

Low-Cost Housing Provision in Nigeria – An Institutional Failure and Call for Action

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Abstract: Sixty years after independence in 1960, Nigeria is still struggling to establish a vibrant mortgage market. The conventional methods of providing housing through purchasing land and buildings can often take an entire lifetime without the benefits of mortgage finance. It is vital for government to come up with solutions that will provide the Nigerian people with low-cost and affordable housing. This study aimed to address these challenges and come up with viable solutions based on the perceptions of both primary mortgage institutions and real estate developers. The results indicate a series of alarming challenges ranging from high interest rates on loans for housing construction to poorly implemented contracts and policies. This indicates key reforms are still required in order to ease identified challenges and ensure sustainable housing for the future.

Keywords: Low-cost housing, affordable housing, housing failure, housing challenges

Word Count: 2,000

Introduction

Housing remains one of life's most basic needs. In developed countries, especially western countries, the majority of housing is acquired using mortgage finance which is often taken for granted, but for developing countries, this is a huge challenge, particularly in sub-Saharan Africa e.g. Nigeria (Akeju, 2007). Since gaining independence 60 years ago, housing has become a top priority in the country. However, Nigeria is still struggling to establish a vibrant mortgage market (Akinmoladun & Oluwoye, 2007). In addition, providing housing through purchasing land and building in the long-term without the benefit of mortgage finance can often take an entire lifetime. In most circumstances, these buildings tend to be incomplete or people have to devote their life savings so that the house can be built (Akewusola, 2013). It is vital for government to come up with solutions that provide the Nigerian people with low-cost and affordable housing.

Nigeria is located in the western region of Africa. Its geographic area is roughly 924,000km² and a population of roughly 174million as of 2013 (World Bank, 2015), which is up from roughly 140 million in 2006, according to the 2006 consensus (Nigeriamasterweb, 2006). Ever since Nigeria became an independent country, the government have made numerous attempts to provide housing for their people, but such efforts have been short lived and of limited effect.

In 1979, President Shehu Shagari Administration established a policy on Affordable Housing, which is a major housing policy initiative in Nigeria (Akeju, 2007). However, according to Akeju, the policy failed to satisfy the country's housing needs and contributed to people's beliefs that the government will provide them housing (Akeju, 2007). There were some promising changes with the application of the 2002 housing policy reforms, but much efforts still need to be made. Studies by Akewusola (2013) and Akeju (2007) indicate that the Nigerian Government built only 300,000 houses over the 30 year period between 1976 and 2006 whereas the housing deficits over this 30 year period was roughly 12 million.

These statistics demonstrate the immense housing need in Nigeria as well as the fact that the government is unable to fill the housing gap on their own. So in an attempt to fill this gap, Kabir and Bustani (2009) asserts that it is vital to leverage on private sector resources which are available, while also reassuring foreign investment. It is also vital for government, both at the local and federal levels, to pay close attention to offering first time home buyers, and middle and low income families, a positive infrastructure, investment climate, and mortgage insurance (Kabir & Bustani, 2009). However, Ibem et al. (2011) argues that one has to consider the challenges of harnessing the great opportunities which are crucial to Nigeria's housing sector for the future, as well as constantly providing cheap and affordable housing in the country.

This research investigates the challenges of low cost housing and implications for resolving the housing shortage in Nigeria in an attempt to bridge the gap between the challenges of low cost housing and how they can be resolved.

Theoretical Framework

Various researchers in previous studies have claimed that the challenges associated with the provision of low-cost public housing, which has led to low productivity levels in Nigeria, were first caused by the lobbying of the housing programs in the country, as well as a mismanagement in the funds that made these programs impossible (Bana, 1991). Other studies stipulate that poorly implemented housing policies and the disorganisation of public housing agencies' activities are the main challenges pertaining to Nigerian public housing (Ademiluyi & Raji, 2008; Ademiluyi, 2010; Akinmoladun & Oluwoye, 2007; Ikejiofor, 1999; UN-HABITAT, 2006).

Bana (1991) and Emerole (2002) in their studies believe that previous Nigerian public housing schemes that have failed to meet their set targets and are to blame for the inability of most public housing agencies across the country from meeting their housing mandates. Public private partnership efforts at housing provision have also suffered from policy implementation and land acquisition (Ahmed & Sipan, 2019).

