

# Homeownership in An Era of Economic Constraints: A Reappraisal of a Nigerian Dream

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## Abstract

This paper addresses the issues pertaining to homeownership which is one of the most important socio-economic needs of Nigerians, especially, within the context of a developing economy, characterized by financial constraints.

It commences with providing an insight into the various perceptions on shelter and highlighting the acquisition of a house as an 'acknowledgement of manhood' in the Nigerian socio-cultural environment.

It progresses to a brief review of the historical context of homeownership in Nigeria, within the framework of the colonial and post-independence eras and the relevant National Development Plan of these periods.

This paper then presents a classification of homeowners in Nigeria and proceeds to an overview of the role of housing finance problem in homeownership.

It then provides an elucidation of the strategies for the attainment of effective homeownership in Nigeria, through the institutional arrangements of the housing corporations, the public-private partnership approach and the co-operative housing; and the need for policy statements towards the reduction of the costs of building materials in Nigeria.

Furthermore, it goes on to outline the legislations that affect the processes of homeownership in Nigeria and within the international arena, like land and settlement development policy and housing reforms.

Policy recommendations are now made regarding the approaches and policies for homeownership, especially, that the public and private sectors should focus on functional designs, mortgage markets and housing affordability; and that the identification of housing requirements can only be deduced by analysis and feedback of statistical data through surveys and research.

## INTRODUCTION

The financial constraints in the process of housing development and the continued escalation of the cost of building materials in Nigeria have hindered the actualization of the dream of homeownership of many a Nigerian. The present socioeconomic circumstances of economic deregulation, therefore, underscores the importance of a re-evaluation of the strategies and prospects for the attainment of this legitimate aspiration of the average Nigerian in the new millennium. Indeed, new millennium perspectives and appraisals of the development of mortgage markets, improving the housing stock and controlling prices in Nigeria are in consonance with global trends in the direction of improving the possibilities of homeownership.

## PERCEPTIONS ON SHELTER IN NIGERIA:

Shelter is universally acknowledged as one of the most basic human needs, with a profound impact on the life-style, health, happiness as well as productivity of the individuals. Housing is even more than mere shelter. It encompasses all the ancillary services and community facilities which are necessary to a human being. It is in fact a package of services: Land, utilities and services, and access to employment and social amenities as well as the structure or shelter itself.

Paradoxically, past theories of economic development regarded housing as non-productive, durable consumption good with an extremely high capital/output ratio. It is, however, increasingly recognized that housing is important to development in both economic and welfare terms. The need for investment in housing as well as in health and education becomes clear when the social cost of not investing in housing is considered. Indeed, investment in housing represents up to 20% to 40% of fixed capital formation in countries with vigorous housing programmes, and it is now well-recognised as a profitable investment item, yielding a flow of income. Through multiplier effects, housing can significantly increase income and employment.

The nature of the housing problems in most of Nigeria's major urban centres is both quantitative and qualitative; a huge shortage with concomitant increasing backlog of housing supplies and substandard housing, suffering from overcrowding, lack of utilities and poor environmental conditions. In rural areas, the vast majority of dwelling units have qualitative deficiencies. The other major problems associated with housing in Nigeria include organic growth of slums, spiraling rentals compared to the tenants' wage level, large household size, high occupancy rate, difficulty and high prices in securing land, very limited mortgage finance and lack of realistic and affordable housing construction.

While the general housing situation throughout the country is admittedly serious, completely reliable data are not available to assess the housing stock, nor for the number of dwelling units that are being added every year.

## **HOMEOWNERSHIP IN NIGERIA: A BRIEF REVIEW OF THE HISTORICAL CONTEXT:**

In the traditional indigenous society throughout Nigeria, the first house owned by an individual was provided by communal effort of either the extended family group or of the village age-group, on a parcel of land made available to him by the elders of the family. Ownership of a house was the 'acknowledgement of manhood'.

### **The Colonial Era:**

With the advent of the colonial era and consequent urbanization, the traditional values and indigenous methods for the provision of housing were eroded.

During the colonial period, the effort of the Government was restricted to construction of quarters for expatriate officials and laying out 'Government Residential Areas' in selected major urban centres.

These contrasted very sharply with sporadic growth of substandard residential areas of the Nigerian populace. One scheme that was introduced to benefit the local people during this period, was the African Staff Housing Scheme aimed to provide housing loans to senior civil servants. In view of the restrictive nature of the loans, however, the scheme led to no substantial results.

