

Economic and Financial Review

Volume 57

Number 4 *Proceedings of the Executive Seminar On "Addressing Nigeria's Housing Deficit", for CBN Executive Staff at Transcorp Hotels, Calabar, Cross River State, October 07 - 09, 2019*

Article 15

12-2019

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Recommended Citation

Moore, Emmanuel A. (2019) "Addressing Housing Deficit in Nigeria: Issues, Challenges and Prospects," *Economic and Financial Review*: Vol. 57 : No. 4 , Article 15.

Available at: <https://dc.cbn.gov.ng/efr/vol57/iss4/15>

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Addressing Housing Deficit in Nigeria: Issues, Challenges and Prospects

Emmanuel Abolo Moore*

I. Introduction

In his book, *Long Walk to Freedom*, Nelson Mandela had this to say about his house in Orlando West, Soweto:

“It was the opposite of grand, but it was my first true home of my own and I was mightily proud. A man is not a man until he has a house of his own.”

Abraham Maslow identified the following as the basic needs of human: food, clothing and shelter. Housing is one of the best indicators of a person's standard of living and his/her place in the society. Like food and clothing, housing ranks first among the three [3] basic human needs. Its availability is very crucial to the welfare of every human. The performance of the housing sector is one of the yardsticks by which the health of a nation is measured. Housing markets and housing construction in various economies have served as an engine of growth. The housing sector has typically played a leading role in the process of economic recovery from depression. Housing construction has also played an important role in urban economies of developing countries by creating employment, especially for unskilled labour. The construction and house building industries have both constituted a “**port of entry**” to urban labour markets.

In his work for the World Bank, Grimes (1976) showed that an investment in housing programmes, especially low-income housing, is critical because it has the potential to draw large amounts of unused or underused labour into production. Grimes further observed that housing construction in developing countries could be used as a strategy to absorb slack in investment and employment. Studies have also estimated that the construction sector, of which residential construction usually constitutes about a third, accounts for approximately 7.0 per cent of the total labour force in developing nations (Moavenzadeh, 1987; Spence et al., 1993).

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In most developed economies, the housing sector is seen as an important sector for stimulating economic growth. In Nigeria, however, access to affordable housing has largely, remained an unfulfilled dream to the vast majority, most especially, the middle and the lower classes of the society. The issue of housing deficit has been growing from bad to worse and successive governments from the time of Nigeria's independence 59 years ago have been grappling with this problem. But it seems that they have just been scratching it at the surface, especially as the country's population has been growing exponentially, making government's efforts in this regard seem ineffectual.

The right to adequate housing that is safe, secure, healthy, available and inexpensive is enshrined in the Habitat Agenda with the goal of providing adequate shelter for all (UN Habitat, 2001). According to Pison Housing Company (2010), there are about 10.7 million houses in Nigeria, irrespective of the policies, organisations and regulations which the Nigerian government has put in place since independence in 1960, there is still a shortage of housing, especially for the low-income segment of the society.

The Federal Mortgage Bank of Nigeria (FMBN), which is responsible for the provision of mortgages to low-income earners through the National Housing Trust Fund (NHTF), has operational and financial capability restraints that limit its efficiency. With this, the few low-income earners who own their houses usually obtain land and build incrementally with their funds, while the high-income house-owners buy with money, or mortgage finance, usually pay back over a maximum period of 10 years (Enuenwosu, 1985; Falegan, 1980 and Akinlusi, 2007). A major shortcoming has been with ownership rights under the Land Use Act 1978, which confers ownership of all lands on the Governors of each state and is a substantial restriction to housing and housing investment in Nigeria. In actual fact, this right of occupancy is endorsed with a Certificate of Occupancy issued to the recipient. This often delays and adds significant costs to the registration process (Agboola, 1987).

Laos, critical issues affecting housing in Nigeria include; inadequate access to finance, slow administrative procedures and the high cost of land registration and titling (Vuyisani, 2003). Other reasons for the glaring deficit in affordable houses in Nigeria was attributed to some of the following factors: lack of expertise; uncertainties in housing policies; inadequate funding; poor motivation for relevant institutional agencies; political; and selfish gains of some key stakeholders.