Table 1: Failed Public-Sector Housing Provisions (1962-1985) (Ibem, E.O., Anosike, N. & Azuh, D.E. 2011)

| PERIOD | PROGRAMME TARGET | ACHIEVEMENT LEVEL |
|---|---|--|
| First National Development Plan(1962-1968) | - Planned construction of 61,000 housing units. | - Only 500 units less than 1% of the planned units were constructed. The political chaos and the resulting civil war (1966-1970) contributed to the marginal progress recorded during this period. |
| Second National Development Plan(1971-74) | -Establishment of National Council of Housing (1972) to advise the government on housing matters and Federal Housing Authority (FHA) in 1973 to co-ordinate public housing provisions -Plan direct construction of 59,000 'low-cost' housing units across the Federation. | -7,080 housing units representing 12% of planned houses were actually built. |
| Third National Development Plan (1975-1980) | -Creation of Federal Ministry of Housing, Urban Development and Environment and conversion of Nigerian Building Society to Federal Mortgage bank of Nigeria (FMBN). -Promulgation of the Land Use Decree (1978) -Planned construction of 202,000 low-cost housing units nationwide. | 30,000 housing units representing less than 15% of planned houses were actually completed |
| 4th National Development Plan (1981-1985) | -National Housing Program launched for the first time in 1980. Earmarked ₦1.9 billion for the construction of 160,000 housing units, for low-income people -The second phase of the housing program set out to construct 20,000 housing units across the country | A total of 47,234 housing units representing about 23.6% of planned housing units were constructed in the first phase. The second phase was cut short by the military coup of 1983 |

Interestingly, the literature pertaining to the challenges associated with low productivity in Nigerian public housing shows that organisational performance in delivering products and services rest on numerous factors. Such factors include staff morale, availability of human resources, funding, technological know-how and work environment equipment (Lusthaus et al., 2002). In addition, Wachira (2009) mention other factors such as capacity building process, evaluation and reward system, information management strategies, innovation, communication channel, staff leadership style, process management and monitoring strategies, role assignment to staff, among others. Investigating these issues related to organisational performance can support the unrevealing of shortages caused by the low-cost housing issue in Nigeria.

As well as Tables 1 and 2 showing the list of failed public-sector housing provisions that were planned between 1962 and 2010, an insignificant result was also recorded in terms of providing quality housing in Nigeria. Even though each of the national housing policies which were established between 1988 and 2006 had aimed to give Nigerians access to adequate and qualitative housing at a low cost, a number of studies have clearly illustrated that these policies,

as well as the housing schemes stem from them attaining as little success in this area (Awotona, 1987; Fatoye & Odusami, 2009; Ibem, 2010; Ibem & Amole, 2011; Jiboye, 2009; Jiboye, 2011; Olatubara & Fatoye, 2007; Ukoha & Beamish, 1997; Olotuah and Taiwo, 2013). These studies have highlighted factors such as traditional elements, socio-economic, and personal choices in addition to the non-inclusion of end users' perspectives as being the main reason why the state of public housing in the country is poor.

Table 2: Failed Public-Sector Housing Provisions (1986-2014) (Ibem, E.O., Anosike, N. & Azuh, D.E. 2011)

| | | |
|--|--|---|
| <p>Military Governments (1986-1999)</p> | <p>-National Housing program planned 121,000 houses on Site-and-Services housing program between 1993 and 1995 -1988 National Housing Policy launched to <i>provide Nigerians access to quality housing and basic infrastructure.</i> -1991 National Housing Policy was launched with the goal of <i>granting all Nigerians access to decent housing by 2000</i> in response to the slogan "Housing for All by the year 2000" of the United Nations.</p> | <p>- 5,500 housing units (less than 5%) of planned houses were actually constructed. -Provision of rural infrastructure through the Directorate of Food, Roads and Rural Infrastructure (DFRI)</p> |
| <p>Civilian Governments (1999-2010)</p> | <p>-The New National Housing and Urban Development Policy (NHUDP) launched in 2002 with the goal of ensuring that "<i>all Nigerians own or have access to decent housing through private sector-led initiatives</i>". -Planned construct about 10,271 housing units through the Public-Private Partnership (PPP) arrangements in different PPP housing schemes across the country. -Planned construction of 500 housing units in the Presidential Mandate Housing Scheme in all 36 State capitals and Abuja. -Government planned a pilot project involving the construction of 40,000 housing units per annum nationwide.</p> | <p>- 2000 serviced plot through PPP site and service in Ikorodu, Lagos. -4,440 housing units completed in Abuja, Port Harcourt, Akure and Abeokuta, through PPP. -The Presidential Mandate Housing Scheme did not take off in many States. In Ogun State about 100 housing units representing 20% of the planned units were constructed. - Records of the achievement level of the pilot projects are not available.</p> |

