

# [Name: partnership between private real estate companies](https://assignbuster.com/name-partnership-between-private-real-estate-companies/)

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NAME: KAWADAVID. EREG. NO: 7396/T. 2014COURSE: BSC. REFI SUBJECT: LM498: PRE-DISSERTATION  TOPIC: Public Private Partnership (PPP) in Real Estate  CONCEPTS: 1.

Transactionof Real Properties2.     Landdelivery agents in urban areas3.     Benefitsof Public and Private Partnership 4.

Regulationsand Rules guiding the Partnership5.     Sourcesof Finance ISSUE: Is the partnership between the private andpublic entities in Dar es salaam, Tanzania, beneficial.  TITLEExaminationof PPP in Real Estate Business: A case of partnership between Private RealEstate Companies and Kigamboni Municipal Council.  MAINOBJECTIVETodetermine the effectiveness of PPP framework in Real Estate Business. SPECIFICOBJECTIVES1.     Toidentify the various types of PPP in Real Estate. 2.

Toexplore the limitations and challenges faced by PPP in Real Estate business within Tanzania. 3.     Toidentify the benefits attained by PPP in Real Estate.   Reference: H. J Bao. Issues in Housing and Real Estate.

HongKong: Hong Kong University Publishing Unit, 2013. BrueggemanW. B & Fisher J. D (2011).

Real EstateFinance and Investment. New York: McGraw-Hill IrwinBaum, Andrew. Real Estate Investment: Astrategic approach. London and New York: Routlegde Taylor and FrancisGroup, 2004. Tesha, PiusPhilip.

Opportunities and challenges ofreal estate development in Tanzania. Dar es Salaam: Ardhi University, 2015. David MGethor, Norman G Miller and Jim Cluton. CommercialReal Estate Investments and Analysis, (2001)                       RESEARCHTOPIC: Real Estate Investment RESEARCHCONCEPT: Public and Private Partnership in Real Estate RESEARCHTITLE: Examination of PPP in Real Estate Business: A case of partnershipbetween Private Real Estate Companies and Kigamboni Municipal Council.  INTRODUCTIONReal estate is property comprised of land and the buildings on it, as well as the naturalresources of the land, including uncultivated flora and fauna, farmed crops andlivestock, water and mineral deposits. (Craig2004). A building on a certain piece of land is considered as a real estateproperty.

The development of real estate properties may be done by a singleindividual, a public organization, a private organization or by entering intoan agreement between different parties eg: a private to private partnership ora public to private partnership. Public PrivatePartnerships (PPPs) are contractual arrangements between public sectororganizations and private sector investors for joint, symbiotic andcollaborative provision and financing of public projects and services. Theyarise out of the realization that although the public sector is responsible forthe delivery of infrastructure projects, it often encounters financial, technical and institutional limitations in availing such projects. (Broadbent, 2003)Public? PrivatePartnerships have become increasingly popular in Tanzania and throughout theworld.

Research and studies have been performed in the past fewdecades to examine what public? private partnerships are, how they arestructured, and if they add value to the public sector. The purpose of thisstudy is to examine Public? Private Partnerships for what they are, how they aredefined, how the value to the public sector is measured, challenges they faceby this partnership and if they provide value to the public sector and thecommunity.    Consequently, this research is set out to study on the effectiveness ofPPP framework and its contribution towards the growth of Real Estate businessin Tanzania. STATEMENTOF THE PROBLEMRecentlysome private companies dealing with selling surveyed plots in different areasof Kigamboni have entered into a partnership with Kigamboni Municipal Councilin conducting their activities.

In this partnership there are various differentarrangements for the sharing of risks and benefits between the two parties. From this arrangement various challenges tends to occur one of them involvesthe private companies to incur higher costs than would been incurred whileoperating outside this partnership. The arrangements and performance of dutieshas resulted some of the private companies to remain dormant in thispartnership. Furthermore, many companies dealing with real estate business inKigamboni are left out of this partnership.

There are some reasons for some companiesnot to partner with the Municipal in their business. By using various privatecompanies who have partnered with the Kigamboni Municipal Council in Dar esSalaam, this study tends to examine the role of each party in the sharing ofrisks and benefits in undertaking their activities and their contribution tothe development of real estate business in Dar es Salaam. OBJECTIVESOF THE STUDY  MainObjective Todetermine the effectiveness of PPP framework in real estate business. SPECIFICOBJECTIVES1.     Toidentify the varioustypes of PPP in Real Estate. 2.     Toexplore the limitationsand challenges faced by PPP in Real Estate business within Tanzania. 3.

