

CHAPTER FOURTEEN

Exploratory Analysis of the Impact of Government Policies on Affordable Housing Delivery in Nigeria: 1914 - 2014

N. B. Udoekanem, I. A. Olatunji and R. A. Ogunbajo

Department of Estate Management and Valuation

Federal University of Technology

Minna, Niger State, Nigeria

Introduction

Housing is one of the three basic needs of mankind and it is the most important for the physical survival of man after the provision of food (Olayiwola; Adeleye and Ogunshakin, 2005). It encompasses all the ancillary services and community facilities which are necessary to human well-being. It is in fact a package of services, including land, utilities and services and access to employment and social amenities as well as the structure or shelter itself (FGN, 1981). Although housing is an integral part of human settlement that fulfils basic need, and has a profound impact on the quality of life, health, welfare as well as productivity of man, large proportion of urban residents in developing countries do not have access to decent housing at affordable cost. Housing delivery involves series of processes by which housing resources such as land, labour, finance and building materials are combined to produce new housing units. According to Agbola and Alabi (2000), these could also involve the upgrading of existing units as well as distribution of both new and existing housing to consumers. The importance of housing to the Nigerian economy is summarised in the Report of the Vision 2020 National Technical Working Group on Housing (NTWG, 2009) as follows:

“Housing is the most important psychogenic need of individuals next to food and clothing. It is also among the most important contributors to the economy as it accounts for a sizeable portion of the production activity of a

country, through its backward linkages to land markets, building materials, tools, furniture, and labour markets, and its forward linkages with financial markets. Mortgage debt accounts for a large proportion of household debt and, through secondary markets and securitization, supports the efficient functioning of domestic and international financial markets. Housing markets are routinely mentioned as important leading indicators of overall macroeconomic activity, and home ownership is a measure of household wealth and GDP distribution. The housing finance sector has a tremendous developmental impact both in terms of providing social stability and in promoting economic development.”

This assertion is consistent with other policy documents of government which recognise that housing is important to development in both economic and welfare terms (FGN, 1981). It is on this basis that housing policies are formulated and implemented to enhance the contribution of housing to economic development and social welfare, in view of the relationship of housing to employment, social services, recreation and other aspects of life.

Government Policies and Programmes on Housing in Nigeria, 1914 - 1963

The Nigerian housing problem has been of concern to the government since the colonial period. Formal housing developments started since the colonial era, but these developments have not yielded so much in almost a century (NTWG, 2009). The first official involvement of government in housing delivery in Nigeria was the introduction of the African Staff Housing Loans scheme in 1929 when the Lagos Executive Development Board (now Lagos State Development and Property Corporation) began to build houses for sale to African civil servants in Lagos after it was established in 1928. This continued during the period of internal self-government in the 1950s when the Regional governments established Housing Corporations which not only constructed houses for sale, but gave out serviced plots for private housing development and provided mortgage finance for the first time to non-government members.

The first formal mortgage institution, the Nigerian Building Society, was also established about that time in 1956, as a joint venture of the Commonwealth Development Corporation, the Federal Government and the Eastern

Regional Government, with an initial capital of an equivalent of N2.25 Million (NTWG, 2009). However, during the period 1914 - 1959, significant intervention of the colonial government in housing delivery was limited to the construction of residential quarters for expatriate officials and laying out Government Residential Areas (GRAs). These contrasted very sharply with sporadic growth of substandard residential areas of the Nigerian populace (NHP, 1981). After independence in 1960, some housing programmes were embarked upon by the government at the federal, regional and local government levels. These housing programmes were undertaken towards solving the nation's housing problem.

Despite these interventions by the government, access to affordable housing by majority of the population remained a problem during this period. The policy objective of the federal government of Nigeria during this period was the provision of housing to all classes of Nigerian citizens but its efforts were nipped in the bud despite the various housing programmes embarked upon by it and other tiers of government in the country at that time.

