

**ANALYSIS OF HOUSING DEFICIT FOR LOW INCOME HOUSEHOLDS  
IN SOUTH EAST, NIGERIA**

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**APRIL, 2021**

## APPROVAL

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## **DEDICATION**

This work is dedicated to God Almighty for his love, kindness and mercy upon my life.

## **CERTIFICATION**

I DUMEBI JESSICA EFOBI hereby certify that I am responsible for the work submitted in this dissertation and that this is an original work which has not been submitted to this University or any other institution for the award of a degree of Doctor of Philosophy.

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## ABSTRACT

*The study analyzed the housing deficit in South East, Nigeria with a view to finding the extent to which housing delivery by housing providers met the housing needs of the low income earners in South East, Nigeria. The objectives of the study were to ascertain the extent to which housing delivery by housing providers met the housing needs of the low income earners in South East, Nigeria, identify the causes of the shortfall in the housing market in South East, Nigeria. The study adopted the survey design and obtained data from primary and secondary sources. The population of the study was 910,333 low income households and real estate professionals in the study area. A sample size of 424 was obtained with Cochran formula. The research instrument was a Likert weighing scale structured questionnaire. Validity of the instrument was measured using content validity by giving it to research experts in the field of social and hospitality sciences. The internal consistency of the instrument was ascertained using Cronbach Alpha Coefficient. The result was 0.915, indicating a high reliability of the instrument. The hypothesis were tested using Leven's T-Test for Hypothesis 1, Structural Equation modeling for Hypothesis 2, and Kolmogorov-Smirnov Test for Hypothesis 3, at 5% probability level of significance. The findings indicated that: housing provision by housing providers has not met the housing needs of the low income earners in South East, Nigeria ( $t = 41.321$ ;  $p < 0.05$ ), housing affordability issues represented the major cause of shortfall in the housing market in South East, Nigeria ( $cr = 2.563$ ,  $P < 0.05$ ), existing housing policies in Nigeria had not addressed the housing deficit in South East, Nigeria ( $Z = .6443$ ;  $P < .005$ ), the challenges of housing policy implementation were poor budgeting (4.53), misdirected focus (3.68), weak administrative structure (3.90), high rent-income-ratio (3.51), and lack of continuity in public administration (3.84). The study therefore concluded that the deficit in housing delivery in South East, Nigeria was as a result of inadequate low cost housing amidst poor implementation of policies that enhance housing affordability in the area. The study recommended that housing providers should benchmark successful housing industries in a bid to homogenize and coverage innovation strategies and effective communication processes that create value for the target population.*

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In developing countries, like Nigeria, housing in the urban area has been seriously affected by rapid population growth as a result of uncontrolled urbanization and migration. As a result, several studies (Tibaijuka, 2009; Nsiah-Gyabaah, 2009; Ademiluyi and Raji, 2008) opine that housing is increasingly becoming a scarce commodity in many cities in the developing world. UN-Habitat in 2003, designated this problem as particularly worrying as it constitutes a crucial element that affect the long-term outlook of humanity (UNCHS, 2003). Demand for housing, as a basic necessity of life, cuts across gender, class, qualification and monetary capability, and governments have responded to this clarion call with the enactment of policies tailored towards efficient housing delivery.

Various policies and measures have been enacted to address issues such as land tenure, land title regulation, and provision of affordable housing units to the working population. One of such laws is the Nigerian Land Use Act (1976). The Land Use Act was enacted to make land available for public development including increase access to land by public property developers. This is achieved through the powers of eminent domain. As a matter of consequence, relevant communities have found it difficult to come to terms with this development. Cases have been reported of ‘perceived’ encroachment from both parties, corrupt tendencies, exploitation, difficulty and complication in acquiring land (despite the perceived intention of the Act to eradicate land acquisition issues) etc. Likewise, a number of other housing strategies by the Nigerian government were negatively affected by lukewarm budget enforcement, unfavourable and unrealistic interest rates and lack of enabling environment for private sector participation.

Other harsh realities facing the Nigerian housing industry comprise issues such as expensive, corrupt and prolonged land title and registration processes, high costs of rental units and house prices (consider the less uniform Abuja property market where a single room *en suite* may go for N1.5m while in the same Abuja a plot of land may go for less than that). In a country where a significant percentage of the population is living below \$1 a day, it is then quite obvious that a cursory examination renders government performance in the Nigerian housing sector a near

catastrophe. This is portrayed by the statistical evidence which put the urban housing deficit in Nigeria at a staggering 17 million units. This unfortunate statistic is more glaring in comparison to the assertion that, the Nigerian population of over 170 million has witnessed 60% growth rate between 1990 to date (Enghbal, 2008). This is worrying going by the empirical study by Tanyeh (2012) which argues that housing has a direct relation with the population of an area and the households in that particular area.

The focus of the study is on affordable housing deficit and the issue of the relationship between the urban population and provision of affordable housing by the public developer is of grave concern given empirical evidence thereto. Affordable housing refers to low-cost housing for low-income households who make up the majority of the population of most developing countries of the world (Nsiah-Gyabaah, 2009). An empirical study by UN-HABITAT (2009) found an annual urban population increase of 70 million people worldwide, constituting 877.4 million new households. It is therefore estimated that there will be an annual increment of 35.1 million households by 2030, which implies the current rate of urbanization might continue up to 2030. The International Monetary Fund has forecast that over the next few years, around 70% of this statistic will come from developing countries. How then is the housing investment drive by public developers in Nigeria performing with respect to this statistic?

Kumolu (2013) argues that the housing deficit in Nigeria is at a staggering 17 million units. This presents a damning assessment of the performance of the Nigerian government in the delivery of affordable housing especially in the wake of unprecedented population growth. UN-Habitat (2011), estimates that between 2000 and 2030, Africa's urban population will increase from 294 million to 742 million. Increasing urban growth in Sub-Saharan Africa means that providing housing and other services for urban residents, especially for the low-income, will be a major issue for urban managers and governments. This is a daunting prospect, given that most African states are currently unable to deal with the housing needs of the existing urban populations.

The housing needs or demands of low income groups within the urban areas of Sub-Sahara Africa have often be relegated to the background due to inability to stand the stiff competition generated by market forces (Enghbal, 2008). This competition drives up the cost of housing so that the most

minimal standard of formal sector housing is unaffordable to the low – income groups. For example, according to UNCHS (1996), low-income households spent more proportion of their income on housing than upper-income households and that the low-income groups have diversity of demand for housing. This diversity arises from the fact that the low-income groups may have nothing to spend on housing because all their income is spent on daily necessities. Therefore, how much income is available for housing affects their demand for housing.

Besides, it is often difficult for low-income households to access housing finance in order to build or buy formal housing. Housing developments designed for low-income or no-income households are often—hijacked by middle-income buyers, who have easier access to finance (Nsiah-Gyabaah, 2009). This is because there is also a shortage of available housing for this section of the urban population (UN-Habitat, 2011; Mabogunje, 1985). In the absence of appropriate housing finance models, the low-income households have in rare cases relied on informal sources of funds to be able to build their dwellings. However, in several cases, they have found solace with taking up accommodations in informal housing such as slum areas.

The Nigerian government, several years after independence, is yet to develop systems that can provide alternative housing solutions for all income groups. Adequate and affordable urban housing continue to be an illusion for many low income groups in Nigeria, and emigration to the rural areas is not up for consideration. The social, economic and infrastructural underdevelopment of Nigeria's rural areas has already occasioned significant mass exodus of rural dwellers to urban areas. Therefore, the study is an attempt to conduct a micro-investigation on the pertinent issues concerning affordable housing deficit in Nigeria with focus on South East States. Presently in these states, housing accessibility and affordability remain a serious concern with reservations on accommodating the low income groups who constitute a greater proportion of their population. Therefore, a sound response to this anomaly is dire.

## **1.2 Statement of the Problem**

Government is obligated to provide infrastructure that supports the basic necessities of its citizens. One of these public obligations is the provision of housing. Yet, in spite of this noble and most basic of governmental responsibilities, empirical evidence suggests that the Nigerian government at the national and state levels have not performed as expected, given, the resources expended. It is already on record that at the national level, there is over 17 million housing deficit (Kumolu, 2013). However, there is dearth in literature on the actual statistics of housing deficit in South East, Nigeria. This lacuna is critical given that if this deficit must be bridged, every geopolitical region in the country must look inwards at their peculiar challenges in advocating a response.

Also, the deficit in the housing market has continued to give rise to price increases, overcrowding, and informal housing such as urban blight and slum in the study area, and the direct implication is that many urban dwellers struggle to satisfy their housing needs from the few available stock of lettable accommodation. There is therefore, the need for a dynamic approach or strategy to combat the problem of housing shortage for low-income households in the face of the growing population and dwindling resources of the country. By this, the study fills the lacuna in literature by providing evidence on the actual deficit statistics of housing in South East, Nigeria towards analyzing its causes, and policy implications. More so, since past efforts documented in literature seemed not to have demonstrated meaningful effect on housing provision in the study area.

## **1.3 Aim and Objectives of the Study**

The aim of the study is to analyze the housing deficit for low-income households in South East, Nigeria with a view to providing strategic response. The objectives of the study are:

1. To ascertain the extent to which housing delivery by housing providers met the housing needs of the low-income households in South East, Nigeria.
2. To identify the causes of the shortfall in the housing market in South East, Nigeria.
3. To examine the potency of existing housing policies in Nigeria in addressing the housing deficit in South East, Nigeria.
4. To identify the challenges of policy implementation faced by relevant agencies in addressing housing deficit in South East, Nigeria.



## **1.4 Research Questions**

The following research questions guided the investigation:

1. To what extent has the housing delivery by housing providers met the housing needs of the low-income households in South East, Nigeria?
2. What are the causes of the shortfall in the housing market in South East, Nigeria?
3. To what extent has existing housing policies in Nigeria addressed the housing deficit in South East, Nigeria?
4. What are the challenges of policy implementation faced by relevant agencies in addressing housing deficit in South East, Nigeria?

## **1.5 Statement of Hypotheses**

The research hypotheses are formulated in the null as follows:

1. Housing provision by housing providers have not significantly met the housing needs of the low-income households in South East, Nigeria.
2. The shortfall in the housing market in South East, Nigeria is not significantly due to poor monetary and policy implementation.
3. The existing housing policies in Nigeria have not significantly addressed the housing deficit in South East, Nigeria.
4. Poor budgeting, misdirected focus, weak administrative structure, high rent-income-ratio, and lack of continuity in public administration are not the significant challenges of policy implementation encountered by housing agencies addressing housing deficit in South East, Nigeria.

## **1.6 Justification of the Study**

Generally, affordable housing has been recognized as a basic necessity of man and contributor to economic development. Yet, in Nigeria, the over 17 million housing deficit statistics shows that a substantial number of the population do not have quality accommodation (Kumolu, 2013). Incidentally, few studies have measured the affordable housing deficit statistics of South East Nigeria as a precursor to any endeavor of offering a suitable panacea. The rationale of this study is that it underscores the need to analyze the affordable housing deficit in South East Nigeria as a means of developing a strategy for any meaningful reduction of the deficit. Therefore, the study

has been justified on the ground that in the study area, similar studies are still in an embryonic stage.

### **1.7 Significance of the Study**

The study is significant because it provided empirical evidence on affordable housing deficit in South East Nigeria for sustainable development of the housing industry that will be beneficial and useful to:

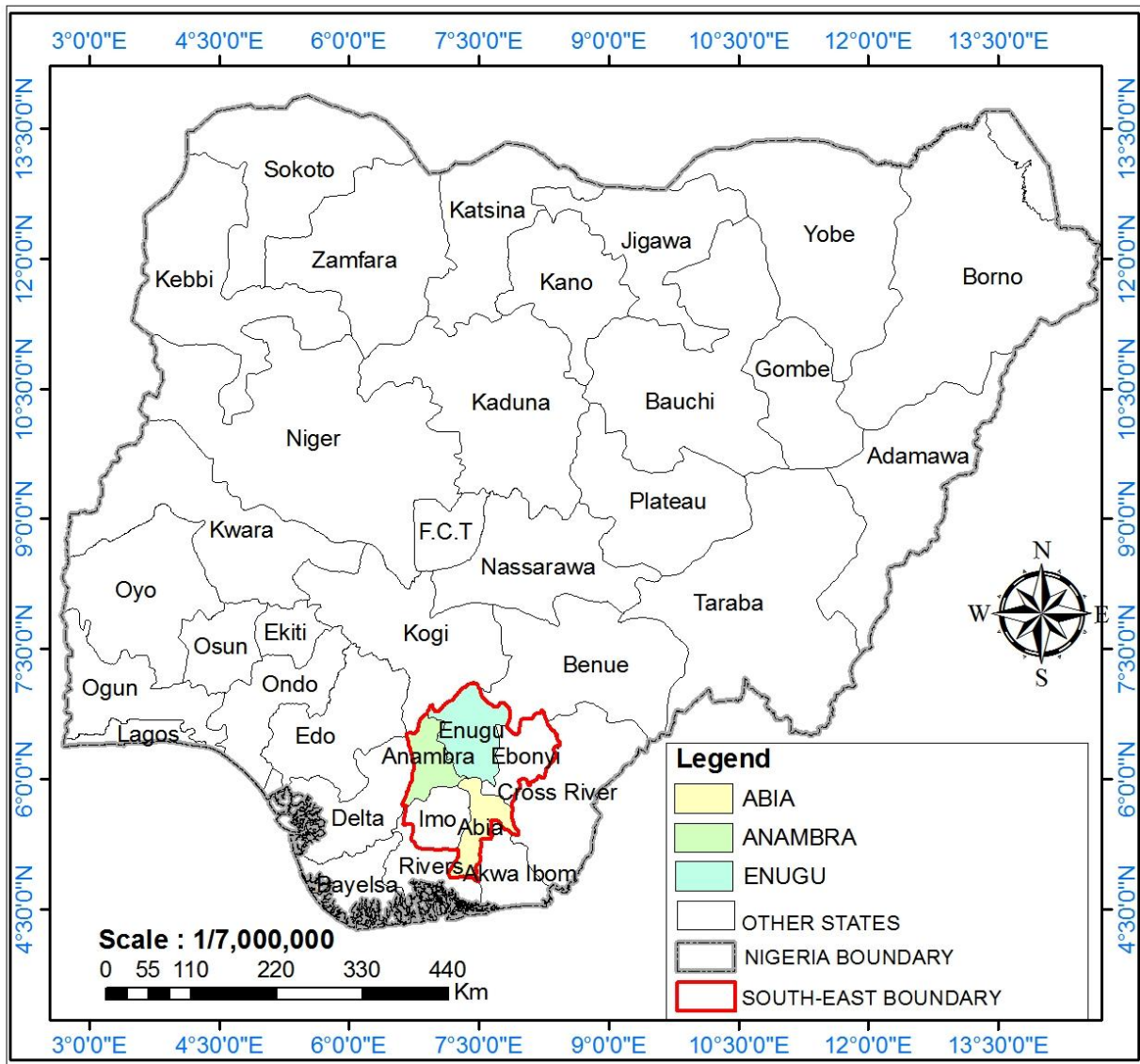
1. Members of the Board of Directors of the regulatory bodies who formulate policies on housing delivery strategy for sustainable development in the housing industry.
2. Managers, Supervisors and Junior Staff of the regulatory bodies under study who will implement the policies formulated.
3. The public, especially the low-income genre who need sustainable good quality services from housing providers.
4. Students and researchers of Urban Housing, Development Studies, Estate Management, Economics, Macroeconomics, Development Economics, Building Technology, Civil Engineering, Banking and Finance, and Business Administration who will find the study useful for further studies.

### **1.8 Scope of the Study**

The scope of the study is on housing deficit for low-income households in South East Nigeria made up of Imo, Abia, Ebonyi, Enugu and Anambra States. The scope covered the conceptual and empirical discussions of the variables that make up the study. The study reviewed prior empirical works as it relates to the discourse while examining the performance of the housing policies in the region. The survey was based on all housing industry stakeholders located in the study area. The focus on the housing industry was inspired by the incessant need to address the housing deficit in Nigeria.

### **1.9 Area of the Study**

The study was carried out in South East Nigeria, comprising five states namely; Imo, Anambra, Abia, Enugu and Ebonyi States. Figure 1.1 shows the geospatial data of the map of Nigeria showing the South East geopolitical zone.



**Figure 1.1: Geospatial Data of Nigeria showing the South East Geopolitical Zone**

Source: Geographical Information System Laboratory (2019)

Figure 1.1 shows the geospatial data of the South East within the map of Nigeria (illuminated with a red borderline). Figure 1.2 shows the geospatial data of South East, Nigeria.



**Figure 1.2:** Geospatial Data of the south east region of Nigeria showing the five component states. Map of Nigeria is inset.

Source: Geoinformatics and Surveying Department, University of Nigeria

Figure 1.2 shows the map of S.E. Nigeria comprising the five states of Enugu, Abia, Imo, Anambra and Ebonyi states. It is located within latitudes  $4^{\circ} 4' 35''N$  and  $7^{\circ} 7' 44''N$ , and

longitudes 7° 54' 26"E and 8° 27' 10"E in the tropical rain forest zone of Nigeria, which means maximum temperature of 27°C, and total annual rainfall exceeding 2500mm. The region is home to predominantly 'Igbos' whose language, Igbo, is one of the three most widely recognised and spoken languages in the country. Alternatively, a minority of the population speak Nigerian English (Pidgin English) while quite a number of the educated ones speak, read and write English language fluently. Igbos are one of the largest and most influential ethnic groups in Nigeria.

### **1.10 Limitations of the Study**

The limitations of the study are discussed in terms of population sample and area of the study.

i) **Sample Size:** The study is limited in its inability to conveniently and effectively reach the entire population, and is thus resigned to the use of a sample size. However, the researcher used a statistical formula in determining the sample size to ensure that all segments of the population have equal chance of being addressed, and further employed empirically tested sampling techniques.

ii) **Area of the Study:** The study is also limited by its domiciliation to the South East geopolitical zone of Nigeria. However, this lies on the premise that it is better to present a comprehensive picture of the situation in a more manageable geographical area, as a foundation for generalizing and conducting further studies in other parts of the country.

### **1.11 Operational Definition of Terms**

**1.11.1 Low Income Households:** Low-income households are considered those whose household's disposable money income per consumption unit (equivalent income) is lower than 60 per cent of the equivalent median money income of all households. The United Nations refers to them as persons at risk of poverty.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Conceptual Framework**

There is a good deal of ambiguity in the way the term ‘social’ is used in relation to housing. Emoh, Oham and Macdonald (2018) aver that there is no single definition of affordable housing across the nations. They however argue that definitional issues exist particularly around the position of co-operatives; time limited subsidies, and the role of private suppliers. Aside from covering housing provided with public subsidy, it is used in a general way to describe housing of any tenure that is judged to be affordable to a particular household or group by analysis of housing costs, income levels and other factors. Such is the lack of consensus over what affordability means in housing terms, that there have even been suggestions that the concept should be abandoned on the basis that it has become unhelpful when considering the difficulties faced by households in meeting their housing needs (Tsenkova and Lowe, 2013).

The United Kingdom Office of the Deputy Prime Minister (ODPM): Housing, Planning, Local Government and the Regions Select Committee conducted an inquiry into Affordability and the Supply of Housing over 2005-06 and chose to define affordable housing as: subsidised housing that meets the needs of those who cannot afford secure decent housing on the open market either to rent or buy (Social Exclusion unit, 2011). Historically, the term affordable housing tended to be interchangeable with references to social housing, i.e. housing developed with an element of government subsidy (grant) and let at sub-market rents by local authorities or housing associations (Green and Malpezzi, 2013).

Statutorily, Sections 68-71 of the UK Housing and Regeneration Act 2008 define affordable housing for the purposes of regulating social landlords as low-cost rental and low-cost homeownership accommodation. The 2008 Act refers to accommodation at rents below market rates and let to people whose needs are not adequately served by the commercial housing market. Under section 70(2) of the 2008 Act, low-cost home ownership is defined as incorporating shared ownership, equity percentage arrangements and shared ownership trusts. As with low-cost rented housing, these dwellings must be “made available to people whose needs are not

adequately served by the commercial housing market” to qualify as housing for low-income households.

In this context, affordable housing is defined as “a housing option for low-to-medium income persons that is provided by housing institutions, and that excludes immediate individual ownership”. Clarification of the terms used in this definition of affordable housing shows that housing institution is defined as a legal entity established with the primary objective of developing and/or managing housing stock that has been funded through the grant programmes. The housing stock can be owned by the housing institution, or it can be owned collectively by a grouping of residents. Housing institutions should not be seen as short-term vehicles for providing housing to a specified market segment, but are seen as robust, sustainable institutions, established to provide the affordable housing option. Housing institutions will therefore have to demonstrate financial and operational sustainability over time while adhering to the guiding principles for affordable housing.

It is pertinent to note that affordable housing is not an option for the very poor. By its very nature, persons accessing accommodation from housing institutions will have to earn a secure income, formally or informally, to be able to afford the rental or other periodic payment for accommodation (Green et al., 2013). Furthermore, affordable housing cannot be limited to specific income groups if the broader integration, regeneration and market demand objectives are to be realised. The housing option therefore should promote a mix of income groupings covering both low income and medium income persons, as prescribed in the regulations for affordable housing from time to time (Tsenkova et al., 2013).

Affordable housing primarily covers the rental tenure option and excludes immediate individual ownership by the residents (Green et al., 2013). The affordable housing option is not intended to be used by beneficiaries seeking immediate individual ownership, as other options have been created within any housing subsidy scheme to accommodate such needs. The affordable housing option, however, does allow for collective forms of ownership, on condition that the persons involved and being housed through collective ownership, are fully aware, understand and subscribe to these forms of collective ownership options. The conversion of these rental schemes

into ownership options is not excluded (ibid.) as such conversions, however, will only become viable options in the long term, and will be based on feasibility studies confirming the sustainability of such a conversion scheme and that of the subsidy programme concerned. Thus, the affordable housing option will therefore cater for the housing needs of single persons and families, and will thus be responsive to the market demand within an area.