Housing developments are the result of no existing monitoring and evaluation system for Nigerian housing programs and policies (Federal-Republic-of-Nigeria, 1991). The current literature argues that a good information infrastructure is considered as one of the most vital factors for improving product and service quality, which enable for feedback loops, benchmarking and performance appraisals (Ibem et al., 2011; Kelleher, 2010; Olanrewaju & Adesanya, 2013). However, there is a lack of solid information infrastructure which enables for feedback mechanisms in the delivery of Nigerian public housing systems (Federal-Republic-of-Nigeria, 1991). This potentially justifies the dearth of suitable and viable information for developing effective public housing policies, and design and implementation strategies, all of which are pivotal towards establishing

an efficient and effective delivery system in the country. It is clear from reviewing both current and past literature, the issue of public housing provision is still a common problem in Nigeria due to the lack of investigation in this field.

Regarding affordable housing provision, a Nigerian report by UN-HABITAT (2006) stated that public housing schemes of the past focussed more on allowing low-income earners to have access to cheap and adequate housing. Aribigbola (2008) also pointed out that according to the New National Housing and Urban Development Policy, up to only 20% of a given Nigerian's monthly income would go towards their housing bill. However, previous studies (Awotona, 1987; Ibem, 2010; Mba, 1992; Olotuah & Bobadoye, 2009; Onibokun, 1985) demonstrate that the Nigerian populace have not benefitted from any past public sector housing schemes. This was down to the expensive nature of the housing units provided in the country. As a result, various authors have argued that the limitations in the availability of housing inputs, such as capital, building materials and land, besides the cost for infrastructure were partially the reason behind the significant increase in the cost for public housing, which the average Nigerian was unable to afford. The literature suggests that poorly managed housing schemes and using unsuitable design standards could be the result of increased public housing costs in Nigeria (Ademiluyi, 2010; Onibokun, 1985).

In addition, a summary of the challenges deduced from the literature are as follows:

- Enforcing contracts, (Ugonabo & Emoh, 2013).
- High cost of public housing; (Ademiluyi, 2010; Onibokun, 1985).
- High material costs;(Ademiluyi, A. & Raji, B.A. 2008; Omolola, 2014).
- High interest rates on loans for housing construction (Akinmoladun & Oluwoye, 2007).
- Legislation (Ademiluyi, A. & Raji, B.A. 2008; Ibem et al, 2011).
- Poor infrastructure (Kabir & Bustani, 2009).
- Registering property (Ugonabo & Emoh, 2013).
- Shortfall in suitable mortgage facilities (Akinmoladun & Oluwoye, 2007; Ademiluyi & Raji, 2008).
- Taxation. (Ademiluyi & Raji, 2008; Akinmoladun & Oluwoye, 2007; Ikejiofor, 1999; UN-HABITAT, 2006).

There appears to be a plethora of challenges pertaining to the provision of cheap housing for the Nigerian people, which is both qualitative and quantitative sufficient by the Nigerian public sector, since the country's independence in 1960. The majority of these challenges are related and mostly occur as a result of the external political, economic and social environment, where public housing schemes are first established, designed and implemented, whereas other challenges are

organisational, which originate from public housing agencies (Ilesanmi, 2010; Lawal & Adekunle 2018; Oni-Jimoh & Liyanage, 2018; Ademiluyi, 2010; Onibokun, 1985) In short, this study seeks to investigate the challenges, alongside the causes, and potential solutions to overcome these challenges.

The framework shown in Figure 2 denotes the direct relationship between sustainability and public housing programme’s outcomes. This infers the potential of evaluating the housing programme’s sustainability as seen in the framework being associated with such programme’s final outcomes.