Government Policies and Programmes on Housing in Nigeria 1964-2014
Most housing policies in Nigeria were formulated and implemented during this period. The nation also experienced greater economic prosperity during this period due to the oil boom as well as phenomenal increase in population and rate of urbanization. The first National Housing Policy in Nigeria was launched by the General Yakubu Gowon administration in 1971. Subsequent housing policies were launched in 1981, 1991, and 2002, all geared towards resolving the housing problem in Nigeria. The major goals and policy thrusts of these housing policies are discussed as follows:

National Housing Policy 1971

This is the first National Housing Policy in Nigeria. It was launched by the General Yakubu Gowon administration in 1971. This housing policy brought the issue of housing to a national focus and for the first time established the National Council on Housing in 1971, consisting of all the commissioners responsible for housing in the federation. The Federal Government Staff Housing Board was established in 1972 to take over the African Staff Housing Scheme of the colonial government. The Board was empowered to grant to eligible public servants, loans amounting to 'five times' the applicant's annual salary or N 90,000 (at that time) or whichever is

less. This was later increased to N 40,000. The policy also facilitated the establishment of the first national housing programme in 1972 and the Federal Housing Authority (FHA) in 1973 to carry out the housing programme of the federal government.

Under this policy, the federal government planned to construct 59,000 dwelling units nationwide, with 15,000 in Lagos and 4,000 in each of the then 11 state capitals. However, this housing policy did not achieve more than 25% of its target due to some reasons which include budget cutbacks, escalating building cost, inadequate capacity of the construction industry, slow rate of construction, problems with land acquisition and improper phasing of infrastructure and housing construction (FGN, 1981). In 1977, the Nigerian Building Society established in 1956 was converted into the Federal Mortgage Bank of Nigeria (FMBN), with an authorized share capital of N20 Million, later increased to N150 Million in 1979.

National Housing Policy 1981

This housing policy was formulated as part of the intervention by the civilian administration of President Shehu Shagari in 1981. The policy identified the major weaknesses in the housing delivery system in Nigeria to include gross inadequacy in the total quantity of housing resulting from very low level of production, high cost of construction, causing decline in effective demand for affordable housing, poor quality of structure of dwelling units and related infrastructural services, lack of access to housing finance for low and medium-income households, despite the Land Use Decree(now Act).

The basic goal of this housing policy was to provide affordable housing to accommodate all Nigerian households in a livable environment. Within the context of this basic goal, the specific objectives of this housing policy (FGN, 1981) were:

- (i) To increase and improve overall quantity and quality of housing by increasing substantially the rate of new housing production at the highest standard affordable at each income level, while at the same time upgrading service and living condition in the existing deprived areas;
- (ii) To ensure that the provision of housing units are based on realistic standards which the prospective home owners can afford;
- (iii) To give priority to housing programmes designed to benefit the low income groups or economically weaker section of the society;

- (iv) To vigorously mobilize housing finance from all sources such as public sector revenues, private savings and private sector investment;
- (v) To encourage every household to own its own home, by providing more credit;
- (vi) To encourage and support private initiatives and activities in the production of housing while ensuring that these conform to the policy framework of the government;
- (vii) To encourage local production of building materials as means of lowering housing costs and to reduce dependency on imports;
- (viii) To provide infrastructural services for facilitating the creation of new sites, particularly suitable for self-help housing programmes;
- (ix) To improve the quality of rural housing and rural environment, through integrated rural development programmes.

Most of these objectives were not achieved due to the fact that the housing programmes initiated to achieve these objectives were centered on public mass housing without substantial contribution by the private sector. To facilitate greater private sector participation in housing finance, the Mortgage Institutions Act was passed formally in 1989, recognizing the two-tier system of housing finance with private sector institutions handling primary or retail mortgaging and the Federal Mortgage Bank of Nigeria was made to operate essentially as a secondary mortgage institution. Its early primary mortgage functions were later transferred to the Federal Mortgage Finance Limited established in 1993 and later scrapped by the federal government in 2002. It soon became obvious that government funding was grossly inadequate to meet enormous demand by Nigerians seeking mortgage finance for their homeownership aspirations (NTWG, 2009).

National Housing Policy 1991

This housing policy was formulated by the administration of General Ibrahim Babangida. The basic goal of this housing policy was to ensure that all Nigerians own or have access to decent housing at affordable cost by the year 2000. The policy recognized the role of the private sector in sustainable housing finance in the country and in 1992, the National Housing Fund (NHF) was established primarily to facilitate the mobilization of funds for provision of affordable houses to all Nigerians for the purpose of building, purchasing and improving their houses. Under the law establishing the Fund, every employed Nigerian, whether in the public or private sector of the

economy is expected to contribute 2.5% of his or her monthly salary to the Fund and after six months of continuous contribution, a contributor is qualified to apply for the NHF loan at an affordable interest rate.

