that goal from being fulfilled (“Facing Housing Crisis,” 2015).

The Shoura Council of Advisors, which presides over specific issues like housing, and other social issues, has assigned priority status to housing solutions (Ghafour, 2015). The Shoura President, Abdullah Al-Asheikh, indicated the need for swift resolution to the housing crisis in order to promote stability and an enriched quality of life for Saudi citizens (“Al-Hogail: Clear Goals Vital for Success,” 2013).

Conclusion

The severe housing shortage in Saudi Arabia is a complex problem—one that requires complex solutions. A multitude of factors plays a role in the shortage. These factors include a lack of available land, a lack of financing options for potential homeowners and developers, the need to develop Sharia-compliant financing alternatives, and high land and construction materials costs. That the vast majority of Saudi citizens are under age 30 creates a large demand for family housing, and rapid urbanization, and population growth suggest the issue will continue.

The Literature Review addressed the barriers that public and private sector actors face in supplying suitable housing in the Kingdom. Relevant scholarship on affordable and suitable housing was summarized. To date, scholarship on housing in Saudi Arabia has addressed several issues: housing size, housing cost factors, public awareness of sustainable housing solutions, housing adjustment, and sociocultural factors.

Housing shortages are a global challenge, not easily remedied. Affordable housing is an issue that challenges every nation, from the poorest to the wealthiest. As David Smith, the CEO of the Affordable Housing Institute, noted at the 2013 Jeddah

Economic Forum, “Every city has some poorer people in it. . . . Affordable housing is where they go to sleep at night” (Jeddah Economic Forum, 2013, p. 20). In Saudi Arabia, the goal is to develop culturally appropriate strategies into a comprehensive plan to address multiple issues.

CHAPTER THREE: METHODOLOGY

Research Design

The study's purpose was to explore the possibilities and obstacles facing private sector real estate developers in the development of affordable housing, suitable housing for middle income households, in the Jeddah, Saudi Arabia metropolitan area. This study employed a qualitative case study design; semi structured interviews were the primary data collection method. "Case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances" (Stake, 1995, p. xi). Yin (2008, p. 18) defined the case study as "an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident." Contextual factors, in Yin's view, may play a significant role in the phenomena studied, and thus are part of the case study. In the current study, contextual factors such as the local economy, business customs, and policies were key to deepening knowledge of the possibilities and obstacles that private sector real estate developers in the Jeddah metropolitan area faced as they attempted to increase the lack of suitable housing.

The Case

The case was private sector residential real estate development in the Jeddah, Saudi Arabia metropolitan area.

The research site. Jeddah, Saudi Arabia, was the research site.

Participant selection criteria. Case study participants were recruited from Saudi Arabian professional real estate developers in the Jeddah metropolitan area.

Population and Sampling Procedures

Population. The population was Saudi Arabian professional leaders in the private sector real estate development. This study included three sizes of firms—small, medium, and large—to collect information from various housing supply sources. All participants resided in and conducted business in the Jeddah metropolitan area, Saudi Arabia. Some participants spoke English (in addition to Arabic); interviews were conducted in the language most comfortable for the participant.

All interviews were audio-recorded, transcribed, and, if necessary, translated from Arabic. The sample was 16 participants; one participant from a finance institution (mortgage company), four from a small-size, five from medium-size, and six participants from large, private sector real estate developers.

The original goal was to interview four to six professionals from each category. The dissertation committee was concerned that the researcher would be unable to recruit enough participants. As a result, the original Institutional Review Board application was modified to limit recruitment to one to six participants in each category. After the researcher began the recruitment and interview process in Jeddah, it was evident that most leaders in residential development were welcoming and supportive of the research project. The researcher reached the recruitment goal, and the final sample size was 16 participants.

“An ‘appropriate’ sample is composed of participants who best represent or have knowledge of the research topic” (Bowen, 2008, p. 140). Leaders from each population category provided detailed insight into the phenomena, and a deeper understanding of the affordable housing crisis in Jeddah.

Professional (large-scale, listed), private sector, residential real estate development in Jeddah, Saudi Arabia. Large-scale, private sector real estate developers provide only 200 to 500 residential units per year (15% of the supply residential units; NCBC Research, 2015). NCBC Research (2015) identified five companies of this size in the Jeddah area. Professional real estate developers in this category often developed both commercial and residential projects (Ghaznawi, 2014). Professional developers with a primary focus on the residential sector were interviewed first. The researcher used seed sampling, asking each participant to identify another developer for the study. This approach was crucial for the recruitment of small (“unorganized”), private sector residential real estate developers as participants.

Medium-scale, private sector, residential real estate development in Jeddah, Saudi Arabia. These businesses provided the market with 25 to 199 residential units per year, as specified in the study’s definition of terms.

Small-scale, private sector, residential real estate development in Jeddah, Saudi Arabia. Small-scale firms are the majority of private-sector development companies in the Kingdom, and it was critical to include the category in the case study (Ghaznawi, 2014). Each of these businesses provided the market with five to 24 residential units per year.

Collecting data in both English and Arabic. One participant was interviewed in English. The remaining 15 participants preferred to be interviewed in Arabic. The researcher translated all data collected in Arabic to English since she is fluent in both languages. The researcher was also knowledgeable about housing-related terminology,

which facilitated understanding during the participant interviews. All 16 interviews were audio-recorded, which enabled the researcher to review data multiple times.

Sampling procedures. Sampling methods were a mix of purposive and seed sampling. The purposeful sampling technique enriched the research study's qualitative method because industry experts were interviewed about their professional experiences. The seed sampling procedure expanded the participant pool, and thereby enriched and deepened the sample base.

Purposive or judgment sampling. Purposive sampling added credibility to qualitative research (MacMillan, 2008) and was particularly useful in the specific population of private sector real estate developers in Jeddah (Bernard & Ryan, 2010). The researcher selected particular individuals based on the assumption that they would be particularly informative about the subject matter. This population had not been studied before in terms of affordable housing solutions. Initial recruitment efforts targeted owners of firms with residential developments. To identify firms with such developments, the researcher collected photographs of 10 residential project signs and organized company-related contact information on the signs. The researcher called the phone numbers listed on project signs to contact developers. MacMillan (2008, p. 119) stated, "Based on the researcher's judgment of the population, a judgment is made to include those cases that will be information-rich." Three categories of developers, based on the size of the company, were included, all of which were expected to provide valuable information and various perspectives about the problem of affordable housing in the Saudi context. This approach was also used to achieve a deeper understanding of participant commonalities (MacMillan, 2008). The purposive sampling yielded the early

participants in each category of developers; the early participants helped to “seed” the category with additional potential interview participants.

Seed sampling. Seed sampling, a form of respondent-driven sampling, began with one or two people who, in turn, recommended more potential study participants (Russell, 2006). The researcher began with a few participants, and recruited them to nominate additional participants based on networking and desired characteristics (MacMillan, 2008). The goal was for each interview to seed a growing network of interview participants (Bernard & Ryan, 2010). This strategy was particularly useful because the researcher had a limited pool of initial participants who were members of a specific closed network. One disadvantage to seeds sampling was that several subjects suggested were public sector or governmental employees, and therefore outside the scope of the study on private sector developers. The study’s primary goal was to obtain in-depth summaries, descriptions, and explanations of developers’ perspectives on the housing crisis; seed sampling achieved the goal.

Involvement of a Family Member

Saudi culture segregates the sexes in the workplace. Saudi cultural norms require females to be accompanied by a male family member in private settings that include unfamiliar males. The researcher followed Islamic culture and norms for face-to-face interviews. The researcher was female and conducted face-to-face interviews with male strangers in private settings convenient to the research participant. Her husband, also an educated ethical researcher with Doctor of Education degree in Organizational Development, accompanied the researcher. This strategy was culturally appropriate and protected participant confidentiality. Professional leaders accepted his presence. He

understood his role and functioned as a note taker during the interviews; his field notes provided useful supplemental data for the study. He made every effort to minimize his participation in data collection by remaining in the background during the interview process and not participating in the discussions. He made it clear to all participants that he played no role as a researcher in this study. Neither the researcher nor the family member was acquainted with any of the study's participants.

Ethical Considerations

Ethics concern matters of right or wrong, good or bad, or proper or improper regarding research and behavior (MacMillan, 2008). Ethics in qualitative research was crucial, and took into account the safety and considerations of the participant and the researcher. Research ethics were especially important in the interview context, which required the establishment of rapport and trust between the researcher and interviewees; ethics were prioritized in every research phase (Creswell, 2009; Hennink, Hutter, & Bailey, 2011). Moreover, ethical considerations directly deal with security and confidentiality of the participants and the data collected during the research (Hennink et al., 2011).

Isreal and Hay (2006) stated that ethical dilemmas were apparent with such issues as personal disclosure, authenticity, credibility of the research study, the role of researchers in cross-cultural communication, and personal privacy issues. Ethical considerations were aligned with codes of conduct on the part of the researcher, including special attention that was given to the participants' confidentiality (Hennink et al., 2011).

Ethical Strategies

Strategies for ensuring an ethical research study included a consent form. It was important that participants knew exactly what to expect and their rights, including the right to withdraw from the study at any time without consequence or penalty (Creswell, 2009). The consent form assured participants of confidentiality in the research. The form also explained that the data would not be shared (Hennink et al., 2011). Participants read, understood, and signed the form before the researcher began the interview (Creswell, 2009).

Consent form. In some cultures, written consent may be hard because of language, educational, or cultural barriers. The informed consent form acknowledged the participants' rights and the protection of those rights during the data collection process (Creswell, 2009). Incorporating the standards and ethical codes of conduct was essential. The researcher adhered to her doctoral institution's ethical standards and the Institutional Review Board throughout the research process. The researcher successfully obtained consent from all 16 participants, and the necessary signatures were obtained before interviews commenced.

Ethical considerations for interview questions. It was also important to anticipate the repercussions of conducting cross-cultural research with certain audiences. Questions were tailored carefully to ensure that no words were biased with respect to gender, sexual orientation, race, ethnicity, or disability factors (Creswell, 2009). The researcher interviewed leaders of business firms and understood that participants' stress and discomfort was an important ethical consideration. The researcher formulated interview questions and techniques that were acceptable in the Saudi culture. Strategies

included carefully worded interview questions and consideration of how those questions were presented to participants (Creswell, 2009).

Ethical considerations for data collection. Ethical considerations for data collection respected the participants and culture. For example, offering rewards in exchange for “conversation” is considered offensive in Saudi communities. The researcher respected the participants’ professions, places of work, and research settings (Creswell, 2009). Cultural custom determined how the researcher met with unfamiliar males in a social environment.

Interpretation of the collected data was another ethical concern, since translation from Arabic to English was necessary; some Arabic words and phrases did not translate well into English (Halai, 2007). The researcher aimed to provide an accurate account of the information, which required crosschecks of the data throughout the study (Creswell, 2009). The researcher paid special attention to ethical issues concerning data confidentiality prior to analysis, interpretation, and reporting qualitative data (Hennink et al., 2011).

Confidentiality of Research

Research participants’ identity and confidentiality was of the utmost importance for the researcher to secure the most accurate outcomes (Hennink et al., 2011). Confidentiality was defined as not disclosing personal information and comments that could be used to identify or link participants with comments and stories (Hennink et al., 2011). Complete confidentiality was hard to accomplish and guarantee (Bloomberg & Volpe, 2012; Creswell, 2009).

Data confidentiality and participant privacy was practiced throughout this study to ensure that the participants were not harmed. Participants were not asked to reveal any personally identifiable data. Individual participants were assigned random pseudonyms in notes, transcriptions, translations, and in the final dissertation to identify participants throughout the study. All electronic copies were kept in a password-protected, encrypted file on the researcher's personal computer. Data will be kept for 5 years following publication as per Argosy University's doctorate in business administration and American Psychological Association.

Validity and Reliability

The research questions and procedures focused on the researcher's voice, confidentiality, and reflexivity (Stake, 1995). The accuracy of findings was validated through careful procedures, while reliability ensured consistency in coding methods and data interpretation (Gibbs, 2007; Stake, 1995). The researcher documented the procedural steps (Yin, 2008). Reliability procedures included checking transcripts for mistakes and repetitive review of data and interpretation (Creswell, 2009). Research questions incorporated trust, and the researcher kept the data confidential. The researcher's design protected participants from being identified by the interview questions (Merriam, 2009).

Validity strategies included the triangulation of data for common themes (Stake, 1995). Triangulation of data involved the comparisons among multiple sources; observations and field notes were reviewed to confirm themes identified in interview data (Merriam, 2009). All participants were provided with the opportunity to verify and comment upon their responses to interview questions (Merriam, 2009). The researcher

used thick, rich descriptions of themes to facilitate validity (Creswell, 2009; Stake, 1995). Validity in research questions and procedures involved the addition of details during interviews about the participants' shared experiences, setting, and themes (Creswell, 2009). Validity measures included self-reflection and reflexivity to create an open, honest narrative (Creswell, 2009). In interpreting findings, the researcher reviewed contextual factors such as gender, culture, experience, and sociodemographic characteristics (Creswell, 2009).

The researcher spent prolonged time in the field, developed an in-depth understanding of the phenomenon, and strove to convey deep meaning and specific detail about the research site and interview participants (Creswell, 2007). The researcher's field experience with study participants facilitated accurate and reliable results (Creswell, 2009). The researcher enhanced validity by peer debriefing, which involved having a third party review and question the research process (Creswell, 2009). The researcher exercised consistency in coding of data to enhance data integrity (Merriam, 2009). The coding process included reflexivity to ensure that the coding outcomes were valid and sound (Creswell, 2007).

Data Collection and Analysis

Interviews were scheduled and conducted face-to-face in Jeddah, Saudi Arabia. Participants were asked for their insights and perspectives about the possibilities and obstacles in the development of suitable home ownership options for middle-income households in the metropolitan region. The analysis focused on causal relationships among variables, and uncovered truths from research questions that helped explain the phenomenon (Merriam, 2009).

Interview Method

The researcher conducted semi structured, open-ended interviews (see Appendix) with 16 leaders of private sector, residential real estate development firms in Jeddah, Saudi Arabia (Bernard & Ryan, 2010). Interviews were audio-recorded, transcribed, and translated into English; the transcriptions and translations constitute data. The interview sessions were 60 minutes to 150 minutes in length in locations of the participants' choosing (Hennink et al., 2011). Participants discussed a range of feasible options for affordable opportunities for home ownership. The researcher analyzed the data and synthesized interview transcripts to identify how each participant addressed and perceived the issue of suitable home ownership.

Malik was the first leader selected. Saudi cultural norms were observed, such that male potential participants were contacted by another male. The researcher's husband called Malik and scheduled an interview appointment. The interview took place at Malik's primary office in Jeddah and lasted nearly 2 hours. The presence of a male family member during the interview enabled the researcher to question Malik about his business and the development of housing without causing discomfort to either party. The researcher introduced herself, and explained the research study and the consent form.

