



AFFORDABLE AND ACCEPTABLE MASS HOUSING DELIVERY: A PANACEA TO THE NIGERIA HOUSING PROBLEM

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This paper theoretical discusses the availability and affordability of housing in Nigeria and its acceptability among the urban poor. It reviews the various government attempts at housing provision in the Nigerian urban and rural areas in the last fifty six years. The paper notes that there are challenges to harnessing the huge potentials inherent in Nigeria's housing sector, which is invariably affecting affordable mass housing provision efforts in the country. It further notes that a consequence of the current economic recession in the country has further slowdown the level of housing provision especially from the private sector initiative. It examined the performance of housing policies in Nigeria and recommend in addition to some under pinning factors, guarantee fund, sales income trust account, public private partnership, increasing debt sources and financing condition as sure means for making housing available and at an affordable price in Nigeria.

Keywords: Affordable, Acceptable, Mass housing, Housing situation.

Introduction

As the largest single category of household expenses and a major component that help in the creation of stable and healthy communities, housing plays a special role in the economic, social, political and psychological life of man. Despite the importance of housing to man, ranking second after food, its availability, acceptability and affordability in the developing nations of the world is fast becoming a mirage than reality. It is considered a social good in some nations of the world while other nations see its ownership as an asset of pride and power.

Recent studies carried out in Nigeria have confirmed the inadequacy of urban housing (Omojinmi, 2000; Olanrewaju, 2001; Olotuah 2002; Olujimi and Bello 2008 and Ankeli, Dabara, Agidi, Oyeleke & Oladimeji 2015). The low and the medium income group who constitute the bulk of the population in the country are the worst hit as policies of successive governments in the country has not improve the lot of those in these income groups. In most urban centers, the problem of housing is exacerbated due to the incidence of massive rural-urban drift, which has been occasioned by the total neglect of the rural areas in terms of infrastructural development, the poor economic conditions of the rural inhabitants among others. The incidence of rural-urban migration has resulted in an unprecedented housing problem, hence resulting in overcrowding in our urban centers, infrastructure over-use, inadequate dwellings resulting in the outbreak of communicable diseases. The greater proportion of the urban population generally lives in squalor, and in sub-standard and poor housing that is situated in deplorable conditions and an insanitary environment (Olotuah and Taiwo, 2015). This assertion shows that the population of the urban dweller

that requires to be accommodated outnumbered the available urban housing and infrastructure. Kumo (2015), opined that Nigeria need 17 to 20 million housing units to address the current housing deficit in the country while Olotuah and Taiwo, (ibid) concluded that, housing need in Nigeria increases by the day, whereas the vast majority of the population lacks the wherewithal to make effective demand on housing.

Housing delivery system according to Agbola (1998) involves a complex process that flows in stages and in a sequential series to produce a housing unit or units. This process requires the careful and proper combinations of resources as land, labour, capital and other building materials to achieve the desire product (housing). The major players in the Nigeria housing industry sector are the private and public subsectors, with the private housing subsector producing more than 85% of the total housing stock in the country. The public housing subsector has performed below average in this area due to government policy summersault and the over bearing role of politics in public housing delivery, unrealistic and uncoordinated housing programme projections, inadequate knowledge of the nature, scope and dimension of the general housing problems of the country. However, the need for public and private sectors synergy in solving housing problems in Nigeria which give birth to the Public Private Partnership was recently realized.

Hence this paper evaluates the various strategies previously used in achieving housing provision in Nigeria particularly by the public sector and the reason(s) for its failure. It is done with the view of developing new strategies that is sustainable and will ultimately solve the Nigeria housing problem.

The Nigeria Housing Situation and Property Rental Values

Housing is a fundamental need for dignified living and represents a major area of deprivation for the urban poor in Nigeria. The rate of provision of new housing stock in Nigeria has lagged behind the rate of population growth which is responsible for the formation of slums, growth of squatter settlements and high rent beyond the affordable limit of the poor. Housing poverty is manifested in the quality of housing occupied by low-income earners which is often located in run down areas of the city with poor architectural design and standard, poor construction, fittings and fixtures and inadequate infrastructural facilities (Ankeli, Dabara, Oyeleke, Joshua and Eyitayo 2015, Olotuah and Taiwo 2015).