However, the security for the NHF loan is a legal mortgage on a real property. This requires a borrower to submit a certificate of occupancy. Due to problems linked to the Land Use Act of 1978, the processing of certificate of occupancy is slow, difficult and frustrating. Therefore, most contributors could not apply for the NHF loans to develop their houses (Adeniji, 2005). This hindered effective access to the NHF by the contributors to finance the development of their houses and consequently reduced the number of houses developed nationwide through the fund since its inception in 1992.

National Housing Policy 2002

This housing policy was formulated by the administration of President Olusegun Obasanjo in 2002. The main thrust of this housing policy is that mass housing for Nigerians will be based on mortgage financing, while the role of government will be to provide the enabling environment. It also encouraged all real estate developers in the country to come under the umbrella of an association, which is known as the Real Estate Developers Association of Nigeria (REDAN).

This new role requires that real estate developers learn how to build houses to particular price targets, so that members of different income groups can aspire to the status of homeownership. The objectives of this housing policy include, to:

- (a) Create the political will of Government for the provision of housing for all Nigerians
- (b) Provide adequate incentives and an enabling environment for private sector participation in the provision of housing.
- (c) Strengthen all existing public institutions involved in housing at the Federal level.
- (d) Promote active participation of all tiers of Government in housing delivery
- (e) Create necessary and appropriate institutional framework for housing delivery
- (f) Promote the usage of certified locally produced building materials.
- (g) Make land for housing development easily accessible and affordable.

(h) Improve the quality of rural housing, rural infrastructure and environment.

As listed in the Vision 2020 Report of the National Technical Working Group on Housing (NTWG, 2009), the strategies of this policy include:

- (1) Strengthen and sustain the Federal Ministry of Lands, Housing and Urban Development to harmonize and monitor housing delivery in Nigeria.
- (2) Set minimum performance standards in the building industry through relevant government institutions.
- (3) Restructure and adequately capitalize the following institutions to effectively perform their statutory roles:
 - (i) Federal Mortgage Bank of Nigeria (FMBN)
 - (ii) Federal Housing Authority (FHA)
 - (iii) Federal Mortgage Finance Limited (FMF)
 - (iv) Urban Development Bank Limited
- (4) Establish and sustain a secondary Mortgage Market to enhance greater accessibility to long term housing fund for house ownership among all segments of the Nigerian population.
- (5) Grant fiscal incentives to small and medium scale local manufacturers of building materials.
- (6) Promote and encourage partnership between research institutes and private sector.
- (7) Ensure the enforcement by Government of the provisions of Professional Practice Acts in the building industry.
- (8) Encourage and fund the training of skilled manpower required for the building industry.
- (9) Devise simple and affordable techniques for up-grading existing housing stocks.
- (10) Encourage the establishment of co-operatives or housing associations to enable the rural dwellers have access to funds.
- (11) Embark on and sustain appropriate urban renewal programmes for blighted areas.
- (12) Provide fiscal incentives and expeditious planning approval process to encourage private sector participation in housing delivery.
- (13) Establish land data management systems at all tiers of Government.
- (14) Provide sites and services scheme for housing nationwide.

The National Housing Policy, 2002 provided for private sector-led housing construction nationwide of forty thousand (40,000) housing units per annum with at least 1,000 units in each state, grants-in-aid for urban infrastructural development and urban renewal projects through Urban Development Bank, completion of all on-going and abandoned Government Housing Projects, especially the National Housing Programme of Federal Housing Authority (FHA) and provide all complementary infrastructures.

The Nature of Nigeria's Housing Situation

There is acute shortage of decent and affordable housing in Nigeria. Although initial housing programmes of the government during the colonial and post-colonial periods emphasized direct involvement of the government in housing provision, such public housing initiatives were of two types, namely government-owned housing and mass public housing. Ndubueze (2009) argued that while the government-owned housing schemes were developed for civil servants and government employees at subsidized rents which were deducted from their salaries, the mass public housing schemes were developed as low-cost housing estates for the members of the general public. The phenomenal increase in the country's population, coupled with inadequate budgetary allocation for housing resulted in the government's inability to provide the estimated number of housing units required to meet the nation's housing needs. The number of housing units proposed and developed by the Federal Government of Nigeria for the period, 1971-1995 is presented in Table 1.