The researcher had expected the consent form to be a cultural obstacle, but it was not. Malik reviewed the form and signed it without hesitation. He was very professional as he handled the consent form issue. Malik put the researcher at ease during the first long interview. He had great enthusiasm about the research subject and said, "This is a hot issue these days." Malik referred the researcher to four additional participants, two of whom were interviewed for this study: Malik's former colleague, Wael, the CEO of a

large real estate development firm; the person in charge at the Shoura Council (the second highest Saudi authority chamber) on housing issues; and Baraa, the CEO of an international real estate research and development company.

Another participant, Hesham, was recruited by coincidence. A family member of the researcher mentioned a large housing construction project near the center of Jeddah. The researcher viewed the development company's Web site and contacted the sales department. The male sales specialist requested a meeting; he tried to sell the researcher and her husband a unit in the new complex. The researcher clarified that the visit's primary purpose was to meet the person in charge of the project. Hesham, the sales manager (and one of the participants), arrived and almost convinced the researcher and her husband to purchase the unit.

Hesham came from a Middle Eastern country on the Mediterranean. After two visits to the site, the researcher asked Hesham if he would participate in the research project; he agreed. The researcher began the interview, but the session was interrupted. Hesham had another commitment. Hesham invited the researcher and her husband for dinner at his house, which was located in the same complex. He suggested that the interview occur during the meal. The researcher politely declined the invitation. Hesham, however, insisted that the researcher and her husband join him and his family for dessert. The researcher and her husband met Hesham's family; the interview proceeded while a delicious Lebanese dessert was enjoyed by all. The researcher enjoyed the interview with Hesham immensely; the process was both efficient and enjoyable. The quality data Hesham contributed was significant; he was highly educated and

knowledgeable about Jeddah's real estate market. As a non-Saudi leading the sales efforts of a Saudi real estate organization, Hesham added a unique perspective.

Another coincidental meeting occurred with Hesham's boss, Kareem. Kareem was from a country in the Far East and the company's chief executive officer. The researcher sensed that Kareem would be a good fit for the study, and she asked him if he had time to be interviewed. He agreed, and the interview occurred in his office 3 days after the initial request.

With the exception of Mustafa, all participants were prepared for the meeting and professional. The researcher scheduled a meeting with Mustafa at his office. An urgent matter intervened with her husband's schedule. The researcher's husband called Mustafa and informed him that the researcher would attend the interview alone. The meeting was confirmed. Mustafa was absent when the researcher arrived at his office. His secretary was confused about protocol, given that the office was all male. Mustafa's daughter welcomed the researcher into Mustafa's office. Mustafa arrived 20 minutes later. Mustafa's demeanor was cooperative once the interview began; the interview lasted for only 30 minutes because of another commitment.

The other exception was Suhail, who was contacted initially via text message (he did not respond to telephone messages). Suhail replied to a text message in about 5 minutes and scheduled a meeting the following day. He was highly educated, informative, and very humble as he answered questions. The interview lasted for 2 and a half hours.

In summary, participants were recruited informally by identifying residential developers through marketing signs. Initial participants acted as seeds or referrals;

participants were generous with contact information. Two participants (Hesham & Kareem) were located through the researcher's family network. The real estate development community in Jeddah was a close but closed professional community. Almost all leaders referred the researcher to other possible participants, and the majority mentioned one another during interviews. The researcher began to question the saturation point after the 10th interview, but took full advantage of the unique access she had and completed 16 interviews.

Consent was secured; the average interview length was 90 minutes. The participants acknowledged the importance of the research to the country and felt a responsibility to contribute. Almost all participants asked to receive the study's findings and encouraged the researcher to pursue this line of inquiry.

Data Analysis Procedures

According to Creswell (2007), qualitative research-based data analysis occurs in multiple stages. The data were prepared and organized strategically for analysis; organizing and managing the data at each stage was essential. Each transcript was coded with a unique number, and a pseudonym was assigned by the author to protect participants' confidentiality (Bloomberg & Volpe, 2012). The researcher saved hard copies of all transcripts in a locked cabinet; back-up copies of all transcripts, and translations were categorized and saved in a managed file that was accessed when necessary (Bloomberg & Volpe, 2012; Creswell, 2009).

Interview data interpretation and analysis required the researcher to answer questions about the meaning of the data; analysis required careful thought about how specific data points coalesced into a big picture story (Bloomberg & Volpe, 2012;

Merriam 2009). Making sense of the data required the researcher to be open-minded about the participants' experiences and viewpoints (Bloomberg & Volpe, 2012). Because of its importance to the research outcomes, the researcher did not rush the analysis, but took time to reflect on findings and interpretation, which entailed thoughtful, serious contemplation (Bloomberg & Volpe, 2012).

Qualitative research data collection and analysis occurred concurrently (Merriam, 2009). The analysis phase began during the data collection process with a summary of each participant's interview. This summary included an overview of the participant's professional housing career and demographic information. At the conclusion of each interview, the researcher debriefed with the note taker and documented impressions about the interviews.

Member Checks

The researcher's interview summaries were sent by e-mail to each interview participant to ensure the interviewees' statements were accurately recorded. The member checks afforded participants an opportunity to approve the summaries before the researcher proceeded with the analysis (Stake, 1995).

Transcribing the Interviews

All interviews were transcribed verbatim, and, in all but one interview conducted in English, were translated into English. Transcripts were checked against the original recordings to ensure accurate transcriptions. Exact quotes were marked. The researcher used verbatim quotations to support themes, to lend variety to the study's tone and style, and to enrich the study's findings. The researcher also set aside time to contemplate the findings (Bloomberg & Volpe, 2012).

Coding Procedures

According to Merriam (2009, p. 173), “Coding is nothing more than assigning some sort of shorthand designation to various aspects of [the] data so that [the researcher] can easily retrieve specific pieces of the data.” Coding the data helped the researcher compare common themes and wording similarities.

Transcripts were reviewed several times and similar comments were coded. Transcripts were reorganized by codes and categorized. Categories of data were chunked and reexamined to identify subcategories. The approach provided opportunities to identify patterns in the transcripts. Revisiting the initial coding served as a means to reevaluate and revise initial coding until a parsimonious set of discrete themes emerged. The purpose of identifying codes, categories, and concepts was to “reflect the meaning you attach to the data you collect” (Lichtman, 2013, p. 254). The strategy of analysis of the data was deliberately iterative and inductive (Lichtman, 2013).

Participants’ responses were analyzed question by question to note preliminary themes. Each thematic note included key participant responses. Themes were subsequently categorized and color-coded for easy referencing. The primary goal was to identify themes that arose for each question. The data were organized into a matrix by question and by participant. The table contained 80 cells because there were five interview questions and 16 participants. Thematic analysis occurred for each question and across questions. Themes not tied to specific interview questions were an analytical goal. The analytical process was repeated until a list of themes had been generated from the coding. The overall goal was to convey what the interview data revealed in response to the research questions across and between interview questions.

The data analysis procedure included searching the matrix to identify items that were not expected or that contradicted identified themes. These items were considered deviant cases or exceptions. The search for exceptions was important because people may have contradicted themselves, sometimes expressing multiple opinions about one theme. The search for exceptions also identified instances where participants disagreed with each other.

Transcripts and field notes from each interview were coded and categorized into themes. Data were analyzed and coded in three distinct stages: the researcher reviewed the data at least three times with three specific intentions. The goal was to develop a comprehensive critical eye towards the data. The three stages were separated to enable the researcher to return to the data with a fresh mind and open eyes. The coding process was intentional and not based on first impressions or biases. Rather, data were analyzed and reanalyzed deeply. An initial set of themes were identified by reviewing responses to interview questions. The researcher set the questions aside and reread transcripts to code, categorize, and identify themes across the questions. The researcher's field notes were also critical to data analysis, and included descriptions of participants' nonverbal cues such as body language, facial expressions, and voice tone, all of which conveyed the passion, emotion, and commitment to the housing issues discussed. The enrichment of field data with nonverbal cues was one reason why in-person interviews in Saudi Arabia were necessary.

Next, the researcher focused solely on the transcripts from the small firms to identify and code themes among small developers. On the third day, the researcher repeated the procedure for the medium-size firms; the fourth day focused on the large

firms. Breaking the analysis into several days allowed the researcher to allocate time for reflection and contemplation, because doing so cleared the researcher's mind before data were reviewed for the next analytical stage.

The coding process continued until the researcher had addressed all interview questions across the three categories of firms. Once the initial coding was complete, the researcher began writing about emergent themes for the five interview questions.

In the second stage, the researcher analyzed the transcribed data for surprises, new similarities and differences, and unexpected themes. This stage focused on the identification of unexpected data or data not addressed in the extant scholarship. For example, this analytical stage allowed the researcher to detect participants' fundamental assumptions about affordable housing that were not stated explicitly in response to the interview questions. The researcher coded participant response similarities and differences and focused on themes across questions. For example, if responses to the question about obstacles included data on incentives, the data were coded to inform a possible incentive theme.

Making meaning of the data involved analysis of "causes, consequences, and relationships" (Bloomberg & Volpe, 2012, p. 172). In the third and final stage, the researcher analyzed the data for contradiction, comments, or unusual deviants to generate additional findings. After reflecting on the meaning of this data, the researcher reanalyzed all transcripts to identify issues that contradicted the themes identified in earlier stages. The goal in this stage was to note differences in the discussion or findings, rather than simply reporting the answers verbatim; the goal was to identify relationships and contradictions as well. Findings were not taken at face value; themes emerged from

careful and detailed analyses of similarities and deviation in responses (Bloomberg & Volpe, 2012). Finally, the researcher returned to field notes to supplement transcription analysis, code development, code categories, and emergent themes. The researcher proceeded intentionally and systematically through the analysis phases multiple times and questioned conclusions at each stage.

Researcher's Bias

The researcher worked in the housing department of a university in her home country, Saudi Arabia, for 20 years. The researcher also worked with her husband, an architectural engineer. The researcher's experience dealing with the difficulties of becoming a homeowner in the Saudi context allowed her to understand this problem from a unique perspective. The researcher and her husband saved money to purchase a home when annual rental costs were high. By the time the researcher became a homeowner, the family included four children. This experience prompted the researcher to explore the housing problem deeply.

The researcher may have been unable to enact an "outsider's" view during the field research, as a person from another country whose native culture was not Saudi and whose native language was not Arabic would. In other words, the researcher may not have been fully objective in this study. The researcher's own experience with delayed home ownership may have affected data interpretation. The researcher was aware of this potential issue and made an extra effort to remain as objective as possible.

According to Stake (2006, p. 87), "It is important to recognize your bias. It adds credibility to your research if you recognize it rather than claim objectivity." This case study was not designed to replicate prior research studies. As such, the researcher's mind

was open to new information. The researcher worked diligently to bracket biases that may have affected the themes that emerged from the collected data. The researcher limited subjective bias by listening well and by developing written notes of the audio-recorded interviews.

The researcher sought to triangulate collected data with peer feedback. Peers helped the researcher identify possible instances of bias-shaped analysis. Several peers assisted the researcher through the process of deciphering her biases. The researcher's dissertation advisor, from whom the researcher took several courses, was familiar with the researcher's thinking patterns and written research. Finally, the researcher consulted with peers from within the Saudi housing academic field to help detect any biases.

Conclusion

The qualitative methodology approach was the study's primary approach to describe the opportunities and obstacles private sector residential real estate developers faced in the development of suitable housing in the Jeddah, Saudi Arabia metropolitan area. The researcher collected data through semi-structured interviews with professional leaders in the private real estate development sector. Audio recordings of the interviews were transcribed and translated into English. The data, transcriptions, and field notes were coded and emergent themes were drawn from the participants' responses to the shortage of housing in Jeddah, Saudi Arabia. The primary emergent themes, implications for practice, possible solutions to the affordable housing crisis in Jeddah are discussed in the next chapter.

CHAPTER FOUR: FINDINGS

The goal was a deeper understanding of the complexities and challenges private sector real estate developers experienced in terms of implementing suitable housing solutions in the Jeddah metropolitan area. The study had four major research questions:

1. How did the study participants perceive the issue of the supply and demand for suitable housing in Jeddah, Saudi Arabia?
2. How did the study participants explain obstacles to planning for, building, and selling suitable housing units to Saudi families in Jeddah?
3. How did the study participants describe specific appropriate incentives and how might they influence the planning, building, and selling of suitable housing units to Saudi families in Jeddah?
4. What long-term solutions did participants suggest to address the mismatch between the demand for suitable housing units and the supply of such housing to Saudi families in Jeddah?

The findings from this research study documented the need for suitable housing solutions in the Kingdom of Saudi Arabia generally and the Jeddah metropolitan area in particular.

Study participants' viewpoints were summarized in this chapter. The researcher collected interview data from 16 professionals in private sector real estate development in Jeddah. Table 1 describes key characteristics of each participant. In addition to meeting with a housing finance professional (Amer), interviews included a housing researcher (Baraa), engineers (Abdullah, Hani, Kareem, Rayan, & Suhail), a construction management consultant (Salah), a real estate investor (Nabil), housing development sales

managers (Hassan & Hesham), two small developers (Malik & Tawfeek), architects (Abdulatif & Mustafa), and a large developer (Wael).

Table 1

Interview Participant Descriptions

	Participant	Description
1	Abdulatif	Abdulatif trained as an architect, and worked in real estate development for 25 years. His experience included developing touristic cities, residential, office buildings, and hotels. His company worked on large developments in Jeddah, Riyadh, Makkah, Khubar, and other Middle East countries for middle-income people. Abdulatif was optimistic about the future of housing in the kingdom because the newly appointed (2016) minister of housing was from the real estate sector.
2	Abdullah	Abdullah earned degrees in electrical engineering and business (budgeting & planning) from American universities. Abdullah owned a real estate consulting firm and worked on a small residential development in Jeddah. He spent approximately 25 years in the real estate marketing, development, and consulting industry, including a role at a highly prestigious real estate company owned by his family. Abdullah encouraged the researcher to meet the new minister of housing; the researcher met with the minister's deputy and an assistant during a visit to Riyadh.
3	Amer	Amer was approximately 40 years old and majored in business administration. He had formal training in banking in the United States and worked for a major Saudi bank for over a decade. He held key roles in several banks and financial institutions in Saudi before becoming the CEO of one of the governmentally approved finance institutions (mortgage companies). The Saudi government was a major shareholder of the organization. He was optimistic and realistic about the future of housing in the kingdom, and believed that the market would open soon, especially the suitable, middle-income housing sector. His company specialized in financing individuals; other finance organizations in the country specialized in financing developers.

(continued)

Participant	Description	
4	Baraa	Baraa earned a bachelor's degree in business management from an American University and master's degree in accounting from California State University-Fullerton. Baraa also registered as a certified public accountant in the state of California. He began his career as an auditor with a prestigious American firm, worked as an investment banker for a capital funding company. His banking career focused on real estate development project funding. He worked in Jeddah for a well-known middle-size real estate development company.
5	Hani	Hani, an industrial engineer, was in his late 40s. For the last decade, he worked consecutively as the CEO of three large housing development organizations in Jeddah. Hani was enthusiastic and prepared well for the meeting with a notebook of systematic points. His company recently completed a 500-unit housing development in northeast Jeddah and launched a second phase, which has another five hundred units.
6	Hassan	Hassan was introduced to the researcher by an ex-partner in a development project, Nabil. Hassan referred the researcher to Baraa. In his early forties, Hassan had an undergraduate business degree, and a master of business administration from the United Kingdom. He worked for over 8 years as a manager at a conglomerate real estate development company in Jeddah. He worked for 1 year at the same real estate research company with Baraa. He was a partner in a real estate development company specialized in luxury residential units. He was a partner in another real estate organization that specialized in middle-income and lower-income housing to meet market demand. Hassan was highly optimistic/motivated about the future of housing in Jeddah.
7	Hesham	Hesham, originally from another Middle Eastern country, was in his mid 40s and the only non-Saudi participant in the study. He was the sales manager at a large international developer, with several projects in Jeddah. Hesham was a highly educated, knowledgeable leader in the field, and had worked in Saudi for nearly 4 years. Sometimes frustrated with bureaucracy, he was generally optimistic about the future of housing in Saudi.