The Federal Government (2017-2020) Economic Recovery and Growth Plan [ERCG] has proposed the setting-up of a Family Homes Fund (FHF), which is

designed to stimulate the construction sector, while improving access to social housing. The main objectives are to overcome critical constraints in the construction and real estate sectors and increase the availability of financing for the construction industry. The key strategies include:

- the construction of 2,700 housing units in the short-term to create 105,000 direct jobs a year and gradually increase to 10,000 housing units per annum by 2020;
- the construction of 20,000 pilot social housing units; and
- Repositioning of the Federal Mortgage Bank of Nigeria by recapitalising it from ₦2.5 billion to ₦500 billion to meet the housing needs across Nigeria.

With the above strategy, the Federal Ministry of Finance, Budget and National Planning expects the construction and real estate sectors to grow by 5.4 per cent annually (on average) from 2017 to 2020.

The objectives of this paper are to examine the dimension of housing deficit in Nigeria, assess government intervention in tackling the problem of house shortages and proffer solutions that can help reduce the deficit considerably.

II. **Conceptual Framework**

Basic conceptual issues relevant to this discussion include: housing, housing deficit, urbanisation, and housing policy. Housing is defined as a permanent structure for human habitation. It is also referred to as the house and defined as a home, building or structure that is, a dwelling or place for habitation by human beings. The term “house” includes many kinds of dwellings, ranging from rudimentary huts of nomadic tribes to free standing individual structures (Wikipedia, 2011). Williams (2007) refers to it as a dwelling place, constructed as a home for one or more persons.

It is any type of permanent shelter for man, which gives him an identity (Omoniyi and Jiboye, 2009). Godwin (1998) defines it as “the space that we can call our own, that gives us privacy and shelters us from the weather and intrusions of unwanted people”. Housing in all its ramifications is more than mere shelter. It embraces all the social services and utility that goes to make a community or neighborhood a live-able environment. Housing has become a critical component in the social, economic and health fabric of every nation. Its history is inseparable from the social, economic, cultural and political development of man.

As a unit of environment, it has a profound influence on the health, efficiency, social behaviour, satisfaction, productivity and general welfare of the individual and community. It reflects the cultural, social and economic values of a society as it appears to be the best physical and historical evidence of civilisation in a country and a reliable measure or indicator of economic development. According to the Collins English dictionary, **housing deficit** is a deficiency or lack in the number of houses needed to accommodate the population of an area. Housing deficit refers to the number of shelters which do not have adequate conditions to be habitable, plus the number of housing units that need to be built to shelter all families who currently lack one and as a result, share a shelter with another household in overcrowded conditions (Carols, 2012). It can also be measured as the difference between the number of households and the number of permanent dwellings. The deficit can be estimated for a given period of time (flow), for example, an annual deficit, or it can be at a given date in which case it is sometimes referred to as housing backlog (stock). It has been estimated that 75.0 per cent of the housing deficit in Nigeria is concentrated in families earning less than three times the minimum wage (World Bank 2013).

Urbanisation refers to a process whereby human beings congregate in relatively large number at one particular spot of the earth's surface. Urbanisation is also viewed as the process of human agglomerations in multifunctional settlements of relatively substantial size. The UN-Habitat (2006), describes it as the increased concentration of people in cities rather than in rural areas. The urbanisation level of a country is the proportion of its total population residing in urban areas. Put differently, it is the size of the urban population divided by the size of the total population. Therefore, an increase in the number of rural-urban migrants results in an increase in the urban population.

Urbanisation represents the movement of people from rural areas to urban areas with population growth equating to urban migration and it is one of the major social transformations sweeping the globe. The consequence of the rapid urbanisation process and inadequate urban planning are increased pressure on urban infrastructure and resources, growing housing deficits resulting in more people living in slums, urban sprawl in major agglomerations, and accelerating loss of agricultural lands.