Table 1: Number of housing units proposed and developed by the Federal Government of Nigeria, 1971-1995

Period	No. of housing units proposed	No. of housing units developed	Percentage of housing units developed
1971 - 1974	59000	7080	12.0
1975 - 1980	202000	28500	14.1
1981- 1985	200000	47234	23.6
1994 - 1995	121000	1136	0.9
Total	582000	82815	12.7

Source: Compiled from various policy documents by Ndubueze (2009)

It is evident from the statistics in Table 1 that the federal government has not been able to match housing policy pronouncements with housing policy implementation in the past five decades or so. Even after the nation's first housing policy was launched in 1971, the government intended to develop 59,000 housing units across the federation. It succeeded to develop only 12% of such houses after four years. By 1996, the government only developed 12.7% of the estimated number of housing units proposed to be developed to meet the housing needs of the nation's population since 1971 after the nation's first housing policy was launched by the Yakubu Gowon Administration. The failure of the government to meet its housing policy targets on the provision of affordable houses were observed each time the policies were reviewed. For example, the housing policy of 1981 recognised the abysmal failure of the housing programmes of the federal government during the period 1971-1980 and listed the reasons for such failure to include:

- (i) Budget cutbacks;
- (ii) Escalating cost, owing to unrealistic standards and specifications, expensive contractual procedures, lack of cost control and inflation in labour costs;
- (iii) Inadequate capacity of the construction industry;
- (iv) Slow rate of construction;
- (v) Problems with land acquisition; and
- (vi) Improper phasing of infrastructure and housing construction.

The 1991 housing policy was formulated to address the shortcomings of the government's housing programmes for the period 1981-1990 and facilitate access to affordable housing by all Nigerians by the year 2000. Again, the 1991 housing policy recognised the crucial role of finance in the success of any affordable housing delivery system. It also recognised the need to encourage private-sector participation in the delivery of mass housing in the country as government can no longer do it alone due to the increasing demand on its scarce financial resources by other sectors of the economy. Consequently, the National Housing Fund (NHF) was launched in 1992 to mobilize savings from every Nigerian worker who earns a monthly salary of N 2, 500 and above for lending to contributors of such fund to enable them acquire their houses. As at January 2012, the number of houses built through NHF operations is presented in Table 2.

Table 2: Number of Houses built through NHF operations in Nigeria, 1992 - 2012

Indicators	Cumulative as at January, 2012
Houses built with NHF Loans	18,668
Houses built with Estate Development Loan	32,950
Houses built with Mortgage Buy-Back	9,575
Total Housing Units built	61,193

Source: Federal Mortgage Bank of Nigeria (2012)

The Federal Mortgage Bank of Nigeria estimated that Nigeria has a housing deficit of about 16 million housing units (Federal Mortgage Bank of Nigeria, 2011b). Thus, 61,193 housing units built through the National Housing Fund (NHF) since its inception in 1992 is significantly far from meeting the current housing needs of the nation's homeless population. The housing problem in Nigeria has quantitative and qualitative dimensions (Olayiwola et al, 2005). Most households in the country have resorted to self-help housing initiatives to provide shelter for themselves. The average percentage of types of buildings embarked upon in Nigeria between 2007 and 2009 indicates that 94.1% of all buildings developed in the country during the period were for residential use as presented in Table 3.

Table 3: Percentage Distribution of Persons by Type of Buildings Embarked upon in Nigeria, 2007 - 2009

Building Type	2007	2008	2009	Average (2007- 2009)
Residential	95.8	93.3	93.3	94.1
Commercial	3.0	4.6	5.4	4.3
Industrial	-	0.5	1.3	0.9
Others	1.2	1.7	0.1	1.0

Source: National Bureau of Statistics (2011)

The statistics in Table 3 also confirms that most real estate developers in the country are involved in residential real estate development. This scenario may be attributed to the struggle by most Nigerians to meet their housing needs and the investment potential in the housing sector created by the huge housing deficit in the country. In addition, most of the housing units occupied by households in Nigeria (about 64.7%) a century after the amalgamation of the Northern and Southern protectorates of the country are single room apartments or tenements. Also, only 6.4% and 0.3% of households in Nigeria could afford to live in flats and duplexes respectively while 27.8% could afford to occupy a whole building as shown in Table 4.

