

Trends and Drivers of Affordable Housing Delivery in Nigeria

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Abstract: Nigeria is a country of 140million inhabitants, with a per capita income that does not exceed three hundred US dollars per annum, and a high birth rate. Nigeria suffers from a chronic housing deficit that forces many low-income families to live in cramped unhygienic conditions. The distribution of Nigeria's population is shaped, to a great extent, by rapid urbanization. The proportion of urban dwellers as a percentage of the overall population rose from 28.6 percent in 1980 to 46.2 percent in 2005, while the country's urban population now grows at a rate of 3.78 percent per year. In comparison, Sub-Saharan Africa's urban population growth rate of 3.67 percent falls short of this, as does its 2005 percentage of urban dwellers (35 percent). With more large cities (i.e., those with over one million people) than any other country in Africa, in addition to such a large and quickly growing urban population, Nigeria is facing different and perhaps greater challenges in dealing with rapid urbanization than its neighbours. This paper reviews the effort toward providing affordable housing through the effort of government and development partners by mirroring the trends and drivers of affordable housing delivery in Nigeria.

Key words-; Trends, Drivers, Affordable Housing and Delivery

Introduction

Housing is a very critical basic need of man and constitutes the third necessity of life after food and clothing. Bourne (1981) defined housing as a physical facility, unit or structure, which provides shelter to its occupants and as an economic commodity. Salau (1990) stressed that housing is a unit of the environment defined as residential environment, which includes, in addition to the physical structure that human beings use for shelter, all necessary services, facilities, equipment and devices needed or desired for the physical and mental health, as well as social well-being of the family and individuals. The world population has more than doubled in the past fifty years and is increasingly concentrating in towns and cities... Home (1997:1). According to one study, low income households make up 70 percent of the urban population, but occupy only 30 percent of the land in Nigeria. Nigeria has had several housing programmes and

policies geared towards the provision of housing her citizens since colonial era to the post-colonial period. The Nigerian Government had always been directly involved in the provision of housing for the public servants. The National Housing Policy (NHP) is an initiative to strengthen evidence-based policy making in Nigeria in the areas of affordable housing development and delivery, facilitated by the National Housing Program under the supervision of Federal Mortgage Bank (FMB) in collaboration with the Federal Ministry of Land and Housing and other Development partners.

Recognizing that housing conditions for a growing number of people were becoming increasingly unacceptable since population growth and urbanization which are major determinant of housing demand pressure are irreversible, the federal government in 1977 promulgated a Decree No. 7 to establish the Federal Mortgage Bank of Nigeria (FMBN) to serve as the apex mortgage institution in the country. The FMBN legal framework was however not sufficient to affect its apex role. This and other related issues prompted the Federal government in 1989 to promulgate decree No. 59 statutorily providing for the establishment of Primary Mortgage institution (PMIs) in Nigeria for which all state housing corporation will assist and perform almost the same functions with the FMBN. With the presumed commitment as well as huge resources already expended on providing adequate housing by successive governments, there appears to be an impressive showing in terms of increase in tempo of activity in the real estate business of housing sector if the increase in value added of the real estate business calculated both at current producers' prices (N6,052.51 million in 1994 to N134,899.57 million in 2007) and at per capita (N68.01 in 1994 to N5,511.25 in 2007) is anything to go by. In addition, the gap between the average annual demand of over N200 million for loans made on FMBN and the

average resources available to the bank which is between N40-N50 million (CBN, 2008) over the past ten years have necessitated the following research questions;

- ❖ What is the true situation in the housing sector of the economy given the conflicting evidences of increased tempo of activity in the real estate business and excess demand for mortgage related loans and advances?
- ❖ How effective is mortgage financing in stimulating business activity in the housing sector of the economy vis-à-vis achieving the overall public objective of mass housing? Provide accessible and affordable housing

Shelter is one of the most basic human needs, and for many, affordability is the real barrier to satisfying this need. Affordability refers to the supply and availability of housing that is both within the financial reach of households and matches their aspirations. Nigeria has experienced rapid urbanization with nearly 50 per cent of the population living in urban areas, and this development has proceeded in an uncontrolled and unplanned manner, giving rise to congestion in urban housing.