A **housing policy** provides a guide which delimits action and sets goals but does not necessarily specify any defined strategies for achieving the goal other than broad strategies. It establishes guidelines and limits for discretionary actions by individuals responsible for implementing the overall plans of action. In the literature on housing, researchers have noted that some housing policy decisions (written or implied) express the overall past work of governments, while others

are goal statement or prescription of elemental rules for the conduct of personal or organisational affairs. Policies are thus considered to be well- reasoned, carefully-articulated and presented documents.

III. Current Level of Housing Deficit in Nigeria

A recent study of housing situation in Nigeria put existing housing stock at 23 per 1000 inhabitant. The country's present housing deficit as at December 2018 is estimated at a staggering 20 million unit which is about 15.0 per cent increase from the figures in January 2019. About ₦21 trillion will be required to finance the deficit. With a population of nearly 200 million, the current deficit is alarmingly high. In 1991, Nigeria housing deficit was at 7 million and rose to 12 million in 2007, 14 million in 2010 and currently 20 million units. House prices and rents, on the other hand, have grown ahead of general inflation. Making matters worse, the composition of houses for sale and rent on the market has been inexorably shifting towards very expensive houses.

Also, experts believe that it is only 10 per cent of those who desire owning a home in Nigeria that can afford it, either by way of purchase or personal construction as against:

- 72.0 per cent in USA;
- 78.0 per cent in UK;
- 60.0 per cent in China;
- 54.0 per cent in Korea; and
- 92.0 per cent in Singapore.

Table 1 shows the housing deficit of randomly selected six African countries, including Nigeria.

Table 1: Housing Deficit of Six Selected African countries

S/N	Country	Year	Estimated Population (2016-2019)	Estimated Housing Deficit (2019)
1	Nigeria	2016-2019	185 -200 million	18 - 22 million unit
2	Ghana	2016-2019	28-30 million	1.7-2.6 million unit
3	Kenya	2016-2019	45 - 52 million	2 million unit
4	Uganda	2016-2019	37 - 43 million	1.7 – 2 million unit
5	South Africa	2016-2019	56 - 58 million	2.5 million unit
6	Ethiopia	2016-2019	98 - 103 million	1.2 million unit

Source: Affordable Housing Investment Summit-2019

The above data reflects the urgent need to craft better strategies for better housing delivery in Nigeria to stem the rising trend of housing deficit. Models of housing delivery from developed countries can be adopted with varying levels of modification to suit the existing political and economic situations of the country. Nigeria's housing deficit trend between 1991 till date is graphically represented in Table 2 which shows the estimated housing deficit and causes.

Table 2: Trend in Nigeria's Housing Deficit [1991-2019]

Year	Housing Deficit	Population	Cause
1991-1993	4 – 7 million	104 million	Mortgage inefficiency
2007	8 – 10 million	145 million	Slum demolition and Urban Migration
2013-2015	16 – 17 million	178 million	Over population urban expansion and increased poverty
2017-2019	18 – 22 million	184 million	Increased poverty, overpopulation and urban migration

The implications of this very high housing deficit is that tenants in rented apartments pay as high as 60 per cent of their average disposable income, far higher than the 20-30 per cent, recommended by the United Nations. A World Bank study projects that the cost of bridging this 20 million housing deficit is ₦59.5 trillion, indicating the vast and untapped investment potential of Nigeria's real estate sector.

Currently, our housing and construction sector accounts for only 3.1 per cent of our rebased GDP, while the total current housing production is at about 100,000 units per year, which is grossly inadequate for a country of nearly 200 million people. Therefore, we need at least about 1,000,000 additional units each year to have a chance of bridging this huge gap. In Nigeria, neither the government nor the private sector provides enough housing units, especially for the masses that need and demand it. Formal housing production is at approximately 100 000 units per year and this is highly inadequate because at least 1,000,000 units are needed yearly to bridge the 18 to 22 million housing deficits by government's target date of 2033 (if the population continues at its annual growth rate of 3.5 per cent). It is estimated that it will cost US\$363 billion to curb the current housing deficit and the number is expected to keep growing.