Table 4: Percentage Distribution of Households in Nigeria by Type of Housing Unit, 2007 - 2009

Type of Housing Unit	2007	2008	2009	Average (2007-2009)
Single Room	68.6	66.3	59.2	64.7
Flat	6.3	5.8	7.2	6.4
Duplex	0.4	0.3	0.3	0.3
Whole Building	23.7	27.2	32.4	27.8
Other Types	1.1	0.4	0.8	0.8

Source: National Bureau of Statistics (2011)

The composition of these housing units to some extent reveals the nature of the Nigerian housing situation. A single room apartment or tenement is a face-me-I-face-you kind of structure. It is not a single family residence. Flats, duplexes and whole buildings are standard single family residences. Given Nigeria's average household size of 5 persons per household (NBS, 2011), the implication of the statistics in Table 4 is that most households in the country cannot afford comfortable accommodation required to satisfy the housing needs of its members. Most of these housing units do not have standard facilities such as toilet facilities and water supply amenities. As at 2009, only 19.3% of the housing units occupied by households in Nigeria were provided with water closet as shown in Table 5.

Table 5: Percentage Distribution of Housing Units in Nigeria by Type of Toilet Facilities, 2005 - 2009

Type of Toilet	2005	2006	2007	2008	2009
Pit	34.1	45.2	59.3	54.6	53.9
Pail	1.8	1.1	0.2	0.1	0.1
Water Closet	24.5	16.9	17.7	15.3	19.3
Others	39.6	36.8	22.8	30.1	26.7

Source: National Bureau of Statistics (2011)

Also, 52.7% of households in Nigeria still depend on water supply from wells, streams, ponds and trucks (NBS, 2011) as shown in Table 6. This implies that water is not directly supplied to the housing units occupied by these households.

Table 6: Percentage Distribution of Housing Units in Nigeria by Type of Water Supply, 2005 - 2009

Type of Water Supply	2005	2006	2007	2008	2009
Pipe-borne water	16.2	15.4	10.4	8.8	14.8
Bore-hole water	24.0	20.8	26.8	28.4	32.5
Well water	25.1	30.6	33.3	31.5	23.3
Streams/Ponds	35.5	32.5	24.4	27.6	27.0
Tanker/ Truck/ Van	1.2	0.8	4.1	3.2	2.4

Source: National Bureau of Statistics (2011)

The statistics in Tables 5 and 6 have serious implications on the condition of the existing housing stock in Nigeria. Future housing policies in the country should provide for the improvement of the condition of the existing housing stock in terms of the provision of basic standard housing facilities required to make them decent and comfortable. This will in no small measure promote livability, building efficiency, greater productivity of the occupiers and environmental sustainability.

Do Government Policies have Impact on Affordable Housing Delivery in Nigeria?

In the past century, government has been seriously involved in the formulation of various housing policies in Nigeria, particularly since 1971. The impact of such policies on affordable housing delivery in the country can be examined based on the components of affordable housing delivery system. These include access to land; access to, and affordability of housing finance, infrastructure and services provision, housing design and standards, building materials and housing construction methods.

Access to Land

Land availability and accessibility is a critical requirement for the success of any housing delivery system. In every national housing policy in Nigeria, the government attempted to make provision for land acquisition for housing development in the country. Since 1978 when the Land Use Decree (now Act) was promulgated, land acquisition for housing delivery in the country is based on the provisions of this Act. Section 1 of the Act vests all land comprised in the territory of each state in the Federation of Nigeria in the Governor of that state and such land shall be held in trust and administered

for the use and common benefit of all Nigerians in accordance with the provisions of the Act. Section 5(1) of the Act empowers the Governor of a state to grant statutory right of occupancy to any person for all purposes in respect of land, whether or not in an urban area and issue a certificate of occupancy in evidence of such right of occupancy in accordance with the provisions of Section 9(1) of the Act. Also, Section 5(2) of the Act provides that "Upon the grant of a statutory right of occupancy under the provisions of sub - section (1) of this section, all existing rights to the use and occupation of the land which is the subject of the statutory right of occupancy shall be extinguished." Thus, the statutory right of occupancy granted by a Governor is presently the highest right to land in Nigeria.