Mabogunje (2007) affirmed that Nigeria need 15 million houses to overcome her housing deficit and to finance this, over N12 trillion will be required which is approximately four times the annual national budget of Nigeria. Amao and Ilesanmi (2013) asserted that recent study of housing situation in Nigeria put the existing housing stock at 23 per 1000 inhabitant. However, the Federal Mortgage Bank of Nigeria in 2015 put the national housing need that can combat the current national housing deficit at 17 to 20 million houses.

Omole (ibid), observed that the Nigeria housing problems are numerous and are characterised by regional variations which can be seen in terms of urban and rural differences. However, the Third National Development Plan (1975 - 1980) sees Nigeria housing problems essentially from the urban areas perspective, thus placed more emphases on urban housing. This is a major flaw of the Development plan. The Nigeria housing problems is in both the urban and the rural areas and these problems have manifested itself in both qualitative and quantitative forms. The urban centers suffered both qualitative and quantitative housing problems while the housing problems in the rural areas are more of qualitative than quantitative. Scholars have attributed series of factors to housing deficit in Nigeria; some of these factors are rapid urban growth, high birth rate and low death rate, rural - urban migration, inadequate infrastructure, economic recession, land inaccessibility, high cost building and construction materials and delay in plan approvals (Omole, 2001 and Dabara, Ankeli, Joshua, Eyitayo & Oyeleke, 2015).

The inability of housing supply to match housing demand most often result in acute housing shortage thereby resulting in high property rental and overcrowding. Overcrowding as a social problem emanating from housing deficit and high occupancy rate, it mostly occurred due to the activities of those urban dwellers who could not afford the passing rent on buildings but need to stay in areas close to their work place or business demand. Property owners take advantage of the housing shortage to charge high rentals

and in some cases Estate Agents and Landlords demand advance rent for two to three years, agreement fees and agency fees of up to 10% of the annual rental value of the property. Tenants who cannot pay but are in dire need of accommodation in the urban centers opted to live in indecent, highly populated and unfit accommodation mostly found at the urban slums and shanties. The resultant consequences of this type of life style are serious health hazard and threat to their general productivity.

Housing Affordability, Acceptability, Demand and Delivery

Omole (ibid) opined that housing affordability is the number of households which have the ability to pay for housing at a predetermined price or rent. “Affordable housing” is a subjective word as the type of housing considered affordable to one income group may not be affordable to those in the other income bracket, it is suggested that the proper definition of the word by government will help in the determination of the family types that are qualify to live in it. The Center for Urban Pedagogy (2009) in Aden (2015) asserted that affordable housing to government mean affordable for families in the middle or at the lower end of the income scale. The Center also defined affordable rent burden to mean the maximum income a family is expected to spend on housing not exceeding 30% of the family’s total income. That is a housing which families in certain income categories can occupy with 30% or less of their annual income. Most families in Nigeria spend over 50% of their annual family income on rent as property cost depend on property availability, infrastructural services and location. Hence the threshold of 30% fixed by a particular government that works in the country may not be realistic in some other country. For example, the minimum wage currently in use in Nigeria is ₦18,000, which is ₦ 216,000 per annum and 30% of ₦ 216,000 is ₦ 64800 this amount cannot rent a decent 2bedroom apartment for a family of 3 in any urban center in Nigeria. The cheapest decent 2 bedroom bungalow in most Nigeria urban center is between ₦150, 000 to ₦200, 000 which is about 69% to 93% of the total income of such a family. Every affordable housing programme should be targeted at a particular income bracket and be based on the capability of the targeted population or income bracket to qualify and to be able to afford the proposed housing types. Low-income group as defined by the Nigerian National Housing Policy (FGN, 2004) include all employees and self-employed persons whose annual income is N100, 000:00 and below (i.e. the equivalent of salary grade level of 01-06 within the civil service). According to the Human Development Index HDR (2008) in Alagbe (2013) Nigeria currently ranks 158 out of 177 Economies and 70.8% and 92.4% of Nigerians live below income poverty line earning less than \$1 and \$2 dollar a day respectively.

Interestingly, the national minimum wage is N18, 000. 00 per month, (N 216,000) per annum. With the current economic situation in the country, over sixty five percent (65%) of the Nigerian population falls below the poverty line of average of US\$1 per day. Those who are self-employed or work outside the public sector or outside the organized private sector, earn far less below the national minimum wage.