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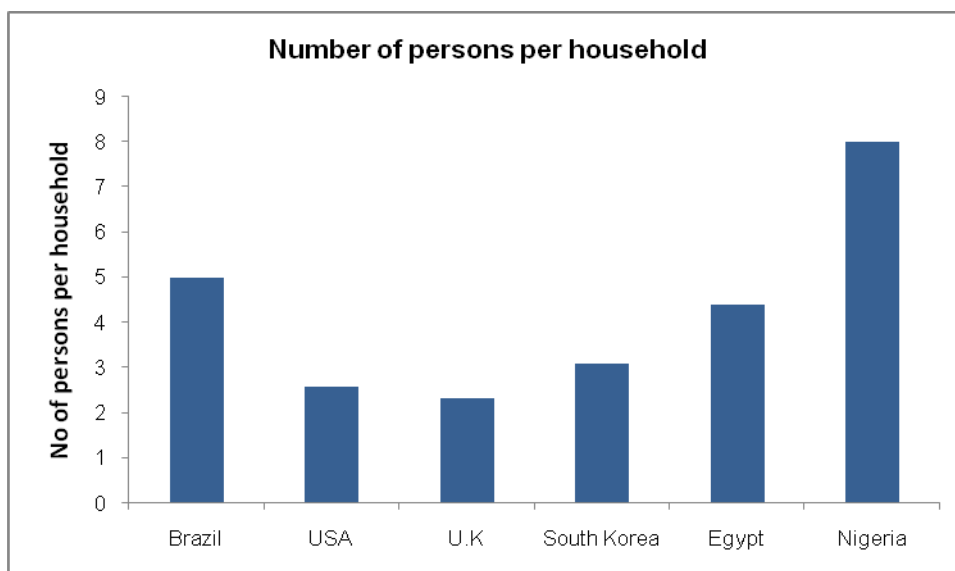


Figure 2-4: Number of persons per household - Nigeria vs. other countries

(Sources-; Vision20.2020)

Trend of Housing Needs and Supply in Nigeria

Nigeria has a population of 140,003,542 according to the report of the 2005 National Population Census (FRN, 2007). The average population density according to (UNDP, 1999) is approximately 124 persons per square kilometre, making Nigeria one of the most densely populated countries in the world. Access to decent and affordable housing to this large population is a daunting challenge which has made housing an issue of national importance. This view was supported by Adam and Agib (2001) who posited that provision of housing for developing countries is one of the most important basic needs of low-income groups. It has been established that the poverty level of most Nigerians made it difficult for them to own 4 houses (Daramola et al, 2005) since land and construction costs are mostly beyond their means.

One of the major challenges confronting sustainable housing provision in Nigeria apart from the socio-economic factor is dearth of accurate statistics on housing needs and supply. This ought not to be so because research finding by Nubi (2000) shows that an average urban dweller spends between 40-60% of his income on house rent. Few statistics available paint a gloomy picture of the housing situation in Nigeria. Various researchers had projected the housing needs to be between 5000 units to 720,000 housing units annually using various parameters such as national level projection and an estimate of 9 units annually per 1000 population. Records of housing supply over the decades shows that, there was a plan to deliver 202,000 housing units to the public between 1975 and 1980, but only 28,500 units, representing 14.1% was achieved.

Between 1981 and 1985, out of 200,000 housing units planned to be delivered; only 47,200 representing 23.6% was constructed (Ademiluyi and Raji, 2008).

