



## ABSTRACT

The relationship between housing and productivity are two phenomena that are related in a linear way, as the quality of affordable housing increases, productivity increases. Good quality housing results in relaxed state of mind of the individual, physical and psychological balance and creates a conducive environment for full realization of potentials, which translates to greater productivity. This has been proven ergonomic research. Effective national housing policy should provide conducive environment that will enable beneficiaries to live life in comfort. The failure and abandonment of the rent control policy led

## IMPROVING THE AFFORDABILITY OF HOUSING FOR URBAN DWELLERS THROUGH HOUSING DELIVERY.

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## Introduction

### BACKGROUND OF THE STUDY

Over the years, housing has constituted one of the most important needs of man. It ranks second on the priority list of an individual after food. In certain areas, housing is one of the parameters of measuring a persons standard of living and his place or worth in the society. Housing otherwise refers to as living spaces, the construction and assigned usage of houses or buildings collectively for the purpose of sheltering people, the planning or provision delivered by an authority.

Housing are Buildings or structures that individuals and their family may live in, that meet certain regulations. Different housing situations vary for individuals and may depend on age, family, and geographic location.

Housing has an essential role in the economic development of each country, accounting for 10–20 % of total economical activity in the country, as well as being the biggest fixed asset of households European Commission, (2005). The need for housing is not only one of the basic human needs, but also the indicator of living standard of the population. Today it is a topical issue that housing has to be comfortable, economical, reasonable and maintainable, as well as architectonically expressive and compliant with the environment Henilane, (2015).

The concept of housing is not a mere dwelling place unit or just shelter which protects man from the hazards of the earth and atmosphere, but it is a complex product made up of combination



*to the policy of urban housing production in the urban centers. The debate on urban housing programme in Nigeria has been abandoned largely on the guise of the exercise being a luxury, the economic pressure brought about by the structural adjustment programme of economic recovery of the 1990s and the inefficacy of the previous public housing programme. This research work look at the different approaches to housing delivery with a view to appreciating those that can provide the greatest benefits in terms of affordable housing, which improves productivity. This paper attempts to examine the problem and challenges of urban housing delivery in Nigeria. It highlights the nature and dimension of Nigeria's housing problems. The various government responses at solving the housing problems are identified. The achievements of government past housing governments are examined. Finally factors inhibiting urban housing delivery and the challenges of housing in the future are presented.*

**KEYWORDS:** *Affordability, Housing, Housing Delivery and Urban Dwellers.*

of several other services and facilities such bathrooms. Toilet, electricity, pipe borne water, indoor and outdoor living spaces that makes living worthwhile.

Housing has to do with the provision of adequate accommodation or shelter for an individual or group of individuals, it provides shelter for sleeping and shields man from the world thereby providing storage and showcase for most of our possessions.

Shelter has been universally accepted as the second most important essential human need after food. Housing in all ramifications is more than mere shelter since it embraces all the social services and utilities that make community or neighbourhood a liveable environment.

Housing holds a place of singular importance in general strategy of development for its socio-economic characteristics . It is said to note that we live in a country where perhaps not less than 85% of the population occupy substandard homes and neighbourhoods. The problems of urban housing has been with us for a long period of time. It is either shortage of supply, unsuitable and unaffordable or both. There is demand for outstrip supply upon the increasing numbers of population as a result of birth rate and migration at the urban areas and the dwindling housing supply size, in a situation of downturn of the economic and escalating cost of construction materials.

The problems associated with housing urban population have engaged the attention of both international and national bodies, such as the United Nations. This lead to the convening of HABITAT 1 and 2 conferences in 1976 and 1996 respectively by the world body to address these problems. The world proclaimed 1987 as International year of shelter for the homeless and it was observed. A day has been set aside by the body to bring to the center stage the plight of the homeless. Also, an organ of the body, Unite Nations Center of Human Settlement (Habitat) was set up to proffer solutions and advice government/organizations on the way forward. The organization of African Unity (OAU) Set up shelter Afrique to provide the enabling environment including finance to member countries for the implementation of housing programmes.

At the national level, the national housing policy of 1991 (2) is the most comprehensive document to date to address all aspects of housing problem. In addition, different laws/ decrees have been passed/ promulgated to address various aspects of housing problems; the



include Land Use Decree No. 53 of 1978, Mortgage Housing Fund (NHF). Decree No. 3 of 1992, Federal Mortgage Bank of Nigeria (FMBN) amended Degree No. 82 of 1993.

Infrastructural Development Fund (IDF), Housing Co-operative Decree, Insurance Decree No. 59 of 1976, Trustee Investment Act No. 13 of 1962, Employee Housing Schemes (special provision) Decree No. 54 of 1979, National Provident Fund, Urban Development Decree No. 51 of 1992, Urban and Regional Finance Limited. Government also regulates the activities of financial institutions of housing.

Government set up the Nigeria Building and Road Research Institute (NBRRI) to research into alternatively environmentally cheaper building materials such as sandcrete, block, cement, fibre roofing, ceiling board, from agricultural wastes. In the area of the project implementation, the different governments both at federal and state levels, set up authorities, board or corporations to execute their housing programmes. At the federal level, there is the federal housing Authority (FHA) set up by decree no. 40 of 1973. The federal government also established housing the Ministry of Housing and Urban Development. The Physical Planning and Development Department came into existence as a result of the restructuring in the Board in 2015 to undertake building maintenance services and providing quality survey services.