To arrive at the income limits for affordable housing the Center for Urban Pedagogy opined that government at times uses the Median Family Income (MFI) which is also known as the Area Median Income (AMI). The calculation of the MFI may not be that easy in Nigeria as most family members have unstable earnings or income in addition to the unstable or varying housing cost. This in turn makes the determination of the family eligibility for affordable housing difficult. Some developed countries have in the past adopted various methods as the use of Public Housing for the low income groups, Section 8 for the very low income groups, and 80/20 for the extremely low income groups. This is not the case in Nigeria as governments at all level with affordable housing programmes embarked on such programmes without targeted income group hence when completed end up in the hands of the few powerful and rich individuals.

In recent time, the issue of housing affordability has taken a central position in our national discourse especially among the housing expert and policy makers. According to Raji, (2008) in Amao and Ilesami, (ibid) Nigeria is perhaps the fastest urbanizing country in the African continent. One of the most important challenges facing the country is the provision of affordable housing. As more and more

Nigerians make towns and cities their homes, the resulting social, economic, environmental and political challenges need to be urgently addressed.

Olatubara, (2007) put the determinant of housing affordability to include household income and price of housing. Housing cost he said are cost of construction, cost of land and cost of all ancillary infrastructure and facilities. While the pricing policy is dependent on the prevailing housing demand and national economic variables, population, the available housing stock, production cost and the level of profit margin expected by the investors, the provision of urban mass housing has become a political slogan used to cajole the electorates to get their votes. Housing affordability is of effective demand rather than mere demand or the need for the use of it. The term housing affordability is subjective, as that which may be considered not affordable to the common man (those within the low income bracket) maybe considered less expensive to those in the political class and the high income groups.

Housing acceptability on the other hand is often measure by the quality/standard of the available accommodation. In this part of the word, there is no specific or universally legally defined acceptable housing standard. But in whatever way it is defined, the basic determinant of housing standard ranges from the culture and religion of the people, climatic variation, the population and general land development pattern, land availability and spatial location, political and social consideration, topography and level of technological know-how to legal considerations as well as the perception of the would be users.

Agbola and Adegoke, (2007) affirmed that there is need to quantify housing need using acceptability and availability standards. But the issue of socially acceptable housing standard is more of unimplementable paper policies than what is obtainable in real life situation in most developing nations of the world. Several factors can be attributed to this among which are the economic/financial state of the government, the prevailing interest rate, housing price or the level of the interaction of the forces of demand and supply for housing, level of education and the cultural and religious belief of the people.

The demand for housing relates more to effective demand than pent-up, notional or potential demand. That is, the purchasers' ability and willingness to acquire the product rather than a mere wish. As the demand for housing is determined by its desirability to the purchaser and the value he places on it, the prevailing price of the product as well as the intended buyer's degree of desperation to acquire the product is also a factor to be considered. The current economic recession in the country with its negative impact on employment opportunities and deteriorating workers' conditions have also flowed into the housing market subsector of the economy resulting in skyrocketing property rentals. This has also triggered several waves in the housing investment sector as the investors' funds are unsafe and insecure, void in the property rental market, uncontrolled private sector participation, weak institutional frameworks and poor research and development into housing. Alagbe (ibid) on the other hand attributed the causes of ever widening gap between housing demand and housing supply to include the increasing percentage of Nigerian urban dwellers which was projected to be around 10% in 1952; 38% in 1993, 50% in 2009 and hoping to rise to about 60% in 2014. Other contributing factors are poverty, poor policies and investment in housing sector. Access to urban land in most cities of Nigeria is not secure due to the Land Tenure system and conflicting land policies we operate in the country, high cost of land, services, titling & registration – professional fees, planning approvals, C of O, 'omoonile' syndrome, high cost of building materials –with the current inflation rate of over 18%, apathy towards use of indigenous or locally source building materials among others

Overview of Housing Delivery Efforts in Nigeria

The traditional method of housing delivery in Nigeria before the advent colonial masters in the country was through the communal housing provision efforts where families, peer groups or age grades, friends and relatives come together to produce housing for their use. The project owner together with these groups most often agreed on a day which they would turn out en mass to assist the project owner in the task of construction while the project owner takes care of their feeding and other needs for the period.