### **2.1.1 Urban Housing**

The term 'urban' has cross-country concept and cannot be measured by a single criterion. The definition has generated more controversy in recent literature and involves economic, sociological, psychological, ethnic, racial, and numerical dimensions (Aluko, 2003). These differences complicate direct comparison between countries (Salterthwaite, 2007) but are of little significance when assessing broad trends (Fox, 2014, cited in Bloch, Manroy, Fox and Ojo, 2015). Some of the comparative measurement indicators include population size, density, administrative status, land cover etc. Often the minimum population figures that a place must have to qualify as an urban area is specified. The most commonly cited statistical population dataset for city and urban population data is the UN Population Division's World Urbanization Prospects (Bloom, Canning, Fink, Khanna and Salyer, 2007).

Even though the UN has devised general guidelines, countries use country-specific standards to designate urban and rural areas. The urban area definition applied by each individual country in the UN sample (United Nations, 2003) varies widely: 38 percent of the countries in the sample use administrative criteria (city proper); 35 percent use population (size) thresholds; 9 percent use economic criteria; and the remaining 18 percent have more complex definitions or no definitions at all. The minimum population size seems to be indeterminate from one place to the other depending on the situation of the country concerned. According to the population benchmark set by the World Bank and Eurostat, the former employs a minimum population density of 150 p/km<sup>2</sup> for their Agglomeration Index (Uchida, 2010) while Eurostat uses a minimum density threshold of 300 p/km<sup>2</sup> to classify an urban area.

It has been noted that a population of 50,000 and above is the distinction on which urban places are recognized in the United States. However, the figures used in other countries vary



remarkably from that of United States. In Australia, urban areas are referred to as ‘urban centres’ and are defined as population clusters of 1000 or more people, with a density of 200 or more persons per square kilometer. In Canada, an urban area is an area that has more than 400 people per square kilometer and has more than 1,000 people. In China, an urban area is an urban district, city and town with a population density higher than 1,500 persons per square kilometer. In Denmark, an urban place is an agglomeration of 250 or more people.

In Greece, urban places include agglomerations of 10,000 or more, whereas Guatemala has considered places as urban if they have 2,000 or more inhabitants, plus places with 1,500 or more inhabitants if running water service is provided in the houses. These are examples of the variety of ways in which urban areas are defined in different countries on the basis of threshold population. According to the Nigerian (1952) census, an urban place is an area having a population of more than 5,000. By contrast, the 1963 census fixed 20,000 and above. Compare these figures with those of France (2,000 and above), Canada (above 1,000) and Japan (above 30,000).

In Nigeria, a settlement is generally classified as urban if it comprises 20,000 people or more, which is a relatively high minimum population threshold compared to many other countries (Bloch, Manroy, Fox and Ojo, 2015). Census data is historically being rated as reliable demographic sources. In principle, census exercises provide a relatively fine-grained statistical portrait of the socio-economic and demographic characteristics of a population on a periodic basis, usually every 10 years (Ibid). The most widely used United Nations statistical data originate from census data. Where there is insufficient census data, available data are usually processed further for modeling population dynamics. In the case of Nigeria, the most recent urban population estimates from the UN (published in 2014) have been derived from the 1963, 1991 and 2006 censuses, as well as a variety of household surveys including the Demographic Health Survey (DHS) and the Multiple Indicator Cluster Survey (MICS) (UN, 2014, cited in Bloch, Manroy, Fox and Ojo, 2015).

Urbanization has become a global phenomenon as well as an issue of concern to urban planners, economists, sociologists and stakeholders in the built environment. Jiboye (2011) defines

urbanization as the movement of people from rural areas to urban areas with population growth equating to urban migration. According to the United Nations Fund for Population Activities (UNFPA), urbanization is a “process of transition from a rural to a more urban society ... and which reflects an increasing proportion of the population living in settlements defined as urban, primarily through net rural to urban migration” (UNFPA, 2007 in Kalabam and Bolaane, 2014). The definition captures four major features of urbanisation.

First, urbanisation is a dynamic process rather than an incident or a static condition. Second, the urbanization process affects places, people and ways of living. Third, the growth or increases in the number, proportion or size of urban places or urban population is driven primarily by net rural to urban migration (Ibid). The definition though popular is flawed because it ignores the role played by in-situ urbanization processes – a phenomenon that is affecting numerous peri-urban villages in Africa and Asia.

In-situ urbanisation is a process through which improved technology, modern modes of production, better life style and thinking spread outward from urban centres to peri-urban areas and outlying rural settlements and populations. The term ‘urbanization’ is used here to refer specifically to an increase in the proportion of a country or region’s population residing in urban settlements, while ‘urban growth’ refers to an increase in the absolute size of a country or region’s urban population. The term ‘urban expansion’ refers to the entire urban structure and urban cover which consist of the entire spatial or physical enlargement of built-up areas. A city may experience urban growth without expansion if the growth is absorbed within existing settlement boundaries due to densification and urban infilling.

On the other hand, expansion can occur without growth where new developments are created to facilitate lower population densities for an existing community. ‘Urban structure’ is the ordering or arrangement of land use in urban areas. The phrase ‘urban system’ is used here to characterize the distribution of urban populations across settlements within a national territory. A country is considered to have a highly ‘concentrated’ or ‘primate’ urban system when a large, single city dominates the distribution (Bloch, Manroy, Fox and Ojo, 2015).

### *Economic and Social Dimensions of Urbanization*

Neo-classical economists view urban centres as the engines of growth for regions or countries (Kundu, 2002). Combes (2005) argues that standard urban economics literature shows that agglomeration economics increases productivity and wages. Also, Henderson (2004) and Davies and Henderson (2003) strongly support this view by stating that economic development is almost invariably associated with the expansion of the urban sector. In developing countries, industrial growth in urban areas offers employment and trading opportunities for rural people which are faced with declining living standards. Concentration of population and economic activity in space has been considered a strong factor for leveraging certain external economies that provide a base for improvement in efficiency, technological innovation and access to global market.

An urban area can be interpreted as agglomeration of consumption as well as concentration of production. Analysis points to a shift in land use patterns through a decline in 'traditional' industrial uses and a proliferation of the informal sector as a preponderant component in the city and its region. Therefore, for urban areas to accommodate more firms and people, it is inevitable to develop non-land-intensive industries, resulting in an advancement of industrial structure. Atushi (2005) submits that urbanization accelerates economic growth due to the effect of agglomeration economies, which are:

1. internal scale economies generated by inseparability of production technology within a firm;
2. localization economies generated by firms' concentration in a particular industry, particularly through labor or intermediate input material markets; and
3. urbanization economies such as diversification of services enabled by geographical centralization of various industries.

These agglomeration economies raise urban productivity and attract more companies in urban areas. As a result, urbanization contributes to economic growth in the aspects of job opportunity and income increase. Eberts and McMillen (1999) corroborate this view by stating that numerous positive analyses of urban economics show that concentration of production activities

in urban areas is determined by agglomeration economies, particularly by localization economies. Cities help firms to efficiently match their unique resources such as labour, material inputs and premises. Also, cities avail firms the access to a wider range of shared services and infrastructure because of the scale of activities. Hall (1998) maintains that firms gain from the superior flow of information in cities which facilitate new ideas, learning and innovation.

Similarly, proximity allows face to face communication and sharing of complex ideas between companies and support organization (Cookie and Kelvin, 1998 in Iturok and McGranahan, 2013). This invariably will lead to a shift in demand and therefore to a reallocation of resources – Land, Labour and Capital away from agriculture into manufacturing and services. This is simultaneously accompanied by the emergence of new forms of economic activity such as the strong rise of business services and ICT in the city, which will need new spaces to occupy; because cities accommodate high value functions such as corporate headquarters, financial and business services and manufacturing including high order public services such as national and regional departments.

Despite the global recession, cities have proved to be more resilient (Turok, 2012). In Ikeja, for instance, there was a strong shift of land use from residential use to commercial use, to accommodate for the strong rise of the service sector in the district in the past two decades. Recent land use changes have also been studied in Enugu (Egbenta, 2010 in Bloch, Fox, Monroy and Ojo, 2015). The analysis points to an interpenetration of residential with commercial uses in the city: following a period of fast growth experienced in the city in the past two decades, residential areas located along major roads were progressively transformed into plots for commercial use. As the city grew, land along major infrastructure connections stopped being appropriate for residential use: they became strategic plots in terms of accessibility to markets for commercial purposes. This picture was further complicated since Enugu did not have a designated area for commercial development.

The dynamics of property development have led to a situation in which residential areas sit alongside commercial areas that appeared organically due to development pressures. Many advanced countries have experienced service orientation of industrial structure as urbanization is

furthered. For example, during the 60 years from the 1940s when the U.S. urban population rate increased from 60% to 80%, the employment shares of the service sector went up from 55% to 76%, while that of the non-service sector dropped from 45% to 24% (O'Sullivan, 2000). The level of urbanization is often regarded as an index of economic development and the two bear a high positive correlation. Urbanisation is related to the level of economic development measured, for want of a superior indicator, by per capita income. Gross Domestic Product (GDP) per capita has traditionally been used by policy makers to measure living standard.

Eustat (2016) posits that a larger proportion of people living in rural areas of the European Union compared with those living in cities were at risk of poverty and social exclusion. In the urban areas, factor inputs such as land, labor and capital are relatively more employed thereby creating a gap in employment between urban and rural areas. This wide gap is reflected in a big disparity in average incomes, which helps to explain the strength of rural –urban migration pressures. Employment condition and opportunities play vital role in determining individual's material living condition. Hataya (1999) alludes to this fact by depositing that there will be an increase in employment in both the manufacturing and service sectors. Apart from the income flow from work, it also has the potential to develop skills, social network and a sense of achievements, satisfaction and worth.

Urbanization has its own inherent disorders. Urbanization can cause problems which may be dangerous to the development of the economy. For instance, Africa is exhibiting urbanization in the face of negative economic growth. Fay and Opal (2000) note that it is not a unique African trend and not necessarily an alarming situation. After all, the urban spatial cycle follows the self-directive cyclical development, which consists of urbanization, suburbanization, de-urbanization and re-urbanization. This is based on housing and rent prices as indicators, with physical population capacity as a limiting condition. It is ironic that much of what were once considered the major advantages of life in the city, like security, better housing conditions, and services provision have now become major disadvantages of urban life, like criminality, slums and lack of services (FIG, 2010).

Myriads of key problems, like high urban densities, transport, traffic congestion, energy inadequacy, unplanned development and lack of basic services, illegal power connection, illegal construction both within the city and in the periphery, informal real estate markets, creation of slums, poor natural hazards management in overpopulated areas, crime, water, soil and air pollution leading to environmental degradation, climate change and poor governance arrangements become clear attributes of declining urban environment . These problems may be in form of enormous poverty and overcrowding for most of the cities. In Ethiopia, urbanization has sky rocketed and hundreds flock to the capital on a daily basis. FIG (2010) insists that overcrowding of low-income households constitutes a strong factor to the “Spiral of Decay”.

This is because in addition to the fact that low-income households are usually incapable of affording many rooms and thus cohabit, they also share what little space they have if new relatives shall arrive in search of better lives in the city. What results is a logical progression of the “Spiral of Decay” as seen in the cities of most developing countries and cited by Alemayehu (2008). The slums in Addis Ababa are of three kinds (ibid.):

1. Shelters built in unoccupied lands without tenure rights and infrastructure on the outskirts of the city “Informal peripheral squatter settlements”.
2. Shelters assembled from plastics, cardboard boxes and rags in the inner parts of the city adjacent big buildings, main roads, and public parks. These shelters are composed of Keble (the smallest government administration units operating at the neighborhood level) houses and are in poor conditions mostly due to lack of renovation and maintenance.
3. The “Non-planned old inner-city settlements”, which have now become the slums of Addis Ababa. They clearly portray the phenomenon of “Spiral of Decay” (Knox and McCarthy, 2005) which denotes how neighborhoods that are composed of substandard houses and occupied by legitimate low-income households are exposed to serious risks of converting into slums.

Available data on urbanization in Nigeria is largely conflicting (Gould 1995; Adepoju 1995; Ouchou 1998 in Opoko and Oluwatoyo, 2014). Such data conflict hampers effective discuss of the

issue. Urban population growth exerts both direct and indirect impact on the physical shape and urban structure of cities – the arrangement of land use in urban areas. Urban growths in both absolute and relative terms invariably affect both the typology and morphology of urban settlements. The direct consequence of this is that city growth and expansion has remained spontaneous and uncoordinated due to inadequate information and data for planning. Often, growth occurs so quickly that government officials lack the will power, discipline adequate resources and statistical data to carry out sustainable planning thereby compounding the urban problems. These problems appear in form of poor housing and illegal developments, slums, inadequate water supply, waste disposal, traffic and human congestion, high rate of unemployment, poverty, crime and other social problems.

Unprecedented physical growth, frequently unplanned, combined with tenure insecurity and the proliferation of urban poverty has given rise to complex linkages between spatial expansion and urban risk (Morakinyo, 2012 in Bloch, Monroy, Fox and Ojo, 2015; Agbola and Agunbiade, 2009; Gandy, 2005; Emordi and Osiki, 2011). In other words, urban development has been an enabler of risk for a large part of the urban population in Nigeria (Bloch, Monroy, Fox and Ojo, 2015). Due to the non-existence or inapplicability of planning instruments and often lacking resources, new urban dwellers frequently settle in high-risk areas (Adelakan, 2009). In effect, this means that the urban poor are disproportionately exposed to the adverse effects of climate variability and change, such as floods. Due to the devastating impacts it has on urban livelihoods and a dwelling, flooding has been placed as one of the main reasons that stops Africa's urban population to escape from poverty (ibid.).

The connection between spatial expansion, tenure insecurity, urban poverty and risk has been well documented in some coastal Nigerian cities. In Port Harcourt, for instance, spontaneous and uncontrolled physical growth, driven by rapid urbanization in the past four decades gave rise to the appearance of high-risk settlements, notably alongside swamps in the waterfront (Ibid). Faced with high-cost inner city rentals and a shortage of housing, many new urban dwellers were forced to settle in high risk neighborhoods, exposed to flooding and the adverse effects of climate change (Bloch, Monroy, Fox and Ojo, 2015). A similar situation has been reported for Lagos (Adelakan, 2009).

Present-day Nigerian urban structures are undergoing transformation as new areas appear, typically on urban peripheries or fringes, and established areas adjust to accommodate increases in urban populations. The urban form cannot be simply described as clearly distinct areas with specific functions such as residential, commercial and industrial. Contemporary urban settlements in the country are multifaceted and dynamic entities marked by the – frequently unordered – assemblage of the traditional core city and its residential, commercial and industrial zones with numerous new, typically suburban or peripheral areas, which arise in an array of configurations and social realities, and which contain a wide range of economic functions and social activities (Bloch, Monroy, Fox and Ojo, 2015).

With respect to housing, which is a factor of urbanization, the study had earlier identified housing as a critical basic need of man. The Universal Declaration of Human Rights of 1948 recognizes the right to adequate housing as an important component of the right to adequate standard of living. The World Health Organization (1961) states that a good house should have the following items:

- i. A good roof to keep out the rain
- ii. Good walls and doors to protect against bad weather and to keep out animals, sunshine
- iii. Wire nettings at windows and doors to keep out insects like house flies and mosquitoes.

The term, housing, has been conceptualized from different perspectives across literature (Adejilola, 2014), from a holistic perspective to the shelter reference. As shelter, housing has been described as a social necessity of life that is recognized worldwide as one of the most important needs of man, next only to food (Amao, 2013). This simplistic definition of housing has been debunked by recent studies (Nubi, 2008) who offer a more holistic perspective of the term. This is corroborated by Agbola's (1998) argument that housing is both a product and a process (Agbola, 1998). Lending credence, Nubi (2008) posits that 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 their place in the society.

The shelter classification of housing sees it as a product or commodity. As a process, it involves the combination of environment human and material resources for its production; and housing in



its entire ramifications is very significant in terms of the social, psychological, cultural, economic and political influence it has on humanity (Olatubara, 2007). This implies that housing is a unit of the environment, defined as “residential environment, which includes, in addition to the physical structure that humans use for shelter, all necessary services, facilities, equipment and devices needed or desired for the physical and mental health, as well as, social wellbeing of the family and individuals (Salau, 1990, citing World Health Organization in Adijolola, 2014).

Some schools of thought argue that improved housing markets will provide a number of positive externalities, as well as direct consumption benefits (Research Department of Bank of Ghana, 2007). For example, new housing construction could stimulate aggregate output through a production multiplier, and an enlarged housing supply will allow labor to find vacant units and move to areas of the country providing higher wages, thereby enhancing productivity (ibid.). New commercial construction will quicken production and will have similar macroeconomic effects in the national economy (ibid.).

By implication, housing has a profound influence on health, business, social behavior, satisfaction, productivity and general welfare of an individual and community. It encompasses and determines developmental, psychological, health, social and economic aspects of human life (Wondimu, 2006). By implication, there is a clear correlation between housing quality and development status of a country where decent housing is a precondition for productive and stable society. Auxiliary services and community facilities, social amenities, and services, and residential accessibility are from an integral part of the housing concept (Jurensen, 1977; cited in Abadi, 2007:13).

These attributes make demand for housing an unprecedented force of pressure emanating from steady population growth and rise in urbanization. Surely, this is an attribute to the very rapidly widening gap between housing demand and supply. As a broad subject, housing has generated an immense body of research from different approaches and perspectives. It has been identified as a social requirement given the UN Universal Declaration on Human Rights which recognized housing as an important urban survival strategy. The study therefore adopts as a conceptual framework, the definition of housing by Olatubara (2007) which sees the concept as the

combination of environment, human and material resources for its production with very significant social, psychological, cultural, economic and political ramifications.

### **2.1.2 Legal, Policy and Regulatory Framework**

The Nigerian legal system originates from the English common law system as it concerns mortgages and property transactions. The Land Use Act No 6 of 1978 is the overriding piece of legislation concerning land ownership in Nigeria. This Act vests ownership of all land in the Governor of each state, who has the rights and privileges to allocate land through a leasehold system to the people. The lease is generally for 99 years less one day. In reality, this right of occupancy is perfected with a Certificate of Occupancy issued to the beneficiary. Getting Certificate of Occupancy often wastes a lot of time coupled with the huge cost of registration.

In all areas of the country, 65% to 70% of land is still held under customary title (FinMark Trust, 2010). Outright sale or mortgage of rural land is often met with dire challenges such as opaque title documentation and verification, insecurity of tenure and defective titling (ibid.). The time limit of three years for an allottee of residential plot to develop, in the absence of which the Governor can revoke the land under Section 28 of the Act for overriding public interest, is a big puzzle (ibid.). However, notices are often issued instead to the owners of the land when they have violated this clause.

Computerised land registries are being introduced, starting with Lagos and Abuja (ibid.). In Lagos, assistance from the British Council and the Land Registry in England and Wales has helped in championing this exercise (ibid.). In Abuja, a computerised title registration system and cadastral mapping using GIS has begun and titles can be printed out on secure, numbered paper at the Abuja GIS office on request (FinMark Trust, 2010). This has made the search for titles more convenient, smarter and less laborious and time consuming.

### ***Regulatory Institutions and Key Players***

The real estate and housing sector in Nigeria is regulated primarily by the Federal Ministry of Lands, Housing and Urban Development. The roles of the Ministry of Lands, Housing and Urban Development include policy formation, setting standards for the sector, establishing

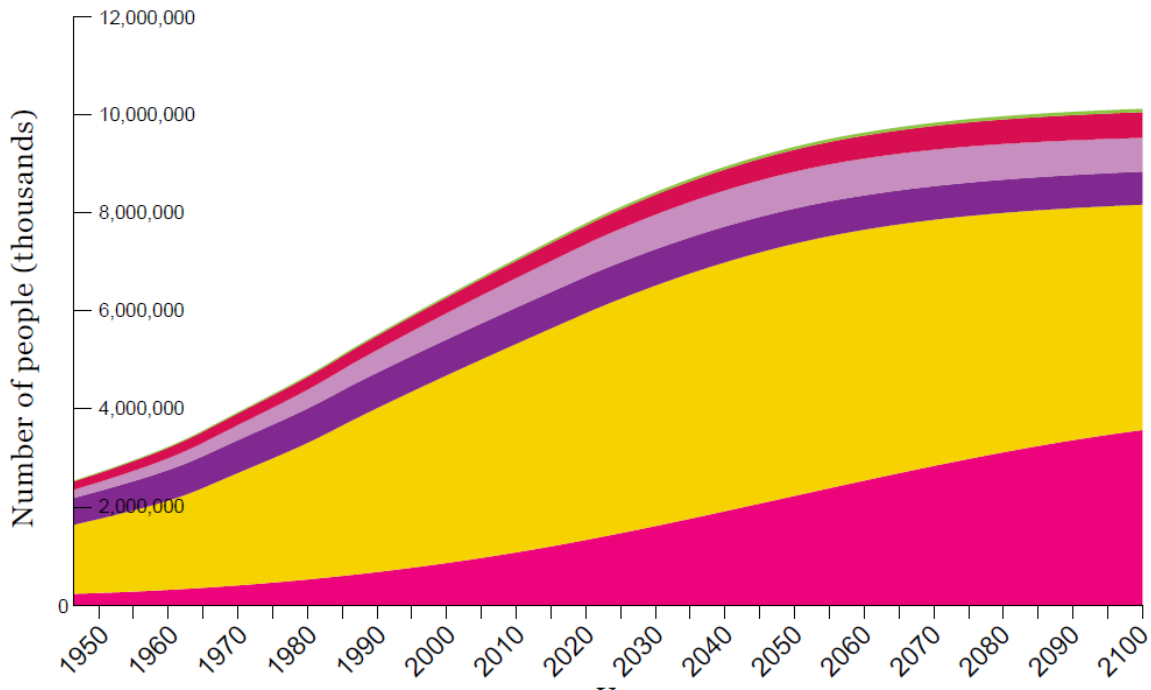
building standards and codes for housing delivery, and safety in collaboration with relevant professional bodies. The practice environment is somehow moderated by the professional ambience. A number of professional bodies have considerable impact on the activities of industry participants through regulations and pronouncements. These include the Nigerian Institution of Estate Surveyors and Valuers (NIESV), Nigerian Institute of Town Planning (NITP), Nigeria Institute of Architects (NIA), Nigerian Institute of Quantity Surveyors (NIQS), Nigerian Society of Engineers (NSE) and Nigerian Institute of Building (NIOB). On the financial side, the CBN and the Securities and Exchange Commission (SEC) are responsible for regulations.