This right of occupancy is a right which allows the holder to use or occupy land to the exclusion of all other persons except the Governor and is granted for a maximum holding period of 99 years, subject to the payment of ground rent fixed by the Governor throughout the holding period. Sections 21 and 22 of the Act prohibits alienation, assignment, mortgage, transfer of possession, sub - lease or otherwise howsoever customary or statutory rights of occupancy in Nigeria without the consent and approval of the Governor of the state where such right of occupancy was granted. As reflected in its major provisions, the Land Use Act of 1978 was enacted to nationalize land ownership in Nigeria as well as facilitate effective state control of the use and development of land. In the implementation of the Act in the past 30 years or so, the Act has progressively become a clog in the wheel of economic growth and development in the country. After three decades, the failure of the Land Use Act of 1978 to create easy accessibility to urban land for development is increasingly apparent with prohibitive costs of serviceable urban land, difficulty of government acquiring urban land for development, ineffective identification and inventory of urban land systems and the increasing growth and expansion of informal settlements. These problems are not unconnected with the continued resilience of customary land tenure system, prevalent scarcity of serviced urban land, increase in urban land speculation, the difficulty in securing urban land tenure and cumbersome, time-consuming and expensive land titling and registration procedure (Ndubueze, 2009). At present, only an average of 23.1% of households in Nigeria own land as shown in Table 7.

Table 7: Percentage Distribution of Households who are land owners in Nigeria

Geographical Zone	Percentage Distribution of Households who are land owners
North East	28.8
North West	27.5
North Central	25.1
South East	23.6
South West	14.1
South South	19.6
Average	23.1

Source: National Bureau of Statistics (2011)

Access to land at affordable cost is a fundamental requirement for affordable housing delivery in any nation. There is low access to land in all the geopolitical zones in Nigeria as shown in Table 7. This situation hinders affordable housing delivery in the country. As argued by Utuama (2008), the promulgation of the Land Use Act was aimed at redirecting the general philosophies of pre-existing land tenure systems in Nigeria through the application of a uniform statutory regulation of ownership and control of land rights and to stimulate easier access to land for greater economic development as well as promote national social cohesion.

In an attempt to harmonize the different land tenure systems previously existing in the country, the Act has created multiple forms of tenure resulting in insecurity of right of occupancy granted under the Act, excessive bureaucracy in obtaining Governor's consent and approval for land transactions and certificate of occupancy, among other shortcomings. According to the World Bank (2014), Nigeria ranks among the lowest in terms of ease of registration of property title. While it will take twelve days to register property title in Rwanda, such title will take seventy-seven days to be registered in Nigeria. The number of procedures, time and cost of registering property title in Nigeria as compared with those of some countries in Africa are presented in Table 8.

Table 8: The number of procedures, time and cost of registering property title in Nigeria as compared with those of some countries in Africa

Country	Number of Procedures	Time (days)	Cost (% of Property Value)	Global Rank in Registering Property
Ghana	5	34	1.2	49
Gabon	6	103	10.5	166
Cote d'Ivoire	6	42	10.8	127
Nigeria	13	77	20.8	185
Niger	4	35	9.0	80
Rwanda	3	12	0.2	8
Seychelles	4	33	7.0	69
Botswana	4	15	5.1	41
South Africa	7	23	6.1	99
Egypt	8	63	0.7	105
Kenya	9	73	4.3	163

Source: World Bank (2014)

In Nigeria, a property title must be legally and duly registered before it can be accepted as collateral for housing loan. In addition to excessive bureaucracy as depicted by its highest number of procedures required for property registration in sub-Saharan Africa (13 procedures as compared with 3 in Rwanda), the cost of property registration in Nigeria (20% of property value) is the highest when compared with those of other countries in the region. While such cost is 0.2% in Rwanda, it is 1.2% and 4.3% in Ghana and Kenya respectively. The prohibitive nature of cost of property registration in Nigeria hinders access to housing finance in the country as owners of unregistered residential land cannot use such land to access mortgage loan to develop their houses.

Access to, and affordability of housing finance

The crux of an efficient and equitable housing delivery system constitutes institutions and instruments for the mobilization of financial resources and the extension of long-term credit (FGN, 1981). The National Housing Policy of 1991 also recognised the crucial role of finance in Nigeria's housing delivery system. It further stated that:

“Of the pillars of National Housing Policy, finance constitutes a fundamental centre-piece. Without a well-organised and efficient housing finance system, it is difficult to mobilise substantial financial resources for channeling funds into the housing sector”.