**Decent, affordable housing** is fundamental to the health and well-being of people and to the smooth functioning of economies. Yet around the world, in developing and advanced economies alike, cities are struggling to meet that need. If current trends in urbanization and income growth persist, by 2025 the number of urban households that live in substandard housing—or are so financially stretched by housing costs that they forego other essentials, such as healthcare—could grow to 440 million, from 330 million. This could mean that the global affordable housing gap would affect one in three urban dwellers, about 1.6 billion people.

A new McKinsey Global Institute (MGI) report, (2020), *A blueprint for addressing the global affordable housing challenge*, defines the affordability gap as the difference between the cost of an acceptable standard housing unit (which varies by location) and what households can afford to pay using no more than 30 percent of income. The analysis draws on MGI's City scope database of 2,400 metropolitan areas, as well as case studies from around the world. It finds that the well as case studies from around the world. It finds that the affordable housing gap now stands at \$650 billion a year and that the problem will only grow as urban populations expand: current trends suggest that there could be 106 million more low-income urban households by 2025, for example. To replace today's inadequate housing and build the additional units needed by 2025 would require \$9 trillion to \$11 trillion in construction spending alone. With land, the total cost could be \$16 trillion. Of this, we estimate that \$1 trillion to \$3 trillion may have to come from public funding. However, four approaches used in concert could reduce the cost of affordable housing by 20 to 50 percent and substantially narrow the affordable housing gap by 2025. These largely market-oriented solutions—lowering the cost of land, construction, operations and maintenance, and financing—could make housing affordable for households earning 50 to 80 percent of median income.

The Nigerian housing question is primarily that of a crisis situation, manifesting and expressing itself in quantitative and qualitative forms. Lack of comfort and rudimentary infrastructure, congestion, unhygienic conditions, high densities and absence of organization make for ghastly experiences shared by the vast majority of the urban population. The spatial product of this problem is not only in the rapid emergence and deployment of slums and squatters of various typologies but in the proliferation of these settlements in the metropolitan suburb.



The discussion and debates on the Nigeria housing situation have always been anchored on the need for continuous state intervention through urban housing provision in solving the crisis. Urban housing provision is not only a social and environmental necessity but also a political and economic approach necessary to support social peace and stable development in the nations of the world.

### **Statement of the Problem**

Access to decent and affordable housing is one of the universal needs of man across societies. Over the years, successive Nigerian governments have tried to achieve the goal of affordable housing through housing delivery with several policy measures. Such policy measures include the establishment of the FHA in 1973 with a mandate to accelerate access of Nigerians to affordable housing and the setting of goals of particular housing units to be achieved within a given time frame [Amdii, \(1993\)](#). Other examples of housing programs in Nigeria include the Shagari housing policy (1979), the 12,000 housing units target of 1994 and the 40,000 housing units per annum of the year 2002 ([Oladimeji, 2015](#)). In spite of plethora of these policies/programs, achievements in the delivery of affordable housing delivery in the country remained abysmally poor. [Olorunisola, \(2013\)](#) revealed that new housing construction by FHA is only 10,000 units per annum while 90% of housing delivery is through private developer. This ugly trend has limited the existing housing stock in the country thereby raising the prices of the available stock. Thus, Nigerians spend between 36% and 40% of gross income on rents. This level of expenditure has made decent housing unaffordable for the middle and low-income groups in the country.

Furthermore, houses constructed by the FHA are not priced at cheaper rates compare to those of private developers. The contradiction in Abuja, and other major cities in the country is that despite increasing housing stock, the number of people who could not secure affordable housing is on the rise. One pertinent question in this scenario is to ask for the place of affordable housing for urban dwellers especially for a government housing delivery agent such as the Federal Housing Authority (FHA) and other stakeholders? This article therefore attempts to examine the improvement of affordable housing for urban dwellers through housing delivery in Nigeria.

### **The Nature of Nigeria's Housing problems:**

Many reknowned scholars of urban science (castells, Burgess, Hall, Turner, Abu-Lughod, Mabogunje and so on) as well as distinguished regional and international organization (United Nations Habitat, World Society of Ekistics, the World Bank etc.) concerned with urbanization and housing at global levels, have long expressed immense anxieties over the alarming nature and dimensions of the housing problems in the nations of the developing world. Highly recognized among the most crucial corollaries of unplanned and dependant urbanization is the urban housing crisis pervading the primary and large regional secondary cities of the fast and medium developing categories of the third world nations (Lagos, Rio de Janeiro, Sao Paulo, Mexico City, Cairo, New Delhi, Karachi etc.). This crisis situation in its integrated form has surpassed the terrains of the social sphere, reproducing itself in the economic, political and environmental processes of these nations of the third world, Nigeria not an exemption.

Housing problem has been generally accepted as being diverse and complex. Within the spectrum of this problem, one can identify both quantitative and qualitative deficiencies. Three identified the major housing problems in Nigeria as that of instability of human needs for



housing. This problem is world wide and it is of a recurring nature. In fact it is doubtful if any nation of the world can satisfactorily meet its housing requirements.

