
Housing Delivery in Nigeria: Repackaging For Sustainable Development

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Abstract

It has been observed that majority of the people are living in poor housing quality or totally homeless in urban center despite all governmental policies to provide housing to the public. On the supply side, various government policies in the past have been formulated towards overcoming the huge shortage through several Housing Reform Programmes. Despite these past efforts, housing continues to be a mirage to ordinary Nigerian. Currently, there are various mass housing delivery Programmes such as the affordable housing scheme that utilize the Public Private Partnership effort and several Private Finance Initiative models could only provide for about 3% of the required stock. This suggests the need for a holistic solution in approaching the problem.

The aim of this research is to find out the problems hindering the delivery of housing in Nigeria, its effects on housing affordability. The specific objectives are; to identify the causes of housing delivery problems, to examine different housing policies over years and to suggest way out for sustainable housing delivery. This paper also reviews the past and current housing delivery Programmes in Nigeria and analyses the demand and supply side issues. It identifies the various housing delivery mechanisms in current practice. The objective of this paper therefore is to give you an insight into the delivery option for the sustainability of housing in Nigeria, given the existing delivery structures and the framework specified in the New National Housing Policy.

The secondary data was obtained from books, journals and seminar papers

The conclusion is that we cannot copy models from other nations but rather evolve workable models based on our socio-cultural background to address the huge housing shortage in Nigeria. Recommendations are made in this regard.

Keywords: Housing, Sustainability, Housing Delivery, Housing Policy, Housing Affordability:

1.0 INTRODUCTION

Housing, literally is defined as buildings or other shelters in which people live, a place to live, a dwelling and to Nations a critical component in social and economic fabric. Housing represents one of the most basic human needs. To most groups housing means shelter but to others it means more as it serves as one of the best indicators of a person's standard of living and his or her place in the society (Nubi, 2008). It is a priority for the attainment of living standard and it is important to both rural and urban areas. These attribute make demand for housing to know no bound as population growth and urbanization are increase very rapidly and the gap between housing need and supply becomes widen. Cultural factors such as preferences and values or social status, taste and financial resources, also influence a house physical characteristics. In developing countries, poor housing delivery has been attributed to inadequate mechanisms and systems for land allocation, funding, mortgage institutions and infrastructure (Encarta, 2007).

Despite the significance of housing adequate supply has remained a mirage to all carder of the society in Nigeria. The situation is very particular to most developing countries where population grow at exponential rate and rapid urbanization becoming a norm, and discrepancy in housing need and supply is high. Various authorities have proffered strategies for improving housing delivery in Nigeria. Fasakin (1998) suggested the cooperative housing model while Oduwaye (1998) advocate for simply land allocation system and Omole (2001) suggested affordable financing model.

1.1 Necessity for affordable Housing

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 (Raji, 2008).

A recent study of housing situation in Nigeria put existing housing stock at 23 per 1000 inhabitant. Housing deficit is put at 15 million houses (Mabogunje 2007) while N12 trillion will be required to finance the deficit. This is about 4 times the annual national budget of Nigeria (FHA, 2007). House prices and rents, on the other hand, have grown ahead of general inflation. Making matters worse, the composition of houses for sale and rent on the market has been inexorably shifting towards very expensive house (Nubi, 2008).

1.2 Past Effort on Affordable Housing Delivery

Between 1975 and 1980, there were plans of deliver 202,000 housing units to the public but only 28,500 units, representing 14.1% was achieved. Also, out of 200,000 housing units planned to be delivered between 1981 and

1985, only 47,200 (23.6%) was constructed. Under the National Housing Fund (NHF) programme initiated in 1994, to produce 121,000 housing units, it was believed that less than 5% was achieved. In spite of a series of government policies towards housing delivery, there exists a gap between housing supply and demand.