The current administration has stated that it would supply two million new middle-class homes in the first year of its tenure (2015), and one million new middle-class homes for every following year. This would be coupled with four million lower-income houses and homeowners by the end of his first four-year

term. This was to be rolled out with longer mortgage payment structures. However, given the myriad of economic challenges the country faced over years, housing has not been high on the political agenda. There was also to be a National Infrastructure Development Bank, capable of providing nominal single digit interest rates, but this has also not been implemented.

The rapid population increase and rural to urban migration have contributed to the shortfall of housing in Nigerian urban centers. The unresolved tenure arrangements, cost of building materials, access to infrastructure, deficiency of housing finance arrangements, stringent loan conditions from mortgage banks, time to process legal documents and inadequate government housing policies are also major issues affecting housing delivery in Nigeria.

IV. Review of the Past Governments' Interventions in Housing Delivery in Nigeria

In this section, we take a brief look at past and present housing policies and programmes in Nigeria with focus on four periods of government intervention. These include the colonial, post-independence, second civilian administration and post second republic periods till the present date.

IV.1 The Colonial Period

Government intervention in housing in Nigeria started in earnest right from the colonial era. Housing policies and activities in Nigeria during this phase of official intervention were mainly centered on the provision of quarters for expatriate staff, as well as, selected indigenous staff in some specialised occupations like railways and police, a situation that led to the emergence of the Government Residential Areas (GRAs) in Nigeria.

The underlying idea in the establishments of the GRAs was to create conducive environments for the expatriates, comparable to the living conditions in their respective countries. Their housing quarters were well planned, with all the possible comfort, services and amenities: including water, closed sewers, electricity and abundance of open space and recreational areas. The idea of housing reservation was thus initiated and implemented in Lagos and in regional and provincial capitals throughout the country.

The **Surulere Housing Scheme in Lagos**, which was established in the late 1950s, was partly designed to provide temporary residential housing for the displaced people from the slum areas of Central Lagos. The Scheme, however, became permanent housing for such families as a result of problems associated with the re-allocation of redeveloped land in Central Lagos. The need to clear the slums

in Lagos gave birth to the Central Lagos Slum Clearance Scheme in 1995, which opened up Apapa and later Victoria Island as high and low-density areas of Lagos.

The **Lagos Executive Development Board (LEDB)** in a bid to find solution to the public housing problems in the Lagos metropolis, established the following schemes:

- Akinsemoyin and Eric Moore Housing Estate, Surulere;
- Freehold Housing Scheme and Site and Services Estate at Surulere, Apapa, Southeast and Southwest Ikoyi, Lupe and Isolo Estates;
- Workers Housing Estate and Re-Housing Estate; and
- Workers Housing Estate (Phase II), Surulere.

In 1958, housing corporations were established by the Western Regional Government, an act that was soon emulated by other regions. The primary and major functions of the housing corporations were the construction of housing units for sale to members of the public and the granting of loans to whoever wished to build their own houses on their land.

IV.2 Post-Independence Era (1960-1979)

Emphasis in official intervention in the housing sector during this period was laid on the five-year development plans as instruments for economic growth. In the first two plans (1960 - 1970), the situation in the housing sector worsened as the plans were poorly implemented. This was further compounded by the outbreak of the civil war, especially in the war-affected areas. The third plan, which spanned 1975 to 1980 spilling over to the second civilian administration, witnessed some improvements. Within this period, government recognised the housing problems and saw the need to increase the provision of housing infrastructure to a substantial level through government participation.

The Federal Government's housing interventions through some of its agencies include:

- The Nigeria Army Housing Scheme;
- The Nigerian Police Force (NPF) Housing Scheme; and
- The Nigeria Port Authority (NPA) Housing Scheme, etc.