This method is still in practice till date in some communities though not as pronounced as it used to be in the time past as civilization and westernization has taken the better part of our tradition in recent time. Amao and Ilesami observed that since the housing problem of the country as manifested in the increasing housing shortage, rising house rents, increased overcrowding resulting in slum and unhygienic conditions, etc. can no longer continue unnoticed successive governments came up with programmes and proposals aimed at alleviating housing shortage in the country.

The first known government intervention in urban housing in Nigeria was in 1928 with the outburst of Bubonic Plague of 1928 – 1929 in Lagos, Nigeria (NHP, 1991), this led to the establishment of the Lagos Executive Development Board (LEDB) charged with the responsibility of planning and Development of the capital city of Lagos. The major shortcoming of the housing scheme under this establishment was that the beneficiaries are only civil servants as deduction after sale of the housing units was done only through payroll deduction system. Amao and Ilesami, (ibid) observed that during preparation for independence, the slum clearance resulted into the construction of additional houses – the workers housing estate and Re- Housing Estate, Akinsemoyin and Eric Moore Housing Estate, Workers House Estate (Phase II), and Freehold Housing Estate (phase II) all in Surulere. Others include estates in Apapa, South- West and South – Estate Ikoyi, Ilupeju and Isolo were all put in place targeted at solving urban housing problems.

The Nigerian Building Society (NBS) which was model after the British Building society was the first establishment in Nigeria in 1956 to provide mortgage loans to Nigerian and by extension creating avenue for public housing ownership opportunities to more Nigerians in the private sector. The impact of the NBS was felt only by those around Lagos area with very few powerful people outside Lagos area benefited. This and its reliance on government for fund was a serious setback for the programme as the other parts of the country was cut off. More so, the introduction of the African Staff Housing Scheme was another robust effort by the government at providing fund for African Civil Servants home ownership.

Nigeria government after her independence in 1960, continue with the struggle to house all her citizen thus adopted a five year development plans. However, four years out of the first five years was considered a waste due to neglect and the effect of the civil war in the country then. The creation of the regions (Eastern Region, Western Region and Northern Region) in Nigeria was a hallmark for urban housing provision in the country with each regions establishing her respective housing corporations aimed at providing housing estates and mortgages for the people to build houses and pay back over some reasonable number of years. This programme failed to take Nigerian to the promise land once again as its impact was felt more in the capital cities of the regions (NHP, 1991, Omole, 2001).

In 1971 precisely, the issue of housing was taken to a more serious dimension both at the national and state levels and this resulted in the formation of National Council on Housing. The Federal Government in 1972 set a target of constructing 59,000 housing units in Lagos alone and 4,000 housing units in each of the eleven state capitals. In 1973, the Federal Housing Authority was established charged with the responsibility of coordinating a nationwide housing programme. Much could not be achieve under the aforementioned programmes.

The Shagari regime of 1980 witnesses a major breakthrough in home ownership scheme in the country. The regime encouraged and propagates the concept of affordability and direct citizen participation in the provision of housing through the budgeting of about N 2.6 billion for the implementation of various housing scheme in Nigeria. It as well proposed 202,000 housing units with 50,000 of the housing units meant for Lagos and the remaining 19 states are to have 8,000 units each. Sadly, only about 14% of the proposed 202,000 units were achieved, that is about 28280 housing units. Omole (ibid) asserted that the era considered the need to house the income earners through the provision of low income residential accommodation hence out of the 40,000 housing units to be built annually nationwide, 80% of the 2,000 units earmarked for each of the state capital was expected to be for the low income groups. This programme was frustrated in most states especially in those states that were not governed by the ruling party at the national level.