Research has shown that 75% of urban housing is situated in slum conditions (UNDN, 2005), and indeed the quality of the housing is poor and clearly an affront to human dignity (Agbola and Olatubara, 2003). As part of effort to increasing qualitative, affordable housing for the masses in the country, the Federal Government in 2004, pledged to adequately fund research pertaining to the manufacture and the use of local materials in the sector.

Housing delivery in Nigeria is provided by either the Government or Private sector, but despite Federal Government access to factors of housing production, the country could at best expect 4.2% of the annual requirement. Substantial contribution is expected from other public and private sectors. The production of housing in Nigeria is primarily the function of the private market; approximately 90% of urban housing is produced by private developers. Due to housing demand created by rural-urban migration, which account for 65% of urban population growth, the fixed supply of urban land, and inflation of rental and housing ownership cost (Taylor, 2000).

Unfortunately, the private sector is saddled with numerous problems which make supply always fall far short of demand and lower production quality (Nubi, 2008). The problem of affordable housing has been a concern for both the government and individuals. Appreciating these problems, both public and private sector developers make effort through various activities to bridge the gap between housing supply and demand, but the cost of building materials, deficiency of housing finance arrangement, rigorous loan conditions from mortgage banks, government policies amongst other problems have affecting housing delivery significantly in Nigeria (Raji, 2008).

With different Policies and user solutions that are abound for the purpose of reducing quantitative housing deficiency. It could be possible to solve the problem if housing were used only for shelter needs. However, in addition to serving as a shelter, housing is also a produced commodity, consumer good, assurance for families, means used for reproducing social relations and an investment tool protecting the value of money against inflation.

2.0 LITERATURE REVIEW

2.1 PAST POLICIES AND PROGRAMMES ON HOUSING DELIVERY

Pre- 1928: Before the advent of the colonial rule at the dawn of the 20th Century, a communal system of housing delivery was practice in most Nigerian communities. Houses are built through communal efforts by peer groups, members of age group would turn out en masse on appointed day to assist the builder in whatever task of the project. In return, the builder would provide sumptuous meals while the project lasted and vice versa. This system continued up to 1928, and still lingers in some communities to date despite the disruption of the people's communitarian values by the westernization.

The Colonial period (1928- 1960): Government starts to intervene in the housing sector in 1928, during the Bubonic Plague of 1928 – 1929 (NHP, 1991), by the then government of the defunct Lagos Colony, wading into the housing sector brought into existence by law the Lagos Executive Development Board (LEDB) which was charged with the responsibility of planning and Development of the capital city of Lagos. But that housing scheme had only civil servants as its beneficiaries. It was only possible to sell the units of houses in that estate to civil servants through payroll deduction system. During preparation for independence, the slum clearance resulted into the construction of additional houses in Surulere which was the first attempt in urban renewal in Nigeria.

Nigerian Building Society (NBS): Established after the World War II, by colonial government with the aim of extending housing opportunities to more Nigerians including those in the private sector. This was a carryover from the British system where mortgage bankers are called building societies. The effect of the NBS was felt almost exclusively within the Lagos enclave. Only an insignificant number of people outside Lagos benefited from the programme. But the NBS could not stand the test of time because it was dependent on government for funding.

Urban Redevelopment or Renewal: Two of the hallmarks of the colonial approach to African urban housing in the fifties were the Redevelopment of decaying 'core' areas combined with the renewal of 'slums' or squatter Areas, and the construction of large rental public housing estates. The first attempt in the country was in 1951.

1952-1960: Nigeria in 1952 - 1960 was carved up into three regions namely: Eastern Region, Western Region and Northern Region. The regions established respective housing corporations in 1964. With a function of developing estates and at the same time providing mortgage for the people to build houses and pay back over many years. Like the Nigerian Building Society, the housing corporations had impacts only in the capital cities of the respective regions i.e. Enugu, Ibadan, and Kaduna. One of such is Bodija Estate in Ibadan developed by the defunct Western Regional government (NHP, 1991).