Among other measures taken by the Government during the colonial period, mention may be made of the establishment of the Lagos Executive Development Board in 1928, primarily to clear the slums of Lagos; and the creation of the Nigerian Building Society in 1956 – four years before independence. The impact of the latter could only be assured during the post-independence period.

### **The Post-Independence Period: The National Development Plans**

Although Nigeria embarked upon five-yearly economic planning as an instrument for effective development of the national economy, the responses to the housing problem have been limited during the first twelve years of independence.

Prior to 1971 and during the First National Development Plan period, apart from staff housing scheme for senior civil servants, public sector activity was confined to efforts of the Lagos Executive Development Board, the Nigerian Building Society and the Regional Housing Corporations. The scope of their work was severely restricted due to lack of finance and technical personnel.

Hence these institutions served upper income groups only, through the development of relatively expensive housing estates and restricted loan schemes.

The formation of the National Council on Housing in 1971, consisting of all the commissioners responsible for housing in the federation, marked the first serious attempt to bring the issue of housing to a national focus. It led to the establishment of a national housing programme in 1972, during the Second National Development Plan period. This unscheduled programme, established by decree in 1972, selected a target of constructing 59,000 dwelling units nationwide, with 15,000 in Lagos and 4,000 in each of the other eleven State Capitals. The Federal Housing Authority (F.H.A) was created a year later to oversee this programme along with associated urban development authorities, with the States acting as agents of the F.H.A. One of the functions of the FHA was set out as "the preparation and submission from time to time to the government of proposals for National Housing Programmes".

The Years 1972-74 also witnessed two other positive and progressive acts of government intervention. In 1972, the Federal Government acquired the shares of the Commonwealth Development Corporation in the Nigerian Building Society to make it a national limited liability company. Moreover, substantial amounts of money were granted to the society in two successive years to enlarge its activities. In May 1972, the Federal Government Staff Housing Board was established taking over the African Staff Housing Scheme of the colonial era. The Board was empowered to grant to eligible members of the public service, loans amounting to "five times the applicant's annual salary or N20,000 whichever is less". This has since been increased to N40,000 with further request for increasing it to N60,000.

The Third National Development Plan (1975-1980) introduced the most comprehensive and active intervention so far, by the Government in the housing sector. The plan clearly recognizes the housing problem and aims to increase the housing supply to a substantial degree. In this respect, four principal measures may be discerned:

- (a) The Federal Government decided to participate actively in the provision of housing, instead of leaving the responsibility to the private sector. To achieve this objective, the Government recognized the need for housing-related institutions:
  - (1) A new Housing Unit in the Cabinet Office – early in the plan period, the Federal Ministry of Housing, Urban Development and Environment was created;
  - (2) A Housing Authority (The Federal Housing Authority was already set up in 1973) as an implementation unit and;
  - (3) A Housing Mortgage Bank – the Federal Mortgage Bank of Nigeria was established in 1976 to replace the Nigerian Building Society, with an initial capital grant of N150 million.

- (b) The Government decided to subsidize the housing costs for low-income groups by directly constructing housing units.
- (c) A total sum of N1.837 billion was allocated for capital investment in the housing subsector during the Third Plan Period.
- (d) The Government took specific measures to minimize existing ‘bottlenecks’ in the construction industry, e.g increasing investment in domestic production of cement and burnt bricks and also increasing importation of other building materials.

#### **Housing for the Low-Income Groups:**

Despite the successive national housing programmes since 1972, little substantial impact was made on housing needs of the low-income groups during the Second and Third Plan periods. However, a variety of policy and institutional actions were taken or suggested to begin to deal with some of the major problems:

- (a) In 1975, a committee on Standardization of Housetypes and Policies was set up. It recognized the failure of the housing programme to reach low-income groups defined as households with incomes less than N3,000 per annum. This committee subsequently explored the concept of core houses in discussion with the Federal Mortgage Bank and the International Bank for Reconstruction and Development (IBRD).
- (b) The Committee on the Nigerian Financial System (1975) reviewed the financial structure of the country. With respect to housing finance, the committee recommended specialization of FHA in low-income housing and the establishment of a Federal Mortgage Bank as well as a payroll savings plan for housing.
- (c) An Anti-inflation Task Force (1976) recommended various fiscal and monetary actions affecting the housing sector, specifically, attempts to control price of building materials, reduction in the Federal Mortgage Bank interest and down-payment levels; an employee housing scheme; encouragement of the co-operative supply of building materials and vesting all land administration in the States.
- (d) The Rent Panel was set up in 1976 to review the structure and level of rent in the country, Their study resulted in an unsuccessful attempt to implement rent control, although considered desirable. The Panel also recommended various measures to generate funds for housing.
- (e) The Land-Use Decree 1978 decreed that all urban land in the territory of each State was vested in the Governor of the State in trust for all Nigerians resident in the State. Each State was required to establish a “Land-Use and Allocation Committee” to advise on Management of Land, resettlement of people affected by revocation of rights of occupancy and determination of compensation. Similar powers were conferred on Local Governments in respect of non-urban lands.