(continued)

Participant	Description	
8	Kareem	Kareem was the CEO of the Jeddah branch of a Dubai-based mega real estate development company. The company had two large “community” projects—one in Jeddah, and one on Saudi’s East coast. The firm delivered approximately 1,000 residential units, with a goal of completing 20,000 units in Jeddah alone. The Eastern province project added approximately 4,000 residential units to the market. Before that, he was the managing director of the Saudi Arabian branch of a famous international financial institute in Riyadh. He also worked at a famous large real estate company in Jeddah to form a real estate holding company. Kareem held a diploma in mechanical engineering, a bachelor’s degree in banking and finance, and a master’s degree from the United Kingdom in finance and strategy.
9	Malik	Malik was the CEO of a medium real estate development company with three major shareholders, including an overseas bank. He was a Saudi leader who appeared to be in his late 50s. He graduated as a civil engineer from the United States in 1982. He was a developer for over 30 years. Malik worked as a professional engineer at Saudi Aramco for 15 years, after which he took the CEO role at his current organization. His company was a subsidiary of the largest real estate development organization in the Arabian Gulf region. The company suffered in the midst of the 2008 recession and shareholders chose to downsize the company to an exclusive focus on purchasing small lots to develop one-by-one.
10	Mustafa	Mustafa graduated with a degree in architecture from King Abdul Aziz University in 1984. In his early 50s, Mustafa ran his own private architecture firm for last 25 years. His company completed major projects in Jeddah and Mecca. He served on the board of several famous large real estate development companies in Jeddah and Mecca, and categorized his firm as medium sized.

(continued)

Participant	Description
11 Nabil	Nabil, an executive, was in his early 40s and had invested in real estate development projects since 2008. Prior to 2008, Nabil worked in his family's investment and trading business for 18 years. He served on four Jeddah Chamber of Commerce committees related to real estate development. His first development project failed when he and his business partners built luxurious homes in an area not well suited for luxury housing. The next project succeeded after the project site and the luxury housing matched the area's demographics.
12 Rayan	In his late 50s, Rayan was educated in the United States. Postgraduation, he worked as a civil engineer for 15 years. He served as the chief executive officer of three large real estate development companies in Jeddah over the last 13 years. Professional peers identified Rayan as the point person for current news about the Jeddah real estate development market. His company constructed several key projects in Jeddah, Makkah, and Madinah.
13 Salah	Baraa introduced the researcher to Salah, who began his career at Ahmad's real estate development company in Jeddah. He held a bachelor's degree in Civil Engineering from King Abdul Aziz University in Jeddah and a master's degree in business administration from the United Kingdom. His involvement in the real estate development sector began in 1981 when he worked for an American construction management firm. After a year, he returned to Saudi Arabia and consulted on a freelance basis for construction companies and government firms. He categorized his company as medium size. Eventually, Salah collaborated with a bank in a joint venture that resulted in several housing units and compounds, the largest of which was roughly 500 units. His company has succeeded for over 25 years, and his company delivered housing units that were 20% less costly than market prices and 30% faster than other development projects.

(continued)

Participant	Description	
14	Suhail	Suhail was an engineer with 22 years of experience as a medium-size developer specializing in housing for middle-income families; units were typically three-to-four story economical condominiums. He was also a partner in a famous small-size development company in Jeddah. Suhail was regarded as an expert in the field of housing in Jeddah, the surrounding Middle Eastern region, and internationally. Real estate events in Jeddah and the Gulf area often featured Suhail as a speaker. Four large developers indicated that Suhail was a must-see person for the research project.
15	Tawfeek	In his early 60s, Tawfeek worked for 25 years with a famous contractor; for the last decade, he worked as a private contractor and small developer. Tawfeek developed several large housing projects in Jeddah. He spoke from the viewpoint of a contractor and appeared to be interested primarily in high-quality developments. Tawfeek was the first participant to stress profit as the basis for any involvement.
16	Wael	Recognized as a guru of real estate developers in Jeddah, Wael was the CEO of a mega-size firm in Jeddah. He was a featured speaker at conferences and often was interviewed by local media. In his late 40s, his ex-business partner, Malik, introduced Wael to the researcher. Wael prepared well for the meeting and shared a presentation he had delivered to City Scape in Dubai in 2015 about housing problems in Saudi Arabia. His company was a closed, listed company, established to build suitable housing.

Findings were organized into themes; the most important theme (bureaucracy) was reported first. Bureaucracy was summarized first because every participant mentioned bureaucracy as an issue and every participant expressed frustration with the current bureaucratic process. The remaining three themes were summarized in descending order of agreement, as illustrated in Figure 2.

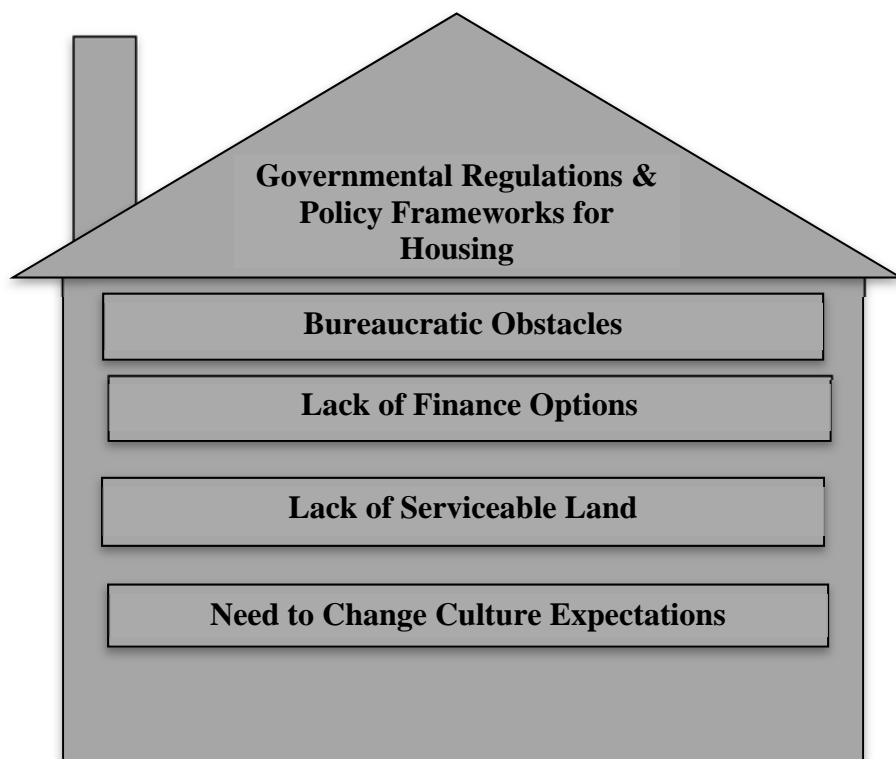


Figure 2. Major obstacles faced by private sector real estate developers in Jeddah

Theme I: Bureaucracy as an Obstacle

All interview participants identified bureaucracy as the root obstacle to planning, building, and selling suitable housing units. Interviewees were often frustrated with bureaucratic housing regulations and outdated practices implemented by the Ministry of Housing and the Municipality of Jeddah. The source of bureaucratic frustrations with the Ministry of Housing included a perceived disconnect between approaches addressing supply and demand; a perceived lack of transparency and clear vision for the Ministry; lack of confidence in the Ministry's staffing and infrastructure; lack of clarity about the source and accuracy of data used to drive policies and regulations; and disagreements between the Ministry, utility companies, and developers about responsibility for the provision of infrastructure. Interview participants also described their frustrations with

the Municipality of Jeddah's bureaucracy; such frustrations included problematic regulations, a prohibition on the presale of housing units, and bureaucratic delays for permits and licenses.

Outdated Practices and Regulations

Participants indicated frustration with the way land was priced and taxed. Hani noted that high land prices played a major role in the price of housing. White lands, the lands that had not yet been developed, and that owners typically retained to sell later in anticipation of greater future profits would be taxed. While taxes on lands could raise or lower the land prices, Hani asserted, the underlying issue was that the government should stimulate the development process. In addition to frustration with outdated governmental practices, participants described frustration with developers' outdated approaches to development. According to Amer, real estate developers clung to the old ways of developing lands, rather than focusing on developing housing units on those lands. Wael offered a slightly different perspective, and noticed that the Ministry of Housing should have initiated regulatory transformations among all ministries related to the development process.

For the last 50 years, the Saudi government had a land gift system in place. Salah indicated,

What we have is a land problem. The haphazard way of distributing lands, which [was] called *minah* in Arabic [land gifts by the government to key people in the old days of the kingdom], was the major cause of the housing problem we see today.

Suhail agreed, noting how the land gift system encouraged recipients to sell the land rather than build housing on it.

Frustration With the Ministry of Housing

Several interviewees took issue with the role that the Ministry of Housing had taken as a developer, rather than as a provider of affordable lands with full infrastructure (streets, electricity, water and sanitation pipelines, and so forth). Rayan pointed out that the Ministry was the largest housing developer in Saudi Arabia. Abdulatif, an architect and real estate developer, claimed that developers' ability to build suitable housing units was linked to the government providing developers with affordable lands with a full infrastructure. More importantly, Abdulatif noted that the Ministry should not have transferred infrastructure costs to end users (Saudi citizens wishing to purchase suitable housing), because the citizens could not afford it.

Amer and Hani discussed an unintended consequence of the Ministry of Housing's role as a real estate developer: private sector developers simply could not compete with the Ministry. Hani pointed out that the Ministry (as a developer) was always at an advantage in terms of quality and prices, and thus had more negotiating power than any single private sector developer. Amer noted that when a former minister of housing decided to build 500,000 housing units, all private sector developers withdrew; they felt they could not compete with the government: "The ex-minister did not just fail to lift his ministry, he caused developers to fail." Hani agreed that the prior minister's decision disadvantaged private sector developers, and suggested that the Ministry begin to function as a regulator rather than a developer. As a regulatory agency, the Ministry of Housing could monitor contractors (rather than developers). Kareem said that each private sector developer that tried to negotiate a contract of 100, 200, or even 1,000 housing units would never be able to get the best price (in competition with the

Ministry) because contractors would and could cut corners when the contractor priced it according to the Ministry's needs.

Several study participants described problems with the Ministry of Housing's approach to the discrepancy between housing supply and housing demand. "When you look to the supply curve," Amer noted,

The curve is very lumpy, which means you can have one very big project, then for one year there are no other projects coming up. A few months later, you have one more project, and this is not normal. In any other well-developed housing market, you see a constant flow of projects.

Baraa, whose research firm addressed housing issues in the Kingdom, noted that a lack of intervention by the Ministry of Housing contributed significantly to the housing gap between supply and demand. Hani agreed, noting that officials often talk about housing cycle supply issues, but fail to identify and discuss demand-side (finance) solutions. Amer pointed to the Ministry's uncertainty or the lack of a "road map" to reasonable solutions.

Participants sometimes expressed serious concerns about Ministry staffing and infrastructure including the specific problem, a lack of confidence in former ministers. Amer characterized a former minister as an "ignorant man who did not know what he was doing. We needed to wait until he was gone, and to see what the new minister will do, before we reenter the market again." Malik also appeared dissatisfied with the prior administration:

The previous minister of housing was the real bad leader. He hurt us as developers. He was in charge of housing issues for the last 10 years as a head of the housing commission then as a minister of housing. He got the full support of the past King Abdullah, but failed to deliver. His problem was that he did not have it! He did not know how to think critically, to understand the deep problem of the housing sector . . . he tried to play the role of the whole development cycle,

to be a developer, contractor, and a consultant at the same time. During his time, the worst quality of housing units was delivered.

Participants had different opinions about the new minister of housing. Although Amer doubted that the new minister had what the agency needed, Malik was hopeful because the new minister had served the CEO of a well-known real estate development company in Riyadh. Malik explained,

Al-Hogail is a great person; I know him personally. He is a great person. He moved quietly, with calculated steps, simply because he is from within the field. He was the engineer to convince SAMA to reduce the down payment from 30% [of the home's cost] to 15%.

The inefficient approval process also lacked clarity and transparency. Wael noted that complicated government regulations often “killed” housing projects. Abdulatif, Hani, and Kareem spoke to the Ministry of Housing’s lack of a clear, transparent vision. Abdulatif desired a more decisive Ministry of Housing because of the agency’s lengthy decision-making process. “I have to admit,” Malik explained, “we as a developer, for long have tried to avoid the MoH [Ministry of Housing] projects because there was not any means of logical communication during the times of the previous minister.” Kareem noted that there was no clear, systematic description of the necessary processes, such that when requests were submitted, developers often were asked for different and additional information without a clear definition or explanation of each step in the process.

As Hani observed, clearly defined and documented procedures for obtaining the necessary permits and licenses helped developers plan accordingly. Kareem agreed, “By having clarity in the approval process, the supply to the market could be very steady.” Kareem suggested that the government should have examined how to encourage developers to develop. If the rules were clear, developers would have sought

opportunities to buy land and develop it. Several developers concluded that the lack of transparency acted as a deterrent to development. In general, the participants agreed that they needed clear directions and timelines in the approval process.

Lack of Accurate Data

Private sector real estate developers' ability to plan and execute their housing projects effectively was tied directly to information (data) available for designing, planning, and decision making. Abdulatif and Hani noted that census data lacked precision and accuracy; for example, the Kingdom's rate of home ownership was unknown. Abdulatif explained that census data was inaccurate because the census did not include necessary details, such as whether citizens owned or rented their homes. Lack of data made long-term planning difficult. If, for instance, current census data indicated that Jeddah households include 750,000 youth who would wish to purchase homes over the next 20 years, then private sector developers (as well as the Ministry of Housing) would be able to develop both short-term and long-term housing development plans. As Hassan noted, another consequence of the lack of data was that developers had "very weak" business strategies; decisions were "feeling-based rather than data-driven."

In the absence of a rigorous database, the government depended on electricity company statistics, and those were not necessarily accurate. Baraa, head of the real estate research consultancy, specified the need for the Ministry of Housing to produce housing indexes with the collaboration of Saudi university scholars to certify the methodology and to enhance credibility. If accurate, consistent, and current data were supplied by the government, development expenses would be reduced. Good data would encourage and facilitate development to meet the market demand.