### **2.1.3 Urban Housing Challenges**

The urban housing discourse has been dominated by issues of unsustainability, inadequacy in quantity and quality, unaffordability etc. (Fisher, 2002; Odongo, 1979). This is most peculiar in developing nations like Nigeria, where urban growth has gone beyond the capacity to provide adequate shelter for most of the population (Yeboah, 2005). Almost half of the urban population of developing countries live in unsanitary conditions, in inadequate housing without access to basic facilities like toilet, bathroom, kitchen and refuse facilities (UN Habitat, 2010). This is a confirmation of their study in 1996 where they found that in most developing countries, more than one billion human beings live in unacceptable conditions of poverty without adequate shelter; adequate privacy and space, physical accessibility, adequate security, tenure security, constructional stability and durability, adequate lighting, heating and ventilation, adequate basic infrastructure, proper quality of environment and health – related factors, and an accessible location concerning work and basic facilities.

The urban population continues to expand in sub Saharan Africa where urban management is weak and most people are poor, and as a result almost two thirds of the population live in informal housing (Arnott, 2008). UNCHS (1996) affirms that this has contributed to the increase in number of tenants in these areas as access to home ownership remains stringent. Agreeing, Peil (1976) asserts that the majority of urban residents in West Africa are tenants. This comes by way of renting an affordable room or squatting with a friend or relative with whom the rent can be shared. Multi-habitation has therefore become popular among urban residents in developing

countries as a result of high rent occasioned by housing deficit (Afram and Korboe, 2009). This unprecedented expansion of urban population significantly increases the pressure on the urban housing market with rapid increases in the demand for urban land leading to conversion of rural land at the urban periphery. Figure 2.1 is further illustration of this fact:



*Key*

- Oceania
- Northern America
- Latin America & The Caribbean
- Europe
- Asia
- Africa

Source: UKaid (2015). *Urban infrastructure in Sub-Saharan Africa – harnessing land values, housing and transport.*

Figure 2.1 illustrates the phenomenal urban growth in Sub-Saharan Africa. Nigeria is perhaps the fastest urbanizing country in the African continent (Alao, 2013). This is in addition to the attendant demand pressure of such urban phenomenon on the property market. To further explain the dire situation surrounding the Nigerian property market, some 70% of the households in the UK are owner-occupiers, and the relative size of the owner-occupied sector in Spain is 80%, Ireland (76%) and Finland (78%) (Myers, 2006). The form of ownership in these countries is generally supported by government initiatives that encourage demand by making the process of home buying as fast, transparent and as consumer friendly as possible.

This situation is facilitated by the following variables in the real estate market:

- i) The current price of housing;
- ii) Income and risk considerations;
- iii) Cost of finance;
- v) Government policies, such as tax benefits and stamp duty;
- vi) Demographic factors, such as the number of households, and
- vii) Price of associated goods and services, such as maintenance, furniture, insurance etc. (Tomori, 2014).

Housing delivery in Nigeria is provided by the government and the private sector. Despite Federal Government access to factors of housing production, the country could at best expect 4.2% of the annual requirement (Alao, 2013). Such government initiatives to boost housing development in Nigeria have not performed satisfactorily. In Nigeria, the development of urban land and housing is severely constrained by government control (Olatubara, 2007). Tomori (2014) argues that State ownership, occasioned by the Land Use Act (1978) keeps large quantities of land off the market, thus making development and acquisition extremely difficult due to the vesting of interests in the Governor of the state.

This is in addition to the cumbersomeness of securing land title where obtaining a Certificate of Occupancy usually takes from one to five years, and at an expensive cost of processing. Different definitions of security of tenure exist, but a recent definition that was agreed upon during the Expert Group Meeting on urban indicators in October 2002 is; “the right of all

individuals and groups to effective protection by the state against forced eviction”. International Human Rights Standards describe forced eviction as permanent or temporary removal of individuals, families or communities against their will from the home and/or land which they occupy, without the provision of, and access to, appropriate form of legal or other protection (Atati, 2014).

Tomori (2014) alludes this failure on the inability of government to enact convincing and successful policies to curb the deficit in the industry. She offers the following reasons:

- a) Where stocks of publicly held land in urban areas have been depleted, and public housing projects have been stalled due to lack of land.
- b) In many cases, it is difficult for public agencies to acquire and assemble land. Moreover, private landowners do not want the trouble of dealing with complicated and time consuming public conveyancing or certificate of occupancy registration and related procedures.
- c) In other instances, government agencies have not used market research to identify suitable areas for housing or industrial estates. Consequently, they frequently purchase remote sites which are difficult to market, or sites that were too large, taking many years to sell off. For instance, in May 1989, Perumnas had nearly 24,000 unsold housing units, most of which were located in areas with little demand for housing (Dawal and Clark, 1996).
- d) The urban Land Use Act of 1978 in Nigeria has caused substantial problems, significant reductions in supply of land for residential development, creation of vast block market for real estate, and overall worsening of housing affordability in Nigeria major urban centres causing one of the most alarming results of slum population.

The net effect of such inadequacies of government influence is that informal housing development increasingly dominates the urban areas in the form of slum formation and illegal

squatting. Within the urban population, there is a rapidly growing informal sector whose ability to borrow from the formal market is not adequately recognized. Housing deficit may not have been a major problem if there was no mismatch between the people for whom the houses are being built and those who need them (Ewurum et al., 2020; Omeru, 2012). This echoes of a disconnect between the plan and the planned which is also evident from the miles in distance between the Land Use Act (1978) and its intended beneficiaries. Lending credence, housing policies are normally designed for specific groups, i.e. low-incomes, elderly, and key workers (Quercia, 2002; Morrison, 2003; Morrison and Monk, 2006; Beitel, 2007); thus, it is vital that such policies are focused and target-driven. It would, however, be unrealistic to assume that these informal and squalid settlers living in ‘housing poverty’ would have affordability and access to the limited supply in the market.

#### **2.1.4 The Housing Market: Need, Demand and Supply**

In analyzing housing market demand, three key components need to be taken into consideration (Stone, 1954):

1. Current need analysis
2. Demand analysis
3. Supply analysis

The current need analysis seeks to identify households in a community that are homeless or live in inadequate housing due to various reasons, and cannot afford the housing they need in the local housing market without some assistance. This analysis identifies individuals in the community who need low cost housing immediately.

While the housing need and housing demand nomenclatures may be interwoven at times, research authorities in the field of housing literature have expressed different explanations for both. Housing need represents the demography with essential and urgent requirement for housing. It measures the extent to which existing accommodation falls short of that required to provide each household with accommodation of a minimum specified standard, irrespective of ability to pay (Harvey and Jowsey, 2004). On the other hand, housing demand is the specified interest to own and capacity to pay the price of housing (Gebeyehu, 2001). Both are relevant to

the discourse given the implication that housing demand is purely an economic variable influenced by proxies as income, price, rate of interest; while housing need is determined by population structure and the goals to be pursued in terms of housing standards.

The demand for housing is income-elastic but also demography-driven. This assertion is further clarified by Burns and Grebler (1977) who argue that, the ratio of rent to total consumption tends to increase not only with higher per-capita income but also with the extent of urbanization. This implies that housing need and demand analysis go hand in hand with respect to household income and demography. Lending credence, Payne (2002) extrapolates that households' access to formal housing is constrained by social and economic costs. Economic costs explain the incapacity of urban households in developing countries like Nigeria to afford land, building materials and services etc. Moreover, social costs imply situations whereby they may be able to build their own houses at the risk of inconformity with building and administrative regulations (Payne, 2002). On the other hand, the failure to expand housing supply and basic services to match the growth of population has been a prime cause of misery in third world cities with obvious implications for their infrastructure and services needs (Nesru, 2007:13).

This demand analysis is made conspicuous by the statistical evidence that, there are more than 100 million homeless people in the world, almost a billion poor people in the world; and of this, over 750,000 million live in urban areas without adequate shelter and basic services (UN HABITAT, 2001; UN Habitat, 1996). This is an unprecedented force of demand pressure on housing providers. Consequentially, for households on limited income, the possibility of owner occupation is diminishing and informal housing including illegal sub division, squatting and sharing becomes an important source of affordable, if not adequate, accommodation (UN HABITAT, 2001). Therefore, informal housing as illegal sub divisions and squatter settlements remain the main source of housing supply for the urban poor in many third world cities.

The supply analysis, on the other hand, determines the ability of the community to meet its current and future social or affordable housing needs in the absence of the proposed project by examining the existing housing stock and anticipated additions. By stacking need and demand against the supply, real estate investors are able to gain a better insight into the level of shortage



or surplus of low cost housing in the community, as well as the scale and form any given project should take (Stone, 1954). By implication, there are complex linkages among housing supply and housing need or demand issues. Still, this phenomenon varies from country to country and from place to place based on the earlier mentioned variables. In Nigeria, supply of housing units is through the formal and the informal sectors.

Formal sector refers to supply from the private sector and the various bodies of the public sector as shown in Table 1:

**Table 1: Housing Supply Structure**

Formal (public sector)	Formal (private sector)	Informal sector
<ul style="list-style-type: none"> <li><input type="checkbox"/> Ministry of Housing</li> <li><input type="checkbox"/> Local Government Housing Programs</li> <li><input type="checkbox"/> National Housing corporation</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Real estate developers</li> <li><input type="checkbox"/> Mortgage institutions</li> <li><input type="checkbox"/> Commercial banks</li> <li><input type="checkbox"/> Corporate Bodies</li> <li><input type="checkbox"/> Development finance institutions</li> <li><input type="checkbox"/> Real Estate Investment vehicles (REITs)</li> <li><input type="checkbox"/> Non-governmental organizations (NGOs)</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Individuals</li> <li><input type="checkbox"/> Families</li> <li><input type="checkbox"/> Cooperatives</li> <li><input type="checkbox"/> Community development efforts</li> </ul>

Source: Atati, F.O. (2014). *An Investigation into the Factors that Influence Housing Finance in Developing Countries*. Unpublished Thesis

Table 1 shows the providers of housing units in developing countries. Conceptually, housing supply represents the flow of housing units into the market, through sale, rent or owner

occupation. Housing supply is directly related with the economic capacity of households to produce or to acquire (Chemera, 2008). The huge capital outlay associated with housing supply suggests that households with low level of income could not afford to produce their own housing, nor afford the steady upwards rent reviews which characterize the housing market. Thus, the incidence of housing deficit or housing supply disequilibria. Burns and Grebler (1977) cited in Barchin (2000) offers a clarification:

- i. Static disequilibrium: which refers to the overall disparity between the number of dwellings in geographical units such as a country and the number of households.
- ii. Dynamic disequilibrium: this quantifies the extents to which shortages or surpluses of supply in relation to need are changing over time.
- iii. Spatial disequilibrium: this indicates shortages or surpluses within different parts of a country, region or urban area.
- iv. Qualitative disequilibrium: which denotes that some households may be living in accommodation that falls short of a standard that would be acceptable to society at large (Barchin, 2000).

A review of Barchin's (2000) submissions from a Nigerian perspective suggests an unfortunate adoption of all these forms of disequilibria bar only one. The exception is spatial disequilibrium and the exception offers no consolation. Spatial disequilibrium would suggest that some parts of the country have attained a manageable, if not impressive market equilibrium. Sadly, no state nor region in Nigeria can boast of such luxury. In the case of Nigeria, spatial may be substituted with total disequilibrium.

### **2.1.5 The Nigerian Housing Market**

The Nigerian housing market is highly untapped and undeveloped despite lots of opportunities that abound in the sector (Akeju 2007). The over 17 million housing deficit statistic is a glaring reminder. The dynamism of this ugly scenario is backed by evidence that Nigeria is perhaps the fastest urbanizing country in Sub-Saharan Africa (Alao, 2013). The implication is an arithmetic response of housing supply to a geometric increment in demand pressure. Of course, there is evidence of qualitative disequilibrium in the Nigerian housing market given the presence of

dynamic disequilibrium. The consequence has been a rise in the number of informal settlements and slum formation in virtually all Nigerian cities, including the capital, Abuja. This is consistent with the assertion that almost half of the urban population of developing countries live in unsanitary conditions, in inadequate housing without access to basic facilities like toilet, bathroom, kitchen and refuse facilities (UN Habitat, 2010).

This has been alluded to lack of financial capability, government policies, lack of infrastructural development, inflation and high level of poverty. This overall housing problem is so enormous that the impact of the private sector has been so insignificant in addressing the situation (Nubi, 2000). Approaches taken in this respect by the housing sector may be clarified in the form of either social or market driven approaches. The social-driven approach to housing supply is normally centralized and in form of state interventions (formal public sector) justified on the basis that the market tends to offer imperfect competition frequently characterized by monopolies which can reduce consumer sovereignty (Boshoff, Kachepea and Pienaar, 2013).

Lansley (1979) argues that the market-driven approach to housing supply is ideal as resources would be employed in the production of housing in such a way as to maximize output. This argument suggests that the market-driven approach enhances equitable allocation of housing stock and is seen in this way as satisfying both supply and equity objective. Offering a critique to the free market system, Chemeraw (2008) argues that transaction in the free market fails to provide vulnerable groups with proper shelter. Dewar (1991) highlighted the merits of merging both strategically with the argument that none of the two approaches is superior to the other, but emphasized that the approach to seek should be the one that allows possible range of delivery systems and assist people to gain access to choose.

The response of these sectors in employing these approaches towards improved housing supply is driven by land allocation, accessibility and affordability, long lead times in the construction of housing, huge capital outlay, cost and availability of finance (Ball, Goody, Meen and Nygaard, 2011). This is not peculiar to Nigeria alone, as in no country in the world is the need for housing in complete equilibrium with its supply (Balchin, 2000). The actual difference in performance evaluation lies in the mode of response.

In the more advanced countries, the response has been by way of an attempt to eliminate disequilibria either by intervening in parts of the housing market for the first time home buyers or by remedying the weaknesses of existing policies or both (Balchin, 2007). The former indicates a well-oiled and vibrant mortgage industry. Lending credence, Balchin (2007) opines that collaborative effort is utilized by these countries in facilitating improved housing delivery. The study categorizes four main stages in the housing provision process in the developed world:

- i. The development stage in which an individual, private firm, or public agencies initiates the conditions that can support the construction stage.
- ii. Then, the builders bring together the factors of production in the construction process
- iii. Completed housing is thereby allocated to public and private landlords and cooperatives, or to prospective owner-occupiers.
- iv. The final stage of the process involves repair and maintenance to the dwelling over its life time (Balchin, 2000).

Benchmarking the successful of approach of the developed world from a nigerian perspective is further influenced by land market forces such as land allocation, accessibility and affordability, long lead times in the construction of housing, huge capital outlay, cost and availability of finance etc. With respect to land allocation and accessibility, the Land Use Act (1978) was enacted to make land available for public development including increased access to land for low cost housing initiatives through the powers of eminent domain. As a matter of consequence, relevant communities have found it difficult to come to terms with this development which has been labelled as an exploitation, and has led to difficulty and complication in acquiring land.

The result, therefore, is a situation where the Land Use Act (1978) has only succeeded in compounding the same problem it was supposed to address (Umeh, 2007), despite the perceived intention of the Act to eradicate land acquisition issues. Accessibility to adequate housing is a critical issue for the low income urban dwellers. In most rapidly growing cities of the developing countries, housing is a critical problem precisely because there are too few units (Gottdiener and Budd, 2005). This suggests a quantitative and qualitative problem. These deficiencies in the

developing world are exacerbated by rapid population growth and rural-urban migration on an enormous scale-resulting conditions that staggers the imagination (Yeboah, 2005).

One of the panaceas is a rejig of the mortgage finance system. The challenge attributed to this respect is the fact that private financial institutions are unwilling and unable to provide long term credit to facilitate the development of an urban owner occupied sector. This has been alluded to lack of proper documentation, low per capita incomes, job-insecurity and political instability. This is complicated by government's inability to provide large-scale public sector housing schemes to satisfy the needs of low-income households (Balchin, 2000). Furthermore, in many countries of the developing world, a large proportion of the urban poor would find such accommodation beyond their means (Ibid.)

However, resources are sometimes available to assist those in need to help them-selves. Since the 1980s, international aid agencies, such as United States agency for international Aid (USAID) and the World Bank, have provided the governments of over 50 newly industrializing and developing countries with loans to facilitate the development of aided self-help housing (ASH) (Pugh, 1995). The World Bank alone, participating in 116 projects from 1972 to 1990, involving an average of US \$ 26 million per project (Barchin, 2000). The Nigerian outlook suggests that this approach has not met nor exceeded expectations.

This has necessitated government intervention in the housing market, through the formulation of various policies to facilitate the provision of accessible accommodation for the people; address land tenure, land title regulation and land accessibility. Similarly, a number of other housing strategies by the Nigerian government were negatively affected by lukewarm budget enforcement, unfavorable and unrealistic interest rates and lack of enabling environment for private sector participation. This deficit has led to inflated rental and sale costs as is evident in the Abuja property market where a single room *en suite* may go for N1.5m *per annum* while in the same Abuja a plot of land may go for less than that. In a country where more than half of the population is living below \$1 a day, it is then quite obvious that a cursory examination renders government performance in the Nigerian housing sector a near catastrophe.

Undeniably, the Federal Mortgage Bank of Nigeria (FMBN) and the subsidiary National Housing Fund (NHF) scheme established by Decree No. 3 of 1992, is the financial component of strategic initiatives adopted since the 1991 National Housing Policy to encourage and sustain a stable platform for housing finance (Ifediora, et al., 2015). Yet, the performance outlook has been comparably poor as with over 84 Primary Mortgage Banks (PMBs) and 21 commercial banks, most Nigerians typically rely on equity to pay for their homes. An examination of current global economic data on the relationship between mortgage finance and GDP shows that in the United Kingdom, mortgage finance to GDP ratio is about 80%; in the United States it is 77%. For Hong Kong, this ratio is 50%, across Europe the average is about 50%, and for Malaysia it is 32%. Benchmarking these statistics against the African scenario, South Africa, remains the outlier with mortgage finance at 31% of GDP, 2% for Botswana, 2% for Ghana; and only a very low 0.5% for Nigeria despite significant growth in the Nigerian mortgage market from N54 billion in 2006, to about N224 billion in 2011 (Okonjo-Iweala, 2014).

Despite huge allocations of money to the housing sector in the National Development Plans, very little was achieved in terms of meeting specified targets in housing construction. A number of reasons can be adduced for this, which include: wrong perception of the housing needs of the low-income households, who incidentally constitute the vast majority of urban dwellers; improper planning and poor execution of housing policies and programmes; others are undue politicizing of government housing programmes and the lack of the political will and astuteness to carry out government housing programmes to logical conclusions; and insensitivity of government to the operations of the private sector in housing delivery (Ademiluyi and Raji, 2008; Olotuah and Bobadoye, 2009). In addition, many of the housing units were located many kilometers away from those who require them and from the functionally active boundaries where socio-economic activities take place within the cities (Ademiluyi and Raji, 2008; Olotuah and Bobadoye, 2009).

Invariably, a much more effective way to improve housing supply is to reduce construction costs for moderately priced new units. This increases housing affordability both directly by reducing the costs of new housing and indirectly by increasing low cost housing supply (Litman, 2009). Yet, affordability is affected by external and internal factors, where the external factors revolve around the cost of the housing (Kamete, 2001). The study stipulates cost of housing as the sum of

land acquisition, infrastructure, both on and off site, planning, designing, administration and community facilities, interest rates, amortization periods and subsidies.

Occasionally, this is provided by government (Linn, 1983) but preliminary observation shows that in Nigeria, such infrastructural facilities as water, security, power, sanitation, transport, health and education etc. have equally been provided and managed by the private sector. This is of course going to be costlier than facilities from the public main. The internal factors that affect affordability have to do mainly with the socio economic circumstances of the target group. The first set of this is the economic character of the community which is defined as employment opportunities, kinds of occupations and income, and expenditure patterns. The other factors have to do with the target group's social characters like household sizes, family structures, needs, customs, aspirations and priorities (Linn, 1983)

The foregoing will certainly be aided by offering a conceptual elucidation of housing affordability. However, given the variations in the level of development and per capita income from a global perspective, the conceptual framework of housing affordability by this study is a testament of the socio-economic situation of our area of domiciliation. Accordingly, UN-HABITAT (1996) avers that, one of the most common measures for housing affordability is the house price to income ratio i.e. In other words, the report measures housing affordability by how many years' income is needed to purchase a house for particular individual households. Edwards (2007) presents a more concise approach with the assertion that, housing is affordable if housing expenditure is not exceeding 30 percent of the household's income signal.