Major interventions in housing finance by the government since 1971 include the conversion of the Nigerian Building Society into the Federal Mortgage Bank of Nigeria in 1977, licensing of Primary Mortgage Institutions (PMIs) to operate in the country through the Mortgage Institutions Act of 1989 and the establishment of the National Housing Fund (NHF) in 1992. Despite these, access to finance is one of the major constraints to housing delivery in the country. Sanusi (2003) summarised the housing finance situation in Nigeria and narrated that:

“...there is evidence of declining activities in housing finance generally. The average share of GDP invested in housing declined from 3.6 percent in the 1970s to less than 1.7 percent in the 1990s. In addition, between 1992 and 2001, the volume of savings and time deposits with the banks and non-bank financial institutions grew by 604.94 percent from N 54 billion to N 385.2 billion. However, the proportion held by the housing finance institutions declined from 1.4 percent to 0.22 per cent in 1998, indicating a fall in the flow of funds into the housing finance sector.”

Access to credit facility by Nigerians is very low. Currently, only an average of 10.4% of households in Nigeria has access to credit facility as shown in Table 9.

Table 9: Percentage Distribution of Households who have access to Credit Facility in Nigeria

Geographical Zone	Percentage Distribution of Households who have access to Credit Facility
North East	5.6
North West	7.3
North Central	15.0
South East	8.5
South West	15.8
South South	10.3
Average	10.4

Source: National Bureau of Statistics (2011)

Coupled with poor access to credit facility, most Nigerians cannot afford housing loans granted by mortgage institutions in the country. The situation is worst in the case of mortgage loans granted by commercial banks in the country as the lending rates are higher than those of the Primary Mortgage Institutions (PMIs). This has been attributed to the high rate of poverty in the

country and low level of income of most households (Udoekanem, 2012). As at 2011, about 75.2% of households in Nigeria earned a monthly income of N 20,000 and below (NBS, 2011). At an interest rate of 6%, the affordability level on the National Housing Fund (NHF) is presented in Table 10. The NHF was established to enable low income earners in the country access loanable housing funds to develop or purchase their houses.

Table 10: Affordability Level for Loans Granted from the National Housing Fund

Loan Amount in N'million	by Mortgage Institutions in Nigeria					
	Tenor and Monthly Loan Repayments					
	5 years	10 years	15 years	20 years	25 years	30 years
1.0	19,332.80	11,102.05	8,436.57	7,164.31	6,443.01	5,995.51
1.25	24,166.00	13,877.56	10,548.21	8,955.39	8,053.77	7,494.38
1.5	28,999.20	16,653.08	12,657.85	10,746.47	9,664.52	8,993.26
1.75	33,832.40	19,428.59	14,767.49	12,537.54	11,275.27	10,492.13
2.0	38,665.60	22,204.10	16,877.14	14,328.62	12,886.03	11,991.01
2.25	43,498.60	24,979.51	18,986.78	16,119.70	14,496.78	13,489.89
2.5	48,332.00	27,755.13	21,096.42	17,910.78	16,107.54	14,988.76
2.75	53,165.20	30,530.64	23,206.05	19,701.85	17,718.28	16,487.64
3.0	57,998.40	33,306.15	25,315.70	21,492.93	19,329.04	17,986.52
3.25	62,831.60	36,081.66	27,425.35	23,284.01	20,939.80	19,485.39
3.5	67,664.81	38,857.18	29,534.99	25,075.09	22,550.56	20,984.27
3.75	72,498.01	41,632.69	31,644.63	26,866.16	24,161.30	22,483.14
4.0	77,331.21	44,408.20	33,754.27	28,657.24	25,772.06	23,982.02
4.25	82,164.41	47,183.71	35,863.92	30,448.32	27,382.81	25,480.90
4.5	86,997.61	49,959.23	37,973.56	32,239.40	28,993.56	26,979.77
4.75	91,830.81	52,734.74	40,083.20	34,030.48	30,604.32	28,478.65
5.0	96,664.01	55,510.25	42,192.84	35,821.55	32,215.07	29,977.53

Source: Federal Mortgage Bank of Nigeria (2011a)

As shown in Table 10, it is evident that a household who earns a monthly income of N 20, 000 cannot afford a mortgage loan of N 1.5m (having a repayment period of 30 years) to acquire a low-cost residential apartment in a high density residential neighbourhood. This is because the debt service for such loan (N 8, 993.26) is greater than the affordability benchmark which is one-third of such income (N 6,666.67). The implication of this is that, more than 75% of households in Nigeria cannot afford a minimum loan sum of N 1.5m to develop or purchase a house at the current interest rate. In most urban areas in the country, a loan sum of N 1.5m cannot afford land, building