Lack of Infrastructure

Robust housing development in Jeddah was also inhibited by the lack of broad consensus about which entity (the Ministry of Housing, the Municipality of Jeddah, utility companies, or private sector real estate developers) was responsible for providing infrastructure (streets, water and sewer connections, utilities, schools, and so forth) in new developments. Determining which entity bore financial responsibility for creating and maintaining infrastructure was the major issue. As Rayan observed, the main problem here was in the infrastructure, not the lack of land. Hassan contended that the Ministry of Housing bore responsibility for such infrastructure.

Some developers offered to create such infrastructure, but were not successful in collaborating with the Ministry of Housing. Hani, for example, noted,

We even offered to build schools from our own pocket, to make sure of the quality and to help, but still we are denied that right. We even asked them to come and operate them after we built them, but they still refused.

Hani noted the wish for electric and water companies to negotiate with developers reasonably, and to understand the financial burdens that developers faced when expected to build housing and the necessary infrastructure to support the housing developments.

Abdulatif cautioned, “The MoH [Ministry of Housing] cannot put the cost of the infrastructure on the end users . . . they will not be able to pay for it.” Hassan characterized the infrastructure controversy as “hell.”

The lack of consensus about infrastructure inhibited robust growth in housing, and was tied to the bureaucratic frustrations experienced by developers. Interview participants agreed that frustration with bureaucracy at the national level was a major

issue, but such frustration was not limited to the national level. Participants also often expressed frustration with the Municipality of Jeddah.

Bureaucracy in the Municipality of Jeddah

Interview participants' frustrations with the Municipality of Jeddah bureaucracy centered on outdated or problematic regulations that inhibited housing developments. Specific examples included a prohibition on presales, excessive periods for obtaining permits and licenses, and regulations for housing associations. Wael commented that municipal bureaucracy was "a killer." He defined it as a bureaucracy of outdated systems and processes.

Problematic regulations. Several participants specified problematic regulations as obstacles to planning, building, and selling housing units in Jeddah. Regulations regarding residential floor area to land ratios, for instance, Wael mentioned, "In some cases, the Municipality requires us to give up 45% of the area of the land for services like gardens, schools, hospitals, government offices, and so forth. This is a high percentage considering the allowable built area permitted." Wael argued that developers also needed to spend less time navigating multiple government offices. Developers wanted the Municipality to be more flexible, especially in terms of allowing gated communities and housing associations. Amer pointed out that municipal regulations and development regulations were the driving factor behind high development prices. Nabil characterized development regulations as "catastrophic." He continued, "Why do we have to wait months for Municipality's approval to get title deeds for each finished unit, until we finish the whole development project 100%?" The effect of regulatory obstacles, noted Baraa, was that the Municipality was "scaring away the investors, especially in the

residential sector.” Hassan noted, “Providing buyers with the title deeds based on the Municipality is hell.

Housing association regulations also posed an obstacle. Amer, Hani, and Abdullah discussed these barriers. Hani noted that “housing association regulations are agony,” and that developers “need the option of developing gated communities so we can provide better service according to the needs of the residents.” Hani continued, “We tried to get permission to have a closed gated community in one of our projects in Jeddah, but were denied because of the bureaucracy of the Municipality.”

Presale of housing units under construction prohibited. Several participants described difficulties associated with not being able to presell housing units under construction. In Saudi, this practice was known as selling off maps. Because of the difficulties in obtaining financing for projects, developers need to sell units during the construction period to optimize investment returns. Kareem explained, the “project like we are doing now in Jeddah—the construction is over 500 million Saudi riyals (about \$135 million). We cannot finance the whole amount ourselves, so we need to do the presale.” Unfortunately, as Abdullah pointed out, the “regulations for selling off maps are lousy.” Hani and Salah agreed with Abdullah and Kareem. Hani indicated that presales needed “to be enhanced” and Salah added that presales could effectively be regulated. Nabil asked, “Why does not the government allow developers to take payments through escrow accounts? This way, the Ministry of Finance will be assured that developers will not take the money and run away with it.” Even in instances where presales were allowed, additional approvals were necessary, which lengthened the approval process. According to Kareem’s estimate, the approval process was “easily

between 6 months and a year.” Kareem also characterized such delays were expensive and inhibited advance planning.

Permit and construction delays also resulted from natural disasters such as floods. When floods devastated Jeddah in 2009, developers’ projects and plans were delayed. According to Hani, the flood made Jeddah officials “very cautious in giving permissions to develop big lots, especially outside city limits.” Malik agreed, and observed that regulations for subdividing large lands into small lots had become a big problem. Subdivision approvals took up to 3 years. Infrastructure costs became a “nightmare” for developers, especially electricity costs, Malik said, “the Municipality had to stop most developments in the city to go over regulations related to flood’ preventions . . . it took ages to finish the study by the municipality.”

All participants indicated severe frustration with the length of time necessary to navigate bureaucracy. According to Nabil, the process to develop a large parcel of land was very, very lengthy, in part because permissions had to be obtained from the Municipality of Jeddah, the electricity company, the water company, the Ministry of Housing, and the Ministry of Agriculture. This lengthy process was “a killer” and “risky at the same time. Nabil continued, “It sometimes took up to 5 years to obtain those permissions.” These periods hindered the return on investment for investors. As Kareem observed, “Time is money for developers, any delays cost us money. It takes time to get the design approved.” He continued, “From the moment you submit until you get the final approval, it goes back and forth, which make take easily between 6 months to 1 year.”

Kareem stated, “Delays related as well to Ministry of Commerce and Industry processes, where discussion and negotiation often took 3 months, if the developer was lucky, to 6 or 9 months.” Hani agreed, and noted how the bureaucracy of multiple government agencies lacked coordination and collaboration. Amer and Hani both suggested that the Ministry of Planning take the lead, have “an upper hand,” and be granted the financial resources to conduct proper planning. Hani explained that coordinated efforts with other agencies, such as the Ministry of Education, would also ensure that the residents of new housing developments had schools for their children.

Bureaucratic delays for permits and licenses. Multiple participants spoke about their frustrations in obtaining the necessary permits and approvals from local officials. Malik, for example, offered several observations: “It takes a smart developer 3 years to get the permission to build and get the title deeds for the built units. It is a miserable process.” He continued,

It takes us 6 to 9 months to get the building permission and 18 to 24 months to build. We then have to deal with the agency that issues the title deeds for the units . . . all of this for only 15% is not a feasible project.

The outcome of such delays, Malik indicated, was a market “collapse.” Hani characterized the permissions process as “miserable,” and suggested that Jeddah officials learn from Riyadh’s example. “In Riyadh,” Hani noted, “we went to the deputy of the minister and got his approval after we presented our case professionally. Jeddah officials are a mess.” It took Malik’s organization 2 years to obtain the document that identified the land perimeters and building regulations in Jeddah. These extended periods, Malik observed, and other bureaucratic frustrations, were “killing the development process in Jeddah.”

Private sector real estate developers in Jeddah found it necessary to deal with multiple bureaucratic obstacles for planning, building, and selling suitable housing units in the metropolitan area. Frustrated by procedures in the Ministry of Housing as well as in the Municipality of Jeddah, these developers struggled with lengthy delays to obtain the necessary permits, a lack of accurate data, and disagreements about which entities were responsible for providing the infrastructure necessary for the construction of suitable housing. As Abdullah lamented, “Developers and real estate agents are being ground in a meat grinder.”

In general, the participants’ frustrations with local bureaucratic functions mirrored their expressed frustration with bureaucracy at the Ministry of Housing. In other words, they experienced two layers of obstacles. The second major theme was related to the lack of financing options for developers and potential homeowners.

Theme II: Lack of Financing Options as an Obstacle

The researcher frequently heard, “We have to find a solution to the lack of finance alternatives” from the 16 participants. Leaders with a finance background or were well versed in finance—Amer, Wael, Malik, Nabil, and Baraa—offered feedback rooted deeply in financial issues compared to the engineers or managers who focused on construction, design, or building types. All participants, except for Wael and Hesham, agreed that the lack of finance alternatives made the development process difficult and that the problem was not easily solved.

Rayan sympathized with Saudi citizens and expressed his emotions about the major housing crisis. Malik explained, “One of the problems with the finance of housing in Jeddah has to do with the fact that there is limited number of financing institutions in

Jeddah.” Following the norms of Islamic finance, “Banks are not allowed to give loans for real estate development; only finance institutions are allowed.” The issue was complicated in that only two financing institutions existed, although the SAMA was considering permissions for a third firm. The finance institutions—commercial entities—used the institution’s board money rather than public money. Malik hoped the Saudi government would implement a “better role for banks to become major contributors to the mortgage market so the development cycle is complete.” He also understood the governmental rationale that allowed finance institutions alone to provide loans: the government did not want to risk citizens’ bank deposits. Malik knew Amer, the CEO of a finance institution, personally, and offered to introduce the researcher to him.

Hesham did not mention finance at all. As the second study participant, the researcher may not have asked Hesham in-depth questions about finance. Wael contradicted himself when he spoke about finance alternatives. First, Wael stated, “The government is asking developers to reduce the cost without taking any initiatives from its side. I believe the government at least should release more financial packages that could stimulate the market.” He then stated, however, “There is no problem in the housing finance market.” Wael lamented the fact that the Saudi government had only addressed the demand side of the problem since 2008. The government established the mortgage law and increased the REDF’s capital by 40 billion SR (\$10 billion). It increased the REDF-based housing loans to buyers from 300,000 SR to 500,000 SR (from \$80,000 to \$133,000 per loan), according to Sultan et al. (2013). The government increased buyers’ purchasing capacity drastically in the last 8 years, but did not address supply side issues.

In addition, Wael opposed the banking practice that qualified buyers to obtain housing loans for up to 60% of their income. He stated, “It is an advantage to me as a developer—but it is wrong.” He advocated instead for loans that required a maximum of 40 to 45% of the buyers’ income to make mortgage payments. Wael observed, “Saudi people do not like to borrow money and pay the related financial cost.” On the other hand, “Buyers should learn that taking a loan is not wrong; it is better financially to take a loan to finance a home than to pay rent.” He explained, “Home is insurance for buyers and their children because home ownership typically means security and results in increased equity and wealth.” Malik agreed, and said “Banks and financial institutions could capitalize on this relationship if buyers realized the advantages of buying homes instead of paying rent that does not have any return to the buyers.”

The other participants also expressed frustration with the lack of finance alternatives. Malik said with misery, “Housing mortgages were only implemented [at the] beginning of 2015.” Abdulatif mentioned, “It might be a very complicated cultural problem.” Nabil expressed high annoyance and said, “I have to finance my projects out of pocket, which is becoming an obstacle. When are banks going to come on board?” Nabil commented that he understood the Ministry of Finance’s desire to avoid any collapse in the Saudi real estate market, such as the collapse that affected the U.S. market in 2008. He continued to believe that the “government should be a little easier than the conservative approach it is using now.” Nabil said, “Right now there are just two financial investment institutions that are giving loans to buyers.” Nabil believed the government should encourage and allow banks to provide mortgage loans.

Kareem categorized the lack of finance alternatives for buyers as the second major factor contributing to the shortage of affordable housing. He repeated several times, with anxiety, “There are no mortgage products, no mortgage products . . . buyers do not have access to mortgages. How would they be able to buy?” Kareem added that, consequently, the number of the real potential buyers “is and will always be” very limited.

Salah stated, “Most Saudis don’t have limited reserves no more than 30% of the cost of an affordable unit; once they spend that amount on construction, they are stuck; and they could not finish the building.” Suhail repeated three times with anxiety, “The problem is lack of finance, finance, and finance. . . . Financing developers is more important than financing buyers, because developers are the ones that will build the units so they need the support.”

Other participants echoed the statements of Wael, Salah, Abdulatif, Nabil, and Kareem. Tawfeek said, “Creating finance alternatives are a major problem that needs to be addressed by the Ministry of Housing. Mortgage systems must be established urgently.” Tawfeek continued, “Ministry of Housing officials should know that citizens only need a ceiling above their head.” Hani also reported on the lack of loan options for real estate developers. Mustafa stated, “It is evident that the role of the financing institutions is missing.” Mustafa said with firmness,

The responsibility for lack of financing alternatives is neither that of the Ministry of Housing; nor it is the responsibility of the Real Estate Development Fund [REDF], nor the banks (mortgages), nor the private sector that provides limited mortgages; none of those agencies is the sole cause of the housing problem. The problem was caused because of collective shortage by all of those institutions. One of the reasons behind the lack of financial lending institutions could be the tough law to protect financial institutions, which is enforced by the Saudi Arabian

Monetary Agency [(SAMA); this is why, consequently, the mortgage system is not well established in Saudi Arabia.

Abdullah disagreed. From his viewpoint, finance was not the major factor in the suitable housing shortage. Abdullah believed, “Providing mortgage solutions is not what should happen, because the prices of homes are high as is, without the finance costs.”

Supply Side Finance Options

Abdulatif approached finance problems from the supply side. He felt there were too many high-end products with high market prices; the lack of suitable housing was due in part to the lack of the “right product for the right people.” According to Hani, “The available units cost a minimum 600,000 SR—up to three million SR (\$160,000-800,000 U.S.). Abdulatif agreed with Hani’s assessment, noting that the “government could not build high-end quality units, and expect average-income people to live in them.” Instead, he contended, the “agencies in charge should work on building units for middle-income people. Design and finishing materials should be reasonable so it is acceptable, affordable, and livable by the targeted populations.” Finally, Abdulatif said, “The government should allow buyers to pay extra on top and over the \$500,000 SR loan they get from the government, (if they want), to get higher quality.”

Amer was an exceptional case regarding finance alternatives for buyers. He said, “There is no problem in finding finance to build.” He said confidently, “I do not feel there is a finance issue related to the housing problem in Jeddah.” He encouraged banks to finance mortgages, though, because “real mortgages do not exist in Saudi.” In other words, while Amer did not recognize a need for mortgage products for buyers, he shared other participants’ concern that “there is a need for long-term finance solutions for developers.”

Amer compared the high housing demand to a highly pressured pipe about to explode. He explained the history of how people at one time depended on parents or other personal financial resources to obtain suitable housing. Amer noted that only over the last 5 years have Saudis begun to realize the importance of mortgages for the housing sector. He also noted that mortgage regulations began “to surface only in 2012. Only 200,000 people in the country use mortgages.”

As Amer explained further, only people whose monthly salaries were 12,000 SR (\$3,200) were likely to obtain housing loans. People with 6,000 SR (\$1,600) monthly salaries would not benefit from private financing sector-based loans. Amer explained with passion the different scenarios in which his organization would provide loans to fixed-salary employees.

When the researcher asked Amer if his company was frustrated about the stoppage of development in Jeddah, he replied, “Not at all, I have already reached over 20% of my target this year. We are pioneers, we have a great planning capabilities and projection for future . . . we think ahead of time.” He said, “We hired American finance experts to establish a system similar to that of the U.S.” Amer’s company began preparing for new mortgage regulations prior to 2012. Amer indicated that by the end of 2015, 200 people had obtained loans valued at 100 million SR. In the first quarter of 2016, his company provided loans valued at 6 billion SR.