Household expenditure is pertinent as it affects the resultant share of income available for housing (Kamete, 2001). This implies that measuring housing affordability by using income of households gives more realistic picture of the ability of households to pay than the rule of thumb method. Lending credence, Stone (1993:66) avows that, housing affordability is a measure of the relationship among household incomes, housing costs and the cost of non-shelter necessities (say, food and clothing). Likewise, household income has been identified as the most popular measurement of housing affordability. Beyers (1958) cited in Kamete (2001) stresses the paramount importance of the family's income from the stand point of home buying and home

maintenance. According to him, the importance of family income is underlined by the fact that employment opportunities and kinds of occupations mentioned above affect the ultimate household income.

This implies that, the concept of affordability is measured by different factors like household income, household expenditure, housing prices and the cost of non-shelter necessities etc. Thus, certain levels of urban housing or services is affordable to a low-income beneficiary household if the amount from monthly income that a household is willing and able to pay for shelter related expenditure is sufficient to cover the monthly costs of providing these services. Where housing prices are in line with production costs, the term affordability may well signal lack of adequate income to afford a standard home (Edwards, 2007). This shows that, affordability expresses the linkage between the wellbeing of households and the mechanism of housing provision and income determination (Stone, 1993).

Experience with providing low cost housing in many developing countries highlights the difficulty in effective targeting and subsidies to especially low income households (Melaku, 2009). This has been influenced by the following:

- i. The price and availability of land for housing that is in turn influenced by the demand for land from other sectors and by the attitude of national, city and municipal authorities to different kinds of illegal development;
- ii. The scale and nature of road construction and public transport provision.
- iii. The extent to which illegal or informal housing and land developments are tolerated.
- iv. The availability of piped water provision for sanitation and drainage and other forms of infrastructure and services needed by housing and residential neighborhoods.
- v. The efficiency of the official legal and regulatory framework within which those who supply housing operate (Melaku, 2009).

Evidently, housing affordability has been significantly influenced by demand and supply factors with attendant effect on rents and prices of housing (UN HABITAT, 2009). As indicated earlier, the demand side consists of the macro-economic environment, demographic conditions, and



access to housing finance, taxation and housing subsidies especially targeted at the poor and low income groups. Supply side factors comprise availability of developable land, appropriate building construction technology and suitable construction materials, skilled labor and reliable infrastructure (UN HABITAT, 2009). Moderate interventions in the housing market by government in the form of mortgage financing and rent control edicts have not been adequate in enhancing housing affordability among low income households. This is consistent with the assertion by Arnold and Skaburskis (1989) that, rent controls have not been adequate in reducing affordability problems.

The result has been sustained increase in housing deficit in developing countries like Nigeria which has manifested in pressure on house prices and rent levels with resultant housing stress and housing affordability problems concentrated among low-income households. This has necessitated the incidence of housing stress on low-income households who contribute most of the urban population of third world countries (Donald, 2009). The study explains housing stress as a situation whereby lower income households who are unable to access low-cost housing, either because there is an inadequate total supply or because the limited supply that does exist is rented to those with a higher capacity to pay; are forced into having to pay 30 percent or more of their income in rent.

#### **2.1.6 Housing Policy**

One of the principal reasons alluded for this large scale deficit is that housing problems have not been met with timely and appropriate policy measures (Chemereu, 2008). On the other hand, the experience of developed countries show that government tried to improve housing condition by enacting policies aimed at reducing the price low income households have to pay for shelter, improving the quality of the physical stock, and helping households find the kind and amount of housing that meets their basic needs (Arnold and Skaburskis, 1989). These policies operate with the terms of reference of improving the quality, quantity, price, ownership and control of housing (Murie, 1990). Such policies are modelled to attain the greatest efficiency in the utilization of economic resources, and must respect the preferences of the poor, by providing maximum flexibility and beneficiary participation in project and program design (Linn, 1983).

In the developing countries, housing policy has evolved from cultivated imitations of the British colonial office and the USAID (Chemerew, 2008). More recently, the role of international agencies has become more pronounced. For instance, the World Bank began housing policy programs in 1972; following is the UN-Habitat I in 1976 (Tibaijuka, 2009). The global strategy for shelter followed at the second United Nations Conference on human settlements (HABITAT II) in 1996 which aimed to achieve decent housing for all by 2000. An ambition that clearly failed (Tibaijuka, 2009). This was soon followed by the Millennium Development Goals (MDGs), with a slums target to achieve a significant improvement in the lives of at least 100 million slum dwellers by 2020 (Ibid.). Despite these efforts thus far, these policies have not fared well and Nigeria is not an exemption.

Amao (2013) offered a comprehensive review of the past policies and programmes on housing delivery in Nigeria even prior to attaining independence from the British. This is stated as follows:

Pre- 1928: Before the advent of the colonial rule at the dawn of the 20th Century, a communal system of housing delivery was practiced in most Nigerian communities. Houses were built through communal efforts by peer groups; members of age groups 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, referred to as community sweat tax, continued up to 1928, and still lingers in some communities to date despite the disruption of the people's communitarian values by westernization and globalization.

The Colonial period (1928- 1960): Government started 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. The Lagos Executive Development Board (LEDB) was charged with the responsibility of the planning and development of the capital city of Lagos. However, 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.

Thereafter, the Nigerian Building Society (NBS) was established after World War II, by the 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 but only an insignificant number of people outside Lagos benefited from the programme. So the NBS could not stand the test of time because it was dependent on government for funding. Thereafter came the urban redevelopment period.

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 allocated. With this type of wrong signal from the public sector, the private housing sector which provided 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, 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 continued to rise, an inclusive Housing policy was started in 1980, targeting low-income groups 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 (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, yet 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 enacted 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 recent times to ensure that estate developers can build to target prices. 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 evident 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 (Ebie, 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.

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

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

The policy spelt out other functions of the FMBN and these are:

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

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:

- i. to increase the housing stock in the country;
- ii. provide easy access to home ownership;
- iii. translate the national housing policy objectives into reality;
- iv. 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.

Summarily, with respect to the National Housing Policy, the Nigerian government over the years, even prior to independence, have formulated various policy initiatives and measures to improve housing delivery in the country. The pre-independence government intervened in the improvement of the housing stock with the provision of accommodation quarters for expatriate staff and selected indigenous staff in specialized occupations such as Railways and the Police. This initial effort marked the genesis of Government Residential Areas (GRAs) in many parts of Nigeria as can be witnessed today. It is pertinent to note that during this period, provision of housing for the general public was not under immediate consideration.

The intervention of the post-independence Nigerian Government was a slight improvement from what was obtainable prior to independence. More policies were formulated with housing the general public as the core issue of concern. However, there was a noticeable lack of significant improvement in the implementation phases. Such policy measures included the establishment of a National Council on Housing which was quickly followed by the establishment of a National Housing Programme in 1972. The terms of reference were to construct 59,000 dwelling units as

follows: 15,000 units in Lagos and 4,000 units in the other state capitals. In the same year, the Staff Housing Board was established to replace and perform the functions of African Staff Housing Scheme, and for the purpose of granting loans to civil servants to enable them to build or purchase their own homes.

The Federal Housing Authority (FHA) was created in 1973 to co-ordinate this nationwide housing programme. During this period, emphasis was placed on five-yearly development plans as the vehicle for economic growth. However, the first and second National Development Plans did not accord housing any priority. It was during the Third National Development Plan (1975-1980) that the government decided to participate directly and actively in the provision of housing rather than leaving it principally to the private sector. A total sum of N2.6 billion was, therefore, earmarked for the implementation of the various projects. Within the plan period, 202,000 dwelling units were programmed for construction as follows: 50,000 units for Lagos State and 8,000 units in each of the other 19 states.

It is pertinent to note that by the end of the plan period, less than fifteen percent (15%) of the houses had been completed (Federal Ministry of Works and Housing, 1991). In 1976, The Federal Mortgage Bank of Nigeria (FMBN) was created to replace the Nigerian Building Society, and for the purpose of granting loans to the public. With a capital base of N20m, which was later increased to N150m in 1979, the impact of the Federal Mortgage Bank of Nigeria during this period was not very significant and most of its loans went principally to select members of the middle-income and high-income groups.

The increasing deficit of urban housing as well as its continuous deterioration in the rural areas dictated the high priority rating given to housing by the defunct Civilian Administration of 1979-1983. In 1980, it embarked on an elaborated National Housing Programme based on the concept of affordability and citizen participation. The 1981/82 National Housing Programme was designed to provide 350 medium and high income housing units in each of the then 19 states of the federation by the FHA. This is in addition to the national low income housing programme embarked by the government in all the state of the federation popularly known as “Shagari low cost”, under the supervision of federal ministry of housing and environment.



During this period, a proposed 40,000 housing units were to be constructed all over the federation annually with 2000 units per state including Abuja, the federal capital city. The estimated target for housing delivery under this policy was 200,000 between 1981 and 1985 but only 47,500 were constructed across the nineteenth (19) states of the federation including Abuja, the Federal Capital Territory by 1983. The target group was the low-income households whose annual income did not exceed N5,000 for the One-Bedroom core houses and also the medium-income group with annual income not exceeding N8,000 for the three-bedroom house. Out of the States' housing allocation, 80% was earmarked for the low- income.

However, by June 1983, only 32,000 units had been completed, while the overall achievement was only 20%. It is pertinent to note that mid-way through the implementation; the second phase of the programme was commenced comprising 20,000 units of two-bedroom core houses also for the low-income group. This phase of the programme failed to take off in most States. Although about N1.9 billion was budgeted for housing by the Federal Government in the Fourth National Development Plan (1980-1985), an estimated sum of N600m was expended on the implementation of the National Low-Cost Housing Programme. In view of this level of investment, the impact of the programme on the overall housing market was negligible.

It was 25 years after Independence, on 26th April, 1985 that the Federal Government decided to have a National Housing Policy and appointed a committee to draw up same. The first National Housing Policy was launched by the then military government in February 1991 with a slogan "Housing for All by the Year 2000AD". Its ultimate goal was to ensure that all Nigerians owned or had access to decent, safe and sanitary housing accommodation at affordable cost by the year 2000. The housing needs in the country as at the launch of the policy stood at about 8 million units including projection in meeting the policy target in both rural and urban centers in response to united nations advocacy which calls for housing for all by the year 2000AD (Ogunrayewa and Madaki, 1999).

The policy estimated that 700,000 housing units are to be built each year if housing deficit is to be cancelled of which about 60% of the houses are to be built in urban centers. The policy re-structured the financial routing of accessing housing loans by way of creating a two tier financial structure, which is the Federal Mortgage Bank of Nigeria (FMBN) as the apex and supervisory

institution and primary mortgage institutions as primary lenders. However, in 2007 the FMBN conceded supervisory functions to CBN (Aribigbola, 2008). The FMBN nevertheless was empowered through decree no. 82 of 1993 to collect, manage and administer contributions to the National Housing Fund (NHF) from registered individuals and companies. The National Housing Fund is the product of the 1992 Housing Policy of the Federal Government of Nigeria.

According to the Nigerian Economist (1992), Decree No. 3 of 1992, which was packaged against the background of the National Housing Policy, is a legal instrument for mandating individuals and government to pool resources into the National Housing Fund (NHF). The policy took cognizance of both the qualitative (existence of substandard housing) and quantitative (severe housing shortages) nature of the problem. The 1992 Decree more or less pursued the original objectives outlined in the National Housing Policy which were:

- a. To ensure that the provision of housing units is based on realistic standards which the house owners can afford;
- b. To give priority to housing programmes designed to benefit the low income group;
- c. To encourage every household to own its own house through the provision of more credit or fund (this specific objective more or less crystallized into the NHF).

Decree no.3 of 1992 specifies that the NHF is to operate under a situation that inter alia includes the provision that all Nigerian workers earning an annual income of N3,000 and above should contribute 2.5% of their salaries to the fund. The law empowers employers to remit the mandatory contributions to the Federal Mortgage Bank of Nigeria (FMBN). Also, commercial and merchant banks were mandated by the same law to invest 10% of their loans and advances into the FMBN, while insurance companies are expected to contribute 20% and 40 % of their non-life and life funds respectively into real estate development as a means of further easing the housing problem. The fund covers the public sector and the organized private sector of the economy. The law also requires the three tiers of government (federal, state and local) to contribute at least 2.5% of their annual revenues into the NHF.

However, the Decree provides for a 4% interest on workers contribution to the fund. Contributors are allowed to borrow up to five times his or her taxable income which is payable over a period of 25 years. While fifty percent of the pool of fund remains with the FMBN, the remaining fifty percent is kept by the Primary Mortgage Institutions (PMIs) for lending to workers. The workers

are eligible to borrow any time for building purposes but where this is not done, the contributor can withdraw his savings (including the interest) at the age of 60 or at retirement. The PMIs are empowered by the mortgage Decree to bridge the gap between the FMBN and the contributors (employers and workers). They are the primary lenders that evaluate loan applications from the individual contributors. The maximum loan allowed for a contributor was pegged by the Decree at N1.5m and is to be jointly provided or financed by both the PMIs and the FMBN. The loans were given at half or fifty percent of the prevailing market rate. There were plans in 1994 under the NHF to deliver about 121,000 housing units but less than 5% were recorded to have been achieved.

Lending credence, Amao (2013) opines that 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. A number of other legislation needs to be amended substantially to bring their provisions in line with the new housing regime (Mabogunje, 2004). The touchstone in such reviews was to reduce red-tape and ensure that various legislations were compatible with demands of a free and robust market economy.

The inability of earlier policies and programmes to adequately resolve the backlog of housing problems in the country revealed the need for more pragmatic solutions and this formed the basis for a review of the 1991 National Housing Policy. The New National Housing Policy was published in the year 2006. This policy came up with some transitional strategies in which government made significant effort in partial disengagement into housing provision and encourage privately developed housing (Mabogunje, 2003). The new policy emphasizes private sector participation in housing finance and investment.

Thus, the period 2003 – 2004 witnessed 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. In fact, one of the short term measures advanced in the policy is the commencement of the implementation of a private sector led housing construction programme.

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. Under the policy, adjustment such as the amortization period which was 25years under the previous policy was jacked up to 30years, interest on NHF loans to PMI's were scaled down from 5% to 4% while the lending rate to contributors is reduced to 6% from previous 9%. The new policy aimed at removing the impediments to the realization of housing goal of the nation. The goal of the policy is to ensure that "Nigerians own or have access to decent, safe and healthy housing accommodation at affordable cost". This goal is similar to that of the 1991 policy except that the fulfillment of the policy is not tied to a specific period. The scope of the policy objectives has also been widened to include some of the issues put under the 1991 policy strategies.

A similar shift from a public sector housing provision to a private sector market-based housing allocation system was adopted in Britain in the 1980s (Abdullahi and Abd Aziz, 2010). Home ownership was 56% in 1981 (Burrows, 2003) and the government had over 6.4 million council housing units (Best, 1996) in a country with a population of 55 million people. A large percentage of the population was already adequately housed, although a significant proportion was living as tenants in the council houses and flats. The adoption of this policy in Britain entailed the selling of council houses and flats to their tenants at highly subsidized rates with 50% - 70% discounts for flats and 35% - 60% discounts for houses, in a policy strategy known as the "Right-to-Buy" scheme. This happened in an economy that had one of the best developed mortgage systems in the world which guaranteed easy source of credit to her citizens and other residents.

Through this policy, Britain's "slums were virtually eliminated and the number of houses exceeded households for the first time..." (UK Housing Policy, 2010). By 2003 home ownership in England had risen to 71% (RICS, 2010). The Nigerian experience presents a grim reading as shown in Tables 2 and 3:

**Table 2: Estimated Housing needs Nigeria (1991 – 2001)**

<b>ESTIMATE/OUTPUT</b>	<b>URBAN AREAS</b>	<b>RURAL AREAS</b>	<b>TOTAL</b>
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 Report (2002).

**Table 3: Estimated Housing Stock, by dwelling types in Nigeria (1991)**

	<b>Urban</b>	<b>Rural</b>	<b>Total</b>
	%	%	%
Maisonnette	2	0	1
Duplex	3	0	1
Detached Bungalow	10	20	17
Semi – detached	12	1	1
Flat	15	0	3
Room	65	77	74
Others	3	2	3

Source: UN – HABITAT Report (2002).

Tables 2 and 3 show that in spite of the various programs developed by the Nigerian government to provide low cost housing for the people, the housing affordability situation is still degenerating (Ndubueze, 2009; Onyike, 2011; Ohajruka, 2015).

The failure of the policy is further portrayed by the Vision 20:2020 document, which provides a stern verdict given that a target was set to build ten million new homes by 2020 as shown in Table 4:

**Table 4: Vision 20:2020 Housing Requirements**

Year	Houses built nationwide	Average No. of homes per State
2011	-	-
2012	500,000	12,500
2013	600,000	15,000
2014	720,000	18,000
2015	864,000	21,600
2016	1,036,000	25,920
2017	1,244,160	31,104
2018	1,492,992	37,325
2019	1,791,590	44,790
2020	2,149,908	53,748
Total	10,398,650	259,987

Source: Odia (2010). *ThisDay*, August 3, 2010

Attagher (2006) observes that such goal as shown in Table 4 spurred government into action with a review of past policies and subsequent enactment of the National Housing Policy. He argues that the main objective of the 2002 Nigerian National Housing Policy has been to make sure that all Nigerians possess or have the capability to live in decent, safe and sanitary housing accommodation at affordable costs, with a secure tenure. Since home ownership usually requires huge capital outlay, which can rarely be financed through equity, borrowing becomes essential. Thus, the availability and accessibility of long term credit is a crucial necessity in this respect. To achieve this, a financial model remains imperative. This assertion is in consistence with the submissions of Omotola (2009), that the key challenge of the housing sector in Nigeria is affordability.

### **2.1.7 Housing Finance**

Experiences in housing finance around the world demonstrate that broad, market based systems are the most effective vehicle through which to provide financial resources for shelter development (UN Habitat, 1996). A fundamental problem facing government, however, is that formal sector financial institutions seldom lend down market to serve the needs and requirements of low income households (ibid.). This is because the mode of operation followed by formal financial institutions in developing countries is not compatible with their economic characteristic and financing need (ibid.). Concurrently, in spite of the various programs developed by the Nigerian government to provide affordable housing for the people, the housing affordability situation is still degenerating (Ndubueze, 2009; Onyike, 2011; Ohajruka, 2015).

The main victims of this scenario are the low-income households who have to bear significant pressure of meeting rising acquisition and letting costs. Lending credence to the foregoing is the assertion that, construction costs are considerably higher relative to household income in countries with lowest income per capita, which suggest that the efficiency of the residential construction industry generally increases, as country's per-capital income increases (Habitat, 1996). This scenario has slowed down the housing construction process, especially where a high proportion of new housing units are constructed by self-help (ibid.). Where one may be able to obtain a long term loan from a non-financial body, say a relative, an effective housing finance system is still dependent up on institutions ability to broadly match people's willingness to save with people's desire to borrow (Balchin et.al. 2000:142). This is the reasoning behind the various housing finance schemes of the Nigerian Federal Government with the Central Bank of Nigeria (CBN) as the apex regulatory authority of these financial systems.

The CBN was established by the Central Bank of Nigeria Act of 1958 and commenced operations in July 1959 (<http://www.cenbank.org/AboutCBN/Coremandate.asp>; cited 11/8/2016). Among its primary functions, the CBN promotes monetary stability and a sound financial system, and acts as banker and financial adviser to the Federal Government (<http://www.cenbank.org/supervision/framework2.asp>; cited 11/8/2016). In a bid to address the urban housing deficit in Nigeria, the CBN embarked on the Financial System Strategy (FSS) in 2005. The terms of reference of the committee was to:

1. Establish a safe and profitable mortgage market by setting up appropriate infrastructure/institutions/processes and remodeling existing ones.
2. Introduce a framework to strengthen property/security rights.
3. Use the mortgage market to make long-term finance available and affordable to all Nigerians.
4. Enhance market mechanisms to improve the housing delivery system (FSS, 2020; FinMark Trust Report, 2010).

Given the holistic role of the CBN in the financial sector and beyond, it is only reasonable that certain powers are decentralized to ensure adequate focus and input in certain sectors of the economy. To address the housing issue, the Federal Mortgage Bank of Nigeria (FMBN) was established with the broad mandate of:

- i. Linking the capital market with the housing markets
- ii. Encouraging the emergence and promoting the growth of viable primary mortgage loan originators to serve the needs for housing delivery in Nigeria
- iii. Mobilizing domestic and foreign funds into the housing sector
- iv. Collecting and administering the National Housing Fund in accordance with the provisions of the NHF Act (FinMark Trust Report, 2010).

The National Housing Fund (NHF) scheme is the financial policy of the 1991 Housing Policy in Nigeria and charged with handling acute deficits and rising cost of housing in Nigeria (Amao and Ilesanmi, 2013). This scheme was established by Decree No. 3 of 1992, with the basic aim of encouraging and sustaining a stable platform for housing finance. It is managed and administrated by the Federal Mortgage Bank of Nigeria (FMBN). The scheme was aimed at addressing housing finance challenges in the low-income sector (FinMark Trust Report, 2010). It was granted a take-off fund of N250 million with the following key objectives (ibid.):

- i. Ensuring the provision of housing units is based on realistic standards that house owners can afford
- ii. Giving priority to housing programmes designed to benefit the low-income group
- iii. Encouraging every household to own its house through the provision of credit or funding



The FMBN facilitates housing finance in Nigeria through the process of making funds available to the Primary Mortgage Institutions. The Fund makes it mandatory for every Nigerian earning an income of N3,000 and above to contribute 2.5% of their basic monthly income or salary to the Fund (FinMark Trust Report, 2010). The government, insurance companies, pension funds and banks operating in Nigeria also contribute to this fund which is managed by the FMBN (ibid.). The contributions plus interest are repayable at age 60 or on death (ibid.). After contributing to the scheme for six months, workers are entitled to a mortgage loan of up to N5 million at a rate of 6% per annum for 30 years (ibid.). The loan is for a maximum of 90% of value, this implies that the borrower needs to deposit 10% of loan value. The loan must be used for house purchase, house expansion or building on a plot that is owned (ibid.).