materials and the labour required to construct a standard residential apartment. In Niger State, most 2-bedroom and 3-bedroom houses developed by the state government in some residential estates in Minna, the state capital are sold at N 2.5m and N 3.5 m respectively. Comparable 2-bedroom and 3-bedroom houses developed by the Akwa Ibom State government in Uyo are sold at N 4.5m and N 5.5 m respectively. Similar houses in Abuja, Lagos and Port-Harcourt are sold at far higher prices. In reality only high income earners such as bankers, oil industry workers, public servants on higher salary grade levels and political office holders can afford such houses. The implication of this is that the low income earners which constitute the largest proportion of the nation's population cannot afford their homes under the present economic realities in Nigeria without significant financial assistance. Given the present rate of urbanisation in the country, the demand for residential apartments in the urban areas will continue to exceed the available housing stock in the future if concrete steps are not taken to tackle the nation's housing crisis.

According to the Federal Mortgage Bank of Nigeria (FMBN, 2011b), a total sum of N56 trillion is required for financing the nation's housing deficit of about 16 million housing units. This is a huge sum of money which may be difficult to achieve in no distant time. Thus, there is need for strategic housing finance framework in the country in which the homeless population is segmented into affordability groups and existing housing loans granted by the public and private financial institutions are structured on long-term basis with greater attention on the low affordability group.

Building Materials, Housing Design and Construction

Emphasis has been made in the various housing policies on the use of local building materials to construct cost-effective and affordable low-income houses. The intervention of the government in this regard has not created the desired impact. Most of the government-owned cement manufacturing industries have been commercialized while others have been privatized completely. Also, inadequate critical infrastructures like electricity has made local manufacturers of building materials to generate their electricity for production, thereby resulting in high prices of the finished products such as cement. This has also encouraged the importation of building materials which should have been manufactured in the country. Government intervention in regulating the standards of building materials and supervision

of building construction works has not created much impact as the incidence of building collapse in various towns in the country has continued to increase.

Conclusion

In the past century, several housing programmes have been embarked upon by the government at the federal, state and local government levels. A lot of housing policies have also been formulated. The first National Housing Policy in Nigeria was launched by the General Yakubu Gowon administration in 1971. Subsequent housing policies were also launched in 1981, 1991, and 2002, all geared towards resolving the housing problem in Nigeria. Notwithstanding these interventions by the government, access to affordable housing by majority of the population has remained a problem. In terms of provision of basic inputs of housing delivery such as land, finance and building materials, government intervention has not yielded the desired impact. After three decades, the failure of the Land Use Act of 1978 to create easy access to land for housing development is increasingly apparent with prohibitive costs of serviceable urban land, difficulty of government acquiring urban land for development, ineffective identification and inventory of urban land systems and the increasing growth and expansion of informal settlements. These problems are not unconnected with the continued resilience of customary land tenure system, prevalent scarcity of serviced urban land, increase in urban land speculation, the difficulty in securing urban land tenure and cumbersome, time-consuming and expensive land titling and registration procedure. Also, the dearth of long term housing finance for home buyers, lack of adequate infrastructure, absence of basic standards for both specifications and building materials, over-reliance on imported building materials as a result of inadequate development of local building materials and lack of adequate capital for mass housing projects are some of the problems bedeviling affordable housing delivery in Nigeria which government intervention has not sufficiently addressed in the last 100 years.

Recommendations

Despite the various interventions by the government in the housing sector since 1914, access to affordable housing by majority of Nigerians has remained a problem, and in terms of provision of basic inputs of housing

delivery such as land, finance and building materials, government policies in the past century are yet to yield the desired impact required to facilitate the delivery of affordable houses to the vast majority of the Nigerian populace. However, subsequent housing policies and programmes in the country should focus extensively on the low-income earners. This is because they constitute the largest proportion of the nation's homeless population. All housing policies in the country since 1914 identified the need to encourage and support the low income earners to acquire their homes, but the various housing programmes initiated by the government at various levels were not implemented towards supporting the low-income earners in this regard. In a country where over 75% of the households live on a monthly income of N 20,000 or less, such persons cannot afford a home if they are not economically assisted, considering the high rate of poverty and income inequality in the country.

Consequently, subsequent policies of the government in the housing sector should focus on pro-poor housing initiatives aimed at making housing affordable to the low and middle income earners in the country. Such pro-poor housing initiatives should be adopted in the provision of the basic components of affordable housing such as land, finance and building materials and should include housing subsidy for the low-income group, pro-poor housing finance arrangements and responsive land administration system.

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