Another perspective was expressed by Baraa who suggested that the government should work on changing the mind-set of Saudi citizens that it is more secure to work in the government, regardless of their income. Government employees usually make 8,000 to 10,000 SR (\$2,000-2,500) per month, but could earn 20,000 SR per month if they

worked hard in the less secure private sector. Increased wages would encourage employees to buy homes and afford the cost of financed mortgages.

Homebuyer Down Payment Regulations as an Obstacle

Several interview participants spoke directly to down payment regulations in the Kingdom, which required from 5% to 30% of the total purchase price as down payment. Nabil described the history of the Kingdom's down payment regulations.

Down payments to obtain a loan used to be 10% of the house price, which was okay; then the government jumped it to 30% down payment of the house purchase price [in late 2014], which stopped the development in Jeddah.

Malik called the new regulation “ridiculous,” while Hassan said that it was the “wrong decision at the wrong time and place.” Rayan said simply that a 30% down payment was “too much.”

Amer noted that the 30% down payment of the home's purchase price occurred within the context of a “crazy” and “risky” market. In 2014, for example, Amer said any Saudi with a monthly salary could obtain financing, and purchasing power increased. Amer continued, “Buyers, instead of buying a 500,000SR [\$133,333] home, were encouraged to buy a 1 million SR [\$266,666] unit. The banks gave loans like crazy those days.” Amer said the 30% down payment requirement in November 2014 “came at the right time to stop this crazy lending trend and contributed to a great extent to stabilizing the housing market.” Malik agreed, “SAMA tried to protect the Saudi economy and banks from a collapse similar to the 2008-2009 worldwide collapse. During the 30% down payment period, [a] great drop in sales happened. We stopped selling.”

Malik observed, “Developers told the Shoura Council that it was too much to ask young borrowers (we are a country with a high percentage of youth) to have 30% down payment of the house price up front.” Kareem agreed. He took a deep breath, sighed,

took another deep breath, and said, “How many buyers had the 30% down payment of house price? When SAMA increased the down payment from 10% to 30%, the market crashed.”

The researcher asked Kareem whether SAMA’s 2016 announcement to lower the down payment from 30% to 15% of the total amount of the price of the house was good news for the housing market. He responded, “I think it [was] a good move to reduce the payment to 15%,” because that percentage is “more feasible.” Hassan, Rayan, and Abdulatif also commented on the 15% down payment regulation. While Hassan and Abdulatif characterized a 15% down payment as “okay,” Rayan advocated for a 10% down payment (which was the original regulation in Saudi for down payments on home purchases).

Kareem continued, “The problem is that local banks are ultra, ultra conservative. If banks continue their [current] screening process, the financing problem will continue.” He said he understood the rationale behind banks’ conservative attitudes: if the buyers defaulted, the Saudi legal system did not sufficiently protect the mortgage company provider. For instance, mortgage companies did not repossess the homes of buyers who defaulted on payments.

Islamic Finance

When the researcher began this project, the literature identified Islamic finance as an obstacle to the development of a robust market for suitable housing in Saudi Arabia. The researcher inferred that Islamic finance was difficult to obtain. Amer declared, “Islamic finance alternatives have changed drastically since you left Saudi 10 years ago!” He confirmed that almost all finance in Saudi Arabia was done in accordance with Sharia

law (Islamic); this meant that obtaining a loan under Islamic finance laws was no longer an obstacle. The main problem, rather, was that there was not any option for long-term Islamic or non-Islamic finance (compared to Fannie Mae in the U.S.). Amer explained that Islamic finance was available and feasible. To the researcher's surprise, Amer noted only a slight difference between Islamic and non-Islamic interest rates. For example, Amer said, "In the U.S., the cost of finance (interest rate) is about 4.5% over 30 years versus 5.5% to 6% in Saudi Arabia." The problem, Amer emphasized, was that "there was not long-term Islamic finance within finance companies."

Amer explained Islamic finance in detail. In fact, he was the only participant comfortable explaining the topic, due to his deep involvement in the field as the CEO of one of two lending companies in Jeddah. He said, "The history of interest rates have been a source of conflict over time." He explained that Riba (the non-Islamic interest rate) exploits poor people. He clarified, "We do not lend to poor people in the first place! I will not lend to anyone who does not have the right income!" He urged people to look deeper into the definition of Riba and look at the meaning of it from a more realistic angle—that is, from "the point of view of financing institutions."

Amer explained two widely known options for Islamic financing practiced by Saudi lending institutions: Murabaha and Ijarah-walqatna. Islamic finance was premised on the idea that "all parties to a financial transaction share the risk and profit or loss of a venture, and that no one party to a financial contract gets predetermined return" (Zaher & Hassan, 2001, p. 158).

A Murabaha-based deal involved three parties—an owner, a bank, and a buyer. Murabaha was

a cost-plus profit financing transaction in which a tangible asset [was] purchased by an Islamic institution at the request of its customer from a supplier. The Islamic institution then [sold] the asset to its customer on a deferred sale basis with a mark-up reflecting the institution's process. (Zaher & Hassan, 2001, p. 160)

In this scenario, potential homeowners purchased a home from the Islamic institution, which itself had purchased the unit from the developer. The seller (the finance institution) and the buyer (the homeowner) knew the final cost (including the profit). In Amer's words, Murabaha used a fixed interest rate, and the final cost was transparent at the time the contract was signed. "If the house was worth one million SR, for example, the financing company sold it to the buyer for one-and-a-half million SR."

Amer defined Ijarah wa-Iqtina as "renting with a promise to sell to the buyer."

According to Zaher and Hassan (2001), in the Ijarah wa-Iqtina model, the bank purchased the home, leased it to the home's tenants, and the tenants agreed to apply lease payments to the purchase of the home when the lease period ended. Amer clarified, "Ijarah gives the lenders the flexibility to change the price according to the interest rate; [this means] they could change the Ijarah according to the daily rates." Amer's company used Ijarah because he believed it followed Islamic Sharia law, whereas Murabaha, in his estimation, did not operate in full accordance with Sharia law. Amer explained that Ijarah was about selling real estate rather than loaning money. Amer continued, "This is why we need a source of a long-term Islamic finance to lend money to companies and banks, not individuals. This is called the secondary market in the finance world." Amer said, "Saudi agencies in charge must establish the concept of secondary market among the Saudi culture." Amer added that the government was considering the idea of establishing a refinance fund as an option for buyers. Amer reported with excitement that Saudi

authorities had announced that the Kingdom was working to establish a secondary market finance company by the end of 2016. Such a fund, Amer suggested, was “very much needed to meet the future demand.”

At least one other participant spoke to the issue of Islamic finance. The researcher asked Kareem about Islamic finance costs compared to conventional approaches; the researcher also asked about the relative difficulty of obtaining Islamic-based housing finance in Jeddah. Kareem replied,

I believe that the Islamic finance here is only a façade . . . it’s fake . . . End users do not want to be responsible for losses, which is the essence of Islamic finance. Plus, Islamic finance is very expensive.

Kareem suspected Islamic finance in Saudi was a façade because it did not follow Sharia law. Kareem added, “It is now clear that the Islamic versus commercial finance is almost the same cost-wise. Before it used to be 4 times the cost; now it is almost the same. Pricing is the same.” He continued, “It is about 2% more expensive in Saudi Arabia than the United States because the government wants to shield the mortgage provider from the lack of legal protection.” Islamic finance has shaped the Kingdom’s housing market.

Other economic factors, such as oil prices and a new tax on white lands, also affected the development of suitable housing in Jeddah.

The Effect of Oil Prices on Housing Development Project Finance

One major Ministry of Housing initiative was to “support the supply and enable borrowers to get the loans they need,” according to Rayan. Even in the former context of soaring oil prices, he commented, the Saudi government knew that housing was a major issue. Kareem sighed, and said, “When the prices of oil increased from \$40 per barrel to more than \$100 per barrel,” other prices rocketed upward “until 2008, then it plunged.”

Kareem continued, “The years when the prices rocketed were the right time to invest in the housing sector. The government had the money, so [it] should have invested, but due to the bureaucracy, [it] did not.”

Financing options in the Saudi context were limited, as noted by multiple real estate developers and finance experts. The Ministry of Housing’s and the Municipality of Jeddah’s solutions to the shortage of suitable housing were shaped by Islamic finance as well as other legal and economic factors, such as oil prices and a new tax on undeveloped land in Saudi’s urban areas. Analysis of interview participants’ response patterns indicated a third major obstacle to the provision of suitable housing in Jeddah: the significant lack of serviceable lands available for development.

Theme III: Lack of Serviceable Land as an Obstacle

Interview participants identified the lack of serviced lands (that is, lands that include infrastructure such access to water, roads, and electricity) as the third major obstacle to the planning, building, and selling of suitable housing units in Jeddah. Salah said, “We do not have a housing problem, what we have is a land problem.” Tawfeek characterized the land problem as the “scarcity of affordable land with an affordable price.” Fifteen participants—all but Baraa—declared this problem a major factor in Jeddah’s housing dilemma. Nabil indicated that the “sky-high price of land created a significant gap between the supply and demand of suitable developed units; this gap needs to be filled in order for the problem to disappear.”

The lack of developable lands in Jeddah was complicated by three issues. First, a lack of consensus existed between private sector developers, the Ministry of Housing, and the Municipality of Jeddah, about which entity should pay for the infrastructure

necessary to entice potential homebuyers. Second, the high cost of land within Jeddah city limits was another challenge for developers. Third, it was not yet clear how a tax on white lands would affect both the availability and cost of those lands for housing development purposes.

Infrastructure Construction Costs

Houses clearly needed water and sewer service, and utilities such as electricity; potential homebuyers typically desired residences in areas with roads, schools, mosques, and grocery stores. It was unclear, however, which entity, developers, utility companies, the Ministry of Housing, or the Municipality of Jeddah, ought to bear the financial burden of providing the infrastructure necessary both to build complete homes to attract potential buyers. Amer, for example, mentioned that the failure to provide serviced lands was a major factor in Jeddah's housing shortage. Abdulatif agreed: "The lands need to be fully serviced with full infrastructure."

Most participants contended that governmental entities or the utility companies were responsible for the financial costs of infrastructure. Abdulatif's remarks typified participants' positions on the matter,

The government should look for white lands, and lay infrastructure, including electricity, sewage, water, and phones. The Ministry of Housing cannot put the cost of the infrastructure on the end users; they will not be able to pay for it.

A few participants took issue with the Ministry of Housing's purchase of undeveloped lands. Rayan noted that these purchases failed to solve the problem, because the purchases "were not serviced" and were "far away from developed areas." He also stated that while "there is [an] abundance of lands," the primary problem "is in services and infrastructure." Amer said, "Services [took] up to 4 years to reach to the

lands.” Malik concurred, and asserted it was impossible for the government to service all the lands it intended to develop. He said with sarcasm,

The Ministry of Education has 700 lots ready to be built to provide schools . . . but there is no budget . . . so how the government is going to serve the units that it is going to build far away?”

Hani, whose company completed several very large projects, said, “The residents in one of the projects the company built in north Jeddah were suffering from the lack of schools, which hit our next projects badly; getting infrastructure done is a misery in Jeddah.”

Hassan summarized developers’ perspectives, and commented, “The Ministry of Housing should work on improving serviced lands availability.”

At least one participant took issue with utility companies. Mustafa characterized infrastructure costs as “a nightmare for developers, especially electricity. The company is being too bureaucratic about delivering service.” According to Amer, “People don’t want to admit the fact that resources have become scarce in Saudi.” In turn, he stated, “the government is posing high cost on services such as electricity and water; people are not able to cope.”

High Land Costs Inside the City

Several developers identified land costs within Jeddah’s city limits as an obstacle to planning, building, and selling suitable housing units to potential homebuyers. Hani noted that high land prices played a major role in housing prices. Rayan tied the issue to the lack of white lands in Jeddah by the birth of the one-meter square of land in Jeddah. He explained how the monarchy bestowed land upon some key Saudi citizens 50 years ago—and these gifts were the original source of the white land problem.

Rayan further explained that the problem “arose when the late King Faisal [who ruled from 1964-1975] allowed citizens to obtain large pieces of land and own it

according to some Sharia law in 1974.” Salah characterized these gifts, known as *minah* in Arabic, as a “the haphazard way of distributing lands” and as the major cause of the current housing problem. Salah continued, “I don’t believe construction is rocket science . . . it’s the lands and distribution of lands among certain people who may not deserve it that should be solved.”

The researcher interrupted, “But some professional people say that scarcity of land is not the big issue; there is an abundance of land. What most people are saying is that the primary obstacles are regulatory bureaucracy and the scarcity of finance options.” Salah disagreed: “No, it is the problem of the high cost of lands.” Over the last decade, land prices “increased in some cases from 500SR to 3,000SR—6 times as much.” “In comparison,” construction costs “increased over the same period by about 20%. Trust me, the problem lies in the lands’ prices.” Salah spoke about a recent trip to Geneva, Switzerland, where he viewed a development near Lake Geneva priced significantly less than many “overpriced buildings” in Jeddah. The consequence of such high land prices was that more developments were being constructed far outside city limits. In a frustrated voice, Salah said, “I am sad for people who had to buy units from me 70 kilometers away from the center of Jeddah 3 years ago—without the main services provided.”

Suhail and Nabil took issue with the *minah* system. Suhail commented that land gift recipients should have been required to build on it. The resale of such lands, Suhail indicated, led to higher land prices, especially on smaller lots. Salah said that housing problems “did not just land from the sky.” Salah continued, the “disaster started” with

the *minah* system. Nabil agreed that “the sky-high price of lands” created a “huge” supply gap for developed units, and that this gap needed to be addressed.

Kareem disagreed, “The reason development is not happening is bureaucracy. Jeddah has millions of lands; land price will eventually stabilize. It will balance itself.” He continued, and said, “Look into North Obhur area, there are millions and millions and millions of meters of land, at an affordable price—so price is not the problem.” Abdulatif commented, “The government needs to provide developers with affordable lands.” Rayan noted how the Ministry of Housing searched for housing development opportunities on white lands, but “the problem persisted, because those lands were not serviced”—and they were “far away from developed areas.”

In Saudi culture, land has historically been viewed as a secure investment opportunity because land values tend to increase over time. “Land does not eat or drink” is a common saying in Saudi culture and mentioned by at least two participants mentioned during their interviews. Urban plots of undeveloped land in Saudi are known as white lands (Ernst & Young, 2016). White lands within Jeddah’s city limits are “seen as a major contributor to a growing housing shortage” as investors hold on to the land rather than developing for a profit (Ernst & Young, 2016, p. 6). Tawfeek estimated that “60% of the lands within the city limits are white. Why aren’t these empty lots utilized to solve the housing crisis?”

In November 2015, the Saudi Council of Ministers approved a 2.5% tax on white lands in an effort to increase the costs of holding land and act as an incentive for owners to make the land available for suitable housing developments in the Kingdom’s major cities (Ernst & Young, 2016). According to the article, “Kingdom of Saudi Arabia White

Land Tax” (Ernst & Young, 2016), each piece of white land “will need to be valued based on its size, location, use, building regulations and availability of public services, and accessibility of public services” (p. 7). The Ministry of Housing identified three major purposes for the tax: as an incentive for developers, to “offer land for housing purposes at feasible prices,” and to “safeguard fair competition and combat monopolistic practices” (Ernst & Young, 2016, p. 7). The regulations were released to the public in June 2016, which provided an opportunity for participants to share their perspectives on the advantages and disadvantages the white land tax might have on the development of suitable housing in Jeddah.