In Nigeria, most people live in poor quality housing and in unsanitary environments. This problem of inadequate housing has been compounded by the rapid rates of urbanization and economic growth. Housing difficulties is more serious for the low income groups where problems have been complicated by rapid growth, inflated real estate values, speculative activity, influx of poor immigrants and lack of planning. One can also site the increasingly significant shifts in the form and design of housing from the rooming form to flat and single family house forms as a factor responsible for acute shortage of housing for the low income groups .

The problem of affordability and housing delivery and inadequate housing is experienced in both urban and rural areas in Nigeria. For example NISER in a study of rural housing in the nine Southern States of Nigeria found that, “the projected demand of housing units on an average of six persons per dwelling unit for the states are 5.2 million in year1990, 7.0m in year 2000, 9.5m in 2010 and 12.7m in the year 2020. “Other manifests of the housing delivery problems are: high rent in the housing market, inadequate mortgage finance and in accessibility to mortgage loans. These problems have resulted in overcrowding, poor and inadequate social amenities, unsatisfactory and unwholesome environmental conditions and urban squalor, the absence of open space, the over development of land area leading to the overcrowding of buildings, in-accessibility within residential areas, and in the scarcity and high cost of building materials .

#### **A Review of urban Housing Delivery in Nigeria**

What we generally see in Nigeria today, in the form of urban housing construction evolved during the period of colonial era. This policy was exclusively directed at the provision of housing for the white colonial population “settled” in specially protected and developed areas, referred to as Government Reservation Areas (GRAS), “ Prohibited” to the local population, the housing forms and spatial patterns of the GRAs reflected the English nostalgia for the ”garden city”.

The post-independence period saw the development and extension of the GRAs and the introduction of special public housing programmes exclusively for the needs of the new national elites in the higher hierarchy of the state apparatus.

In 1962, National Development plans was introduced into the budgeting system of the country instead of the fiscal and sectoral plans, which were previously used. From the first National Development Plan period (1962-68), it was the intention or policy of the government that low, medium and high-income people should benefit from public housing and programmes of governments. However, the first ten years after independence does not have much to say about government efforts in the provision housing in Nigeria.

The first National Development Plan (1962-68) mentioned housing as part of industrial estates, Land Acquisition and Town Planning. The plan indicated government’s aim of producing 24,000 housing units during the plan period. Unfortunately, only 500 housing units were built by the Federal Government before the outbreak of the civil war in 1967.

The second National Development Plan (1970-74) was unique because government accepted housing as part of its social and political responsibilities. It emphasizes housing provision for all social groups whether displaced or not from the competitive housing market.



To fulfill the aims and objectives of the housing policy, the Gowon Military administration announced the following (a): during second development plan period

(1) Immediate construction of housing units by the Federal Military and State Military Governments for rent at affordable prices.

(2) Increase in the construction of houses for government workers. (Though not explicitly spelt out, this implies the senior officials of the administrative mechanism).

(3) Development and expansion of loans for private housing. (This case favored the most privileged social group who already had access to the banks through collateral security and employment stability).

(4) Increase in investment in local production of cement and other necessary building materials. Increase in the importation of cement to supplement the needs created in the housing construction sectors. In accordance with the public housing policy, 54,000 housing units were programmed for immediate construction between 1972 and 1973. Ten thousand units in Lagos and 4000 units in each of the then 11 state capitals. The Federal Housing Authority was established to directly construct these housing units. The housing volume was distributed as 60% for the low-income groups, 25% for the middle-income and 15% for the high-income social strata

(5). However, the capital expected to be expanded on the middle-and high-income housing caused doubts about the amount to be spent on low-income housing. In 1976, following the military overthrow of the Gowon regime, a reappraisal of the housing policy and the numerical dimension of the construction programmes was made and incorporated into 1975 –1980 National Development Plan. A total of 1.83 billion was allocated to housing during this plan period. The rise in the oil economy and local political pressures influenced this reappraisal. It was stated that:

(i) The Federal Military Government would build 202,000 housing units per year; 46,000 in Lagos, 12,000 for Kaduna, while 8000 units would be built in the state capitals. The State Government would be directly involved and FHA would provide the necessary infrastructure. (This marked the beginning of the decentralization of FHA to state levels).

(ii) A Ministry of Housing, National Development and Environment with sole responsibility on housing was created. (For the first time, housing is accorded a separate status and liberated from the bureaucracy and financial inadequacy of the ministry of works, to which it was subordinated).

(iii) The additional financing of the Federal Housing Authority in order to directly construct and develop housing estates in various cities of the nation. (This is different from the initial policy line. It recognizes the need for qualitative housing development in the larger secondary but no-primate cities). The temporary departure of the military from state power and the installation of the Shagari civilian regime saw another reappraisal of the housing programme. This was done under the excuse of the huge economic and financial burden of the numerical dimension of the exercise. However, the new capital, Abuja, was to be rapidly constructed during the same period. The Federal Government, during the 1981 –1985 plan period, was to embark on the provision of 2000 housing units yearly in each of the 19 states of the Federation, without special attention to the cities worst pressed by the housing crisis (e.g. Lagos). About N1.6 billion was allocated to housing.