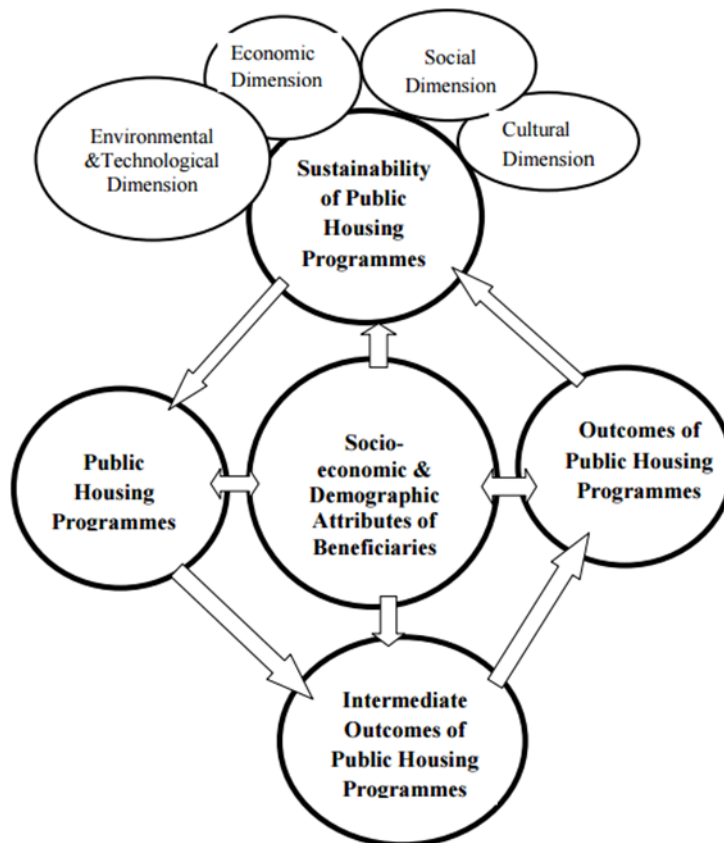


Figure 2: Framework for evaluating the Sustainability of Public Housing Programmes (Ibem, E.O. & Azuh, D.E. 2011)

The framework also infers an indirect relationship between midway outcomes and housing programme’s sustainability. This is based on the hypothetic notion that midway outcomes have no direct impact on a given programme’s sustainability. The framework takes into account the different dimensions required to provide low-cost sustainable housing to help drive its successful implementation, such as cultural, social, economic and environmental and technological outcomes (Ibem & Azuh, 2011). Environmental and technological dimensions take into account the types of materials required, quality of the housing environment, construction techniques, among other factors. Meanwhile, the economic dimension considers housing affordability, cost

of living, job creation and adaptable housing. In contrast, social dimension involves access to social infrastructure, security and safety issues, privacy, and quality of internal spaces of housing units, among other factors. Lastly, the cultural dimension considers architectural design of housing for cultural values of residents, cultural background and heritage of the neighbourhood and appropriateness of housing to housing tenants' natural way of life.

Meeting the above criteria mentioned in the framework may not help to fully overcome the low-cost housing issue in Nigeria given the current issues in the country, such as poverty and austerity, but it will at least try to reduce this problem, thus making it a good starting point to build a sustainable future for the Nigerian people and the housing sector. Since the sustainability issue surrounding Nigerian housing has been overlooked, this research aims to explore and provide potential solutions to this problem through empirical enquiry.

Future Developments

Future developments of the paper will involve implementing the chosen methodology to conduct empirical research. The research will employ an inductive qualitative methodology, where interviews will be the source of data collection. This will help to analyse and evaluate the issues surrounding the provision of low-cost housing in Nigeria, as well as the challenges the Nigerian population face, which can prevent them from obtaining low-cost housing in the country.

The research outcome is to understand the extent of how well the Nigerian housing scheme has been funded. The interview questions that will be formulated shall be probing upon the various challenges that are the primary cause of the poor housing provision in the country and shall also look to obtain valuable insights and answers to those challenges in the form of solutions from 8 senior managers in REC and PMIs in Lagos, Nigeria. The responses shall be evaluated and interpreted along with comparisons drawn from the secondary literary findings for drawing a series of recommendations to potentially address these challenges.

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