Interview participants indicated that the new tax might reduce land prices and effectively stimulate the development of new housing units. Tawfeek, Amer, and Salah thought that land prices would drop because of the tax. Tawfeek argued, “If applied well, the tax on white lands could help lower the prices of the lands.” Amer agreed but cautioned against drastic reductions in land prices. If land prices dropped drastically, he said, “It will not be good for anyone.” The researcher asked Salah whether the new white land tax would reduce land costs. He supported the tax, and said, “Saudi people have to get used to the tax system on lands and it’s a must.” When he developed properties in the States, Salah observed, he obtained “great deals” when he financed land purchases from owners—“because they wanted to get the burden of tax off their backs.” An additional consideration, Salah said, is “Taxes are important to balance the housing market. We need a system, like what OPEC [Organization of the Petroleum Exporting Countries] did to control the prices of oil.”

The white land tax was designed to stimulate development as well (Ernst & Young, 2016), and Amer, Nabil, and Hani spoke about this advantage. Nabil fully supported the tax: they would “surely move the blocked development process in Jeddah. There are huge lands available in the Jeddah market (huge reservoir of lands).” Nabil suggested that 50 or fewer individuals controlled 70% to 80% of the white land market in Jeddah. “These gurus,” Nabil said, “decided somehow to put hold and sleep on those lands until they increased highly in prices. This is the main cause of the housing problem in Jeddah.” Nabil referenced the Saudi notion that white land was a good investment, calling it a “zero holding,” because the land did not eat or drink. Because the white land tax was established to encourage the planning, building, and selling of new housing units, white land owners would need to decide whether they will either pay the 2.5% tax (and leave the land undeveloped) or contribute to the concerted effort to increase suitable housing developments in urban areas. Nabil predicted that enforcement of the tax would result in a “huge construction boom.” Hani commented, “Taxes on lands could raise or lower the land prices . . . this is not the issue.” He continued, “The issue is that the government should somehow stimulate the development process so developers can restart the development process soon.” Baraa also fully supported the tax as a strategy to stimulate the housing industry.

Several participants worried about the tax’s potentially negative effect on the housing industry. Amer, for example, said, “The price will go down, and people are not ignorant. This is a supply and demand issue.” Amer continued, “Two years ago, the media [said] that people would still buy the land. This will not happen. The price will go down and this will not help anyone. The price already went down, and is still going

down.” Amer pointed out that “Now the owners are holding on to their white lands. There is an emotional relationship between land and people. Everyone will gain from this—financial people, developers—but land investors will lose.”

A few participants, including Kareem, opposed the white land tax. Kareem predicted that the housing market would “collapse” under the new system. He commented with distress, “It is stupid to enforce taxes on white lands.” He noted that private sector businesspersons were “not stupid, if they see an opportunity in developing the lands they would go for it without hesitation, “especially that there is a great demand out there.” Kareem stressed, “Before the government penalizes anyone, it must give the developers the right opportunity to develop.” He accused the authorities, “They did not even give us the opportunity to demonstrate our capability, and the first thing they did was to penalize us!” The researcher responded: “Maybe this applies to your company only; others who have big areas of white land may not want to develop because they seek easy profits by keeping the lands until the prices rise.” Kareem emphasized,

No, I don’t agree, I don’t agree; it is because they were not given the opportunity. The thing is, by development, owners could make higher margins . . . why would they want to sell lands and not develop it.

He repeatedly said, “Before you penalize anyone you should give the opportunity.”

Others rejected the notion that the tax would persuade landowners to develop those properties into housing units or developments. One of Nabil’s friends was one of the “gurus” who owned vast amounts of white land in Jeddah. Nabil quoted, with sorrow, this friend who said, “Why should I get myself in the panic of the complicated development process, my lands don’t eat or drink. I will wait to sell them at the right time.”

Salah opposed the white land tax. When the researcher asked Salah, “Do you think that the real estate gurus will give in? Will they follow the government’s new tax system?” Salah replied, “I believe the land gurus are still in a state of shock! They are still in the resistance phase.” He added, “The monopolizing of lands by the greedy real estate gurus is the major problem.”

Suhail and Rayan spoke about resistance to the tax. Suhail stopped working on new development projects to see how the new tax would affect land prices. He said that the “land gurus” were “not waiting helplessly for the taxation policy;” they were “thinking of ways to go around the new regulation.” Rayan sympathized with owners of large land plots: “There is nothing illegal about owning big lands for citizens; if the government is going to implement taxes on white lands, it should do the same on the lands owned by the government to be fair to everyone.”

Baraa agreed that landowners might try to avoid the burden of the white land tax. He said, “Land owners around the world will try to sneak from paying taxes; Saudi owners will not be any different.” Baraa continued, “In England . . . people established offshore companies where they were legally exempted from paying taxes on lands that are physically in London.” Baraa concluded that “each person will have his or her own way of sneaking from paying taxes,” and that it is “all up to how powerful the government is going to enforce the new law.”

Bureaucratic regulations and processes in the Ministry of Housing and the Municipality of Jeddah functioned as one major obstacle for the developers and finance experts. Participants also identified the lack of financial options and the limited availability of land with preexisting infrastructure as major obstacles to the planning,

building, and selling of suitable housing for middle-income families in the Jeddah metropolitan area. The three obstacles were complicated by multiple factors, such as the Saudi economy, Saudi attitudes toward land, and the history of *minah*. Saudi traditions and expectations for large homes, according to developers, also needed to adapt to 21st century realities.

Theme IV: Need to Change Culture Expectations

The fourth major theme was that Saudi citizens needed to change their housing expectations and attitudes. The common expectation for large-sized homes across multiple price points and income levels was a driving factor in the mismatch between supply and demand. “We need to change the mindset engraved in middle-income people: we must own a home, even if we cannot afford it.” Hani observed that Saudi societal expectations of housing needed to change, such that there were different categories of housing (and price points) for members of different income groups.

Multiple participants found that Saudi citizens often demanded houses that were too expensive for the family budget. Abdulatif and Amer noted that Saudi citizens were used to living in large homes, and that such demand often superseded affordability. Malik concurred that people asked for too much but lacked the financial means to pay for large spaces with luxury finishes and the operating costs associated with larger homes. For example, Amer, a housing finance (mortgage) professional, observed that although Jeddah lacked sewage networks and connections, people still demanded that their houses include four, five, or more bathrooms. He suggested that design and finishing materials be reasonably priced, acceptable, practical, and durable. Amer also called for decreasing the size of middle-income houses. Abdulatif said with annoyance, “Saudi citizens are

used to living in big areas . . . this should stop unless individuals could afford to pay for the extra luxury.”

Overall, most participants described a need for a dramatic shift in consumers’ housing expectations. In general, household budgets and reduced housing subsidies indicated a need to adjust housing norms and preferences. Participants suggested that realistic expectations would decrease demand for luxurious, large, expensive homes and increase demand for suitable or moderate housing.

The Need for a Transitional Housing Market

According to Kareem, the second issue related to the weak mortgage system was that local banks did not have experience “repossessing units and then selling [them] to the secondary market.” Kareem explained that if a buyer defaulted, the bank’s first course of action was to repossess the property. “How else would they [the banks] recover their money? The banks here (in Jeddah) do not have this experience. The secondary market is very shallow.” By comparison, “If a foreclosed property were put on the U.S. market,” Kareem said, “it would be sold the next day!” He asked the researcher, “Have you seen such a thing here in Saudi?” The researcher said, “No, only new homes are being sold.” Other participants confirmed Kareem’s view. Both Rayan and Hani identified the need for a secondary housing market.

Several participants advocated for transitional (starter) homes, and implied that larger homes should be viewed as dream homes. Baraa, the housing research professional, concurred with Amer that Saudis needed to learn about transitional housing, including apartments. Amer and Abdulatif called for increased awareness of the acceptability of apartment-based living. Abdulatif observed that residents in central

Jeddah accepted apartment living, while Amer noted that suburbanites continued to resist it. He also noted that household income might require a family to reside in an apartment rather than a detached home or villa.

In addition to the need for Saudis to broaden their perceptions of acceptable housing to include transitional homes and apartments, several participants observed that citizens needed to adjust their expectations of what the Saudi government and the Ministry of Housing should provide. Abdullah observed that the “social contract” between citizens and Saudi government needed to evolve because people thought the government had an obligation to solve all housing problems. Unfortunately, housing subsidies encouraged citizens to demand what they could not afford; as subsidies decreased, demand remained constant. Abdullah said with irritation that Saudis were “used to depending on the government in an abusive way.” Amer summarized the issue, “People’s demand for housing supersedes what they can afford. Unfortunately, the government encouraged the people to follow this path of demanding what they could not afford, by subsidizing most services provided for citizens.” Hani and Amer agreed. Baraa was totally against such overdependence on the government. Baraa concluded, “People think it’s an acquired right; this is wrong and needs to be corrected!”

Saudi Housing Preferences

Baraa shared his experience with Saudi buyers. Baraa believed that every buyer’s habit was different. He had good responses from customers who were well educated and aware; they decided to purchase smaller units. Baraa explained,

Buyers today need to be led; normally, buyers ask for big areas with high specifications. We take the role of mentors; we convince them that having a well finished unit, with reasonable, well thought-out unit with a reasonable open area would be enough, especially for a young family.

He continued,

We convince them those Saudi societies no longer have as many gatherings and events at home as they used to have previously. People instead go to restaurants for big gatherings! Therefore, the old design habits are out of date for the new young generation buyers.

Baraa gave an example of a young developer who specialized in small, good-quality homes, similar to condominiums one might see in the United States.

Kareem strongly urged the government to attempt to influence change the Saudi expectation (especially among young families) for large homes. Dwellings of different types, sizes, and price points should be available for people from different income groups. Once these changes were implemented, many more units could be delivered within the same period. Kareem suggested lowering the area of the units to 170 square meters; this unit size was approved by the Ministry of Housing (Ministry of Economy & Planning, 2010).

Wael called for Saudi society to change the luxury culture, especially in households ill equipped to afford it. He specified, “Saudis are much too dependent on maids, nannies, having TV’s in every room, [and] big house areas. They have to realize that economy is changing, and Saudi society has to face the fact and change the life style.” Smaller unit sizes were Wael’s primary concern. He added, “Buyers now are very spoiled. They are asking for too many details, without considering affordability.”

Conclusion

The 16 private sector real estate developers who participated in this study identified a variety of solutions to the major shortage of suitable housing units for middle-income families in the Jeddah metropolitan area. Common solutions included substantial reductions of bureaucratic obstacles, a broader array of financing options for

developers and potential homebuyers, access to serviceable land for development, and shifts in Saudi citizens' expectations or adjustment of family housing norms relative to housing sizes and options.

There were high levels of agreement among participants; for example, that bureaucracy was the primary obstacle to planning, building, and selling affordable housing units in Jeddah. All developers identified several of common root causes for the shortage of affordable housing in the Kingdom generally and in the Municipality of Jeddah in particular. Bureaucratic obstacles stalled or delayed the process at both the local (municipal) level and the national (Ministry of Housing) level. Participants' perspectives on solutions were also consistent. Developers identified a range of solutions, but common solutions included a significant reduction of bureaucratic obstacles, a broader array of financing options, serviceable land, and shifts in citizens' expectations relative to housing size and options.

CHAPTER FIVE: DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

Discussion

This chapter includes a discussion of the study's findings, conclusions, implications for practice, and recommendations for future research. The chapter begins with a summary of Chapters 1, 2, 3, and 4. The study's conclusions are discussed in light of the findings from participant interviews. The implications of these conclusions for practice are considered. The chapter concludes with recommendations for future research.

Chapter 1 identified the shortage of suitable housing options for low-and middle-income Saudi families in the metropolitan area of Jeddah, Saudi Arabia as the study's major problem. The study's purpose was to identify and describe private sector real estate developers' perspectives relative to the suitable housing supply and demand trends in the Jeddah metropolitan area. Four major research questions were posed:

1. How did the study participants perceive the issue of supply and demand for suitable housing in Jeddah?
2. How did the study participants explain obstacles to plan for, build, and sell suitable housing units to Saudi families in Jeddah?
3. What specific incentives were appropriate and how could those incentives influence developers' planning for, building, and selling suitable housing units in Jeddah?
4. How did participants plan to address long-term solutions for reducing the mismatch between the demand for suitable housing and the limited supply of such units for Saudi families in Jeddah?

Real estate developers identified obstacles that inhibited the development of suitable housing in Jeddah, offered suggestions for incentives that could foster growth in the development of suitable housing options in the Jeddah metropolitan area, and possible long-term solutions to address the mismatch between supply and demand. The major problem—that is, the shortage of suitable housing for low- and middle-income families in the Jeddah metropolitan area—was the basis of the study’s significance. The study was also significant in its aim to contribute solutions to the problem.

Chapter 2 reviewed the extant scholarly literature and other information pertinent to the issue of suitable housing for low- and middle-income families in the Kingdom of Saudi Arabia. Several cultural and demographic factors affect supply of and demand for suitable housing in the Kingdom. The majority of the Saudi population is 30 years of age or younger (Sallam & Hunter, 2013; “Saudi Housing Crisis,” 2015). The youthful population is projected to accelerate Saudi population growth, which in turn increases demand for suitable housing (Almunajjed, 2012). According the World Bank, the MENA region has one of the world’s most rapidly expanding populations (Jeddah Economic Forum, 2013). Rapid population growth has been accompanied by increased poverty rates; an estimated 25% of entire Saudi population is below the poverty line (Sallam & Hunter, 2013).

The scholarly literature and additional information indicated that the lack of land is a factor in the Saudi housing crisis (Almunajjed, 2012). Expansion in the housing sector is also challenged by high construction and materials costs, as well as by the high price of building and expanding into undeveloped areas that do not yet include infrastructure such as water, electricity, roads, and schools (Almunajjed, 2012).

The literature indicated several challenges for private sector real estate developers. A 2013 report from the Jeddah Economic Forum suggested the government might provide incentives for private sector developers and borrowers, such that suitable housing developments would be profitable and worthwhile investment opportunities. The lack of affordable housing in Jeddah has been exacerbated by a multitude of factors, including the high cost of construction materials, the lack of land within city limits, rapid population growth, and potential homeowners' limited financial resources (Abuzaid, 2012).

Chapter 3 described the study's qualitative case study design. The specific case was the private real estate development sector in the Jeddah, Saudi Arabia metropolitan area. Semi-structured interviews were conducted with 16 Jeddah-based, private sector real estate development professionals, including developers, finance experts, and engineers. According to the research design, professionals from small, medium, and large development companies were purposively recruited, since firms of all sizes contribute to Jeddah's housing supply.