In 1979, in an apparent reply to the cancellation of the special housing programme for Lagos, the civilian government of Lagos State announced a state housing programme of 50,000 units to be constructed between 1979 and 1983. The 1984 re-arrival of the military witnessed a



reappraisal of the housing units to be constructed by the Lagos State Property Development Corporation. Instead of the on-going exercise of 50,000 units, 8000 units with new design models were to be constructed between 1983 and 1986 by the state's military government.

With change of government through a Military Coup in 1986, the public housing exercise was terminated. The Military Government claimed to no longer provide housing for Nigerians on grounds of restraining economic situation. House ownership was left to hard-working Nigerians although efforts were made by the Government to reduce costs of building materials and control land speculations. There is no doubt that this policy deviation placed the urban poor and middle-class in further displacement from the housing market. With the enormity and perpetual nature of housing problems facing the Country, the Government nonetheless, took another look at housing and thus launched the National Housing Policy in February 1991. This was a comprehensive document aimed at "ensuring that all Nigerians own or have access to decent housing accommodation at affordable cost by the year 2000 A.D." This goal is consistent with the United Nations resolution of Housing for all by the year 2000 A.D. and thus required that 700,000 housing units be constructed annually in order to meet the target of 8 million units by the target year (2000A.D) in Nigeria. The policy provides for encouragement and promotion of active participation in housing delivery by all tiers of government; strengthening of institutions within the system to render their operation more responsive to demand; emphasizing housing investment which satisfy basic needs; and encouraging greater participation by the private sector in housing development. The policy also suffered major setbacks in its implementation.

It is however important to note that 1994 marked a rethink of the military Government to addressing housing provision. Hence in an address on January 20, 1994 by the Minister of Works and Housing titled "The Beginning of a New Dawn" Unveil a National Housing Programme for 1994 – 1995 to be executed under the Ministry. During the period a total of 121,000 housing were to be constructed for all income groups (i.e. low, medium and high). Priority was given to newly created states. Each of the states is to have 5,000 housing units while the rest and Abuja share 76,000 housing units.

To ensure proper execution of this programme, the Government formed a 16-man committee to study the National Housing Policy in terms of its provision compliance and implementation. The issue of housing finance was addressed through the establishment of the National Housing Fund in 1992 and granted a take-off fund of N250million. Also the Federal Mortgage Bank (FMB) put in place three schemes viz: voluntary, mandatory and budgetary allocations and financial transfer schemes to curb the problem of housing finance.

Under the current democratic dispensation, which started in 1999, the federal government involvement in housing has been in partnership with private developers- a situation which makes one to query the authenticity of government public housing programme.

One initial first step taken by government was the setting up of a 15-man committee to look into the problem of urban development including housing. The committee recommended appropriate framework for housing development among other issues. In 2002, the federal Government set up a new Ministry of Housing and Urban Development to deal with housing and urban development. This development demonstrates government commitment to continue to assure a paternalistic approach to housing.

The Government identified under the National Housing Policy a prototype-housing scheme, which was launched in order to increase the nation housing stock. The scheme was on a



revolving fund basis and ensures that proceeds from sale of completed units are ploughed back into the scheme.

It is evident that the planning programming and implementation of the Urban housing policy and programmes suffer grossly from planning inconsistency and organizational structures, due to political instability and an over centralized mechanism of decision and execution. In Nigeria, governments rise and fall, revolutions come and go, but the mass of urban population will always remain with the housing problem since they are, at present, not in a position to decisively influence the rise or fall of these “interchanging governments”. Organized and consistent approaches, less susceptible to political instabilities are needed to challenge the growing urban housing crisis. Such approaches, which must include mass housing provision, should secure the political support and genuine participation of the needy at local government and mass organization levels, supplemented by an organized system of participatory financing, implementation and management not exclusively dependent on the centre or dictated by it.

#### **Factors affecting urban housing delivery in Nigeria**

The provision of housing has for long been seen as a government concern and the Federal Government has tried in different ways to tackle the nation’s housing problems. The synthesis of government activities reveals that during the past few years, a series of constructive programme and far reaching actions were taken by the government to combat the housing problem. However, it is a fact that the housing problem is far from being solved, and this can be attributed to flaws in the strategies adopted by the government. Such flaw include:

First, Government’s intervention through direct housing construction. Even though the government possesses the resources and executive capacity to embark on direct home construction, it should not have done so given the past experiences of the high cost and slow pace of construction of government projects. Apart from the fact that the Ministry of Housing and Environment was faced by many constraints which affected its performance level, the houses built were usually very expensive which put them beyond the reach of the low income group, and the houses for did not meet the requirements of the people e.g. providing one bedroom houses for low group when the average family size is put at 6 persons.

Secondly, the adopted practice and system of granting loans makes it difficult for the really low income people to benefit. The bulk of the mortgage loans went to family in the upper class, making it necessary to re-examine the loan policy of the country.

Thirdly, other means of encouraging housing construction were not given adequate attention. For example the government agreed to lay emphasis on the provision of basic infrastructure in various layouts on which individual could build their own houses, but this was not done. Also, cooperative societies were not given much encouragement as planned.

Fourthly, many government housing projects were embarked upon without effective programme of action and appropriate institutional arrangement for their execution. This means that the project lacked adequate and sound planning which led to their failure.