1960 – 1975: Prior to 1975, that is, within the first two national development plans (1962 – 68) and (1970 –75),

housing was regarded as a social sector, a consumption – oriented, less preferred, non – income generating sector. Insignificant sums of money were accordingly located. With this type of wrong signal from the public sector, the private housing sector which provides over 80 percent of residential units was not encouraged to invest in housing. Investors were misled into believing that they could not recoup their investment in housing (especially for the low – income people) as fast as in other sectors and with any appreciable margin of profit. Accordingly, the (financial) loans to prospective house builders were few, poorly organized and ineffective.

1976 – 1985: By 1975, however, 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. The government felt compelled to act.

Consequently, the plan contained the first explicit statements, programmes and targets specifically aimed at alleviating housing problems. Amongst these were significant and commendable steps taken to make housing loans available to an increasing number of Nigerians through the manipulation of monetary instruments and the reconstitution of the Nigerian Building Society into the Federal Mortgage Bank of Nigeria to serve as the apex lending institution for house loans in Nigeria.

In addition, a number of administrative steps were taken to increase the source generally. Some of these were the encouragement of the state and local governments and also private employers in the provision of houses or the granting of house loans to their employees. It was within this framework that the Employees Housing Schemes (Special Provision) Decree Number 54 of 1979 came into being. The decree made it obligatory on any employer having a specified number of employees (fifty) to establish, execute and maintain a housing scheme for these employees. The various governments were to help in the provision of land and other materials. The federal government, through the Central Bank of Nigeria, directed that commercial banks, especially, should devote about 5 – 6 percent of their total deposit (and the insurance companies up to 25 percent of their life deposits) in real estates. Despite all the aforementioned steps taken by the federal and most state governments, it was discovered that the housing delivery situation in Nigeria was getting worse.

National Housing Policy (NHP 1991): The Nigerian National Housing Policy was formulated in 1991 with the goal of ensuring adequate access to decent and affordable housing by all Nigerians. The housing situation in Nigeria since its formulation has shown quite glaringly that the implementation of the policy and the operational strategies adopted for it have been deficient. The policy was revised in 2004 to take care of the problems encountered in the implementation. 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 (Ebue, 2004). It also acknowledged, finance as constituting the centre piece, among other major pillars, of housing delivery (Abiodun, 1999). The poor performance of Federal Mortgage Bank of Nigeria (FMBN), which gave loan to 8,874 out of over 1,000,000 applications between 1977 and 1990, was very worrisome.

2.2 Housing Finance Structure

Arilesere, 1998 summarized the major strategies and guidelines of the National Housing Policy (NHP, 1991) on Housing finance as follows:

- Mobilization of savings into Mortgage Institution
- Provision of incentives for the capital market to invest in property development
- Provision of policy controls over the allocation of resources between the housing sector and other sectors of the economy.
- Facilitation of flow of domestic and international resources into the priority housing areas, such as low income housing.
- Need for government to establish voluntary schemes, mandatory schemes and provide substantial budgetary allocations and financial transfer to the housing finance system. Establishment of National Housing Fund (NHF) to be administered by the Federal Mortgage Bank.
- Ensuring that Commercial Banks, Merchant Banks and Insurance Companies are given reasonable conditions to encourage them to invest in mortgage business.

Apart from the above, the policy spelt out other functions of the FMBN – These are:

- To develop a secondary mortgage market for housing finance to improve the liquidity of the system
- To act as guarantor for loan stock floated by the primary mortgage institutions
- To manage the National Housing Fund.

2.2.1 The Federal Mortgage Bank (FMBN)

Nigerian Building Society was converted to Federal Mortgage Bank in 1977, with a capital base of twenty million naira and increased to One hundred and fifty Million Naira (N150m) in 1979. The impact of Federal Mortgage Bank then was insignificant as only few loans were given principally to few middle and high income

groups in the country (NHP, 1991). As pressure due to increase in housing deficit continue to rise, an inclusive Housing policy was started in 1980, targeting low income group whose annual income did not exceed five thousand Naira. The Federal Mortgage Bank (FMBN) as a vehicle for Housing delivery in Nigeria, was combining the functions of primary and secondary mortgage institutions.