Toidentify the benefitsattained by PPP in Real Estate. RESEARCHQUESTIONS  1.     Whatare the types of PPP in Real Estate existing in Tanzania? 2.     Whatare the limitations and challenges faced by PPP in Real Estate business inTanzania? 3.     Whatare the benefits attained by PPP in Real Estate? SIGNIFICANCEOF THE STUDYThis studyis expected to save as a reliable source of Real Estate Investment information, specifically on the area of private and public partnership framework inTanzania.

It aims at pointing out the rules and regulations guiding thepartnership, benefits and the challenges and limitations encountered by PPP inthe real estate sector. The study reveals usefulness to the following groups: a.      PublicsectorThe studywill be useful to the Public Sector in determining their position, strengthsand weaknesses bycontracting with the private sectors in real estate business and also infinding out ways to recover partially or fully from their weaknesses by treating thesources of these weaknesses. b.

StudentsThe studywill provide knowledge to students pursuing real estate careers by exposingthem to the role exercised by both public and private sector towards developingand advancing of real estate business in the country. On the other hand thestudy will act as a useful tool for future studies that might be trying tostudy the same research matter by covering probable gaps arising from thisstudy. c.

NewInvestorsThe studywill be useful to all new investors in real estate, as they will be able tolearn on the existing PPP’s types and challenges faced by them in real estate sectorand through assessment being able to come up with the best solutions towardseradicating the existing challenges so as to maximize benefits to both parties thus the private and the public sector. SCOPE OFTHE STUDY The studyconcerning the examination of PPP in real estate business in Tanzania providesfor the study coverage in terms of physical and conceptual range. In physicalcoverage this study is limited in Dar es Salaam region since the headquartersof selected Private companies are located in Dar es Salaam. However inconceptual range the study focuses on the evaluation of Private and PublicPartnership in the promoting of real estate business together with thechallenges faced by this arrangement within the sector.  ETHICALCONSIDERATIONS The study will have ethical considerations for both theparticipants and researcher a) Ethical Considerations for Research participants In relation to participants that will take part in thisresearch (Municipal officers and the private firms workers) ethicalconsiderations have been portrayed in ensuring that, the researcher obtainsinformed consent from the participants before collecting any information fromthem. This is achieved by explaining clearly what is the research all about, the aim of the researchand what information does the research seek from them, the aim is to ensurevoluntary participation. Alsothe participants will be told what harm may come up if they decide to participate(if any); the confidentiality of the information given out byparticipants will be promoted.

In case research participants do not want theiridentity to be disclosed anonymity principle should be adhered to.  b) Ethical considerations for researcher The researcher will report exact information as obtained fromparticipants without any biasness, fabrication or falsification. Informationcollected will be used for the purpose intended (academic purpose) asprescribed to the participants and not otherwise. In data collection theresearcher will not ask sensitive questions that may offend the participant andkeep time in case of meeting. In data management a researcher will indicate howdata will be stored, who will access the data, how long will the collected databe stored and how she will deal with unforeseen events such as how the datawill be backed up.              LITERATURE REVIEWThefinancial crisis of 2008 onwards brought about renewed interest in PPP in bothdeveloped and developing countries. Facing constraints on public resources andfiscal space, while recognizing the importance of investment in Real Estatesector to help their economies grow, governments are increasingly turning tothe private sector as an alternative additional source of funding to meet thefunding gap. Public? Private Partnerships (PPPs) refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government.

In addition to private execution and financing of public investment, PPPs have two other important characteristics: there is an emphasis on service provision, as well as investment, by the private sector; and significant risk is transferred from the government to the private sector. PPPs are involved in a wide range of social and economic infrastructure projects, but they are mainly used to build and operate hospitals, schools, prisons, roads, bridges and tunnels, light rail networks, air traffic control systems and water and sanitation plants. (IMF, 2006)  The author gave out a general definiton of thePPP and failed to explain in details on how these PPP can be well establishedin the developing countries and bring about the positive impacts towards theadvancement of various sectors i. e Real estate within their respectivecountries. This study aims at identfying various beneficial PPP legalframeworks that can be adopted in Tanzania for the purpose of resolving variousissues impacting the real estate sector and the improvement of the sector as awhole in general. The termPPP has been explained and interpreted widely in the literature to encompassany form of arrangement between the public and private sector to deliverservices to the public which was previously provided by the public sectoralone.