Fifthly, there was too much corruption in high quarters. For example, Chief Awolowo alerted the nation to the fraud in the Ministry of Housing and Environment in one of his Campaigns in 1982. He said about N5.4 million was missing, a figure later reduced to N4 million by the minister when he confirmed the said fraud. This shows that money meant for housing project were diverted into private hands thereby allowing the projects to suffer.

Also there is the problem of party politics in Nigeria, and this affected the Federal Housing Project extents. For instance, the uncooperative attitude adopted by some state government



were simply because a different party other than their own controlled the federal administration. These states saw themselves as competing with the Federal Government and did all they could to slow down the pace of the Federal Housing Projects.

In summary, one may conclude that lack of financial prudence, public probity and accountability, inefficient and ineffective administrative machinery, mass importation of foreign technology, material, personnel and inflation, as well as incomprehensive analysis of the nation's housing requirement caused the low performance of the urban housing programmes.

#### THE HOUSING LEGAL AND REGULATORY FRAMEWORK

Furthermore, on the legal and regulatory framework for enhancing housing delivery, nine (9) housing related laws are now before the National Assembly. They are:

1. The Federal Mortgage Bank of Nigeria Act 1977 (replacement).
2. The National Housing Fund Act 1992 (replacement).
3. The Mortgage Institution Acts 1992 (replacement).
4. The Social Insurance Trust Fund Act 1993 (amendment).
5. The Investment and Securities Act 1999 (amendment).
6. The Trustees Investment Act 1962 (amendment).
7. The Insurance Act 2002 (amendment).
8. The Land Use Act 1978 (amendment).
9. The National Housing Policy 2019 (review).

#### Affordable Housing

The concept of affordable housing has received tremendous attention from scholars to the point where it is regarded as being diverse, complex and elusive. Milligan, Phibbs, Fagan, and Gurrán, (2004) in Urban Research Center (2008), p. 5) opined that "affordable housing connotes housing that is responsive to the needs of households who do not have sufficient income to access adequate housing in the market without some form of assistance." The UN-Habitat, (2011), p. 9) broadly defined affordable housing as adequate housing in terms of quality and location, which does not cost so much as to prohibit its occupants from meeting other basic living costs or threatens their enjoyment of basic human rights. Scholars have also used the term decent housing to imply qualitative housing with essential amenities such as space, ventilation, and toilet. This means that two factors are essential in affordable housing; namely: quality of the houses in terms of facilities available, and the cost of acquiring the houses. Adejumo, (2008), p. 2) elucidated on the second condition when he argues that affordable housing is a term used to describe dwelling units whose total housing costs are deemed affordable to a group of people within a specified income range.

The central issue of affordable housing is, therefore, economic and relates to households housing and non-housing expenditure and income as well as financial assistance like credit, loans, and subsidies open to them. Suhaida et al., (2011). It is instructive to note that there are varied approaches to measurement of affordable housing. In the United States and Canada, a commonly accepted guideline for housing affordability is a housing cost that does not exceed 30% of a household gross income. In some other instances, affordable housing is used to describe housing that a family group can acquire within a given period of time ranging between 15 and 30 years. In the words of the Center for Urban Pedagogy, (2009), "when the



government says affordable housing it means affordable for families in the middle or at the lower end of the income scale.”

The foregoing review shows that affordable housing refers to decent housing whose cost of either purchase or renting does not exceeds 30% of a household’s income. The concept of affordable housing becomes prominent in housing literature in the face of the existing reality of expensive nature of housing in the open market.

In the Vision 20: 2020 document, a target was set to build ten million new homes by 2020. The proposed breakdown of the housing requirements is as follows: Table 1: Vision 20: 2020 Housing requirements

Year	Houses built nationwide	Average No. of homes per State
2011	--	
2012	500,000	12,500
2013	600,000	15,000
2014	720,000	18,000
2015	864,000	21,600
2016	1,036,000	25,920
2017	1,244,160	31,104
2018	1,492,992	37,325
2019	1,791,590	44,790
2020	2,149,908	53,748
Total	10,398,650	259,987

Source: Sam Odia, ThisDay, August 3 2010

75% currently own their homes, 16% pay rent, while 7% live in the houses for free.

Table 2: provides a comparison of ownership between rural and urban areas:

Table 2: Housing Status: Urban vs Rural

	Urban	Rural	Total
Own the house	52.0%	84.4%	75.4%
Pay Rent	39.8%	8.0%	16.8%
Live for free but do not own	8.2%	7.6%	7.8%
Total	100.0%	100.0%	100.0%

Source: EFInA Access to financial services in Nigeria 2018 survey

- Of those that pay rent, 92% stated that they pay normal rent, while the remaining 8% pay nominal/subsidised rents
- 59% of respondents don’t consider their homes as tradable assets as shown in Table 3.

Table 3: Homeowners views on housing as a tradable asset: Urban vs Rural.