The military junta of Ibrahim Babangida launched the National Housing Policy in 1991 aimed at providing affordable and decent accommodation for all in year 2000. Also the National Housing Fund

scheme mandatory for all workers earning N3000 and above in both public and private sector where it is expected they contribute 2.5% of their salary to was established. Government proposed the construction of 121,000 housing units throughout the federation which is in line with the Housing for All in the year 2000 programme. To provide affordable and decent housing, Ebie (2004) assert that a Presidential Technical Committee on Housing and Urban Development was set up by government to address the new housing reforms. It recommended amongst other things the restructuring of the Federal Mortgage Bank of Nigeria (FMBN) and the creation of Real Estate Developers Association of Nigeria (REDAN), and Building Materials Producers Association of Nigeria (BUMPAN). The new housing reforms created financial mechanisms and institutions that will make available to the private sector (developers) funds for the production of mass houses, and allow purchasers (mortgagors) to have easy access to borrowed money through the Primary Mortgage Institutions. Ibimilua and Ibitoye (2015), considered the post military era as the period that has been able to witness tremendous improvement in the Nigerian housing situation. However, the federal government policy on monetization and privatization are negating the objectives of housing policies and programmes. Other constraints to housing development and delivery in Nigeria are poverty, high cost of building materials, inadequate financial instruments for mobilization of funds, short maturity preference of lending institution, high rate of rural-urban migration, as well as high rate of poverty.

The National Housing Fund (NHF) which is supposed to be low income group friendly turn out to be one that is anti-low income group as its eligibility tend to technically excludes the low-income group through it provisions such as the presentation of evidence of possession of valid title to land (Certificate of Occupancy) and building approved plans, the granting of loan facility on the basis of the contributor's ability to pay off with 30% of his/her average monthly income and repayment plan of a maximum of 30 years tenor (e.g. a contributor pays back 1/3 Basic monthly income for a loan of N5m at 6% interest rate per annum for a tenor of 30 years being the elastic limit), applicant must have not less than a period of 21 years left in service (if employed), all of these pre-conditions are hindrances towards the realization of home ownership by the low-income group.

Underpinning Factors for an Affordable Urban Housing in Nigeria

According to the United Nation HABITAT Report (2007), people are living in a world where the majority of people live in cities and one million live in slums, a figure that will double by 2030. Though Akeju, (2007) has observed that there are challenges to harnessing the huge potentials inherent in Nigeria's housing sector, and invariably providing affordable housing in Nigeria. The challenges he noted ranges from Legislation, Registering Property, Risk Sharing, Absence of a National Credit Database, Stable Macroeconomic Environment, Knowledge Gap, Dealing with Licenses, Taxes, Enforcing Contracts, High Cost of Building Materials to Infrastructural inadequacies. Despite these challenges, it is believed that investment in affordable housing in Nigeria can succeed if the investor(s) put the following factors into consideration:

The market: The investor must first of all study and understand the trend in the market. This could be in terms of the social needs, economic, cultural and religious need of the targeted population and the likely cost of the project to him.

Principled and pragmatic in decision taking: Building a home for the target population is one thing but giving such home to the targeted population is another thing. In Nigeria, there are records where houses built for the low income earners end up in the ownership of the rich and political class. Hence complete adherence to the original allocation criteria set to meet the demand of the targeted population from the project conceptualization stage must be maintained at the project completion.

Overcoming bureaucratic bottleneck: This is a common phenomenon in the “fantastically corrupt” nations of world. Investors will have to resort to giving bribes and keep backs for them to obtain

approvals from government (approving) boards or agencies. Financial institutions executives will on their part negotiate percentages with the investors before granting loans. These and other cost will increase the total building cost. Where this can be circumvented by the investor through a more legal and friendly means, the overall outcome produces a better result.

Religious and Cultural Needs of the People: This is very useful and sensitive aspect of housing delivery in the country. People places much importance on their culture and religion, these factors could affect the design and orientation of the building.

Holistic inclusion of basic Neighbourhood Infrastructures: Housing goes beyond mere shelter to include infrastructural facilities and services and the omission of the basic infrastructure could create an avenue for the formation of slum.

Conclusion

Successive government intervention in mass and affordable housing programmes in Nigeria has been more of lip-service than actual housing delivery programme. Huge sum of money is voted each year to the housing sector but very little has been achieved in terms of meeting specified targets in housing need, hence the need for a decisive and comprehensive needs assessment in the area of housing based on reliable demographic data such as population growth and urbanisation trends, making available guarantee fund, public private partnership participation in housing supply, increasing debt sources and financing condition as well as comprehensive research on the processes and procedure for solving the national housing need of Nigerians. A cue from countries like China, Brazil, South Africa and others that once have similar housing problems as ours will go long way in helping the Nigeria housing problem.

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