#### **A CLASSIFICATION OF HOMEOWNERS IN NIGERIA:**

A classification of homeowners comprises the private homeowner, the owner-occupier and the outright purchaser.

##### **1) Private Homeowner:**

The Private homeowner is the individual owner-builder who purchases land and erects a block of flats, bungalow and storey duplex for personal occupancy or for rental.

##### **2) Owner-Occupier:**

The owner-occupier is the individual who purchases a completed house from a housing corporation, for example, makes part payment and within his or her occupancy of the house, completes the balance of purchase price of the house. This form of instalmental payment for a house, enables especially the middle-income earners in Nigeria to acquire their own houses.

##### **3) Outright Purchaser:**

The outright purchaser makes a complete, downpayment for a house constructed by a housing corporation or developer for personal occupancy or rental.

It is generally observed that the socio-economic status of the homeowners-low-income, middle-income and high-income earners – is the determinant of the affordability of households to purchase and own houses.

#### **AN OVERVIEW OF THE ROLE OF HOUSING FINANCE PROBLEM IN HOMEOWNERSHIP IN NIGERIA:**

Housing finance can be viewed from different perspectives, depending on the standpoint or the position of the individual concerned. From the viewpoint of the household, the problem is the possibility of obtaining a loan at affordable terms.

For governmental agencies, the problem is the lack of resources to carry out the large-scale public housing programmes that are required to satisfy the teeming populace.

From the viewpoint of financial institutions, the problem is to prevent financial instability and to maintain confidence in the financial system. National Planning agencies are equally interested in the contributions that housing finance can make to the mobilization of resources and their effective use.

At the level of the manager of a mortgage bank, the problem is how to expand the scope of mortgage financial services while maintaining a viable institution. From the viewpoint of the capital market analyst, the housing finance problem is that of mobilizing short-term resources while providing long-term financing in the Nigerian inflationary environment. In other words, the possibility of generating long-term loans required for the take-off of the mortgage industry.

And lastly, for international agencies with a mandate to make loans accessible to the lowest 50% of household income distribution, the problem is that of developing a sustainable financial programme for affordable housing.

An overview of housing finance in developing countries cannot be limited to a discussion of the financing of affordable housing. It must also consider the problems of developing effective financial intermediaries because the constraints faced by financial institutions dictate that housing lenders are not providing the type of loans required to develop or provide mass housing for the people. Therefore, the housing finance problem can basically be defined as the need to reconcile the three conflicting objectives which are:

- 1) Affordability of the households.
- 2) Viability for the financial institutions and resource mobilization for the expansion.
- 3) The national economy

1) **AFFORDABILITY OF THE HOUSEHOLDS:**

Taking a cue from events of mass housing provision in the past, three related issues are relevant to the affordability of households to achieve homeownership in Nigeria. They are housing stock provision by housing corporations, mortgage finance and high disposable income of wage earners:

(a) **Housing Stock Provision by Housing Corporations:**

Mass housing delivery by housing corporations was possible a result of direct governmental funding and the provision of infrastructure.

(b) **Mortgage Finance:**

The establishment of virile primary mortgage lending institutions, through which beneficiaries have direct access to mortgage loans for the house purchases, at a relatively low interest, in addition to the advantage of a reasonable repayment period.

(c) **High Disposable Income of Wage- Earners:**

In Nigeria's inflationary environment, the per capita earnings of an average Nigerian has not improved remarkably for the generality of low and middle income earners to realize their dream of homeownership.

2) **VIABLE FINANCIAL INSTITUTIONS AND RESOURCE MOBILIZATION FOR ITS EXPANSION:**

The absence of a vibrant secondary mortgage market in the chain of the housing finance process has been a contributor to the inability to form linkages to the capital market and make the primary market leaders pursue viable business.