The definitions of PPPs differ in scope and formality of arrangements. PPPs vary from country to country in terms of information and operation evenwithin the developed countries (Hodge, 2004). PPP’s canbe defined in broad terms or in more narrow terms. In broad terms, it simplymeans any form of cooperation between organizations in the public sector andthe private sector, usually meaning “ cooperative ventures between thestate and private business (Linder, 1999).

Contracting out can be viewed as aform of PPP in this perspective (Savas, 2000). A more narrow conception willlook at PPP’s as distinct from contracting out. Contracting out meansprincipal-agent relationship between public purchasers and private providers. Mac Gough(2000)  pointed out that private entitieswhen engaged into public matters can bring about a positive contributiontowards achieving the laid out objectives into a satisfactory manner. He furtherargues that, the involvement of private entities into public real estatematters can help in solving various challenges such as the bureaucrasies inland measuring and land delivery, valuation, land titling procedures andproperty constuction.

He also explained on how the private sector can help inreducing the burden to the public sector and the assuarance of providingmaximum quality to the stakeholders in general. Private entities adopt to changefaster compared to the public sector, the partnership of the two will help inreducing the setbacks facing the public sector and the strenghts of the publicsector will act as a remedy towards the shortages of the private sector eg; sources of funds. The author  howeverfailed to explain on the ways of solving disputes when they arise in thepartnership of the two parties and the legal framework that protects theinterest of the two parties. Thisresearch intends to go further covering such gap that on studying the differentarrangements of PPP and their effectiveness in real estate business. Public-privatepartnerships can provide a wide variety of benefits for society and become awin-win collaboration by improving innovation, reducing the time of projectimplementation, transferring risk to the private sector, improving the allocationof public resources, and reducing costs. These collaborations have a highchance of being successful and can enable governments to focus on their coremission of freeing up resources for other public needs (Nijkamp, et al, 2002).

Thepartnership between the private and public sector is vital in solving variouschallenges facing the Real Estate sector within Tanzania. The interdependencybetween the two parties tends to solve one’s another problems for the purposeof achieving more. For instance in this partnership, the difficulties that usedto face the public sector in carrying out its duties are condensed by theprivate sector and the vice versa is true. The PPPapproach is expected to eliminate the decision making and managerialbureaucracy associated with the public sector (Perrot and Chatelus, 2000). Itfurther positively draws from the good credit rating and general goodwill ofthe public sector to consolidate market based procurement of project financeswhile ensuring less resistance from the general public.

The private sector’slimitations in managing macro level public infrastructure risks as pointed outby Carnevale (2002) can be overcome through the backing by the government inpolicy formulation for implementation of PPPs. Fraser (1993) stated that, owning real estate is not only the bestway, the quickest way and the safety way but the only way to become wealthy. However this argument is only true if the property investment perfomance isgreater to the extent that it generates high returns as expected over a givenperiod  of time. Moreover, most of thereal estate investors do not achieve enough return to become wealthy enough dueto the fact that real properties are always associated with a number of risksand other irrelevant investment decisions which in turn hinder betterperfomance of an investment. A potential investor in real properties however, has to take into consideration several factors which would enable an investmentto generate high returns; these includes safety of investment, certainty ofyield, liquidity of investment, capital appreciation, taxation advantage, managerial responsibilities, reinvestment of net return and opportunity ofleverage. With little consideration regarding these factors by most of realproperty investors, there has been little return from most of the real estateinvestments leading to poor performance in terms of income generated from theseinvestments. Thus this study will specifically explore the influence of  Private and Public Partnership towards theadvancement and performance of real estate sector.  According toRogerson (1997) explains that, there must be several reasons for the currentinterest in creating PPPs for buildings and infrastructure.

One of them is greaterefficiency in the use of public resources. Experience has shown that manypublic sector activities can be undertaken more cost effectively with theapplication of private sector management disciplines. Besides these advantages, others are mentioned by different scholars such as, Acceleration ofinfrastructure provision as well as faster implementation because of shorterconstruction timeframes (Heinz 2005), Enhanced new public management (Winkel2003) and Better allocation of risk to the party best able to manage it atleast cost (cf. EC 2003).   In 1967Tanzania became a centrally owned, planned and managed economy. The Governmentwas the “ great provider” and in doing so created some 425 parastatalenterprises across all sectors. In the 1980s, the vulnerability of thestructure became apparent with performance indicators under pressure (GDPgrowth 1percent, inflation > 30percent, foreign reserves drawn down followedby budget deficits) with the government heavily subsidizing the parastatals. Bythe early 1980’s the economy of Tanzania had deteriorated to the extent thatTanzania was the World’s second poorest country in terms of GDP per capital.