In the National Rolling Plan of 1990-92, government promised to increase housing supply from 4.8 million to 5.9 million by 2000. The 1991 housing policy estimated that 700,000 housing units are to be built annually if housing deficit is to be cancelled. In summary, it was stated that between 1973 and 2006, the Federal Housing Authority (FHA) built only 30,000 housing units nationwide (Akeju, 2007). The FHA estimated that it constructed a total of about 10,000 new housing units annually. Furthermore, to meet ever-growing demand, the country needs ten times more or at least 100,000 new housing units annually (Adejumo, 2009). The current housing deficit in Nigeria is thus estimated at between 12 million and 16 million homes (Peterside, 2007).

This scenario buttresses Olotuah and Bobadoye (2009) emphasized that government has been inconsistent in its approach at resolving the seemingly intractable housing problem of the country. This is evident from ever-changing strategies aimed at achieving the goal of the National Housing Policy, and the institutional framework for it. Housing matters are constantly transferred to different government ministries from one government regime to the other. For instance the housing reforms embarked upon by the Federal Government (1999 – 2007) involved the establishment of the Federal Ministry of Housing and Urban Development. The ministry was, inter alia, to supervise the Federal Mortgage Bank of Nigeria, especially in the disbursement of loans from contributions into the National Housing Trust Fund.

Drivers of Housing Delivery in Nigeria

According to Alagbe, (2009) sustaining housing development especially to the medium/low-income group of the society has become a huge challenge particularly because of the huge capital outlay required to do so. Thus, the Federal Government has repeatedly expressed concern

about Nigeria's 17 million housing deficit as President Goodluck Jonathan, during a recent retreat held on the housing sector, pledged to redress the trend through equitable access to land Chijioke (2013). According to Chijioke (2013), the Minister of Lands, Housing and Urban Development and the FCT Minister reiterated government's commitment to providing affordable houses to the citizens when they appeared on press Ministerial Platform. In her presentation, Ms Amal Peple, the Minister of Lands, Housing and Urban Development, said that the ministry is collaborating with relevant stakeholders to address the contentious issues in land administration and management. "The ministry is working in partnership with the Presidential Technical Committee on Land Reform and other stakeholders to address the plethora of issues in land administration and management". "The aim is to ensure that land owners have secured titles and bankable assets". "Discussions are ongoing with state governors to reduce the cost of land title applications and turnaround time to approve land applications, in order to bring down the prices of houses for the citizenry". "In addition, efforts are being intensified to update the land database management/processing system in the country," she added. Peple said that 2,667 Certificates of Occupancy(C of Os) had been granted and 1,651 consents for the transfer of land titles granted; while 3,787 serviced plots had been created. On housing delivery, the minister said that 16, 447 housing units had been added to the national stock since 2011 through the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Housing Authority (FHA). She said that 238 housing units were delivered under the Prototype Housing Scheme and 2,009 housing units were delivered under the Public-Private Partnership/Contractor Finance; while 1,756 housing units were delivered through the FHA. Others are 4,934 housing units delivered through mortgages created by the FMBN, and 7,510 housing units delivered through estate development loans provided by the FMBN. She listed some of the places where these projects are located as Ijora

and Ikoyi in Lagos State; Kuje, Gwarimpa and Apo in the FCT; Asaba, Odukpani in Cross River ; Gorin Gora in Kaduna State; Gombe and Owerri, among others.

Furthermore, Pepple said that the ministry is establishing 150 fully serviced residential plots per site, spread across 12 states in the country's six geo-political zones and the FCT. ``Some of the pilot site areas are Kuje in FCT; Igbogbo and Osborne 11 in Lagos; Gubio Road, Yola in Adamawa; Bichi in Kano State; Bida in Niger; Republic Layout in Enugu State, and Runmudamaya in Port Harcourt,`` she said. On manpower development, she said that 140 artisans were trained in the vocational training centre of the ministry, while the School of Architectural and Building Technicians would be established in Kuje. According to Pepple, efforts are being made to establish six more skills acquisition /vocational centres across the country with the support of the Subsidy, Reinvestment and Empowerment Programme (SURE-P). Besides, the minister said that urban development programmes were being pursued with vigour, with a special focus on slums' upgrading and the articulation of National Physical Development Plan, among others.