Loan applications are made through the PMIs established under Mortgage Institutions decree of 1989, who then checks the application and forwards all the documentation to the FMBN; with a processing time of between four and nine months (ibid.). On approval, the funds are disbursed to the mortgage institution at a rate of 4% per annum, after which they disburse the loan to the loan applicant at a rate of 6% per annum. The PMI may make an additional loan at market rate if the borrower requires more than N5 million (ibid.). the report stresses that money from the Fund is also used by FMBN to make estate development loans to private developers and State Housing Corporations at a rate of 10% per annum over 24 months. These loans are usually granted to finance construction of properties which are then sold to buyers at 6% per annum from the NHTF (ibid.).

The prospects of this initiative is that interested property developers have a significant advantage in terms of low cost financing relative the commercial and merchant bank rates. However, the proof of the pudding is in the eating as experience shows that while accessibility may be catered for, availability is the real issue as the amount raised through these contributions is inadequate for the teeming demand. The scheme is seen by many workers as a compulsory regressive tax, in that the majority of workers could never earn sufficient income to afford to buy a house, even with the available finance (FinMark Trust Report, 2010). Over the past two years, the scheme has improved its operations through a new management structure at the FMBN (ibid.).

Yet, given that it was formulated in consideration of the housing demand gap and the difficulty of accessing finance through commercial banks and other financial institutions by low-income households, the NHF has not met its set goals in housing delivery. Lending credence, Ifediora et al. (2015) argue that from all indications, the housing affordability strategies of past government housing programs in Nigeria, may not have recognized the need for adequate consideration of the specific housing affordability needs of the people in these programs. Correspondingly, the NHF scheme has had little success because the amount raised through contributions is only sufficient to fund loans for a small proportion of those who qualify (FinMark Trust Report, 2010).

Given that the loan must go through the PMIs, many PMIs do not have a large capital base to adequately provide loans to a significant proportion of Nigeria's population in the midst of the disturbing fact that some states do not have PMIs (FinMark Trust Report, 2010). The scheme has other practical difficulties such as encumbrances the identification and qualification of the applicant. The FMBN will not disburse through a PMI more than 25% of the PMI's capital, and it requires a bank guarantee for the loans it does disburse (Walley, 2009). It is crucial to add that in a bid to address these challenges, the FMBN board introduced reforms in February 2010. These provided an increase in the mortgage loan accessible by an individual contributor to a maximum of N15 million (\$100,000).

Walley (2009) stresses that an additional difficulty is the requirement that a loan can only be obtained if the borrower can produce clear title to the property. In practice, therefore, many people do not make contributions, and so far only 43,402 loans have been disbursed. Also, the fact that this section of the discourse is riddled with PMIs is another critical failure of the finance system in Nigeria given the conspicuous absence of a Secondary Market. Thus the burden on the PMIs. Registration requirements and stamp duties also make the whole process cumbersome for the low-income households. This may be connected to a lack of focus and poor public relations with respect to the administration of the fund.

Omotola (2009) lends credence to the foregoing with the assertion that housing delivery is targeted mainly at the middle-high income segment of the population that can either pay cash or access mortgage finance from the banks. Modern marketing advocates the identification of specific and peculiar needs of targeted customers, while developing products to efficiently satisfy these identified needs (Nnadozie, 2003). It may be correctly maintained that the poor utilization of customer need-based housing affordability strategies in the housing program application may have added to the limited achievement documented by these programs, nonetheless there is enormous requirement for inexpensive housing and suitable shelter in Nigeria (Abimaje, Akingbohunbe and Baba, 2014).

### **2.1.8 Low Cost Housing**

Nigeria is the most populous country in Africa. Despite the fact that Nigeria – a lower-middle income country – has been growing at stable rates for a decade and has become the largest economy in Africa, living conditions have yet to improve significantly. The country continues to struggle with poverty, inequality, and infrastructure shortages. It is estimated that around 62% of the Nigerian population lives below the poverty line, most of whom must endure inadequate housing conditions (Ashoka, 2007). Housing is widely recognized as a human right, yet Nigeria's low-income households face a struggle in finding adequate and affordable shelter that does not leave them in difficulty, financially.

Affordable housing – also sometimes referred to as low cost housing or mass housing is a common feature of many discussions on housing issues (Bredenoord, Van Lindert and Smets, 2014). However, the issue in question is what really constitutes affordable or low-cost housing, as the criteria may differ across occupation classes, geographical zones and economic situation. As a result, affordable housing deals with housing solutions that are priced and financed in a way that ensures low-income occupants can also satisfy their other basic needs. The implication is that while housing scarcity affects all segments of society, it is notably low-income households who are most affected. This is evident of the argument that other income groups may be better positioned to afford their housing needs.

The situation becomes direr given Awofeso's (2010) argument that the Nigerian urban housing market primarily targets high-income households and thus leaves large parts of the Nigerian population excluded from formal housing provision. This situation has increased the challenges faced by low-income households, in addition to their weak individual purchasing power, access to housing finance due to incommensurate security; complementary goods, such as land and infrastructure among others. The study illustrates the situation in greater detail as follows.

In Nigeria, as in South East in particular, the minimum wage is currently tagged at N18,000 per month. This is in a country where complementary goods such as a bag of cement goes for N2,500, a 500 litre tank of water is N4,000 and a tipper of sand is N9,000, while a drum of paint goes for N4,500. These very basic and insufficient collection of building materials has already negated the potency of the developer's income, irrespective of other pressing needs such as family, clothing and feeding. Since equity is defeated, the alternative is to go for bank loan. However, Anosike and Oyebade (2012) posit that a key requirement for obtaining loan for property development is the deposit of an equity consistent with the 20-30% of the property value, while interest rates are pegged between 11 and 27% over a repayment term of 10 to 15 years. EFINA (2014) confirms this anomaly with the assertion that the mortgage Gross Domestic Product (GDP) ration in Nigeria is 0.58%.

With a surging housing deficit that currently stands at 17 million housing units, Nigeria represents one of the biggest markets globally for new housing construction targeted at low-income groups. In order to meet the supply gap of 23 million units by 2020, 2.6 million homes will have to be constructed annually. However, optimistic estimates (Kumolu, 2013) suggest that only around 200,000 units a year are currently being built. The sheer magnitude of the housing gap should be enough to make businesses and investors sit up and pay attention to the great prospects offered by the Nigerian low-cost housing market. The difficulty lies, however, in recognizing and adequately approaching these opportunities (Raschke, 2016). A more pronounced difficulty is the rate of sustaining such investments given the cost of production and the level of remittances ratio with respect to low-income households.

Raschke (2016) agrees while offering the contention that even though the bulk of the housing need stems from lower-income markets, the vast majority of private businesses do not believe that serving the needs of low-income households can be a profitable business – and neither does government. The suffix of this preceding sentence is unfortunate, yet confirmed by evidence earlier cited that most of the housing schemes delivered in Nigeria to date target the high-end luxury market segment and, to some extent, the middle class that has emerged over recent years. This is buttressed in Table 5.

**Table 5: Classification of Public Housing Delivery by Income Groups**

Housing Delivery	Finance	Income Group	Population Statistics
Housing at market rate	Mortgage	High (> N50m pa.)	4.5% Can obtain title/mortgage
Limited market rate housing	Micro-mortgage	Middle income (N4.8m to N50m pa.)	4% Less able to obtain title or mortgage
Low cost housing	Housing micro-finance, home improvement loans	Floating Class and lower income (N500,000 to N4.8m pa.)	14% Difficulty to access finance due to low income and security issues
Slum redevelopment/upgrading	Housing microfinance, cooperatives	Bottom of the pyramid (<N500,000 pa.)	77% Very low access to finance due to low income and collateral issues

Source: Klynveld Peat Marwick Goerdeler (KPMG) Mortgage Industry Overview (2015).

Table 5 shows a grim reading of the situation in the Nigerian housing industry, where the majority of the population is not served adequately by the industry due to their funding incapacities. The situation is that government who is hoped to help bridge this gap is busy

providing for those who can cater for themselves to an extent at the cost of foregoing the critical group. This has resulted in the over 17 million housing deficit experienced nationally. The study is a micro investigation of the problem to analyze the situation as it is obtainable in South East Nigeria with a bid to offering a progressive strategy in dealing with the problem.

### **2.1.9 Low-Cost Housing Shortfall: A National Perspective**

The social, economic and infrastructural underdevelopment of Nigeria's rural areas has occasioned significant mass exodus of rural dwellers to the urban areas. Presently, due to this rapid urbanization, the number of megacities (metropolitan areas with a total population in excess of 10 million people, for instance Lagos and Cairo) has been steadily increasing (Jaycox, 1977). By 2025, it is expected that the number of megacities will reach twenty-nine where again, a large portion of the population increase is expected to be in the developing parts of the world (United Nations, 2009; 2010). This scenario has created massive pressure on the urban areas (Ewurum, 2007) which in turn makes planning difficult and cumbersome, with attendant implications on restoring law and order in the urban areas.

The resulting increase in demand for houses will largely be unmet as most of these developing countries are hardly able to satisfy the backlog of accumulating housing shortage let alone rise up to meet the needs of the new entrants (Robi, 2011). Take Lagos for instance, where the level of urbanization has risen to absolute extremes that the city is now facing tremendous congestion and deficits in housing as shown in Table 6:

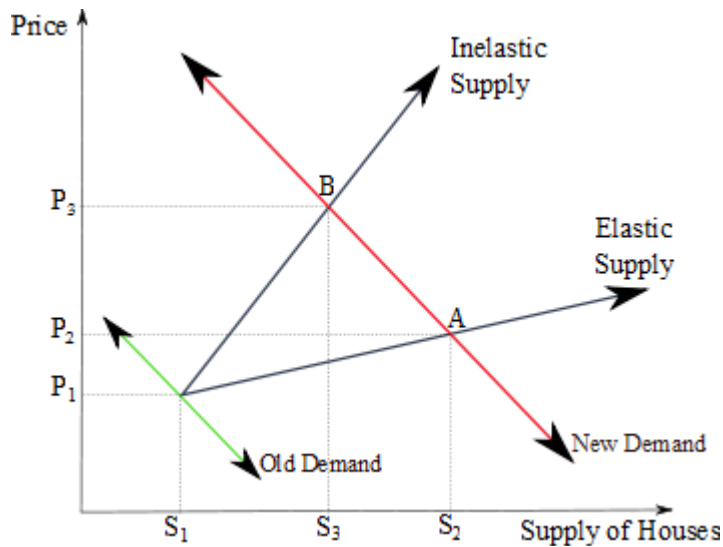
**Table 6: Population of urban agglomerations with 10 million inhabitants or more in 2009 and their average annual rates of change, selected periods, 1975-2025**

Urban agglomeration	Population (millions)			Average annual rate of change (percentage)	
	1975	2009	2025	1975-2009	2009-2025
Lagos, Nigeria	1.9	10.2	15.8	4.96	2.74
Dhaka, Bangladesh	2.2	14.3	20.9	5.47	2.40
Karachi, Pakistan	4.0	12.8	18.7	3.43	2.37
Delhi, India	4.4	21.7	28.6	4.68	1.71
Kolkata (Calcutta), India	7.9	15.3	20.1	1.95	1.71
Mumbai (Bombay), India	7.1	19.7	25.8	3.01	1.69
Manila, Philippines	5.0	11.4	14.9	2.44	1.65
Al-Qahirah (Cairo), Egypt	6.4	10.9	13.5	1.54	1.35
Beijing, China	4.8	12.2	15.0	2.73	1.29
Shanghai, China	5.6	16.3	20.0	3.14	1.27
Istanbul, Turkey	3.6	10.4	12.1	3.11	0.96
São Paulo, Brazil	9.6	20.0	21.7	2.15	0.51
Los Angeles-Long Beach-Santa Ana, United States	8.9	12.7	13.7	1.03	0.48
Ciudad de México (Mexico City), Mexico	10.7	19.3	20.7	1.74	0.44
New York-Newark, United States	15.9	19.3	20.6	0.57	0.42
Rio de Janeiro, Brazil	7.6	11.8	12.7	1.32	0.42
Buenos Aires, Argentina	8.7	13.0	13.7	1.16	0.34
Paris, France	8.6	10.4	10.9	0.58	0.28
Tokyo, Japan	26.6	36.5	37.1	0.93	0.10
Moskva (Moscow), Russian Federation	7.6	10.5	10.7	0.95	0.08
Osaka-Kobe, Japan	9.8	11.3	11.4	0.41	0.02

Source: United Nations Population Division (2010) in Robi, W. (2011). *Rapid Urbanization and Housing Shortage in Africa: The Opportunity within the Problem for Ethiopia*. Unpublished Thesis, KTH Royal Institute of Technology, Stockholm.

This had led to massive land reclamation efforts from some of these cities. In the face of such housing deficit scenario, where there is an elastic supply of housing which can be determined by factors like supply elasticity of developable land and labor, regional planning, government regulations and subsidy (Saiz, 2010, Barker, 2004 and Muth, 1996), an increase in demand for housing due to a population rise would have a fairly small effect (P1 to P2 on Figure 2.2) on house prices (point A on Figure 2.2) as the continuous supply of housing would inhibit the prices

from increasing higher than the construction costs (Glaeser, 2005, cited in Robi, 2011). On the contrary, in a situation faced with inelastic supply of housing as in the case of most developing countries, the rise in demand for housing from an increasing population would lead to a significant rise ( $P_1$  to  $P_3$ ) in the price of houses as can be seen at point B on the graph in Figure 2.2 (ibid.).



**Figure 2.2: The nature of housing supply and the impacts of demand shocks**

Source: Adapted from Glaeser (2005) in Robi, W. (2011). *Rapid Urbanization and Housing Shortage in Africa: The Opportunity within the Problem for Ethiopia*. Unpublished Thesis, KTH Royal Institute of Technology, Stockholm.

Consequently, a common burden faced by the rapidly urbanizing cities of these nations is that none of them are primed to keep pace with the infrastructural and housing demands alongside other necessities of new residents (Jaycox, 1977; Lim, 1987; Tipple, 1994; Werna, 1994; Keivani, and Werna, 2001; in Robi, 2011). This failure on the part of the government has doomed these states into accepting, enduring and accommodating the growth of informal sectors (Drakakis-Smith, 1981; Keivani and Werna, 2001). This has further augmented the congestion of the already heavily populated squatter settlements and illegal sub-divisions that fail to offer essential facilities like proper water supply, sanitation and sewers and access to road (Jaycox, 1977) forcing the bulk of urban inhabitants to accept and inhabit dreadful living conditions causing serious risks to health (Black, 1994 as cited by Boadi, 2005; in Robi, 2011).



The root cause of housing deficit in Nigeria has been attributed to poor policy formulation and implementation (Jaycox, 1977). In agreement, Renaud (1987) in Robi (2011) argues that a successful shelter project depends not only on the planning and availability of finance but also on the existence of a thriving policy atmosphere. Finance, as a cause of the deficit, has been supported by the work of Annez and Wheaton (1984) in Robi (2011) with the assertion that in the construction of housing, access to credit highly increases housing consumption. A third cause of housing deficit as applicable to Nigeria, after policy and finance is the cumbersomeness of the process with relevance to low-income households who should be the chief beneficiaries of such endeavor. These high standards on building codes, zoning, space regulations, service delivery and the like lead to unnecessary expense in trying to abide by the rules thus adding on to the value of the unit (Feldman, 2002).

In an attempt to discourage the expansion of subserviced and overcrowded slums, some governments in developing countries have resorted to such measures as demolishing illegal houses to which the low-income groups have been compelled to call home and offering resettlement in subsidized public housing for a small percentage of these households (Robi, 2011). These measures have proven ineffective (Lim, 1987) and when strongly enforced, they have been unsuccessful and have therefore ceased to be carried out by some governments while others in Korea, India, Philippines, Mexico, and Venezuela still practice such (Jaycox, 1977). Sadly, they are failing to reconstruct as many units as they are destroying placing the low-income household in worse positions than they were previously in (Robi, 2011). A typical case of *one step forward, two steps backwards*.

## **2.2 Theoretical Framework**

### **2.2.1 Neo-Classical Approach**

The neo-classical approach, as the name suggests, draws its theoretical guidance from neoclassical economics and it is very largely concerned with the analysis of utility maximization on the part of individual consumers in an atomistic housing market. Put at its simplest, neo-classical economics views society as collection of individuals whose nature is assumed to be

given. The realization of individual preferences shapes the form of the economy and the nature of society. In its analysis of the economy, neo-classical economics makes four assumptions.

First, the production of goods and services reflects the preferences of consumers. Second, all households and firms have perfect information. Third, from this basis of perfect information households maximize utility and firms maximize profits. Fourth, production is assumed to be flexible in that the factors of production can easily be interchanged. Their assumptions and overall emphasis on equilibrium conditions continue to provide the underpinnings of many studies of urban structure and housing. The general hypothesis is that households trade-off travel costs (which increase away from the city center), against housing costs (which are shown to decrease from the city center) in an attempt to maximize utility subject to an overall budget constraint (Alonso, 1964; Kain, 1962; Muth, 1969; Mills, 1972).

The relationships between transport costs, housing costs and income are welded together in this framework to predict the relationship of individual households and of different income groups within the city. Mills' (1972) model of urban structure successfully predicts the decline of land values and population density from the city center, both of which are found in most large cities of North-west Europe and North America.

The most general criticism about this approach is that the models fail to consider the structuring of household housing decisions. Households do not make choices in a vacuum. The preferences that they express and the constraints that they experience are molded by the nature of the wider social structure and by the more immediate effects of the specific character of certain systems of housing production and allocation.

In essence, the Neo-Classical Approach draws on the analysis of consumer needs and utilizes such information in the delivery and satisfaction of those needs. The theory is relevant in the analysis of the first hypothesis of the study which states that housing provision by housing providers has not met the housing needs of the low-income households in South East, Nigeria. Thus, the study examines the potency of this theory in the delivery of housing for low-income households in South East, Nigeria.

### **2.2.2 Neo-Marxist Approach**

The neo-Marxist perspective draws its inspiration from Marx's analysis of the contradictions of capitalism with a view to replace it with socialism. Though the revolutionary road to socialism, such as those taken by Lenin and Mao Zedong in China, has been blocked and nowadays rejected, Marxist theory is far from dead. The old theories have been reformed and reworked. The 'guiding thread' of Marxist analysis is the economic structure, or the mode of production consisting of the forces (techniques) of production and the relations (ownership) of production.

As Marx (1976, pp. 20-21) put it, the guiding principle of my studies can be summarized as follows. In social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life.... At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production from forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure.

### **Application of the Theory to Housing**

In housing finance, Marxist analysis do not differ substantially from the neo-classical approach. Both stress the long-term nature of housing mortgage, financial instability, and the link between the flow of funds and housing production cycles (Harvey, 1982). The neo-Marxist paradigm has the advantage of viewing housing in broad political economy. The implication is that long term housing financing is a deficit amelioration strategy in affordable housing delivery. This is reminiscent of effective monetary policy making for low cost housing delivery in a developing economy like Nigeria.

## **Criticisms of the Theory**

The main weaknesses are that Marxian categories are difficult to test empirically and the theories tend to be general rather than specific to housing. The theory has also been subjected to criticism based on its communism beliefs of delivering economic products in a social manner. Related to the delivery of housing, the theory still retains its relevance due to the categorization of housing as an economic and also social commodity. As a result of this analogy, the study analyzes how this theory reflects on the second hypothesis which states that the shortfall in the housing market in South East, Nigeria is not due to poor monetary and policy implementation.

## **2.3 Empirical Review**

The study conducts an empirical review of prior research findings in consistence with the objectives of the study. This is in a bid to have a vibrant and insightful discussion of results.

### **2.3.1 Low-Cost Housing Delivery by the Public Sector and Housing Needs of Low-Income Households.**

Emoh, Oham and Macdonald (2018) explored the imperatives of growing the Nigerian housing investment sector through affordable housing and social enterprise while drawing heavily from the lessons and experiences of some leading nations of the world such as South Africa, UK, New Zealand and other European countries. The paper postulated that given Nigeria's extensive resource base of social capital, such as a long history and tradition of catalyzing community self-help projects, a foundation exists for social innovation in housing provision in Nigeria and Africa. The study concluded that the lessons learned and the experiences gained will serve as a platform for recommending affordable housing and social enterprise programmes that will be the solution for growing and diversifying the Nigerian housing investment sector.

Jang, Lee, Kim and Kim (2010) investigated the Relationship Between Demand-supply in the Housing Market and Unsold New Housing Stocks using the vector error correction model. The study used data from Seoul as the spatial scope, and the temporal scope of time series data ranged from July 2001 to July 2009. To obtain the time series data, databases of the Ministry of Land, Transport and Marine Affairs, Statistics Korea, CERIK, and Kookmin Bank were utilized. The results of variance decomposition analyses indicated that for changes in unsold new housing

stocks, the explanatory powers of housing selling price indexes and housing loans were high while the explanatory powers of production factors were relatively low. Based on the results of impulse response analyses, the quantity of unsold new housing stocks showed larger changes in response to the impulses of housing prices and housing loans than to the impulse of production factors. Also, it was indicated that, among the production factors, unsold new housing stocks showed a pattern of continued change in relation to the financing status of suppliers while showing impromptu responses to the impulses of the material or manpower situation but no continued change.

Zaemah (2010) conducted an empirically test to determine whether a bubble exists in the Malaysian Housing Market for the period 1990 to 2004. Using a general to specific approach from a simple multivariate liner regression model (OLS) to more sophisticated models such as Vector Error Correction Model (VECM), Vector AutoRegression (VAR), regime-switching (Markov-Switching), GARCH model and MS-GARCH, the result suggests that a semi-rational bubble did exist in the Malaysian housing market in 1997:Q1 to 1998:Q2. The deviations or fluctuations of the Malaysian House Price Index could not be explained by the macroeconomic fundamental variables such as income, interest rate and inflation.