	Sector		Total
	Urban	Rural	
No	56.8%	59.7%	59.2%
Yes	24.2%	21.2%	21.8%
Don't know	19.0%	19.1%	19.1%
Total	100.0%	100.0%	100.0%

Source: EFInA Access to financial services in Nigeria 2018 survey



**AVERAGE PRICES OF 4-BR HOUSES IN LAGOS, MAY 2019**

	NGN	USD*	Y-O-Y CHANGE (%)
<b>Ikoyi</b>	240,000,000	666,697	20.0
<b>Ibeju Lekki</b>	28,000,000	77,781	12.0
<b>Lekki</b>	55,000,000	152,785	0.0
<b>Ajah</b>	45,000,000	125,006	0.0
<b>Gbagada</b>	50,000,000	138,895	0.0
<b>Surulere</b>	55,000,000	152,785	0.0
<b>Yaba</b>	65,000,000	180,564	0.0
<b>Victoria Island</b>	105,000,000	291,680	-8.7
<b>Isolo</b>	50,000,000	138,895	-9.1
<b>Alimosho</b>	25,000,000	69,448	-10.7
<b>Ikeja</b>	75,000,000	208,343	-16.7
<b>Ikorodu</b>	15,000,000	41,669	-25.0

\*Exchange rate: NGN 360 = USD 1

Sources: Nigeria Property Centre, Global Property Guide

**AVERAGE MORTGAGE RATES (%), APRIL 2019)**

Banks	Prime (%)	Max (%)
<b>Access Bank</b>	14.00	29.00
<b>Citi Bank Nigeria</b>	16.00	22.00
<b>Coronation Merchant Bank</b>	19.10	19.50
<b>Diamond Bank</b>	20.00	23.00
<b>Ecobank Nigeria</b>	19.00	28.00
<b>Fidelity Bank</b>	19.00	36.00
<b>First Bank of Nigeria</b>	20.00	27.00
<b>Merchant Bank</b>	14.85	20.00
<b>Guaranty Trust Bank</b>	18.00	23.00
<b>Heritage Bank</b>	27.00	30.00
<b>Keystone Bank Ltd</b>	19.00	34.00
<b>Providus Bank</b>	22.00	25.00
<b>Rand Mechant Bank Nigeria Ltd</b>	20.95	20.95
<b>Polaris Bank</b>	28.00	34.00
<b>Stanbic IBTC Bank</b>	17.44	28.00
<b>Standard Chartered Bank</b>	20.00	25.00
<b>Sterling Bank</b>	24.00	30.00
<b>SunTrust</b>	22.00	30.00
<b>Union Bank</b>	24.50	36.50
<b>United Bank for Africa</b>	24.00	29.00
<b>Unity Bank</b>	24.00	32.00
<b>Wema Bank</b>	29.00	30.00
<b>Zenith Bank</b>	17.00	26.00

Source: Central Bank of Nigeria



### APPROACHES TO HOUSING DELIVERY

In order to understand different approaches to housing, it is important to know the things involved in housing. According to the UN Center for Human Settlement (Habitat) the main ingredients are: Land, Manpower, Building Materials, Technology and Finances. Government policies and actions form the prime mover and the catalyst in the entire system process.

The different approaches of making suitable and affordable are developed to address one or more of its success factors. Obialo (2010) identified the broad approaches for the income group as below:

- i) **Upgrading of existing housing:** This involves the improvement of houses and the infrastructure of existing neighbourhoods or the whole towns. Example of such is the World Bank assisted Nigeria Urban Development Programme (Nsuup). The improvement may be financed by the government or the beneficiaries or a combination of both. The government may finance the improvement of the infrastructure while the beneficiaries bear responsibilities for their houses. The main problem associated with this approach is that the beneficiaries are usually suspicious of the true intentions of government and so tend to offer resistance. Intensive public enlightenment will help solve this problem.
- ii) **Easy access to loan facilities:** Making funds readily available on concessionary terms and at liberal terms of repayment is a sure way of facilitating house ownership for the urban population. Government has tried to address the problem of lack of funds by setting up National Building Society (NBS) which mimicked the Federal Mortgage Bank in 1977. Decree No. 53 of 1989 on Mortgage Institutions which gave birth to many primary Mortgage institutions. The National Housing Fund Decree No. 3 of 1992 was promulgated to generate a large pool of cheap loans and also set up Staff Housing Loans Board to enable its employees have easy access to funds. Laudable as these steps may be, their operations have not yet yielded the desired result for so many reasons. One of these is lack of political will on the part of government to implement the programme. There is need for government to reinvigorate the implementation of laws in financial intermediation to make the organizations within the sub-sector perform their functions diligently.
- iii) **Direct low cost housing construction:** In the past, the Federal Government has attempted direct construction of housing through different agencies. The greatest achievement to date in such intervention is the development of FESTAC town and Ipaja Estate, all in Lagos. Other attempts on such a massive scale in 1980 and 1994 met with very little success. There is the issue of selling prices of the buildings. This is very important as it will be a determining factor on who can benefit. In order to minimize the initial cost, many approaches have been developed: They are;
  - a) Completed house.
  - b) Core house with provision to expand.
  - c) Carcass of house (less finished).

The second issue is that the mode of payment. Two broad options are available:

- 1) Outright Purchase and



2) 2) Mortgage.