Significance of Affordable Housing Delivery

Achieving affordable housing delivery will raise home ownership to about 50% and will improve Nigeria's Human Development Index (HDI) ranking, in addition to reducing by poverty in households, through increase the productivity of Nigerians, and make the housing sector contribute over 20% to Nigeria's G.D.P., According the Minister of Lands, Housing and Urban Development ``The development of a comprehensive roadmap on Housing and Urban Development will significantly boost current efforts to make our cities safer, more productive, inclusive, gender sensitive and environmentally friendly,`` as reported by Chijioke (2013).

A major encumbrance to meeting the housing needs of the populace is the high cost of housing, which precludes low-income earners from having access to suitable shelter. The key priorities will be to meet the effective demand for housing, make housing finance available to the low to medium income earners, and provide the legal and regulatory framework that will attract private investors to develop affordable housing products for that market. Providing new housing stock is not the only way to meet the demand for affordable housing. In addition, the rehabilitation or renovation of existing housing units to improve living conditions can contribute considerably to the availability of affordable urban housing thereby reducing urban slums. The strategic initiatives to tackle the above would include:

- ❖ Developing an effective land administration system to make land ownership available, accessible and easily transferable at affordable rates. This would involve:
- ❖ Provision of secure, registrable and marketable titles on land (that require expunging the Land Use Act from the Constitution to facilitate its wholesale amendment) by computerising the various land registry systems and develop an efficient national land information system that will implement reform policies towards the development of a more effective land administration system this will established an efficient and transparent land title transfer system that simplifies existing land procedures for effective title and consent delivery.
- ❖ Providing funds for detailed empirical study for the establishment of an efficient primary mortgage market that will lead to the Establishment of an effective legal and regulatory framework to enforce the control and monitoring of housing delivery, such as a National Housing Commission, that would regulate and control the housing sector.

- ❖ Privatising the Federal Housing Authority to compete with other players in the industry, in the provision of mass housing through commercialising and recapitalising the Federal Mortgage Bank of Nigeria to provide a linkage between the mortgage market and the capital market and enforcing National Housing Fund contributions for both public and private sectors.
- ❖ Establishing an efficient foreclosure system that will give more guarantees to lenders in cases of default and reduce the cost of production of houses by developing and promoting appropriate designs and production technologies for the housing sector through providing targeted subsidies and housing finance credit guarantees to facilitate home ownership by lower income groups/ People With Disabilities, and establishing a mortgage and title insurance system that will mitigate credit risk
- ❖ Rehabilitating all existing professional, technical and vocational training centres and building new ones to ensure sustainable production of skilled manpower for the housing industry by working with states and local governments to produce and implement a unified and integrated infrastructure development for housing, open up new layouts and provide sites and services for the private sector to develop affordable and decent mass housing through providing incentives and the necessary legal and regulatory environment to attract Public Private Partnership (PPP) in mass housing development by working with the financial sector operators and regulators to develop an effective primary housing finance system, and facilitate linkage of that market to the capital market to provide long-term financing and also facilitate affordable and sustainable liquidity for housing.

Conclusions

The uncontrolled increase in urban population will keep exerting pressure on infrastructure facilities leading to an increase in their frequent malfunctioning, sprawling squatter settlements and social problems. Housing which is more than shelter for it include utilities and community services like electricity, water supply, good access roads, sewage and refuse disposal facilities and access to health and educational facilities is perhaps the most important factor that determines urban form. Concern for the resulting problems needs to received due attention in policies, workshops and conferences in the country. Prior to the oil-boom era, the need to finance housing was low but the buoyancy of the Nigerian economy in the 1970s and the uneven spatial distribution of industrial development which accelerated urbanization rate in Nigeria instigating uncontrolled and unplanned urbanization resulting in housing shortages both in quantitative and qualitative forms, thus in the present democratic dispensation there is need to evoke policy that will meet the housing needs of Nigerian.

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