Furthermore, the result also implies that Malaysian housing market is inefficient market due to the slow adjustment process towards its long run equilibrium price. The mean and variance of the MHPI is significantly different in the two states (boom and burst) which suggest that the Malaysian housing market had experienced a boom and bust of house price bubble prior to the occurrence of the 1997 Asian financial crisis. The results of switching model approach support the changing behaviour of MHPI in different economic states, implying possible existence of bubbles in the Malaysian housing market.

Conefrey and Whelan (2012) analyzed Supply, Demand and Prices in the US Housing Market. The study observed that the slowdown in the US economy in 2008, and in the housing market in particular, has been accompanied by a sharp fall in house prices and a glut of homes for sale on the market. They argued that while the idea that this overhang of dwellings for sale should place downward pressure on house prices is intuitive, little empirical work has been done in this area.

This paper explicitly modeled the relationship between changes in house prices and various measures of housing supply. The results show that months supply of new homes places greater downward pressure on house prices than the months supply of existing homes.

Stevenson and Young (2014) considered supply dynamics in the context of the Irish residential market. The analysis, in a multiple error-correction framework, revealed that whilst developers did respond to disequilibrium in supply, the rate of adjustment was relatively slow. In contrast, however, disequilibrium in demand did not impact upon supply, suggesting that inelastic supply conditions could explain the prolonged nature of the boom in the Irish market. Increased elasticity in the later stages of the boom may have been a contributory factor in the extent of the house price falls observed in recent years.

Pogodzinski (1995) examined the effect of housing market disequilibrium on the supply of labor. Earlier studies suggested that housing market disequilibria affected other markets through altered consumption patterns (Podkaminer 1982, 1988) or because housing shortages restricted labor mobility (Mayo and Stein 1988). This paper examined the disincentive to supply labor which arises from housing market disequilibrium. The disequilibrium was measured by four variables. One is a measure of density, while the others are based upon the number of persons in official housing queues. Each of the variables is negative and significant in the two-stage least squares estimates of labor supply. Estimates disaggregated by skill-class are also presented. Housing market disequilibrium has the greatest impact on the labor supply of the least skilled.

Chazovachii sought to assess the socio-economic impact of housing shortage in Tshovani High Density Suburb. The study was motivated by the problem which indicates that housing shortage had not been taken aboard in development circles of the Chiredzi city council and this had resulted in serious ramifications on socio-economic lives of the Tshovani urbanites. Quantitatively, questionnaire was used while qualitatively interviews and observations were employed in data gathering and presentation. The study revealed that overpopulation and poverty were the main cause of homelessness, and this led to creation of undesirable living conditions which culminated to deviant behavior by children, widows, husbands with wives in the rural areas. It also resulted in poor education for children, malnutrition, increased crimes, and high

diseased environment especially HIV and AIDS. The study recommends a need to establish site and service schemes, low income cooperatives, subsidized health schemes to residents and awareness campaigns especially on crimes and immoral behavior, HIV and AIDS for a sustainable urban livelihood to exist in Chiredzi.

### **2.3.2 Causes of Affordable Housing Market Shortfalls**

One of the causes of market disequilibrium in the housing sector is affordability (Arigbibola, 2006; Ifediora et al., 2015). Arigbibola (2006) conducted a study on the impact of housing affordability on improved housing delivery in Akure, Ondo, Nigeria. The study found that 57% of households in the area are saddled with quantitative and qualitative housing affordability crisis. Upon the findings, the study further recommends the formulation of a low income segment driven policy and implementation actions in Nigeria.

Citing affordability as a housing deficit issue, Onyike (2007) compared the earnings of government workers in Owerri, Nigeria with the market value of bungalows in the city, in line with the annual mortgage premium of 6 and 8 percentage points in a 25-year period. The study revealed that, as at the beginning of the year 2007, under the 17-level wage structure for government workers, only workers on level 13 upwards in the federal civil service, and those on level 16 and above in the state civil service could be able to pay for the lowest priced bungalows at 6% interest rate. The study therefore concluded that the average government worker in Owerri will not be able to afford suitable shelter without enormous help.

Olotuah (2006) discussed housing quality in a city suburb, Oba-lle, which is a few kilometers from Akure, the capital city of Ondo State Nigeria. It reports finding from a research on housing studies in the study area. A linear model was developed through multiple regression analysis for the prediction of housing quality of the buildings therein. Three independent variables were found to be predictors of the dependent or criterion variable; these were Use of Toilet, Age of Buildings, and Frequency of Collection of Refuse. The regression coefficients of the predictor variables described the values by which the dependent variable (Housing quality) would change as a result of a unit change in any of the predictor variables. The model is thus pivotal in determining strategies for the improvement of housing quality in the study area.

Ifediora et al. (2015) evaluated the extent of incorporation of customers' specific affordability needs in the Nigeria National Housing Fund (NHF) scheme. It ascertains the adequacy of the consideration given to the specific affordability needs of potential beneficiaries of the NHF scheme and determines the adequacy of the consideration given to the inputs from the intended beneficiaries of the NHF scheme. Descriptive and exploratory research designs are adopted for the study. Different offices of the Federal Mortgage Bank of Nigeria, namely the implementers of the NHF scheme, in Abuja, Port-Harcourt, Ibadan, Enugu, Lagos, as well as the 19 state/district offices in these zones are studied. The population of the study includes 201 management staff and officers in these offices. Considering the size of the population and the nature of the investigation, a census is undertaken.

Data for the study were collected through structured questionnaire. The formulated hypotheses are tested using analysis of variance (ANOVA), at 5% level of significance. Results of the hypotheses tests show that; the consideration given to the specific affordability needs of the intended beneficiaries in the NHF affordability criteria is not adequate ( $F_{cal} = 73.064$ ,  $P = 0.000 < 0.05$ ). And, the consideration given to the inputs from the intended beneficiaries of the NHF scheme is not adequate ( $F_{cal} = 116.009$ ,  $P = 0.000 < 0.05$ ). In line with findings of this study, it was concluded that little attention is paid to the specific affordability needs of the target beneficiaries of the NHF scheme. Following the findings and study conclusion, it is proposed that the implementation of the Need-based Housing Affordability Model developed in this study, will aid the successful planning and execution of housing affordability strategies, thus boosting the performance of housing development programs.

A study by Awuvafoge (2013) examined the factors that limit the supply of adequate affordable housing in Ghana especially in the urban areas. The study was motivated by the problem which specifies that at an estimated average urban growth rate of more than three percent per annum between 2000 and 2030, the urban population in the country is expected to increase by 65% by 2030 and this will further increase the demand for housing in the country. The research utilized secondary sources of data to analyze and identify the major impediments to the provision of affordable housing. It was found that the scarcity of land in urban areas and the high cost of building materials make it difficult for low-income groups to become homeowners.



Additionally, the study found that the rent system in the country is unfriendly and this leads to homelessness in the urban centers. The study also found that high poverty levels and the lack of easy access to finance in the form of mortgage loans further compound the housing situation in the country. Recommendations and suggestions of the study relate to preventing the population explosion in the country, facilitating and safeguarding access to land, promoting the use of local building materials, changing the rent system in the country, and ensuring access to home finance and other credit facilities.

Hegedüs, Eszenyi, Teller and Kiss-Molnár (2009) in a study using 11 indicators measuring the quality of housing, housing density, the characteristics of the living environment, affordability and satisfaction with housing conditions; analyzed the housing conditions of social groups according to age, income, household type, education, settlement type, tenure and building type. They made the following findings:

- i. the cause of the housing problem (in the case of flexible and competitive markets) in the long run was that households living in bad conditions do not have enough income to afford the expenses of adequate housing.
- ii. there were a number of economic and social factors which led to serious housing problems: rigid housing market; housing as capital (rather than consumer good); discrimination; extreme differences in income; distorted ownership structure (housing privatization, lack of support policy and neutral tax system); monopolies (banks, providers, etc.); limitations of controlling housing expenses in housing estates and condominiums.
- iii. the individual behavior of households (irrational consumption patterns, irresponsible household finances, tax evasion, maximization of subsidies, unexpected illness, divorce etc.) also plays a role alongside the structural (social) reasons.

The main conclusions were:

- a. The groups based on income and education were clearly the most important determinants of poverty housing. That is, the housing conditions of low-income groups with low levels of education were critical in almost every regard.
- b. Generally, there was a weak correlation between the various elements of the housing problem and region or type of settlement.
- c. The analysis of demographic groups showed substantial differences between younger (under 45) and older (over 55) people. That is, different elements of the housing problem were concentrated in the two groups (unlike the income and education variables, where the housing of families in a worse situation grew worse in every dimension). Demographic factors increasing the chances of bad housing conditions were: single-parent families and families with children.
- d. The rental sector was in a critical situation. This included the situation of people who inhabit housing as a “relative of the owner” as well as the problems of people living in other types of housing.

The study recommends that the redistribution of income would thus, in the case of flexible supply, automatically solve the housing problem.

In a study of the effects of credit availability on housing supply, as reviewed by Doling, Vandenberg and Tolentino (2013), Chan (1999) argues that because most builders are small firms with little internal capital, aggregate house construction will be negatively impacted during periods of tight credit. His regression results using data for the U.S. indicate that credit availability plays a significant role in the level of construction activity especially for speculative construction.

In Doling, et al. (2013), Erbas and Nothaft (2005) applied the Washington University Macro Model, a quarterly econometric system with 442 equations and 611 variables, to countries in the Middle East and North Africa. They simulated the likely effect of sharp reductions in mortgage

and other lending rates on house construction and GDP growth over 10 years. The simulation was conducted for changes of 200, 400, and 600 basis points in both residential mortgage rates and long-term corporate bond yields. The latter were included for two reasons.

First, reforms that result in lower residential mortgage rates are also likely to include reforms that would reduce lending rates to businesses. Second, because many lower- and middle- income homeowners in developing countries are also small business owners, housing loans are likely to finance business development. The results show that with no change in corporate bond yields, housing construction increases in the first 10 years by almost 3% as a result of a 200-basis-point reduction in mortgage rates. It increases by almost 6% with a 400-point reduction, and almost 10% with a 600-point reduction. If the reforms also cause a reduction in business lending rates of 600 basis points, then house construction grows by 12% in part due to the growth of the economy.

The simulation also indicates the impact on GDP growth in the first 10 years. In this scenario, the decrease in mortgage lending rates in the absence of a corresponding decrease in business lending rates results in lower GDP growth. This outcome appears to come about because increased residential development diverts resources from other types of investment. If rates for both forms of lending decrease by 600-basis-points, however, annualized GDP growth would increase by 0.1% (Doling, et al., 2013).

Alaghbari, Salim, Dola and Ali (2009) embarked on a study to identify the factors that cause housing shortage for low-income groups in Yemen and recommend some solutions to alleviate the problem. A questionnaire survey was used as the tool to carry out this study. The first part of the questionnaire consisted of three groups namely: economic, administrative, and legal factors. The second part consisted of suggestions on housing supply, construction methods, and materials used for low-cost housing in Yemen. The level of importance of the categories was measured and the relative importance of weightage was ranked. The results show that the most important economic factors causing housing shortage were poor handling of available economic resources and shortage of economic resources. The most important administrative factors causing housing

shortage were lack of organization and synchronization and not conducting studies on housing. The most important legal factor causing housing shortage was lack of legalization of housing.

### **2.3.3 Review of Housing Policies**

Institute of Economic Affairs (1993) reviewed the Ghana Government Housing Policy using secondary data obtained from the housing sector regulatory agencies and the Ministry of Works and Housing in Ghana. The data were presented with tables while the corresponding values were expressed in percentages. The policy had the following objectives as discussed by the study:

1. To facilitate flow of resources, the government intends to mobilize more funds for the housing sector and develop non-conventional approaches to finance shelter program.
2. To accelerate home improvement, building skills and construction technologies will be improved and the availability of home improvement financing expanded.
3. Improvements in the environment of human settlements will be achieved through strengthening of basic infrastructure services and the acceleration of programmes for environmental improvement of slums.
4. Greater private sector participation will be achieved through the review of Rent Restriction Control Act and the provision of additional loan to private developers.
5. Shelter programs will be made accessible to the poor through the encouragement of self-help.

With respect to these objectives of the Policy, the study hypothesized that decent and affordable housing is basic to human existence, and the Government's goal to provide housing for all Ghanaians was set with a strong belief that there is a direct relationship between the quality of housing and the quality of life. After the analysis of the Housing Policy, the study found that while the goal is honourable, the special characteristics of housing such as durability and spatial fixity, make direct involvement by Government in the housing market counter-productive, as has been shown. They concluded that, in this period of very limited resources, housing inputs will be efficiently allocated if the distribution and use of resources is dictated by market forces, rather than bureaucrats, whose policy recommendations, although well intentioned, do in some instances (as in the case of housing policy) produce unintended results.

Ibimilua and Ibitoye (2015) conducted an overview of the Housing Policy in Nigeria. Their paper considers housing policy in Nigeria as a tool for national development. It begins by examining the importance of housing in the attainment of sustainable development. It then goes on to look at the various housing strategies programmes and policies that have emerged in the country. The paper describes housing problems in Nigeria, housing as a policy, as well as the national housing policy. Furthermore, it gives a review of housing policies and programmes in Nigeria. The identified problems that are associated with the implementation of housing policies in Nigeria were poor administration, inadequate funding, insufficient infrastructural amenities, as well as inadequate housing finance. The paper recommends the periodic review of the housing policy, finance of housing policies, encouragement of the use of local materials, as well as the provision of low cost houses in urban and rural places.

Amao (2013) offered a comprehensive review of the past policies and programmes on housing delivery in Nigeria even prior to attaining independence from the British. This is stated as follows:

Pre- 1928: Before the advent of the colonial rule at the dawn of the 20th Century, a communal system of housing delivery was practiced in most Nigerian communities. Houses were built through communal efforts by peer groups; members of age groups 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, referred to as community sweat tax, continued up to 1928, and still lingers in some communities to date despite the disruption of the people's communitarian values by westernization and globalization.

The Colonial period (1928- 1960): Government started 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. The Lagos Executive Development Board (LEDB) was charged with the responsibility of the planning and development of the capital city of Lagos. However, 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.

Thereafter, the Nigerian Building Society (NBS) was established after World War II, by the 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 but only an insignificant number of people outside Lagos benefited from the programme. So the NBS could not stand the test of time because it was dependent on government for funding. Thereafter came the urban redevelopment period.

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 allocated. With this type of wrong signal from the public sector, the private housing sector which provided 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, 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 continued to rise, an inclusive Housing policy was started in 1980, targeting low income groups 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 (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, yet 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 enacted 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 recent times to ensure that estate developers can build to target prices. 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 evident 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 (Ebie, 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.

With respect to a review of the NHF aspect of the housing policy, Ifediora et al. (2015) empirically evaluated the extent of incorporation of customers' specific affordability needs in the Nigeria National Housing Fund (NHF) scheme. It ascertains the adequacy of the consideration given to the specific affordability needs of potential beneficiaries of the NHF scheme and determines the adequacy of the consideration given to the inputs from the intended beneficiaries of the NHF scheme. Descriptive and exploratory research designs are adopted for the study. Different offices of the Federal Mortgage Bank of Nigeria, namely the implementers of the NHF scheme, in Abuja, Port-Harcourt, Ibadan, Enugu, Lagos, as well as the 19 state/district offices in these zones are studied. The population of the study includes 201 management staff and officers in these offices. Considering the size of the population and the nature of the investigation, a census is undertaken.

Data for the study were collected through structured questionnaire. The formulated hypotheses are tested using analysis of variance (ANOVA), at 5% level of significance. Results of the hypotheses tests show that; the consideration given to the specific affordability needs of the intended beneficiaries in the NHF affordability criteria is not adequate ( $F_{cal} = 73.064$ ,  $P = 0.000 < 0.05$ ). And, the consideration given to the inputs from the intended beneficiaries of the NHF scheme is not adequate ( $F_{cal} = 116.009$ ,  $P = 0.000 < 0.05$ ). In line with findings of this study, it was concluded that little attention is paid to the specific affordability needs of the target beneficiaries of the NHF scheme. Following the findings and study conclusion, it is proposed that the implementation of the Need-based Housing Affordability Model developed in this study, will aid the successful planning and execution of housing affordability strategies, thus boosting the performance of housing development programs.

#### **2.3.4 Challenges of Policy Implementation**

Ibimilua and Ibitoye (2015) conducted an overview of the Housing Policy in Nigeria. Their paper considers housing policy in Nigeria as a tool for national development. It begins by examining the importance of housing in the attainment of sustainable development. It then goes on to look at the various housing strategies programmes and policies that have emerged in the country. The paper describes housing problems in Nigeria, housing as a policy, as well as the national housing policy. Furthermore, it gives a review of housing policies and programmes in Nigeria. The identified problems that are associated with the implementation of housing policies in Nigeria were poor administration, inadequate funding, insufficient infrastructural amenities, as well as inadequate housing finance. The paper recommends the periodic review of the housing policy, finance of housing policies, encouragement of the use of local materials, as well as the provision of low cost houses in urban and rural places.

The work of Phago (2010) was an attempt to understand whether governmental actions and interventions are near to addressing the challenges of homelessness for low-income households in South Africa. In particular, the research problem was broadened to understand the extent to which the effects of the Housing Act 107 of 1997 and the Gauteng Housing Act 6 of 1998 were conducive to addressing the public housing problems in the Gauteng Province. The literature review undertaken in this study showed that for South Africa, and particularly the Gauteng Province, to be more successful in addressing public housing problems, different approaches and interventions were necessary. This was due to the fact that most successful countries (especially Western countries) have allowed community organisations themselves, not only the government, to become actively involved in the provision of public and low-income housing.

Other findings of this study were, inter alia, poor administrative capacities, shortage of land for housing development, housing affordability problems, and lack of sound intergovernmental relations systems. The main recommendation, on the basis of the findings, is that a constitutional review and amendment recommending public housing policy implementation to be the preserve of municipalities should be considered. Several additional recommendations include, inter alia, proposed changes in the hierarchical structures and the adoption of business models that could

minimize red tape to improve the turn-around period for beneficiaries in the process of public housing provision in the Gauteng Province.

Taiwo (2005) examined the various problems facing developing nations as regards implementation of policies. Apart from discussing the general overview of policy implementation problems in both developed and developing nations, focus was on Nigeria while a great number of examples were taken from the Nigerian experience. The Better Life Programme (BLP) and the Family Support Programme (FSP) embarked upon by Nigeria's successive First Ladies between 1983 and 1998 (Mrs. Maryam Babangida and Mrs. Maryam Abacha respectively) were highlighted for empirical studies. Some implementation problems identified in the study include corruption, lack of continuity in government policies, inadequate human and material resources, all of which often lead to implementation gap, i.e. the widening of the distance between stated policy goals and the realization of such planned goals. The study concluded that it is apparent that policies are rolled out regularly in developing nations but, most of the time, without achieving the desired results.

Ugonabo and Emoh (2013) examined the major challenges militating against housing development and delivery in Anambra State of Nigeria with a view to stimulating relevant agencies of government and other stakeholders into designing appropriate strategies for effective housing delivery in the state. The study had identified a multiplicity of factors inhibiting effective housing development and delivery in Anambra State to include lack of secure access to land, high cost of construction, limited access to finance, bureaucratic procedures, high cost of land registration and titling, uncoordinated policies and implementation at Federal and State levels, ownership rights under the Land Use Act, lack of critical infrastructure, affordability gap, inefficient development control, youth harassment of developers, inelegant revocation and compensation process among others.

In order to comprehensively address the challenges, the study recommended the need for a holistic approach to housing development and delivery that will involve the Federal Government, the State Government and the private sector (both formal and informal). In view of the fact that the private sector has displayed greater flexibility and potential for housing production, we are of

the opinion that in line with the provisions of 2012 National Housing Policy, government should provide the enabling environment for the private sector to provide safe, adequate affordable housing for the citizens.

Juta and Matsiliza (2014) addressed the challenges facing the implementation of the Breaking New Ground (BNG) 2004 housing policy which is aimed at providing affordable human settlements in South Africa. The study adopted a mixed methodology to capture the primary and secondary data. The challenges encountered in the housing project included improper planning and unavailable land, structural problems inherited from the apartheid regime, poor quality of houses built, limited community participation and improper supply chain management and mismanagement.

Chepsiror (2013) investigated the challenges of housing development for the low income population in Kenya. The objectives of the study were; to identify the motivation behind the players in the housing industry, to analyze the methods of housing provision by existing housing developers for the low income market, to examine the challenges faced by housing developers in the low income market and hindrances to their efforts, to evaluate the challenges faced by low income people in accessing housing and to consider how best to manage the challenges identified so as to increase rate of housing provision. Random stratified sampling was employed to obtain a reasonable sample size for administering questionnaires. Sample size of 100 was used due to financial and time constraints. This means that the researcher sampled 20 residents from the five estates, 20 from housing developers, 20 from housing financiers, 20 from ministry of housing employees and 20 from other related departments.

The tools that were used included notebooks, questionnaires, camera and pens. The questionnaires were used to gather information directly from sampled respondents. The questionnaires had both open-ended and closed ended questions. The data collected from the field using questionnaires, interviews and observation were computed and organized into categories. The data was presented in an organized format to allow for in depth analysis. The data was presented in form of explanatory texts, tables, pictures and pie charts. The data collected was analyzed using descriptive tools. The study findings indicated that the motivation

behind players' involvement in housing industry in Eldoret town include maximum profit motive, social need motive, Government incentives and availability of low cost building materials and technologies.