Potential participants were recruited through professional networks. Key contact information was gathered from residential development marketing signs and billboards in the Jeddah metropolitan area. The researcher photographed marketing signs of 10 residential projects in Jeddah and used information on the signs to contact potential interview participants. Additional participants were recruited through seed sampling. For example, Malik introduced the researcher to his colleagues Baraa and Wael. Malik and Baraa informed the researcher about Salah. Nabil introduced the researcher to Hassan, who in made a referral to Baraa. Hassan and Baraa worked together for a year;

Nabil and Hassan were business partners on a former development project. Salah began his career at Ahmad's company. Two large-scale developers (Abdulatif and Rayan) and one medium-scale developer (Malik) referred the researcher to Suhail. Figure 3 illustrates the participants' professional connections.

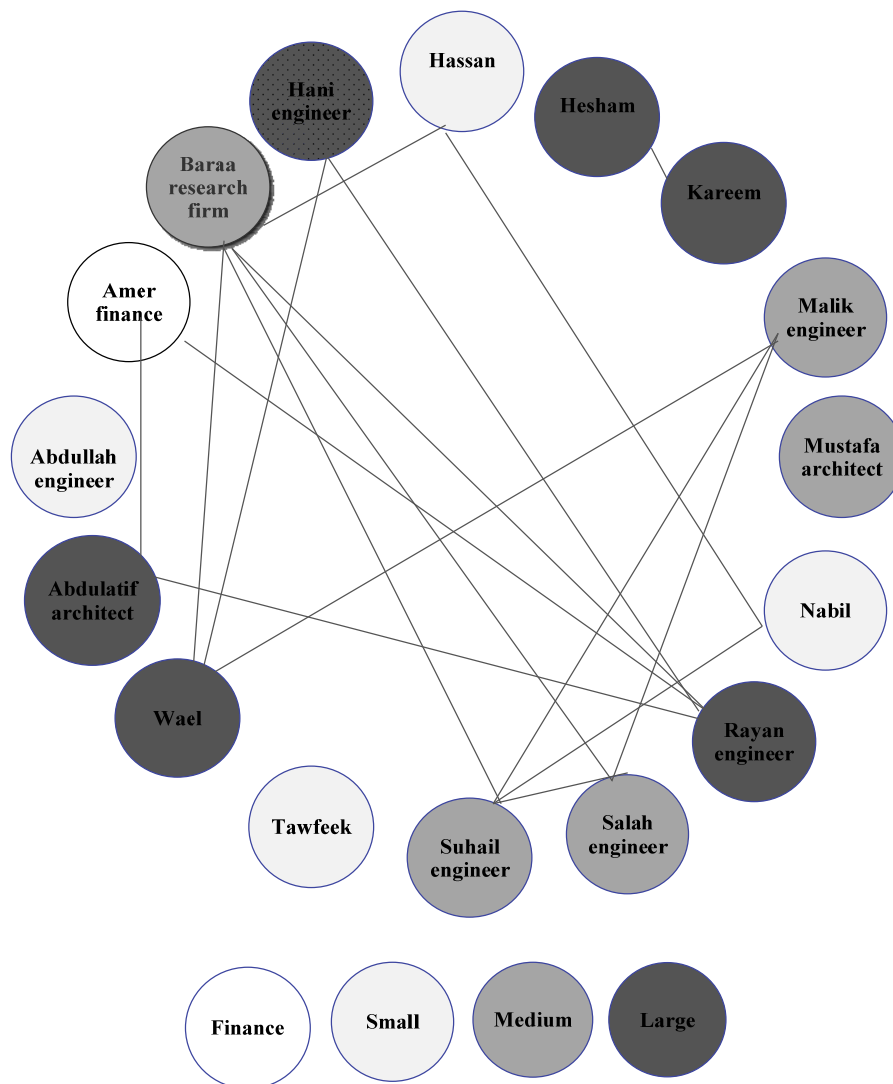


Figure 3. Research participant sociogram. This figure illustrates the participants' professional connections to one another.

Jeddah-based participant interviews were held in culturally appropriate settings after Institutional Review Board approval was obtained. Once a potential subject consented to participation, a semi structured, audio-recorded, face-to-face interview was conducted. Interviews ranged from 1 to 2 and a half hours. Interview audio recordings were transcribed and translated from Arabic to English; transcriptions were then checked against the recordings for accuracy and completeness. Data analysis and interpretation led to the formulation of thematic codes, which were then organized into emergent themes. Chapter 4 summarized four major emergent themes from the study participants' responses to research-question-based interview queries.

Emergent Themes in Participant Data

Four major themes emerged from the data collected. All 16 participants agreed that bureaucratic obstacles at the national and local levels were the major problem they faced in planning, building, and selling affordable housing units to middle-income families in the Jeddah metropolitan area. The levels of agreement between small, medium, and large developers was remarkable, in that all developers identified the same root causes for the shortage of affordable housing in the Kingdom generally and in the Municipality of Jeddah in particular. Participants also agreed that a lack of financing options, a lack of available land, and problematic cultural attitudes about housing size were the other root causes of the housing crisis. The participants' professional networks overlapped to a significant degree, as illustrated in Figure 3. This consensus may be a result of similar experiences (for example, all developers experienced major delays in obtaining permits and licenses). Consensus suggests the obstacles were obvious to the seasoned professionals.

The overlap between participants' solutions and the Kingdom's priorities as described in two reports, *Saudi Arabia's Vision 2030* (Council of Economic & Development Affairs, 2016b) and the *National Transformation Program 2020* (Council of Economic & Development Affairs, 2016a) is noteworthy because the interviews occurred prior to the release of the plans to the Saudi public. In other words, governmental officials and private sector developers agree that bureaucratic obstacles must be reduced, that PPPs are necessary for success in increasing the supply of affordable housing to middle-income Saudis, that financing alternatives were necessary to incentivize developers and potential homebuyers, and that the responsibility for infrastructure must be defined.

Bureaucracy at the National and Municipal Level

Every interviewee discussed at length how bureaucracy stalled Jeddah's housing development process. Developers struggled with the Municipality of Jeddah and utility companies; they also experienced bureaucratic obstacles at the national level, such as lack of inter-Ministry collaboration and lack of a clear vision for building regulations and strategic plans. Participants identified numerous strategies for minimizing bureaucracy in the Ministry of Housing and the Municipality of Jeddah. Bureaucracy could be minimized by streamlining policies and procedures and allowing developers to focus on building and selling suitable housing in a concerted effort.

Lack of Financing Options for Developers and Potential Homebuyers

Hassan called on the Ministry of Housing to provide finance alternatives to incentivize private sector developer participation. Medium and small developers will continue to struggle to develop suitable housing for middle-income families in the

absence of alternative financing. Kareem, for example, stated that additional financing alternatives could double the amount of housing units that could be built by small- and medium-size developers. He pointed to Singapore's funding model as a potential alternative. Citizens of Singapore fund their pensions through the CPF. The CPF funds medical care, retirement, and housing. Officials from the Central Development Fund of Singapore (which is similar to the Ministry of Housing in Saudi) sign the contracts, negotiate the best prices, and verify eligibility and the amount of funding that would be affordable for a potential homebuyer. Kareem stressed that Saudis who obtain housing subsidies should have their annual payments deducted automatically to reduce default rates.

Corporate social responsibility programs are another financing alternative. Amer's company, for instance, finances such programs in order to provide Saudis with a "ceiling to live under in a decent way." Nabil suggested that presale processes (selling off maps) could be expedited by allowing developers to take payments through an escrow account where the money would be held by a third party on behalf of the developer and the home buyer. Such an arrangement, Nabil commented, would reassure the Ministry of Finance that "developers will not take the money and run away with it."

Lack of Serviceable White Land Within the Municipality of Jeddah

Tawfeek described the issue as a "scarcity of affordable land with an affordable price." Three factors complicate the issue: the lack of clarity and consensus about which entity should pay for infrastructure costs, expensive prices for land within city limits, and a lack of clarity about how the new white land fee will affect the availability and costs of such land for developing new housing communities. Most likely, the government will

need to intervene on the issue of responsibility for infrastructure and perhaps limit escalating land values.

The Need for Saudi Citizens to Adapt Their Housing Expectations and Attitudes

The historic housing norm and typical family preferences have been for newly built, large, and expensive homes. Several participants indicated that these norms could not be sustained given the lack of land, high construction costs, and other factors that make such homes too expensive for middle-income families. Interview participants supported the concept of transitional homes with secondary a resale market, which is outside the Saudi housing norm of purchasing a large home when forming a family that accommodates family growth and expanding needs over the life cycle. Creating and sustaining a secondary resale market would also require the social contract between citizens and the Saudi government to evolve, such that citizens no longer expect the government alone to resolve the housing crisis. The housing subsidies historically provided through the REDF, for instance, have declined in the context of the Kingdom's recent economic woes. Even though subsidies have decreased, demand has remained constant. Interview participants made it clear that such demand may no longer be feasible, especially with the Kingdom's goal to reduce waiting times for subsidies from 15 years to 5 years (Council of Economic and Development Affairs, 2016a). Housing norms are difficult to adjust (Morris & Winter, 1996); however, developed within the Saudi culture and values, outreach programs and discourse about realistic housing expectations may result in adjustment of norms.

Implications

Based on the themes and relationships identified in this study and summarized in Chapter 4, implications were developed for government, residential developers, Saudi residents, and housing researchers. Several implications apply to and need to be addressed by all sectors, some by multiple sectors. An important implication from the study was the need for leaders from multiple sectors to work collaboratively and holistically to address complex housing issues and develop comprehensive, sustainable solutions. Specific implications based on the developers' experiences are described in this section.

The severe shortage of suitable housing units for middle-income Saudi families in Jeddah is a complicated problem. The problem is simply not a matter of increasing construction rates. Multiple factors are at play: shifting cultural attitudes and expectations, a predominantly youthful population, land shortages, limited infrastructure on vacant lands, and a lack of financing options for both developers and potential homebuyers. The range of potential solutions is also complex.

This study established a baseline understanding of the relevant issues from the unique perspectives of 16 private sector real estate development professionals in the Jeddah metropolitan area. These leaders—including architects; finance experts; civil, mechanical, and electrical engineers; housing sector research experts; and investors—spoke passionately of the complicated issues, and all were anxious to deliver sustainable solutions to a seemingly intractable problem. The major solution, according to participants, would involve implementing a holistic approach to the lack of suitable housing in Jeddah.

Toward Holistic Approaches to the Housing Crisis

A holistic approach would take into account the multitude of factors related to the lack of suitable housing for middle-income families in Jeddah, Saudi Arabia. These factors include streamlining bureaucracy to revise current policies, regulations, and building codes that impeded progress, such as the prohibition for selling off maps (preselling units under construction); creating and implementing a broader array of financing options for developers and potential home buyers; developing the necessary infrastructure on vacant lands; and strategies for helping Saudis adjust expectations relative to housing type and size.

Culture and the Holistic Approach

The holistic approach advocated by the study's participants was grounded in the collectivist character of Saudi culture. In collectivist cultures, the group is more important than the individual is; group needs prevail over the needs of individuals (Hofstede, 2001). Collectivist cultures view personal and professional relationships as interdependent, and decisions are made collectively to serve group interests and to preserve harmony (Hofstede, 2001). Hofstede's research also indicated that in collectivist cultures, success was viewed as the result of coalitions, teamwork, a sense of duty to the larger group, and the sharing of information (2001).

Participant comments during the 16 participant interviews in this study reflect collectivist values. Salah's observation that "we as Saudi developers need a real chance to serve the country" exemplifies collectivist values. The commitment to serving group interests was reflected in Tawfeek's suggestion that large developers support small developers with subcontracts. The value of interdependence is in Kareem's statement

that “If the government wants developers to become involved, it must give the developers the opportunity to develop professionally.” The Ministry of Housing’s ability to fulfill goals, in other words, is interdependent with the need for developers to plan, build, and sell suitable housing in Jeddah. Abdullah observed that developers help solve housing problems even if their financial gains are minimal. Win-win solutions emphasize interdependence, harmony, and commitment. As Nabil noted, win-win solutions across multiple stakeholder groups will motivate and sustain change in the Kingdom.

Public-Private Partnerships

Public and private sector stakeholder involvement is required for a holistic, collectivist approach. Public sector involvement would not be limited to the Ministry of Housing and the Municipality of Jeddah. The inclusion of multiple ministries and government agencies recognizes the interdependent nature of governmental organizations as well as the need to share information across organizational lines. Given the issues of bureaucracy and infrastructure needs, inclusion of the Ministry of Environment, Water, and Agriculture; the Saudi Electricity Company; the Ministry of Labor and Social Development; the Ministry of Justice; the General Directorate of Civil Defense; the Ministry of Municipalities and Rural Affairs; the Saudi Geological Survey; the General Authority of Meteorology and Environmental Protection; and the Ministry of Transportation would be beneficial. Representatives from the Saudi Electricity Company and the National Water Company would also serve on this group. Private sector stakeholders would include engineers; architects; finance, banking, and investment experts; real estate developers; and college-educated, young adult Saudi citizens. Baraa, Hani, Kareem, and Wael mentioned that the inclusion of these local residents would

likely generate creative solutions and fresh thinking. The current post collegiate Saudi population in Jeddah, for instance, is much more receptive to living in apartments or smaller-sized homes (Abdulatif; Amer; Rayah; Rayan). In addition, representatives from differently sized developers would be necessary because all three types of firms contribute to the housing supply. Small developers will have unique needs and concerns in such partnerships; however, medium-scale and large-scale developers want to see development opportunities opened by the government stepping out of the role of developer. When the government functions as a developer, private sector developers feel disadvantaged.

All developers wish to be of service to their local community and to contribute solutions to the shortage of suitable housing for middle-income families in Jeddah. Broad representation in the planning process will help avoid one-size-fits-all approach to solving the shortage of suitable housing in Jeddah. Multiple and distinct perspectives—tied to the size of the developers' businesses—will enrich and deepen these partnerships.

This larger group would coordinate efforts for creating the infrastructure necessary to plan, build, and sell suitable housing communities within Jeddah city limits and beyond the Municipality's borders as its young population grows. The Ministry of Information, which governs Saudi periodicals and television and radio broadcasts, could launch a public relations campaign to raise Saudi awareness of the Kingdom's need to implement sustainable housing solutions such as apartments and high-rise buildings rather than large-size, detached villas. As Tawfeek, Hani, Rayan, and Suhail indicated, suitable housing for middle-income people includes apartments, and not only villas. The Ministry of Finance and National Economy would also play a major role, because this

ministry includes the Central Department of Statistics. Several interviewees, including Rayan, called for accurate statistical data for planning purposes. The Department of Central Statistics could lead efforts to improve data collection and reporting practices, as well as to develop data-driven housing solutions. In sum, public sector entities (government and the Municipality of Jeddah) cannot solve the problems individually. The private sector, the Saudi government, and the Municipality of Jeddah must join forces to design and implement solutions. A broad stakeholder base will contribute to holistic, rather than piecemeal, solutions.

Guiding Elements

In mid-June 2016—after participant interviews were completed and the researcher had returned to the United States—the Kingdom released its *Saudi Arabia’s Vision 2030* (Council of Economic and Development Affairs, 2016b) and the *National Transformation Program 2020* (Council of Economic and Development Affairs, 2016a). These two documents contain the guiding principles and objectives upon which holistic approaches and solutions will be designed and implemented, because those documents function as the Kingdom’s primary strategic plan (and interim plan, respectively) for diversifying its economy and addressing 21st century life in Saudi Arabia.