The secondary mortgage market is bugged down with bureaucratic land documentation processes and high tariffs demanded by governmental agencies which mitigate the very focus of the short-term nature of the secondary market. Unless a circuit is put in place to bridge these administrative gaps, the replenishing of supply of funds to lenders in the primary market will be unachievable.

Through purchase and securitization of loans by the secondary market investors, consistent yields are present in both capital rich and capital poor regions. Thus, market dynamics are sustained and the equilibrium between all the tiers of the housing finance process is maintained.

3) **THE NATIONAL ECONOMY:**

The main thrust of the present democratic government policy for economic revival is based on provision of enabling environment for the economy to grow. By this, government expects tremendous growth in the industrial sector and also in the local small-scale industries. Direct government involvement in projects with huge capital outlay to which affordable housing provision belongs is being avoided for now. More emphasis is being placed on private-led initiative, in the provision of mass housing.

To jump start the economy, which has remained moribund for some years, an attempt is being made by government to reduce areas of economic drain, privatize non-profit making public utilities, restructure various government parastatals and management boards, reduce debt portfolio, provide an efficient communication network, generate adequate power supply, ensure adequate security of lives and property, create other revenue-generating avenues, thereby reducing complete reliance on funds from sale of crude oil, reduce dependence on importation, motivate the labour force and encourage foreign investors in direct investment in the economy.

It is expected that once the industrial sector witnesses a boost in the economy, the resultant effect of this shall be extended to other sectors of which housing is inclusive.

### **STRATEGIES FOR THE ATTAINMENT OF THE GOALS OF HOMEOWNERSHIP IN NIGERIA:**

Generally, major or strategies for the attainment of effective and adequate housing delivery for homeownership consist of the roles and ventures of institutional arrangements like housing corporations, public-private partnerships and co-operative housing; and a policy review of the building materials situation especially in terms of reduction of costs and prices, has a lot of relevance to the realization of the goals of homeownership in Nigeria.

#### **HOUSING CORPORATIONS:**

Housing Corporations are, generally, corporate bodies established by State Governments for the purpose of large-scale residential developments in form of housing estates. Housing corporations produce a typology of housetypes for acquisition by members of the public through outright purchase programme, site and service programme and owner-occupier scheme.

The mandate of a housing corporation, for example, in the edict establishing it, charges it with the responsibility for the development, designing, planning, construction and management of houses for acquisition and rental by members of the public. It is also to lease and assign lands vested in the corporation and provide and maintain roads, footways, bridge, drains, sewers and water courses for or in connection with a housing estate owned and managed by the corporation. Figures to show some of the houses built by Enugu State Housing Development Corporation, Enugu, in their various estates as examples of the typology of housetypes built by housing corporations in Nigeria.

#### **The Public-Private Partnership Approach For Housing Delivery:**

The principal goals of the public-private partnership in housing delivery are to enhance the productivity of the housing sector, increase housing affordability and improve access to basic infrastructure and social services. The public-private partnership refers to the broader formal or informal dynamic relationship among housing market participants from the public to private sector, city officials, economic planners, chambers of commerce, major corporations, community organizations, banks and other financial institutions, housing consumers and housing developers that are formed or exist to deal with broad housing problems. The chief aim is to encourage private-sector investments in housing by combining public power with the private purse.

There are a number of specific concepts that distinguish the public-private partnership from conventional housing delivery mechanisms. They are:

- (a) Application of techniques of public/private leveraging that uses relatively limited public resources to attract amounts for private investment.
- (b) Explicit reliance on leveraging public funds to reduce risks or cost to a level that makes a project financially feasible.
- (c) Development of innovative financing techniques to tap both public and private funds directed towards the housing sector.
- (d) Art of deal-making between business and government and much earlier involvement of private sector than is traditionally the case under conventional housing delivery system.
- (e) Concern with public accountability, income to public sector and requirements for private investments as funds are used to support private sector development.
- (f) Consideration of explicit public objectives in addition to private objectives.
- (g) Competition and co-operation among the public, private and community sectors and hence broader public-private partnerships.

In developing normative and positive views of the housing sector as a necessary condition for sustainable public-private partnership, one must look at the different perspectives of the key players that participate in this housing sector. These four key groups are: the housing consumers, housing producers, housing finance institutions and the public or infrastructure group. The process of housing delivery requires constant interactions among these four groups, the interactions among them establish the parameters for demand and supply.