IV.3 Second Civilian Administration Era (1980-1983)

This era saw a steady increase in public sector involvement in housing delivery and ushered in an epochal recognition by government of the importance of the

housing sector. Most of the strategies and activities during this period had public involvement in the provision of shelter as their common feature. Despite the increased public interest in the housing sector, the period witnessed huge failures. When government allocated ₦1.9 billion for housing construction to the twenty states of Nigeria existing at that time, only little tangible impact was felt. By June 1983, ₦600 million (37.5 per cent) had been spent to complete only 32,000 units, yielding an overall achievement level of 20.0 per cent (Federal Republic of Nigeria, 1991).

The period coincided with the fourth national development plan period. It witnessed the continued increasing deficit on urban housing and its continued deterioration in the rural areas. The beneficiaries of this programme were identified as the low-income earners whose annual income did not exceed ₦8,000. Moreover, this phase of the programme failed to take off in most states and that the shelter policy ended abruptly in December 1983, paving way for a fresh look at the housing sector which culminated in the new National Housing Policy.

IV.4 Post Second Republic Period till Date (1984 to Date)

Most activities in the area of housing were not done at the onset of this period as it has been very much transitional. The Federal Government was preoccupied with the preparation of a new National Housing Policy. The Policy was finalised and launched in February 1991. The Policy has since become operational as the detailed modalities for its implementation have been put in place. The under-performance of the National Housing Policy in meeting its set goals and objectives led to a comprehensive review, which culminated in the Housing and Urban Development Policy of 2002. The National Housing Policy was proposed in 2002, and its first draft, came into effect in January 2004. The major thrust of the Housing and Urban Development Policy is to meet the quantitative housing needs of Nigerians through mortgage finance.

The Policy was revised in 2004 detailing strategies for housing provision and the institutional framework. As proposed by the Presidential Technical Committee on Urban Development and Housing, the framework for its operation involved restructuring of the existing structures and the creation of new ones. The housing reforms also involved the establishment of the Federal Ministry of Housing and Urban Development which was saddled with the responsibility of adequately addressing the complex challenges of the urban sector.

Some of the reasons identified for the failure of past major government interventions to meet set objectives were:

- Non-consideration of low-income earners by planners during design and development of the housing programmes;
- Lack of access to credit facility due to high interest rate;
- Low incentives and concession to investors;
- Low mortgage penetration, less than 5 per cent of houses have formal title registration;
- High cost of land especially in the urban areas;
- High cost of labour;
- Absence of effective primary infrastructure (good roads and transportation);
- Slow bureaucratic procedures: to register/transfer title could take from 6 months to 2 years. It has too many processes which are slow, cumbersome, unreliable and inefficient;
- High cost of building inputs; and
- The inability of most workers especially civil servants and self-employed person at the lower rung of the income strata to afford equity contribution and meet monthly affordability demand of repaying a mortgage loan, which must be equal to 33.0 per cent of the applicant's monthly income.

V. Present Government Initiative on Housing Delivery in Nigeria

To bridge the existing deficit in housing delivery in Nigeria, the current Administration is set to implement an aggressive intervention housing programme to increase housing supply. Government has evaluated several options and adopted 6 (Six) designs, with input from a diverse team of Architects from across the country to meet the specific socio-economic, climatic and diverse cultural needs of the people from different parts of Nigeria.

The designs entail:

- 1, 2- and 3-Bedroom bungalows, with court yards, in the North-East, North West and North-Central parts of Nigeria
- Blocks of 16 and 24 flats of 1, 2 and 3 bedrooms and Bungalows of 1 and 2 bedrooms in the South-South, South-East and South-West of Nigeria and the Federal Capital Territory

The Housing sub-sector is experiencing very notable transformation:

- Recapitalisation of Mortgage Banks;
- National PMBs: minimum paid-up capital of ₦5 billion (US\$31.2 million);
- Resuscitation of FMBN with ₦500 billion (US\$1.42 billion) to make Mortgage facilities available to Nigerians;

- Establishment of the Nigeria Mortgage Refinance Company (NMRC);
- Improved operational efficiency for mortgage banks.
- