Around a billion people worldwide, overwhelmingly in developing countries, currently reside in urban slums or informal settlements. Their often deplorable living conditions engender deep societal inequities both within and among nations, and thus pose a significant barrier to sustainable development. Not surprisingly, the UN’s global development priorities, announced in 2015 through its Sustainable Development Goals agenda, include addressing the “slum challenge” as a major priority to foster sustainable urban development. Unfortunately, while anecdotal insights abound, systematic evidence-based understanding of the ground-realities underlying the challenge still remains quite limited. Our study aims to advance and deepen that understanding in the context of Sub-Saharan Africa, which represents the practical epicenter of the global slum challenge. Specifically, using World Bank data from a recent (2012-13), statistically representative survey of over 14,000 urban households across Kenya, we conduct a rigorous statistical analysis of the housing sector’s provisions and outcomes experienced by urban slum residents in Kenya.

Through the conceptual lens of rental housing market dynamics across distinct segments, our study sheds systematic and in-depth insights into the “Hobbesian world” of depravity and market exploitation faced by tenant households in Kenyan slums. Ours is the first study to provide such insights across urban Kenya, extending beyond the usual narrow focus only on Nairobi. We show that the phenomenon of “double jeopardy” is quite prevalent beyond just the slums of Nairobi. Across urban Kenya, compared to its formal area counterparts, its slum residents face significant disparity gaps in access to basic amenities related to their housing. For instance, for critical amenities like water and sanitation, the gaps are as high as 30-40 percentage points. And yet, after adjusting for overall housing quality, the slum tenants are in fact paying on average a relative “rent premium” of 10 percent. While the thrust of our study is on positive economic analysis of the housing sector component of the slum challenge in the context of its epicenter, our analysis generates valuable practical insights into related societal inequities that can also guide normative policy initiatives to foster inclusive urban development and their ex-post efficacy evaluations, both within and beyond Kenya.