##### **(1) The Consumer Group:**

Every household ought to be housed, and households can choose among different housing options. Households do not spend most of their incomes on housing and housing prices are not subject to extreme volatility.

##### **2) The Production Group:**

There should be adequate supply of serviced land at reasonable prices, and availability of building materials. The role of building materials manufacturing and supply companies, in this regard, is of primary importance.

##### **(3) The Financing Group:**

The financing of housing projects involves the participation of housing finance institutions like mortgage finance institutions and other funding agencies.

##### **4) Public Infrastructure Group:**

Adequate quality of housing and associated infrastructure to maintain public health, safety and environmental quality is imperative.. Extension of infrastructure network in timely fashion is also necessary. . The public-private partnership approach to housing delivery is already operational in the development of housing estates with the Federal Capital City of Abuja.

#### **Co-operative Housing:**

This form of housing delivery can be designated as co-operative core housing or housing through co-operative societies. This process involves the formation of co-operative societies which are voluntary, self-help organizations set up to solve the common, economic and social problems of their members. The International Co-operative Alliance has defined a co-operative society as “An association of persons who voluntarily joined together to achieve a common end through the formation of a democratically-controlled organization, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking in which the members actively participate”.

The actualization of the co-operative housing delivery system is operationally based on co-operative principles which are distinguishing factors which make co-operatives distinct business organization and different from other organizations. The International Co-operative Alliance had in 1966 accepted six such principles. These are:

- 1) Open and Voluntary Membership
- 2) Democratic Administration
- 3) Limited Interest on Capital
- 4) Distribution of Surplus to the Members
- 5) Co-operative Education
- 6) Co-operation among Co-operatives

#### **The Reduction of the Cost of Building Materials on Homeownership in Nigeria:**

The impact of costs and prices of building materials on acquisition of houses, in terms of construction costs is in need of a policy review towards costs reduction by both the public and private sectors of the Nigerian economy. For example, the economic scenario of the demand and supply of cement in Nigeria is an aspect of the building materials situation that calls for adequate future planning approaches. The cost of Portland cement, for instance, is not within the reach of the average Nigerian due to high cost of foreign exchange involved in the importation of the product into Nigeria and low production capacity of our local cement industries.

In order to ameliorate the situation and make cement cheap and affordable in Nigeria, it is suggested that government and stakeholders in the building and construction industry should make policy statements towards economic changes in this direction as follows:

- 1) Encourage the establishment of min-cement factories at cottage-level in local government areas where raw materials for the production of cement are abundant.
- 2) Discourage the importation of cement by government and government agencies.
- 3) Encourage the Nigerian Building and Road Research Institute (NBRI) and Universities engaged in building research to intensify their research and development for alternatives to cement with trails on bauxite waste and some premium clay that exist in Nigeria.

#### **LEGISLATIONS THAT AFFECT HOMEOWNERSHIP:**

Some of the governmental legislations that affect homeownership include land and settlement development policy and housing reform.

#### **LAND AND SETTLEMENT DEVELOPMENT POLICY:**

Land is the most controversial and problematic of the housing components in Nigeria. Land for shelter is ample in Nigeria, but too little has been made accessible to the various socio-economic groups yearning for a roof over their heads. The main problem, therefore, is not that of land availability, but that of accessibility, ownership and rational use.

Until the promulgation of the Land Use Decree in 1978, there was no attempt to provide a uniform measure to regulate the use and ownership of land in the country. In spite of the Decree, there are still major obstacles to the provision of land for housing programmes. The defects in the Land Use Decree and the absence of up to date cadastral and topographical maps contribute to the problems.

#### **The Land Use Decree of 1978:**

The Land Use Decree is intended to facilitate availability of urban and rural land for development. The Decree is a bold step among others at:

- a) Protecting and preserving the rights of all Nigerians as beneficiaries, to hold, use, and enjoy land in Nigeria.

- b) Performing and harmonizing various land tenure systems in existence in the country before 1978.
- c) Regulating and controlling the use of land.
- d) Facilitating the process of land acquisition by individuals, corporate bodies, institutions and governments, and,
- e) Eliminating land speculation.

#### **Goals and Objectives:**

The goal and objective of Land Use and Settlement Development Policy shall be to ensure easy access to and efficient utilization of land for public and private use and promote balanced regional development and growth.