These crises signaled a need for movement towards a market economy and, in1987, the government’s focus became financial reform as they redefined the roleof the State as that of policy maker, maintenance of law and order, provider ofbasic social and economic infrastructure and facilitator of economic growth(Economic Recovery Programme). Subsequently, there was a mass privatization ofstate assets facilitated through the National Investment Promotion Act (enactedin 1990 and revised 1997) to create Tanzania Investment Centre (TIC)) and thecreation of the Presidential Parastatal Sector Reform Commission charged withdivesting 400 public enterprises and state assets. Over the subsequent years, public enterprises have been on a journey whereby some are fully privatized In strengthening of the real estate sector various privateentities such as Blackwood, Land General Planning and Property Internationaland others are participating with the public sector for the purpose ofexpanding and harvesting more from the real estate business within the country.

RESEARCH METHODOLOGY This section provides for a framework of how the study is tobe carried out, essentially the procedures by which the researcher will goabout the work describing, explaining and predicting phenomena. It points outthe methods used to collect, analyze, interpret and present data. Research Approach With consideration to the research problem, the researchapproach employed in this study will be qualitative and quantitative approach. The methods are complimentary to maximize the strength and minimize the strengthof each (Kothari, 2000). Qualitative approach will be adopted so as to providean in depth description of PPP framework existing in the real estate industry. On the other hand Quantitative approach will be used to express quantitymeasurements of the real estate units constructed under the partnership ofpublic and private entities. Research Method Under qualitative approach a research method used will becase study, as this will attempt to shade light on the framework of PPP in realestate sector by studying in depth the suggested case study (K, NHC andMinistry of Lands, Housing and Human Settlements Developments). Underquantitative approach survey will be used as a research method as it willprovide a descriptive association on the number of real estate unitsconstructed under the partnership of public and private entities, amounts andthe strategies used by both parties in the real estate industry.

Sampling The study ought to contain……….??? It will be a non-probability sampling asit will be purposive in nature due to judgmental technique used to selectsample (Creswell, 2009). This technique was adopted because of a belief thatthe participants are knowledgeable concerning the issue studied and are in aposition to provide reliable data.  Data Collection method The study will collect primary data using face to facesurveys and interviews whereas questionnaires and interview guide will bedesigned and administered face to face. In personal interviews the interviewerguides the interview by probing questions and clarifying questions to theinterviewee where necessary (Creswell, 2009). These data collection methodswere chosen because they are flexible in case of directional questions, observation of participant is done, therefore judgment of response given can beeasily done through facial expression, if the researcher thinks the sample isbiased she has the ability to change and ethical issues such as informedconsent are taken into account before interviewing or questioning theparticipant.

Secondarydata will be collected through reading the investment policies, financial andaudited accounts reports of all the selected entities so as to observe theircontribution in real estate sector trends and motives of doing that.  Data Processing, Analysis and Presentation After the data have been collected, the obtained data areorganized and classified to ease the analysis process. Processing and analysisof data will be done with the help of Microsoft Excel which will point out howPPP’s have contributed to the real estate sector over the years. The analyzeddata will thereafter be presented in descriptive and analytical forms whichcomprise figures, tables, charts and text.  Measurement Strategies Reliability and Validity consideration Reliability is a measurement strategy that points out howconsistent are the information provided by the participants (Marczyk, 2005). Inthis study reliability will be promoted by ensuring uniformity in the datacollection methods; example by using the same questionnaire and interview guideto obtain data from all the participants from the Kigamboni Municipal and fromthe different private real estate entities found within the Municipal. Thiswill provide a good basis of comparing and contrasting the information, thusbeing able to measure their reliability.

Variability on the other hand measure the accuracy of theresearch design used in the study and it is known that the higher the validitythe more accurate and meaningful the end results are expected to be (Marczyk, 2005). This will be best ensured by choosing a research design which capturesthe research objectives, thus guarantee derivation of valid conclusions.    Brodie, M. J. 1995. Public-Private Joint Ventures: The Government as Partner – Bane orBenefit?. Real Estate Issues. Chicago 20 (2), pp.

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