In an attempt to reduce costs, government has encouraged the use of local building materials. This has not achieved the desired result, as saving made are minimal. The use of direct labour in the construction of the houses has been used to reduce cost and provide more jobs for hordes of unemployed youths. The direct construction has as its major set back the initial huge investment involved providing housing. In the case of outright purchase, the money recovered can be ploughed back into the construction of more houses. In the case of mortgage, the money invested will be collected over a long period and only a small fraction of it can be reinvested. High inflation overtime will make the recovered money almost insignificant. The direct construction approach eliminate all problems associated with land and provide immediate relief to the housing problem if well managed. The housing stock can be increase in a short time with the injection of more funds. Also, the mode of disposal is very flexible. It can be made to suit the urban population by offering long mortgage at low and fixed interest rates.

- iv) **Sites and Services scheme:** The scheme is relatively new concept and it involves the provision of service plots to members of public to develop but under the control and supervision of the organization providing them. Department of Urban and Regional Planning, FEDERAL Ministry of Housing is charged with the management of the scheme. Federal Housing Authority has private developers which involves setting aside some parcels of land or plots in a developed estate for allocation to private developers.

The problem associated with the scheme is the late or non provision of infrastructure. This will make it difficult for allottees to access their plots. There are many abandoned schemes all over the country in Lagos, Kano, Onitsha etc. The scheme can be used by government to provide subsidy to the urban dwellers by providing free infrastructure and charging little token for land acquisition. Steps can be taken to ensure that only the target group benefit by limiting the plot sizes, lowering the quality of infrastructure, the types of building to develop etc.

- v) **Staff housing scheme:** Organizations are persuaded to assist their employees to own houses. The Employees Housing Schemes(Special Provisions) Decree No. 54 of 1979 was promulgated to compel organizations employing over 500 staff to assist them to own houses.

Most workers have not benefited from this scheme because organizations claim they lack funds. Housing unit meant for staff quarters must be intensified at subsidized rents like primary school teachers. Government shall ensure that organizations obey the law . Incentives shall be given to those companies that comply and penalties impose on the erring ones.

- vi) **Community Development Unions (CDUs) :** CDUs have been existence since pre-colonial time, mostly in the rural area but are now taking hold in the urban areas . They are organized because they have members who are professionals in different fields. It involves people living/belonging in a community coming together to contribute , maintain, improve and develop their immediate environment.



The approach has been a very reliable tool for the provision and maintenance of whatever infrastructure that exists in the environment.

- vii) **Private sector participation:** The contribution of the private sector of housing have been enormous but always skewed in favour of the medium/high income groups as most if their activities are motivated by profit maximization. Their products are not within the reach of the low income groups but their activities impact directly on the low income group since they help increase housing stock thereby bringing down prices.

The foregoing has elaborated that different approaches have their high and low points. The particular approach to be adopted in any circumstance is dictated by the form of subsidy government is providing. The funds to be expanded and the time frame for achieving results with benefit maximization as the central factor. In summary, these approaches have not alleviated the housing problems because their implementation have been haphazard, plagued by misapplication and misappropriation of fund.

#### **FOUR APPROACHES FOR HOUSING AFFORDABILITY**

1. **Unlocking land supply.** Since land is usually the largest real-estate expense, securing it at appropriate locations can be the most effective way to reduce costs. In even the largest global cities, many parcels of land remain unoccupied or underused. Some of them may belong to government and could be released for development or sold to buy land for affordable housing. Private land can be brought forward for development through incentives such as density bonuses—increasing the permitted floor space on a plot of land and, therefore, its value; in return, the developer must provide land for affordable units.
2. **Reducing construction costs.** While manufacturing and other industries have raised productivity steadily in the past few decades, in construction it has remained flat or gone down in many countries. Likewise, in many places residential housing is still built in the same way it was 50 years ago. Project costs could be reduced by about 30 percent and completion schedules shortened by about 40 percent if developers make use of value engineering (standardizing design) and industrial approaches, such as assembling buildings from prefabricated components manufactured off-site. Efficient procurement methods and other process improvements would help, as well.

**Improved operations and maintenance.** Twenty to 30 percent of the cost of housing is operations and maintenance. Energy-efficiency retrofits, such as insulation and new windows, can cut these costs. Maintenance expenses can be reduced by helping owners find qualified suppliers (through registration and licensing) and by consolidated purchasing. For example, buying consortia in the United Kingdom have saved 15 to 30 percent on some maintenance items for social housing.

#### **Lowering financing costs for buyers and developers.**

Improvements in underwriting would help banks safely make more housing loans to lower-income borrowers. Contractual savings programs can help such buyers accumulate down payments and therefore finance purchases with smaller and less risky loans. Such programs can



also provide capital for low-interest mortgages to savers. Governments could help cut the financing costs of developers by making affordable housing projects less risky—for instance, by guaranteeing buyers or tenants for finished units.

The successful application of these approaches depends on creating an appropriate delivery platform for housing in each city. Policy makers, working with the private sector and local communities, need to set clear aspirations for housing throughout their cities. Critically, a minimum-standard housing unit must be defined in each of them. But an excessively ambitious minimum can discourage the construction of affordable homes and force more low-income households into informal housing. A better solution is to set standards that reflect rising aspirations—a housing “ladder” that can start with something very basic that might, for example, have communal kitchens and baths and serve as transitional housing for new arrivals. Affordable housing could represent a significant opportunity for the global construction and housing-finance industries. Building homes for all the low-income households added in cities by 2025 could cost \$2.3 trillion. That would represent a construction market of \$200 billion to \$250 billion in revenues annually, or about 10 percent of the global residential real-estate construction industry, (2020).