#### **Some Constraints of the Land Use Decree:**

The noble objectives of the Decree are yet to be realized as a result of the following constraints:

- a) Lack of follow-up action in promulgating supplementary legislation for effective implementation of the Decree.
- b) Failure of the Land Use Decree to spell out rights and powers of the Federal Government as trustees of land seriously hampers Federal Government effort to acquire suitable land in the States.
- c) Cumbersome procedures for obtaining Certificate of Occupancy and Letter of Consent.
- d) Failure of the Decree to set up realistic yardstick for determining compensation payable by Government for improvements on acquired land, and
- e) Delay and non-payment of compensation for improvements on acquired land.

The National Housing Policy of 1991 outlined the following strategies adopted by Government to achieve the foregoing goals and objectives:

#### **STRATEGIES:**

To achieve the goals and objectives as aforementioned, Government has inaugurated a committee to look into those constraints which seem to hamper the smooth operation of the Decree.

#### **Survey Cadastral and Topographical Maps:**

Cadastral and topographical maps are very essential for efficient and effective development efforts. The total lack of such maps or their inadequacies has continued to be a major obstacle to the effectiveness of the housing delivery system. The inadequacies have also affected very adversely, urban upgrading and renewal programmes and have allowed for conflicts between various government agencies and between communities. Strategies to be adopted within the policy objectives will include the following:

- a) Production and updating on a continuous basis of cadastral and topographical maps in relevant development scales.
- b) Densification of National Framework survey control to such density that they are readily available for cadastral mapping and property surveys.
- c) Reviewing the existing survey laws to ensure that such laws are tied to the National grid.
- d) Introduction of a uniform system of compulsory Land Registration by title within the framework of a National Land Information System.
- e) Enforcement of the provision of Survey (Amendment) Decree No 22 of 1977, with a view to ensuring compliance with requirements for prompt deposit of survey plans and pillar returns.

#### **Land Use Planning Development Control and Settlement Policy:**

To promote balanced regional development and growth and achieve a stable and qualitative environment, Federal, State and Local Governments shall ensure the preparation of master/structure plans for all cities and major settlements. In this regard, Government shall adopt the following strategies:

- a) Provide infrastructural facilities in layouts prior to allocation for development.
- b) Encourage Estate Developers and Housing Co-operatives to create and undertake development of residential layouts so as to make serviced plots readily available on specified terms and conditions.
- c) Co-ordinate the location of residential housing development with the location of employment and public transportation network.

#### **HOUSING REFORM:**

Housing reform is a radical change of an existing system of housing delivery. For example, on the assumption of office of a new prime minister in China in 1999, the country commenced the implementation of a housing reform that marked the replacement of the state-run welfare housing system with a market-oriented system. Ted Plafker, the Beijing Correspondent for the Economist, made the following observations on the housing reform in China in the Urban Age Magazine: "China's rickety, decades-old state-run welfare housing scheme would be replaced

with a market-oriented, cash-based system, clearing the way for tens of millions of Chinese to become proud homeowners. In cities across China, ordinary citizens dared to hope they might soon escape from their cramped and shabby quarters. Developers, mainly Chinese but some foreign ones as well, started to contemplate the potential of a huge and newly liberalized residential estate industry”.

Housing reforms might prove politically charged and difficult to execute, but would eventually engender other impressive economic benefits. With housing reform comes the development of mortgage lending, the formation of entirely new housing-related industries and service sectors; urban land-use patterns would be rationalized, and debt equity markets would develop. Ted Plafker went further to say the following: “Clearing the way for tens of millions of Chinese to become proud homeowners is no easy task. Developing mortgage markets, improving the housing stock and controlling prices have cooled the initial optimism and delayed the program’s implementation. But successes in such cities as Yantai and Guangzhou show that the process is working”.

#### **POLICY RECOMMENDATIONS AND CONCLUSIONS:**

Part of the emerging trends is that most reviews of the housing sector for developing countries are essentially concerned with the imbalance between the growth in the number of households and the number and type of units produced annually. The discussion of financial problems, for example, should focus on affordability and difficulties that households face to achieve homeownership. Identification of housing requirements can only be deduced by analysis and feedback of statistical data through surveys and research.

Policies on homeownership in the public and private sectors should focus on functional designs where people start from inception, then the mortgage system and grow into a secondary market, if and when living styles improve. The secondary market is the intermediary between the primary lender market and the capital market. The wider margins of the secondary market help to level out the narrow margins of the primary market, thereby creating the desired balance and sustenance of the primary market, which assures long-term housing finance through new mortgage transactions.

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