The Federal government separates the two functions by creating the Federal Mortgage Finance of Nigeria (which is now phased out). The FMBN was therefore left to operate exclusively as a secondary mortgage market and open the primary mortgage market to the private sector. Many leveraged that opportunity to go into mortgage banking. But their impact on the built environment has been short of expectation. With the FMBN operating as the secondary mortgage market, the next problem was where to source the money to lend to the Primary Mortgage Institutions (PMIs).

In 1992, the Federal government enacts a policy which made it mandatory for every Nigerian earning up to N3,000 monthly to contribute 2.5 per cent of his monthly salary to a National Housing Fund (NHF) (Thisdayonline, 2009). This fund was to be managed by the FMBN, from which it could lend to the PMIs. The contributors to the fund were also entitled to borrow money from the fund, through the PMIs, after six months, to develop houses. The Federal Mortgage Bank of Nigeria, a scion of the Nigerian Building Society, the FMBN has undergone several transformations since it came into being in the 1970s. It is today Nigeria's secondary mortgage institution, charged on the one hand with managing the NHF; and on the other hand, with lending money to housing developers through the PMIs. The bank has taken a number of measures in the recent times to ensure that estate developers can build to target prices. Akinlusi, 2007 strongly advocate for mortgage facilities as vehicles for mass housing delivery in Nigeria.

2.2.2 National Housing Programme (NHP 1994 – 1995)

1994-1995 National Housing Programme was designed to provide 121,000 housing units nationwide, for all income groups. The basic objectives of the programme included the following: to increase the housing stock in the country; provide easy access to home ownership; translate the national housing policy objectives into reality; and enhance resource mobilization. Others were: to establish permanent housing delivery system which will be self-sustaining and enduring, without reliance on the government treasury, after an initial take-off grant; strengthen institutions within the system to render their operations more responsive to demand; and encourage greater private sector participation in housing development. The programme, nevertheless, failed due to reasons of inadequate funding, inadequate planning and conception, flaws in execution, attenuated public confidence, problems of access to the NHF, under-pricing and costing, inflation etc. In view of this, the FHA and the Federal Ministry of Works and Housing were jointly appointed the executing agency of the NHP at its inception (Thisdayonline, 2009).

3.0 METHODOLOGY

In order to examine the above mentioned problems, the study included secondary data. The secondary data involved available census data, official documents and other relevant secondary data were obtained from existing literature, on books and journals

4.0 RESULT, ANALYSIS AND INTERPRETATION

4.1 PRESENT HOUSING DELIVERY APPROACH

In 2003, the federal government also established the Federal Ministry of Housing and Urban Development, and Proposed a Housing Reform, in view of the fact that there were not many affordable houses in Nigeria. There was an illusion that houses were available. But most of them were high-priced. Mabogunje, 2004 opined that a number of other legislation needs to be amended substantially to bring their provisions in line with the new housing regime. The touchstone in such reviews is to reduce red-tape and ensure that various legislations are compatible with demands of a free and robust market economy.

The period 2003 – 2004 witness a Housing policy that recognized the private sector on the driving seat of housing delivery in the country, the key features of this policy include the placement of the private sector in a pivotal position, for the delivery of affordable houses, on a sustainable basis; assignment to government of the responsibility for the development of primary infrastructure for new estate development; and review and amendment of the Land Use Act to ensure better access to land and speedier registration and assignment of title to developers. Others are the development of a secondary mortgage market, involving the FMBN and the establishment of a new mortgage regime, under the NHF, to facilitate more favorable mortgage terms; and a five-year tax holiday for developers (Thisdayonline, 2009).