In addition, the most practical methods of housing provision by existing housing developers for low income market include Provision of housing through mortgages, Public-private partnership, Provision of site and service and Funding by international bodies. However, the challenges encountered by housing developers in venturing into low income markets in Eldoret include Low return on investment, Rising cost of land, complex land acquisition process, High interest on capital finance, Scarcity of land with Infrastructure and outdated planning regulations. It was further found out that among the strategies identified to manage challenges on accessing low cost housing in Eldoret town included provision of low cost building materials, use of appropriate building technologies, low interest rates on building finance, sourcing funds from international communities, elimination of cultural barriers on property ownership and management and change of the current building code.

#### **2.4 Role of Public-Private Partnership in Housing Delivery**

Eziyi (2011) explored the extent to which PPP in housing provision has so far contributed to solving the housing challenges in the Lagos Megacity Region of Nigeria. The paper presented the result of a cross-sectional survey of operators of PPP schemes and housing consumers in the study area. The results show that the PPP approach is basically a formal joint venture partnership involving government providing land at subsidised cost and the provision of serviced plots or construction of housing units by private sector partners. Although the approach has provided affordable serviced plots and housing units for a few high income elites, it has contributed very little to the volume of housing units available to low-income people in Lagos. The paper suggests the adoption of a uniform policy on PPP in housing provision and the establishment of a co-ordinating agency. In addition, government involvement in the provision of infrastructure in PPP housing schemes could increase the affordable housing stock accessible to low-income people in the city.

Oladokun and Aluko evaluated the practice of public private partnership in housing delivery in Lagos State, Nigeria with a view to establishing the effectiveness of PPP arrangement for housing delivery. Questionnaires were served on selected officials of Lagos State Development and Property Corporation (LSDPC), an arm of the Lagos State Government, Gateway City Development Company (GCDC), a subsidiary of Ogun State Government as well as identified members of Real Estate Developers Association of Nigeria in Lagos State who had one time or the other partnered with the state governments through any of the aforementioned agencies to provide housing estate.

The findings were that the respondents were quite knowledgeable about housing development via PPP arrangement and that social needs are the most influencing factor for embarking on PPP arrangement. A larger proportion of the respondents indicated that roles in PPP arrangements are mutually agreed upon. While the major role of the private sector is to project manage development projects, the government is often limited to the provision of land. While documenting a number of involvement in development of blocks of flats, the arrangement has contributed mostly in the area of residential housing units.

Kasala and Burra (2016) reviewed secondary data sources, interviews and analysis to arrive at findings which present a multi-dimensionally reciprocating role of Private Public Partnerships (PPP) in the delivery of planned and serviced land in Tanzania. Taking the role of Private Public Partnerships into account, the study recommended an effective implementation of urban development planning and management proposals is alternatively possible using resources amalgamated through workable Public Private Partnerships.

Eziyi (2010) conducted a study of thirteen government agencies in six selected Nigerian cities was undertaken. The findings indicate that though the agencies tended to focus on the provision of access to land and the regulatory framework for housing development, the majority of Nigerians have not benefited from this arrangement. The paper recommends that government agencies should also be involved in providing basic amenities and subsidies to ensure that Public-Private Partnership housing serves the interest of most Nigerians.

Eziyi and Egidario (2012) examined the prospects and challenges of Public-Private Partnerships (PPPs) in housing provision in Ogun State Southwest Nigeria. Data were derived from the review of official records and interview enquires. Findings show that Public-Private Partnership in housing in the study area is based on the joint venture approach between government agencies and corporate commercial private property developers. So far, attention has been on the provision of housing for high-income households, while the challenges of insufficient numbers of housing units and housing affordability among low-income households have not been addressed. The key challenges militating against Public-Private Partnership in housing are inadequate supply of land by government and housing finance, high cost of building materials, graft as well as the exclusion of low-income people from the PPPs. Given the huge housing supply deficit in Ogun State, the study argued that the future success of PPP is contingent upon addressing these challenges and the involvement of organizations that represent low-income people in the institutional framework of the PPPs.

Nuwagaba (2013) conducted a study on Public Private Partnership (PPP) in Rwanda. The study was carried out at the Rwanda Development Board (RDB). The researcher explored the state of PPP in Rwanda and went ahead to explore whether or not PPP can improve service delivery in a country. The findings revealed that, there are no PPPs in the country just yet and what exists are just concessions given to some investors in the key areas. It was understood from the study that 90 percent of respondents believe that PPPs improves service delivery and 10 percent do not and 50 percent are of the view, that a clear legal frame work needs to be put in place to support PPP and 35 percent view a communication plan as vital for PPPs. A total of 55 percent of respondents viewed Build, own, and operate and Transfer (BOOT) as the best PPP model for Rwanda. The study recommended that PPPs can function well if there is no political interference and there is need for transparenance at all times during contacts negotiations and execution.

## **2.5 Summary of the Review of Related Literature**

The review of related literature on affordable housing deficit shows that scholars have identified the extent of the deficit from a global and national viewpoint. Also, majority of research on housing deficit have identified the causes of housing market deficit, review of housing policies and role of PPP. Studies such as Doling et al. (2013) and Awuvafoqe (2013) examined the causes

of housing deficit without adjusting for the peculiar realities of our study area. Ifediora et al. (2015) cited the essence of a localization of such determinant elements in addressing the problem as it specifically applies to the area of study.

### **2.5.1 Gap in Literature**

A number of studies such as Ibimula et al. (2015) examining the challenges of housing policy implementation were reviewed but again, these studies were mainly conducted in regions outside the study area. This leaves a significant gap in terms of documenting the situation as it plays out in South East, Nigeria. It is safe to state then that this concept may be under-explored in the context of the South East geopolitical zone.

The significance of this is highlighted by the review which revealed that affordable housing deficit differs with area and there is no general panacea as each area must address theirs as deemed fit. So, there remains much to learn about the South East States and how best to analyze the affordable housing deficit in the area, and their capacities to address the scourge. Of course, studies like Emoh et al. (2018) discussed the concept of affordable housing but they approached it from the context of social housing as they attempted to present the imperatives of social housing adoption in South East, Nigeria. This varies from the focus of the study which concerns an analysis of the deficit of housing for low-income households with a view to determining the causes and implications in the South East.

It is this gap in knowledge that the research seeks to fill. The critique of literature is based on the identification of gaps which indicate that no records were available to this study that shows the extent of market shortfall in these states relative to the national figure of over 17 million units. There were no clear records on studies showing the causes of shortfall in the affordable housing market in the area. These are the issues that prompted an investigation into the analysis of affordable housing deficit in South East, Nigeria.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The main purpose of this chapter is to describe and discuss the design and procedure adopted for the study. To this end, attempt will be made to describe the research method, the population and sample used. A description of the instruments that will be used for data collection as well as presentations of the validity and reliability of the instrument to be made. Also discussed in this chapter is the procedure for the data presentation and data analysis techniques.

#### **3.2 Research Design**

The descriptive research design was adopted for the study using the survey research method. Descriptive research design reports data from population parameters in a manner that prohibits manipulation of variables, thereby leading to results that are raw and unadulterated. The choice of the survey method is informed by the fact that it involves gathering data about a target population from a sample and generalizing the findings obtained from an analysis of the sample to the entire population.

#### **3.3 Sources of Data**

The study analyzed data from primary and secondary sources. The primary data for this study comprised data generated by the researchers from the field through questionnaire. The secondary data comprised records and documents obtained from agencies relevant to the study.

#### **3.4 Population of the Study**

The study analyzed housing deficit in South East, Nigeria. The population of the study comprised all low-income properties in South East, Nigeria. The sampling frame was low-income households, management staff of the Physical Planning Units of Abakiliki, Awka, Enugu, Owerri and Umuahia. Sampling frame refers to respondents who populate the sampling size of the study. According to the National Populations Commission (2019), there are 909,977 low-income households in the area; while the population of the Management Staff cadre of the Physical Planning Units is 56. The inclusion of the Physical Planning Unit in the population is justified by the fact that it is responsible for building approval and are in the best position to determine the quantity of low-cost buildings in the area. Therefore, the target population of the study is 910,033.

### 3.5 Determination of Sample Size

Due to the finite nature of the population, the sample size for administering the questionnaire was obtained using Cochran formula for finite populations. This yielded a representative sample for proportions. The formula and computation are as follows:

$$n = \frac{z^2 N p q}{N e^2 + z^2 p q}$$

Where

N = Study population (910,033)

n = the sample size

Z = Standard score corresponding to a given level which this study given as 96% (2.06)

p = the estimated proportion of an attribute that is present in the population or % of the success rate = 50%

q = the estimated proportion of an attribute that is not present in the population or % of the failure rate = 1-50%

e = Proportion of sampling error in a given situation i.e. 5% or 0.05.

Therefore:

$$n = \frac{z^2 N p q}{N e^2 + z^2 p q} = \frac{(2.06)^2 910,033 (.5)(.5)}{910,033 (0.05)^2 + (2.06)^2 (.5)(.5)}$$
$$\frac{(4.2436) 910,033 (.25)}{910,033 (0.0025) + (4.2436) (.25)}$$

$$n = 424.1622077502$$

Therefore, the sample size of the study is 424.

### **3.6 Research Instruments**

The research instrument for data collection from primary sources for the study was questionnaire structured in Likert Scale format. This was administered to the respondents by the researchers personally. The researchers opted for the questionnaire because, in terms of spread and coverage, it will be the most effective way of reaching out to a very large number of people at the same time from which similar types of information can be obtained. Also, respondents may have greater confidence in their anonymity and thus feel freer to express their views. The questionnaire is designed in two sections. Section A was for the Bio-data of the respondents while section B focused on issues of urban housing deficit (see appendix II).

### **3.7 Validity of the Instrument**

To ascertain the validity of the instrument, the researcher subjected the instrument to content validity by giving it to research experts in the field of social and hospitality sciences that examined the items and made sure they are in line with the objectives of the study. The instrument was structured in such a way as to minimize the effect of errors like inconsistency and ambiguity.

### **3.8 Reliability of the Instrument**

The reliability of the instrument was determined by a reliability test through the use of pilot study. Test and retest approach was adopted. The pretest was done using questionnaire administered to selected agencies in South East, Nigeria. A total of fifty (50) copies of the questionnaire were randomly administered to the agencies across the states.

### **3.9 Method of Data Presentation and Analyses**

Data was presented in Tables and the corresponding values expressed in percentages. The method of data analysis was Levene's T-Test for Hypotheses 1, Structural Equation Modeling (SEM) for Hypothesis 2, and Kolmogorov-Smirnov Test was used in testing Hypothesis 3. T-Test was used to test the mean variations between housing delivery and low-income household demand as determined by the number of low-income households yet to benefit from affordable housing provision. SEM explains the relationships among multiple variables expressed in series of equations similar to series of multiple regression equations, while T-test and Z-test explains the differences that exist between two groups of means.

**CHAPTER FOUR**  
**DATA PRESENTATION AND ANALYSIS**

**4.1. Presentation of Base Data**

The data presented and subsequently analyzed and discussed bear direct relevance to the problem and objectives of the study, and which apparently are relevant to the testing of the hypotheses formulated by this study. Table 4.1 shows the percentage analysis of the response rate.

**Table 7: Percentage Analysis of Response Rate**

Total number of copies of the questionnaire administered	424
Total number of copies of the questionnaire returned	373
Response Rate $\frac{373}{424} \times \frac{100}{1}$	87.97%
Non response rate 100% - 87.97% (51 copies)	12.03%
Total (%)	100

Table 7 shows that a total of Four Hundred and Twenty-Four (424) copies of the questionnaire were distributed, out of which, Three Hundred and Seventy-Three (373) were fully completed and returned. Meanwhile, Fifty-One (51) copies were not returned.

## 4.2 Data from Research Questions

### 4.2.1 Research Question One

To what extent has the housing delivery by housing providers met the housing needs of the low-income households in South East, Nigeria?

To establish the extent of delivery, the study examined the adequacy of low-cost housing and the affordability of low-income households. These are presented in Tables 8 to 11.

Respondents' position on adequacy of low-income housing in the study area was shown in Table 8:

**Table 8: Adequacy of Low-Cost Bungalows**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very High	5	1.2	1.2	1.2
High	24	6.5	6.5	7.7
Undecided	39	10.6	10.6	18.3
Valid Low	186	49.9	49.9	68.2
Very Low	119	31.8	31.8	100.0
Total	373	100.0	100.0	

Table 8 reveals that of 373 respondents, 1.2% opined that the opportunities were very high, 6.5% opined that it was high, almost 50% concurred that the opportunities were low while 31.8% decried the very low opportunities for accessing low-cost housing by low-income households in

the South East. Therefore, the provision of low-cost bungalows in the study area is very low as indicated by a cumulative percentage of 81.7%.

**Table 9: Adequacy of Block of Flats for Low Income Households**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very High	7	1.9	1.9	1.9
High	37	9.9	9.9	11.8
Undecided	92	24.6	24.6	36.4
Low	111	29.9	29.9	66.3
Very Low	126	33.7	33.7	100.0
Total	373	100.0	100.0	

In Table 9, it can be seen that adequacy of block of flats for low-cost earners is low (63.6%). This cumulative percentage shows that more blocks of flats were built for low-income households than bungalows in the study area, though inadequate.

**Table 10: Adequacy of Tenement Properties for Low-Income Households**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very High	6	1.7	1.7	1.7
High	26	7.0	7.0	8.8
Undecided	43	11.4	11.4	20.2
Low	147	39.4	39.4	59.6
Very Low	151	40.4	40.4	100.0
Total	373	100.0	100.0	

Table 10 reveals that of 373 respondents, 1.7% opined that the adequacy of tenement properties for low-income households is very high, 7% opined that it was high, 39.4% concurred that the adequacy was low while 40.4% decried the very low adequacy of tenement properties for low-income households in the South East. Therefore, the adequacy of tenement properties for low-income households is very low (79.8%).

**Table 11: Housing Affordability by Rent-to-Income Proportion**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	61% and above	34	10.1	10.1	10.1
	51% to 60%	84	25.0	25.0	35.1
	41% to 50%	144	42.9	42.9	78.0
	31% to 40%	56	16.8	16.8	94.8
	Less than 30%	17	5.2	5.2	100.0
	<b>Total</b>	<b>335</b>	<b>100.0</b>	<b>100.0</b>	

Table 11 reveals data from 335 low-income households, representing 99% of the sample frame. From the data, 5.2% of low-income households pay less than 30% of their monthly income as rent. 16.8% pay between 31 to 40%, 42.9% pay between 41 to 50%, 25.0% pay between 51 to 60%, while 10.1% of low-income households pay above 60% of their monthly income as rent.



#### 4.2.2 Research Question Two

What are the causes of the shortfall in the housing market in South East, Nigeria?

The result of this query was presented in Table 12 as follows:

**Table 12: Causes of shortfall in the housing market in the area**

S/N	Question/Statement	RESPONSE					Weighted mean
		Strongly Agree (5)	Agree (4)	Undecided	Disagree (2)	Strongly Disagree (1)	
1	Poor monetary policy is a major cause of market disequilibrium in the State	142	191	11	16	13	3.92
2	Poor housing policy implementation is a major cause of market disequilibrium in the State	99	199	32	25	18	3.71
3	Affordability is a major cause of market disequilibrium in the State	276	53	21	12	11	4.21
4	Poor supply of land in the urban centres is a major cause of market disequilibrium in the State	111	108	54	52	47	3.38
5	Rate of inflation is a major cause of market disequilibrium in the State	29	149	0	156	39	2.97

Table 12 shows respondents' view on the causes of housing market disequilibrium. The findings obtained from the respondents were subjected to a weighted mean analysis in a bid to determine the outcome with the highest weight. Therefore, respondents agreed that poor monetary policy (3.92), poor implementation of housing policy (3.71), affordability (4.21), poor land supply (3.38), and rate of inflation (2.97).

### 4.2.3 Research Question Three

To what extent has existing housing policies in Nigeria addressed the housing deficit in South East, Nigeria?

Data collected with respect to Research Question Three was presented in Table 13.

**Table 13: Extent to which housing policy has engendered available opportunities for accessing low-income housing by low-income households**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very High	7	2.0	2.0	2.0
High	19	5.1	5.1	7.1
Undecided	33	8.8	8.8	15.9
Low	136	36.4	36.4	52.3
Very Low	178	47.7	47.7	100.0
Total	373	100.0	100.0	

Table 13 shows that the extent to which housing policy has engendered opportunities for accessing low-income housing allocation by low-income households in South East Nigeria are very low as shown by a cumulative percentage of 84.1%

### 4.2.4 Research Question Four

What are the challenges of policy implementation faced by relevant agencies in addressing housing deficit in South East, Nigeria?

Data elicited from this enquiry was presented in Table 14.

**Table 14: Challenges of policy implementation faced by relevant agencies in addressing housing deficit in the study area**

S/N	Question/ Statement	RESPONSE					Weighted mean
		Strongly Agree (5)	Agree (4)	Undecided (3)	Disagree (2)	Strongly Disagree (1)	
1	Poor budgeting is a major challenge of housing policy implementation in addressing urban housing deficit	215	148	9	1	0	4.53
2	Misdirected focus is a major challenge of housing policy implementation in addressing urban housing deficit	243	85	18	16	11	3.68
3	Weak administrative structure is a major challenge of housing policy implementation in addressing urban housing deficit	138	183	27	16	9	3.90
4	High Rent-Income-Ratio is a major challenge of housing policy implementation in addressing urban housing deficit	74	185	30	74	10	3.51
5	Lack of continuity in public administration is a major challenge of housing policy implementation in addressing urban housing deficit	110	198	1	49	5	3.84

Table 14 shows respondents' view on the nature of the challenges mitigating against housing policy implementation. Respondents identified the challenges as poor budgeting (4.53), misdirected focus (3.68), weak administrative structure (3.90), high rent-income-ratio (3.51), and lack of continuity in public administration (3.84).

### 4.3 Test of Hypotheses

#### 4.3.1 Hypothesis One

Hypothesis one states that housing provision by housing providers has not significantly met the housing needs of the low-income households in South East, Nigeria. This is tested with Levene's T-test as shown in Tables 15 and 16.

**Table 15: One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Housing Deficit	335	3.9653	.75701	.02336

**Table 16: One-Sample Test**

	Test Value = 3.0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Housing Deficit	41.321	1049	.060	.96533	.9195	1.0112

From Table 15, the sample mean is 3.9653, standard deviation is 0.75701, n is 373 while Table 16 shows that the calculated value of t is 41.321, degree of freedom is 1049,  $p > 0.05$ . Since the p value = 0.06 ( $> 0.05$ ), the null hypothesis is thus not rejected. So, we conclude that housing provision by housing providers has not met the housing needs of the low-income households in South East, Nigeria.

#### 4.3.2 Hypothesis Two

The shortfall in the housing market in South East, Nigeria is not significantly due to poor monetary and policy implementation. This was tested using the Structural Equation Modeling.

SEM is composed of latent variables (constructs) and observed variables. The latent variables are identified based on their oval shapes while the observed variables are denoted using rectangular shapes. In each observed variable is the error term also denoted using oval shape for the purpose of ensuring the extent to which the observed variables did measure the latent constructs, a Confirmatory Factor Analysis which brought the measurement Model into existence was conducted by the study.

**Table 17 Model Fit Summary (Measurement Model)**

<b>Construct</b>	<b>Observed Variable</b>	<b>Factor Loading</b>	<b>Composite Reliability(CR)</b>	<b>Average Variance Extracted (AVE)</b>
POP	V6	0.796	0.804	0.511
	V7	0.805		
	V8	0.608		
	V9	0.627		
PHP	V10	0.514	0.616	0.457
	V11	0.806		
AFF	V16	0.732	0.756	0.509
	V17	0.740		
	V18	0.665		
PSL	V22	0.821	0.744	0.644
	V23	0.716		
HD	V1	0.642	0.836	0.507
	V2	0.733		
	V3	0.793		
	V4	0.746		
	V5	0.634		
RI	V25	0.609	0.342	0.229
	V28	0.288		

For convergent validity, it can be observed from Table 17 that the factors loaded highly on their respective latent constructs with loadings greater than 0.6 except V10 and V28. For the purpose of measuring the internal consistencies, among the items, the composite reliabilities for each construct were computed, and an interesting dependability was found. The Average Variance

extracted did show constructs that exceeded 0.5 except PHP and RI, and where the validity of the measuring instruments was unquestionable, observed variables with low loading were deleted.

**Table 18: Inter-Construct Correlation Matrix (Measurement Model)**

	POP	AFF	PSL	RI	PHP	HD
POP	1.000					
AFF	.480	1.000				
PSL	.281	.378	1.000			
RI	.342	.299	.409	1.000		
PHP	.699	.422	.301	.318	1.000	
HD	.390	.613	.279	.276	.330	1.000

The discriminant validity was assessed using the criterion of Inter Construct Correlation Matrix Table 18, and among all the correlations in the matrix, none exceeded 0.8. This is an indication of the absence of multicollinearity among the constructs in the model.

**Table 19: Measurement Model**

<b>Model Fit Indices</b>	<b>Acceptable Threshold</b>	<b>Study Threshold</b>	<b>Acceptable/Unacceptable</b>
Chi-Square Value: CMIN/DF	<3(Tabachnick & Fidell,2007)	4.23	Moderate
Goodness of Fit Index(GFI)	>0.90(Hooper et al., 2008)	0.95	Acceptable
Comparative Fit Index(CFI)	>0.90(Hu & Bentler, 1999)	0.94	Acceptable
Incremental Fit Index(IFI)	>0.90 (Hair et al., 2010)	0.95	Acceptable
Tucker Lewis Index(TLI)	>0.90 (Hair et al., 2010)	0.93	Acceptable
Normed Fit Index(NFI)	>0.90 (Hu & Bentler, 1999)	0.93	Acceptable
Root Mean Square Error of Approximation(RMSEA)	<0.08 (Steiger, 2007)	0.055	Acceptable

The model fit indices in Table 19 reveal that the model is acceptable. This clearly shows a compatible closeness that exists between the observed covariance matrix and the estimated covariance matrix. The Chi-Square result (4.23) which exceeded the Threshold of less than 3 did not constitute any problem as Chi-Square is not too reliable for model fit assessment due to its high sensitivity to sample size. These results are represented in a Path Model as Figure 4.1.