### **Summary of Findings**

The housing market in Nigeria has the potential to generate a higher level of economic value and be a source of job growth at all skill levels, with the largest immediate benefit to unskilled labor. To unleash the housing market, the enabling environment needs to be less costly and opaque, the financial markets need to provide more long-term lending, and the construction sector needs to be more efficient in building more standardized, lower-priced homes. The current policy and institutional framework for the sector aims at providing housing for lower-income groups, but it is not clear whether this applies to the 95 percent of Nigerians who are poor or only to the bottom 10 percent. Without clarifying the target groups, including women, and putting in place policies to address the needs of each group, it will not be possible for Government agencies to develop targets or measure outcomes related to this objective. For example, the level of female home ownership is constrained by high fees and transaction charges. State governments should consider waiving the fees for women who apply for land certificates, as well as the charges for extending legal ownership to female family members. In addition, changes to the land and legal frameworks can help to speed development of the housing and mortgage sectors. Such changes could include:

- Making broader use of state governors’ power to grant consents to land transactions, including sales and mortgages.
- Improving administrative procedures, by reducing the number of steps required to register a property; digitizing land registries; introducing electronic payments; and simplifying the overall process so that an individual is able to register a property without the need for a lawyer.
- Lowering the costs of land registration through, e.g., elimination of the consent fee and the use of flat fees, where applicable, rather than fees as a percentage of property value. Based on an analysis of the housing survey, home ownership could be extended to more than 50 percent of the population if homes were built for those with an annual income of 340,000 Naira, or about US\$2,000. Incremental building, cooperatives, and



other forms of housing could most likely meet the needs of another 25 percent of the market. The construction sector is currently unable to meet this demand due several weaknesses, such as lack of skills at all levels, weak organizational capacity, lack of access to finance, and lack of standardization of building plans and materials. Furthermore, the mortgage market in Nigeria is unable to provide sustainable long-term loans to borrowers due to a lack of access to long-term funds. In a survey carried out by the Central Bank of Nigeria in 2012, financial institutions named this as the number one obstacle preventing growth of the mortgage market, ahead of foreclosure, housing supply, and the cost of title registration. Without access to long term funds, lenders are either unwilling or unable to further extend maturity mismatches on their balance sheets (although the regulatory framework allows them to do so), or to make the necessary investments in staff and systems to establish large scale mortgage lending operations.

In addition to addressing access to long-term housing finance, the Government should support more innovative approaches, such as housing microfinance products. Some of these are being piloted by Nigeria's leading microfinance innovators, who are seeking to expand their product offerings for different market segments.

#### **CONCLUSION**

Nigerians will welcome and cooperate to achieve good and decent housing and maintain a beautiful environment if they are fed with the right information and carried along to be part of the evolving process when they know what they stand to benefit. This should be part of housing education. There is also need for a realistic and quantifiable housing policy. For the policy to be sustained, it will take the determination on the part of those in government to continuously make budgetary provisions for housing. The policy must be so crafted so that subsequent office holders do not subjugate it. Provision of affordable housing should not be politicized. Housing should be adequate both in quantity and quality. The policy must provide that no house should be built on paper which is not built on ground and no house should be built on ground which is not occupied. Funds should not be wasted to construct houses that cannot be occupied because those who got them did not really need them and those who need them cannot afford them. The question of 'whose housing problem the policy is aimed to address' is critical. A good urban and regional plan must be in place. There should be a strong legal framework for the acquisition of land for housing projects to avoid situations and major setbacks where individuals file legal suits to stop government projects aimed to benefit the entire communities. Attention should be more than creating living apartments to creating beautiful cohesive and affordable apartments that together with it her available social and commercial amenities give a sense of a livable community. Provision of affordable houses cannot be achieved without the engagement of professionals in the built environment and communities.

#### **Recommendation**

It is in the light of the foregoing that the following are recommended:



1. Government budgetary allocations for housing must be dedicated. Access to Finance and Mortgage facilities to be liberalized.
1. Government projects and businesses require to be conducted with maximum transparency. Records of National Housing Fund to be audited and published
2. Adopt the best tendering and contractual arrangements suitable to be used to achieve best standards at lowest possible cost. Encourage research and use of hydroform and other local materials.
3. Government to engage relevant professionals in the built environment to deliberate and strategize on how to achieve housing provision within budget and cost targets.
4. Since previous houses provided before now have always been hijacked by the rich and influential, criteria for allocating lands, loans and houses should be without politics of bias. For low and medium income earners which are the major sector of the priority concern of government, it is recommended that staff nominal be the basis for allocations. And no worker who has not put in at least five years of service be eligible. This is to avoid corruption and abuse of procedures.
5. Ensure projects are completed on schedule and monies/funds meant for projects are not diverted to other heads. On site supervision/Residency by relevant professionals is valuable and mandatory. There should be stiff penalty for contractors, professionals, government representatives who are corrupt or try to jeopardize the smooth achievement of government's policies on housing.
6. Contractors executing projects are to be paid only for work properly executed and certified by a professional cost expert, and a standard feedback and reporting system where reports from the field are analyzed to help improve quality decisions for next projects are helpful.

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