However, it is saddening to note that the National Housing Policy (and its financial component NHF) has been in operation for over eight years now. A review of its implementation and performance did not show any remarkable influence on housing delivery in the country despite the fact that housing needs were estimated (Tables 1 and 2).

Estimated Housing needs Nigeria (1991 – 2001)

	Urban areas	Rural areas	Total
Housing stock 1991 ('000 units)	3,373	11,848	15,221
Estimate no of households 2001	7,289	15,295	22,584
Required output 1991 – 2001 ('000)	3,916	3,447	7,363
Required annual output, 1991 – 2000	1391.6	344.7	736.3

Source: UN – HABITAT, 2002.

Table 1

Estimated Housing Stock, by dwelling types in Nigeria (1991)

	Urban	Urban	Rural	Rural	Total	Total
	%	Units	%	Units	%	Units
Maisonnette	2	67	0	12	1	79
Duplex	3	101	0	-	1	101
Detached Bungalow	10	337	20	2289	17	2,627
Semi – detached	12	67	1	60	1	127
Flat	15	506	0	-	3	506
Room	65	2,194	77	9,200	74	11,393
Others	3	101	2	287	3	388
Total	100	3,375	100	11,848	100	15,221

Source: UN – HABITAT, 2002.

Table 2

5.0 RECOMMENDATION FOR AFFORDABLE HOUSING DELIVERY SCHEME

There are several affordable housing schemes that are either fully funded by government or in partnership with the government under the Public Private Partnership (PPP) scheme. In some cases selected developers were given some kind of concession by government with the aim of providing affordable housing for instance, in the Federal Capital Territory. Such efforts were further complemented with the Private Finance Initiative (PFI). Jibrin, 2009 further argued that while the quality of the existing stock is also under a heavy scrutiny in term design and desired functions including acceptable livable neighborhood, 87% of the existing stocks are backlogs which are stocks that do not meet the minimum quality requirement.

5.1 Site and Services Scheme /Upgrading Schemes

The pressure for this came from the international lending community and in particular the World Bank. Given the rising figures of 'spontaneous or squatter settlements', in cities all over the third world, in the face of tight planning control, regular demolitions, and high-cost construction programmes, the World Bank argued for a new approach to urban development which incorporated various forms of aided self-help (World Bank, 2003). The two 'packages' which received the most support were sites and services scheme, and upgrading schemes.

Essentially, the first provided low-income beneficiaries with serviced plots including tenure security and help to build their own houses; the second approach helped House-owners in existing squatter areas obtains tenure to their land, and to improve their dwellings. Many of these sites exist all over the country essentially provided by the government. And, in spite of the fact that they may help to improve tenure security, the programme is capital-intensive in nature and the initial target population, low-income, usually do not benefit from them. Aluko (2002) opined that the cost attached to each plot is usually beyond the reach of the urban poor.

6.0 CONCLUSION

The need for housing in Nigeria is enormous. This section reviewed the theoretical issues underpinning the delivery of housing. The various public and private interventions in housing delivery strategies have been examined. This paper has identified and discussed the various problems that have bedeviled the provision of housing in Nigeria, the various policies the government has put in place to counter these problems, the short comings of these policies and suggested some possible practical solution to these problems.

Therefore, in order to increase housing stock in Nigeria there is the need to incorporate affordable housing delivery scheme into the formulation and implementation of housing policies and program which should not be at the exclusive preserve of federal government at the exclusion of governments at local government level.

There is a need now, to reach out and effectively involve the people and governments at grassroots levels in the formulation of housing policies. The Federal government has been directly involved in the construction of buildings for all categories in the past and even presently. It is now necessary that housing must be considered as a personal service and as such, the primary responsibility of housing should not be left with the people themselves who, however, should be assisted in some ways in order to realize their aspirations for self-actualization of owning individual houses.

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