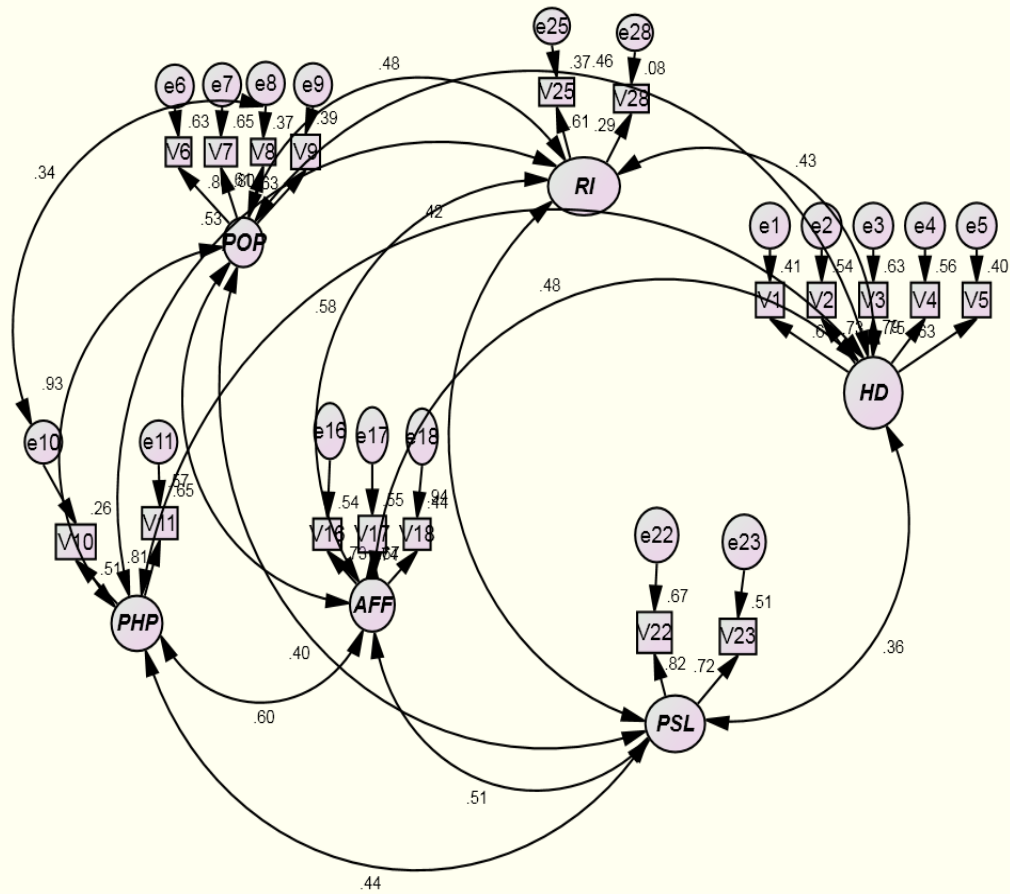


Figure 4.1: Structural Model (Path Model)

Figure 4.1 shows the structural relationships among the variables in Hypothesis two. Table 20 shows the regression weights from the Path Model.



**Table 20: Regression Weights (Path Model)**

	Estimate	S.E.	C.R.	P	Label
HD <--- RI	.519	1.032	.503	.615	par_24
HD <--- POP	.298	.147	2.027	.043	par_25
HD <--- PHP	-.316	.285	<u>-1.108</u>	.268	par_26
HD <--- AFF	.172	.067	2.563	.010	par_27
HD <--- PSL	-.200	.567	-.353	.724	par_28
V6 <--- POP	1.000				
V7 <--- POP	.999	.037	26.880	***	par_1
V8 <--- POP	.713	.038	18.983	***	par_2
V9 <--- POP	.751	.038	19.587	***	par_3
V10 <--- PHP	1.000				
V16 <--- AFF	1.000				
V17 <--- AFF	1.008	.055	18.385	***	par_4
V18 <--- AFF	.887	.053	16.867	***	par_5
V23 <--- PSL	.783	.043	18.052	***	par_6
V1 <--- HD	1.000				
V2 <--- HD	1.105	.057	19.527	***	par_7
V3 <--- HD	1.359	.067	20.128	***	par_8
V4 <--- HD	1.286	.068	19.020	***	par_9
V5 <--- HD	1.008	.060	16.843	***	par_10
V25 <--- RI	1.000				
V28 <--- RI	.629	.088	7.184	***	par_11
V22 <--- PSL	1.000				
V11 <--- PHP	1.558	.104	15.019	***	par_23

The regression weights in Table 20 are thus standardized in Table 21 so as to determine the squared multiple correlations which will give greater information on the extent to which the independent variables (causes) predicted the dependent variable (housing deficit).

**Table 21 Standardized Regression Weights (Path Model)**

	Estimate
HD <--- RI	.510
HD <--- POP	.508
HD <--- PHP	-.341
HD <--- AFF	.255
HD <--- PSL	-.307
V6 <--- POP	.796
V7 <--- POP	<a href="#"><u>.805</u></a>
V8 <--- POP	.608
V9 <--- POP	.627
V10 <--- PHP	.514
V16 <--- AFF	.732
V17 <--- AFF	.740
V18 <--- AFF	.665
V23 <--- PSL	.716
V1 <--- HD	.642
V2 <--- HD	.733
V3 <--- HD	.793
V4 <--- HD	.746
V5 <--- HD	.634
V25 <--- RI	.609
V28 <--- RI	.288
V22 <--- PSL	.821
V11 <--- PHP	.806

**Table 22 Squared Multiple Correlations (Path model)**

	Estimate
HD	.322
V28	.083
V25	.371
V5	<a href="#">.402</a>
V4	.557
V3	.629
V2	.538
V1	.413
V23	.513
V22	.673
V18	.442
V17	.548
V16	.537
V11	.650
V10	.264
V9	.393
V8	.370
V7	.648
V6	.633



From Figure 4.2, the result reveals the standardized estimate to be 0.510, critical ratio: 0.503,  $P > 0.05$  thus shows an insignificant result. The conclusion therefore is that the relationship between Rate of Inflation and Housing Deficit is not significant.

From Figure 4.2, the outcome of the result reveals that standardized estimate is 0.508, critical ratio is 2.027,  $P < 0.05$  which is significant. This implies that as population increased, housing deficit also increased. Thus, there is sufficient statistical evidence to infer that significant relationship exists between Population Increase and Housing Deficit.

Figure 4.2 shows standardized estimate of -0.341, critical ratio is -1.108,  $P > 0.05$ , thus revealing a negative relationship between the constructs, and at the same time, not significant. The result shows that there is sufficient evidence to reject the claim that Poor Housing Monetary Policy and Housing Deficit are significantly related.

From Figure 4.2, standardized estimate is 0.225, critical ratio is 2.563,  $P < 0.05$  shows significance, implying that as lack of housing affordability increased, housing deficit also increased. The conclusion therefore is that there exists a sufficient evidence to infer that Housing Affordability and Housing Deficit are significantly related.

In Figure 4.2, the standardized estimate is -0.307, critical ratio is -0.353 while  $P > 0.05$ . This relationship is negative and also not significant. We can therefore conclude that there is sufficient evidence to reject the claim that Poor Supply of Land and Housing Deficit are significantly related.

We therefore do not reject the null hypothesis which states that shortfall in the housing market in South East, Nigeria is not due to poor monetary and policy implementation.

### **4.3.3 Hypothesis Three**

The existing housing policies in Nigeria have not addressed the housing deficit in South East, Nigeria. Since the housing policies are aimed at engendering affordable housing, data collection

for this hypothesis focused on low-income household submissions on their affordable housing experience. This was tested using the Kolmogorov-Smirnov Test in Tables 23 and 24.

**Table 23: Descriptive Statistics**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The existing housing policies in Nigeria have not addressed the housing deficit in South East, Nigeria	373	1.8845	1.04327	1.00	5.00

**Table 24: One-Sample Kolmogorov-Smirnov Test**

		The existing housing policies in Nigeria have not addressed the housing deficit in South East, Nigeria
n		373
Normal Parameters <sup>a,b</sup>	Mean	1.8845
	Std. Deviation	1.04327
Most Extreme Differences	Absolute	.283
	Positive	.283
	Negative	-.198
Kolmogorov-Smirnov Z		.6443
Asymp. Sig. (2-tailed)		.005

- a. Test distribution is Normal
- b. Calculated from data

From Table 24, the computed Z-value of .6443 against 1.96 and a significance of .005, indicates that the null hypothesis should not be rejected. This is an indication that the existing housing policies in Nigeria have not addressed the housing deficit in South East, Nigeria.

### **Decision Rule**

The decision rule is to not reject the null hypothesis if  $Z$  calculated is less than the table  $Z$  (1.96), otherwise reject the null hypothesis.

### **Decision**

Since the computed  $Z = .6443$  is lesser than the table value of  $Z = 1.96$ , we reject the null hypothesis.

#### **4.3.4 Hypothesis Four**

This hypothesis states that poor budgeting, misdirected focus, weak administrative structure, high rent-income-ratio, and lack of continuity in public administration are not the significant challenges of policy implementation encountered by housing agencies addressing housing deficit in South East, Nigeria. The 5-point Likert Scale Weighted Mean Analysis was conducted in Table 14, and the results reveal that the challenges of housing policy implementation were poor budgeting (4.53), misdirected focus (3.68), weak administrative structure (3.90), high rent-income-ratio (3.51), and lack of continuity in public administration (3.84). From this result, the most significant challenge of housing policy implementation in South East, Nigeria was ineffective budgeting as shown by a weighted rating of 4.53.

#### **4.4 Discussion of Results**

The first objective of this study was to ascertain the extent to which housing delivery by housing providers met the housing needs of the low-income households in South East, Nigeria. Results in Table 15 show that housing provision by housing providers has not met the housing needs of the low-income households in South East, Nigeria ( $t = 41.321$ ;  $p < 0.05$ ). This result agrees with the study of Kallergis et al (2018) on global price-to-income ratio of urban households, which found that at between 6.1 to 13.9 occupant affordability ratios, housing units in cities such as Mexico City, Saint Petersburg, Sao Paulo, Cairo, Guangzhou and Lagos are severely unaffordable, with Guangzhou and Lagos most acutely so; thus, implying very high deficit statistics.

From a percentage perspective, we recall the globally accepted United States Census Bureau 30% rule which stipulates that house prices become affordable and unsustainable when it

surpasses 30% of income. Result from Table 14 support this stance with the indication that the extent to which housing delivery by housing providers met the housing needs of the low-income households in South East, Nigeria was very low.

The result supports the work of Emoh, Oham and Macdonald (2018) which explored the imperatives of growing the Nigerian housing investment sector through affordable housing and social enterprise while drawing heavily from the lessons and experiences of some leading nations of the world such as South Africa, UK, New Zealand and other European countries. The paper postulated that given Nigeria's extensive resource base of social capital, such as a long history and tradition of catalyzing community self-help projects, a foundation exists for social innovation in housing provision in Nigeria and Africa. The study concluded that the lessons learned and the experiences gained will serve as a platform for recommending affordable housing and social enterprise programmes that will be the solution for growing and diversifying the Nigerian housing investment sector.

The second objective of the study was to identify the causes of the shortfall in the housing market in South East, Nigeria. Data from Figure 4.2 indicates that housing affordability issues represent the major cause of shortfall in the housing market in South East, Nigeria ( $\chi^2=2.563$ ,  $P<0.05$ ).

The finding supports Ifediora et al. (2015) who evaluated the extent of incorporation of customers' specific affordability needs in the Nigeria National Housing Fund (NHF) scheme. It ascertains the adequacy of the consideration given to the specific affordability needs of potential beneficiaries of the NHF scheme and determines the adequacy of the consideration given to the inputs from the intended beneficiaries of the NHF scheme. Descriptive and exploratory research designs are adopted for the study. Different offices of the Federal Mortgage Bank of Nigeria, namely the implementers of the NHF scheme, in Abuja, Port-Harcourt, Ibadan, Enugu, Lagos, as well as the 19 state/district offices in these zones are studied. The population of the study includes 201 management staff and officers in these offices. Considering the size of the population and the nature of the investigation, a census is undertaken.



Data for the study were collected through structured questionnaire. The formulated hypotheses are tested using analysis of variance (ANOVA), at 5% level of significance. Results of the hypotheses tests show that; the consideration given to the specific affordability needs of the intended beneficiaries in the NHF affordability criteria is not adequate ( $F_{cal} = 73.064$ ,  $P = 0.000 < 0.05$ ). And, the consideration given to the inputs from the intended beneficiaries of the NHF scheme is not adequate ( $F_{cal} = 116.009$ ,  $P = 0.000 < 0.05$ ). In line with findings of this study, it was concluded that little attention is paid to the specific affordability needs of the target beneficiaries of the NHF scheme. Following the findings and study conclusion, it is proposed that the implementation of the Need-based Housing Affordability Model developed in this study, will aid the successful planning and execution of housing affordability strategies, thus boosting the performance of housing development programs.

The study does not agree with research by Awuvafofe (2013) which examined the factors that limit the supply of adequate affordable housing in Ghana especially in the urban areas. The study was motivated by the problem which specifies that at an estimated average urban growth rate of more than three percent per annum between 2000 and 2030, the urban population in the country is expected to increase by 65% by 2030 and this will further increase the demand for housing in the country. The research utilized secondary sources of data to analyze and identify the major impediments to the provision of affordable housing. It was found that the scarcity of land in urban areas and the high cost of building materials make it difficult for low-income groups to become homeowners.

The third objective of the study was to examine the potency of existing housing policies in Nigeria in addressing the housing deficit in South East, Nigeria. Result from Table 24 suggests that existing housing policies in Nigeria have not addressed the housing deficit in South East, Nigeria ( $Z=.6443$ ;  $P<.005$ ). This is consistent with the work of Ifediora et al. (2015).

The result is also in line with the findings of Ibimilua and Ibitoye (2015) who conducted an overview of the Housing Policy in Nigeria. Their paper considered housing policy in Nigeria as a tool for national development. It began by examining the importance of housing in the attainment of sustainable development. It then went on to look at the various housing strategies

programmes and policies that have emerged in the country. The paper described housing problems in Nigeria, housing as a policy, as well as the national housing policy. The identified problems that are associated with the implementation of housing policies in Nigeria were poor administration, inadequate funding, insufficient infrastructural amenities, as well as inadequate housing finance.

Objective four was to identify the challenges of policy implementation faced by relevant agencies in addressing housing deficit in South East, Nigeria. It was also found that the challenges of housing policy implementation were poor budgeting (4.53), misdirected focus (3.68), weak administrative structure (3.90), high rent-income-ratio (3.51), and lack of continuity in public administration (3.84).

The results slightly disagree with the work of Ibimilua and Ibitoye (2015) on an overview of the Housing Policy in Nigeria. The paper considers housing policy in Nigeria as a tool for national development. It begins by examining the importance of housing in the attainment of sustainable development. It then goes on to look at the various housing strategies programmes and policies that have emerged in the country. The paper describes housing problems in Nigeria, housing as a policy, as well as the national housing policy. Furthermore, it gives a review of housing policies and programmes in Nigeria. The identified problems that are associated with the implementation of housing policies in Nigeria were poor administration, inadequate funding, insufficient infrastructural amenities, as well as inadequate housing finance.

The findings correspond with Ugonabo and Emoh (2013) examined the major challenges militating against housing development and delivery in Anambra State of Nigeria with a view to stimulating relevant agencies of government and other stakeholders into designing appropriate strategies for effective housing delivery in the state. The study had identified a multiplicity of factors inhibiting effective housing development and delivery in Anambra State, amongst which is uncoordinated policies and implementation at Federal and State levels; this is consistent with the identified challenge of lack of continuity in public administration.

The result of the study negates the findings of Juta and Matsiliza (2014) on the challenges facing the implementation of the Breaking New Ground (BNG) 2004 housing policy which is aimed at providing affordable human settlements in South Africa. The study adopted a mixed methodology to capture the primary and secondary data. The challenges in the N2 Gateway housing project included improper planning and unavailable land, structural problems inherited from the apartheid regime, poor quality of houses built, limited community participation and improper supply chain management and mismanagement.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter provides an overview of salient findings emanating from the research. The results are aligned with the various objectives and hypotheses set out in the chapter one of the project. Conclusion was drawn and necessary recommendations were made from the research findings.

#### 5.1 Summary of Findings

This was made with respect to the objectives of the study

1. To a large extent, housing provision by housing providers had not significantly met the housing needs of the low-income households in South East, Nigeria ( $t = 41.321$ ;  $p > 0.05$ ).
2. Housing affordability issues significantly represented the major cause of shortfall in the housing market in South East, Nigeria ( $cr = 2.563$ ,  $P < 0.05$ ).
3. Existing housing policies in Nigeria had not addressed the housing deficit in South East, Nigeria ( $Z = .6443$ ;  $P < .005$ ).
4. Challenges of housing policy implementation were poor budgeting (4.53), misdirected focus (3.68), weak administrative structure (3.90), high rent-income-ratio (3.51), and lack of continuity in public administration (3.84).

#### 5.2 Conclusion

Policy alone is not enough to drive sustainable housing delivery; it has to be effectively implemented, focused and sustained to overcome its encumbrances for housing deficit to be reduced. Housing affordability issue is a significant predictor of housing deficit in South East, Nigeria and this is supported by the inadequacy of low-cost housing in the area. On this basis, the study concludes that the deficit in housing delivery in South East, Nigeria was as a result of inadequate low-cost housing amidst poor implementation of policies that enhance housing affordability in the area.

### **5.3 Recommendations**

Based on the findings and conclusion, the following recommendations were made:

- (i) Housing providers must be constantly reminded of the strategic direction and vision of housing delivery through market research endeavours to establish the housing needs of the target population.
- (ii) The study recommends immediate government intervention in significantly improving the quantity of low-cost housing in the region.
- (iii) Given that policy has achieved its objective, it is advocated that stakeholders be carried along in the formulation and implementation of housing policy with a view to ensure that the needs of the target population are met.
- (iv) In overcoming the challenges to policy implementation, housing providers should benchmark successful housing industries in a bid to homogenize and converge innovation strategies and effective communication processes that create value for the target population.

### **5.4 Contribution to Knowledge**

The study makes important theoretical contributions to existing knowledge. It contributes to knowledge with the determination of affordability as the main predictor of housing deficit for low-income households in South East Nigeria. The study also enriched literature with the finding that the national housing policy is inadequate in guaranteeing the delivery of low-cost housing. The study has helped increase the body of knowledge on the challenges encumbering policy implementation for low-cost housing delivery such as poor budgeting, misdirected focus, administrative structure, high-rent-income-ratio and lack of continuity in public administration. In conclusion, the study contributed to existing literature with the findings that affordability and financing goals of the national housing policy are yet to be effectively implemented in South East, Nigeria and thus, remains the major predictor of housing deficit in the geopolitical zone.

### **5.5 Area for further Research.**

It is suggested that this study be replicated in other parts of Nigeria to either confirm or refute its findings.

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**APPENDIX I**  
**LETTER OF INTRODUCTION**

Department of Estate Management,  
School of Environmental Sciences,  
Nnamdi Azikiwe University Awka,  
Anambra State.

November, 2018

Dear respondent,

**QUESTIONNAIRE FOR ANALYSIS OF HOUSING DEFICIT IN SOUTH  
EAST, NIGERIA.**

The researcher is a Doctor of Philosophy student of the earlier stated University.

The study is being conducted in order to analyze housing deficit for low-income households in South East, Nigeria with a view to recommending practical measures of curbing the deficit.

I therefore seek your candid opinion and promise that your responses will be treated with maximum confidentiality. Thanks for your anticipated cooperation.

Yours faithfully

Efobi Dumebi Jessica (*Researcher*)

**ANALYSIS OF HOUSING DEFICIT FOR LOW-INCOME HOUSEHOLDS  
IN SOUTH EAST, NIGERIA.**

Please mark (x) against your choice of response to the questions indicating any of the following choices:

SA = Strongly Agree; A = Agree; U = Undecided; D = Disagree; SD= Strongly Disagree.

	<b>What are the causes of market disequilibrium in Enugu and Anambra States?</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	Poor monetary policy is a major cause of market disequilibrium in the State					
2	Poor housing policy implementation is a major cause of market disequilibrium in the State					
3	Affordability is a major cause of market disequilibrium in the State					
4	Poor supply of land in the urban centres is a major cause of market disequilibrium in the State					
5	Rate of inflation is a major cause of market disequilibrium in the State					

	<b>What are the challenges of policy implementation faced by relevant agencies in addressing housing deficit in Enugu and Anambra States?</b>					
6.	Poor budgeting is a major challenge of housing policy implementation in addressing urban housing deficit					
7	Misdirected focus is a major challenge of housing policy implementation in addressing urban housing deficit					
8	Weak administrative structure is a major challenge of housing policy implementation in addressing urban housing deficit					
9	High Rent-Income-Ratio is a major challenge of housing policy implementation in addressing urban housing deficit					
10	Lack of continuity in public administration is a major challenge of housing policy implementation in addressing urban housing deficit					
11	Insufficient infrastructure is a major challenge of housing policy implementation in addressing urban housing deficit					
12	Inadequate finance is a major challenge of housing policy					

	implementation in addressing urban housing deficit					
13	Poor stakeholder management is a major challenge of housing policy implementation in addressing urban housing deficit in the area					
14	Lukewarm political will is a major challenge of housing policy implementation in addressing urban housing deficit in the area					