It will be important to align local efforts in Jeddah with the Kingdom’s strategic plans and objectives. By 2020, for example, the Ministry of Housing’s strategic objectives and key performance goals include reducing the median “waiting period to obtain housing financing” from 15 years to 5 years; increasing the percentage of Saudi homeowners from 47% to 52%; and increasing the percentage of new, uninhabited

housing units available to middle- and-low-income, subsidy-eligible citizens from 10% to 50% (Council of Economic and Development Affairs, 2016a, p. 58).

Private Sector Developers' Perspectives

The research participants offered many suggestions for collaborative solutions to the housing issues in Jeddah. Key elements of the holistic approach advocated by Jeddah's private sector developers are summarized next.

Reduce bureaucracy and streamline for efficiency. Several study participants described how bureaucratic burdens and time delays could be reduced substantially with a one-stop shop in which to obtain the necessary permits and licenses. Kareem suggested that the One-Stop Shop¹ would simplify the approval process and enable developers to efficiently plan for projects. Salah noted, "The solution is in citizens [who] should raise their voice, because the government does listen to them. The housing minister said that your voice was heard and One-Stop Shop was the result."

A one-stop shop would also communicate the intention to streamline bureaucratic procedures that will increase efficiency for developers, and begin to supply more housing options. These open, transparent activities intended to increase housing may also influence the adoption of new housing norms and increase demand for smaller, denser, more affordable housing units.

Reduce waitlist periods with a broader array of finance options and new revenue streams. Expanding the array of financing options could help the Kingdom improve rates of home ownership; expansion of financing alternatives could also benefit

¹ Visit <http://www.etmam-service.housing.sa> to learn more about the One-Stop Shop, which includes the Developers' Service Center. The King ordered the Ministry of Housing to create the site on 13 November 2015; as of early October 2016, portions of the Web site are still under construction.

small- and medium-size developers by increasing the pool of potential buyers. Kareem suggested new revenue streams for the Kingdom, especially in light of plummeting oil prices. Revenue generated in other industry sectors could be allocated to the REDF. Revenue generated from these taxes would supplement the monies collected through the Kingdom's recently implemented fee on white lands located within city limits (Nereim et al., 2016).

Broaden the types of materials used for housing construction. Several participants, including Malik, Nabil, and Abdulatif, advocated for the use of nonconventional building systems. Precast steel structures, for example, could decrease construction times without decreasing building quality and perhaps lower construction costs.

Update, revise, and ease building codes and regulations. The majority of the study's participants indicated that current regulations are outdated and create barriers for government employees, municipalities, and developers. Rayan stated that the "government should hide the stick and wave the carrot more until the crisis is over." For example, "the municipality should allow building less [smaller] areas . . . and not be rigid about its regulations." Rayan advocated that updated regulations would allow smaller units, high floors (high-rise buildings), flexibility in design, and fewer constraints on developers, and transparency. Salah communicated that the Municipality currently requires a minimum number of units per lot rather than permitting developers to determine the best use of the lot, such as a denser, high-rise building. Hassan spoke to the same issue, and called for officials to broaden building regulations to allow higher floor area ratios.

Allow presales of housing units under construction. The Ministry of Housing announced recently that the Kingdom is working toward authorizing presales.² This allowance will ease the financial burdens small- and-medium-scale developers often face in their efforts to plan, build, and sell suitable housing units in Jeddah. Allowing developers to issue title deeds (sell the units) before the entire project is complete will infuse cash into the development process. The process for issuing title deeds would also need to be streamlined—Wael indicated that several customers struggled to obtain their title deeds even after the completed home had been delivered to the new homeowner. Providing buyers with the title deeds based on Municipality drawings, Hassan observed, is a “hell.”

Emphasize the community aspects of housing. The holistic approach builds housing communities, rather than housing units. Abdulatif, for example, said that it would be crucial to “get out of the mind-set of building isolated low-income, affordable units. Those units should be within the other communities to avoid becoming slums.” Wael’s firm and Hani’s company both concentrate on building communities. Baraa, Hani, Hassan, Kareem, Malik, Mustafa, Salah, and Wael also advocated for building communities with holistic approaches to community planning. “Housing is not only a living accommodation, it is the services around it, the community, and the retail and business generator around it,” Baraa said. He continued, “It is not just brick and mortar; it is also the idea of a complete community.” The concept of housing communities is tied to the concept of housing associations. Hesham observed that successful housing

² Learn about the presales initiative at <https://housing.sa/ar/initiative/119>

developments include maintenance fees, and that Saudi citizens need to understand that home associations are necessary for successful developments.

Increase housing supply with a secondary market. This strategy would encourage Saudis to purchase “starter” homes previously owned by other individuals or families. The study’s participants referred to such homes as “transitional homes.” Amer characterized transitional homes as finance solution; young buyers—often early in their careers—should consider transitional homes before reaching the dream home phase. Wael suggested a media campaign to educate citizens about transitional homes as a strategy for overcoming the widely held Saudi perception that a home must be a “whole life home.” Wael’s company launched a transitional home awareness campaign, so that potential buyers understood that large homes might not be the best option, given high construction and land costs.

Leverage Private Sector Developers’ Leadership Capacity

Residents of Jeddah, and the Kingdom as a whole, stand to benefit greatly from the knowledge, skills, and abilities of the study’s participants. The current minister of housing is well respected by these local leaders, who themselves are positioned to make significant contributions to holistic housing solutions in Jeddah. The Ministry of Housing would benefit greatly from leveraging their leadership and collaborative problem-solving skills. The fact that an academic housing researcher with no prior connection to private sector developers in Jeddah was able to conduct lengthy interviews with these men is testament to the participants’ commitment, passion, and leadership capacity. The developers could be empowered to facilitate change at the local level. The interviewees indicated a deep desire to improve their fellow citizens’ lives and living

conditions—to make life better for the community. While it may appear odd to American readers that these local leaders called for a culturally based paradigmatic shift, their solid proposals reflect deep understandings of and membership in the collectivist Saudi culture.

Reflections

This dissertation adds value to the field of housing studies internationally by helping to fill the gap in academic literature on housing in Saudi Arabia. Future researchers interested in housing studies and housing policy in international arenas, including the Kingdom Saudi Arabia, have access to this dissertation, which is one of only a few dissertations focusing on housing in Saudi Arabia.

The research process and findings relate to the academic study of culture, housing, and housing policy in the United States. American researchers will benefit from understanding cultural dimensions of suitable housing. Through this research, the American audience will have a deeper understanding of Saudi culture and Saudi housing issues. American and international students can benefit from this research. As an international student in an American university, the researcher learned valuable lessons about American culture and housing issues. American students also learn valuable lessons from international students—indeed, the intercultural exchanges emphasize and clarify how much housing norms and policies are bound by culture and geography.

The research findings also indicated the complexity of the issues related to housing and housing policy. Future researchers will benefit from understanding how private sector development can be hindered when the government functions as a major developer. American researchers could also use this research design to investigate the

role governmental agencies, such as the Department of Housing and Urban Development, might play in developing PPPs. The findings also help American researchers understand how housing policy is culturally bound—for example, white land fees have effectively lowered the cost of land in the Kingdom, while fees in the United States might have the opposite effect; the land would become more expensive.

The research benefits American understandings of how housing subsidies might affect waiting periods for home ownership. If the United States wishes to create a program similar to the REDF, for example, it could learn from Saudi Arabia's experiences. Housing finance is also culturally bound, as in the case of Islamic finance in Saudi Arabia. As the United States becomes increasingly diverse in a global economy, the nation will need to adapt housing policies and mortgage financing practices to accommodate the values of the increasingly diverse population.

The research process of searching for small-scale, medium-scale, and large-scale developers can be of use to future scholars who wish to design their own studies of suitable housing in major urban areas. The findings of this dissertation indicated that different-size developers experienced the same problems and proposed similar solutions. Future researchers should reconsider the need to stratify their sample between small-, medium-, and large-scale developers; the dissertation findings indicated that developers from all categories experienced similar obstacles and sampling developers from any of the categories should not compromise the rigor of the research.

Private sector housing developers in the United States can also learn from the research findings describing the experiences of Saudi residential developers, especially with regard to housing policy in the context of urbanization. Like Saudi Arabia,

migration patterns in the United States are trending toward increased urbanization. Population growth and urban migration will necessarily affect private sector housing developments.

The process of designing and implementing a large, rigorous project influenced the researcher's professional development. The researcher gained confidence in her ability to carry out a project of this scale, and she is more confident in her ability to speak with developers, housing policy and housing studies researchers, and government officials about the issue of suitable housing for middle-income families in Jeddah. The researcher looks forward to returning to Jeddah to help devise community-based strategies for increasing the supply of suitable housing. Furthermore, the researcher looks forward to applying her leadership skills to help the community overcome the obstacles facing developers and consumers in the quest to build and purchase affordable housing units.

The researcher's confidence was also bolstered by the fact that the research findings—the interview data—confirmed the housing problems she began speaking about in the early 2000s. The researcher realized that her own professional and personal experiences relative to suitable housing were confirmed by private sector developers. The researcher now feels connected professionally to key people in Jeddah, and confident that she can make significant contributions to the efforts to address the shortage of affordable housing in the city.

Recommendations for Future Research

This study investigated supply and demand issues relative to suitable housing for middle-income families in Jeddah, Saudi Arabia. The study also investigated the

obstacles that private sector real estate development professionals face for planning, building, and selling suitable housing units and the range of incentives that might appeal to these developers. The interview participants also provided a range of developers' solutions for reducing the shortage of suitable housing for middle-income Saudi families in Jeddah. The study's interview subjects, overall, expressed hope and optimism for the future of suitable housing in Jeddah. Participants were also enthusiastic about and supportive of the new minister of housing, who himself came from the private sector real estate industry. The new minister of housing could leverage these participants' influence to build trust in cross-disciplinary, collective efforts to foster positive change and holistic resolution of the housing crisis in Jeddah. Government officials have realized that private developer involvement is crucial to developing and implementing a long-term (not temporary) sustainable, solution. Private-sector developers' futures will be bright, Rayan hopes, if the efforts are long-term. Rayan fears that developers would be involved only as a temporary solution; but if their role were to be long-term, Rayan indicated, developers might enter a new "golden age" in Saudi Arabia.

The case study findings revealed four major obstacles: bureaucratic frustrations with the Ministry of Housing and the Municipality of Jeddah; lack of financing options for potential homeowners and private sector developers; lack of land with the necessary infrastructure to create communities; and potential homeowners' unreasonable expectations for large, expensive villas. The researcher's next objective will be to integrate the current study's findings, conclusions, and recommendations with the new strategies presented in *National Transformation Program 2020* (Council of Economic and Development Affairs, 2016a) and the *Saudi Arabia's Vision 2030* (Council of

Economic and Development Affairs, 2016b). For instance, Saudi data indicate an average wait time of 730 days to obtain approval for the licenses and permits for new residential development projects (Council of Economic and Development Affairs, 2016a, p. 58). As of September 2016, private sector developers can now submit permit and license application documents online at the Developers' Service Center, which is part of the Ministry of Housing's new One-Stop Shop³. The new One-Stop Shop service center will likely reduce wait times and streamline processes, and thereby allow developers to focus energy on other aspects of the holistic approach.

Future research could also investigate the possible correlations between the recently implemented white land fee, land prices, and land availability for suitable housing construction. Interministry collaboration and PPPs will enable the collection and analysis of housing-related data for future planning purposes; data relative to the impact of the white land fee will be useful in this regard. It is critical that comparative evaluations of the new strategies be conducted to measure the influence on the development of housing. Evaluation data will help fine tune the new strategies and identify best practices to result in long-term solutions to the housing crisis.

The Ministry of Housing indicated recently that it had created a range of PPP options for real estate development professionals (Nereim et al., 2016). A third research project could investigate the feasibility and efficacy of each option relative to reducing the shortage of suitable housing units for middle-income Saudi families in Jeddah. It

³ Visit <http://www.etmam-service.housing.sa> to learn more about the One-Stop Shop, which includes the Developers' Service Center. The King ordered the Ministry of Housing to create the site on 13 November 2015; as of early October 2016, portions of the Web site are still under construction.

may be the case, for instance, that only one or two of the recently designated options would work effectively in the Jeddah context.

Housing researchers could also investigate how the Singapore model advocated by Kareem could be adapted to and implemented in the Saudi context. This investigation could focus on how the Singapore model could be used to redesign the REDF, for example. The Singapore model would also invite robust discussion of potential homebuyer expectations, affordability, and homebuyer financial responsibilities.

Local-level initiatives, such as the JAHP, may also be affected by recent developments at the national level, such as *Saudi Arabia's Vision 2030* and the *National Transformation Program 2020*. Municipality officials, housing researchers, Jeddah residents, and private sector developers could collaboratively to investigate adaptations to the local initiative.

The professional insights and leadership capacity offered by the study's participants will be of great value to the Kingdom of Saudi Arabia. Participants' comments about the need for a one-stop shop and for effective PPPs, for example, indicate a deep knowledge of Saudi culture, local conditions, and the systemic changes necessary to reduce significantly the shortage of suitable homes available for middle-income Saudi families in Jeddah.

On October 7, 2016, the minister of commerce and investment called on all governmental sectors to work collectively. He urged leaders to work as a team to overcome obstacles facing the Kingdom ("Minister of Commerce," 2016). The minister of housing, in a videotaped interview, called for cross-sector, cross-Ministry collaboration to overcome the substantial obstacles facing the housing sector (Maaal

News, 2016). These two senior public officials' approaches were not notable before the Saudi 2030 vision was announced.

The ability to fulfill participants' goals, for example, for high-rises, smaller housing units, and secondary homes, will require paradigmatic shifts. The Kingdom and the Municipality need a committed citizenry to implement long-term, sustainable solutions to the housing crisis. The 16 highly educated, experienced, and passionate private sector real estate developers, engineers, architects, and finance experts were positioned to transform the future of sustainable, suitable housing in Jeddah. The holistic approach and collective efforts embraced by these experts could assist them in transcending bureaucratic frustrations with a renewed focus on solutions rather than problems. Leveraging the leadership capacity of these highly-connected and cross disciplinary professionals may indeed lead to the realization of what Prince Mohammed bin Salman said (and which Salah predicted): once *Saudi Arabia's Vision 2030* is successful, then the housing problem will be a mirage . . . there will be no problem at all.

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APPENDIX

Interview Questions

Interview Questions

1. How many units did you develop last year? On average, how many do you think you have developed each year over the last five years?
2. Describe the issue of housing for middle-income households from the private sector's point of view surrounding suitable housing for middle-income households in Jeddah, Saudi Arabia.
3. What are your recommendations for government's involvement?
 - a. Can you suggest specific incentives?
 - b. What would motivate private developers to have a voice in offering options to the housing issue?
4. What are you willing to do to help solve the housing crisis? What skills, opportunities, resources, expertise, and so forth can the private sector contribute to housing solutions?
 - a. How would you work with other sectors to reach ideal options that would help the housing issue?
 - b. What creative solutions come to mind?
 - c. Share some examples.
5. Is there anything else I should know about private sector housing in Jeddah?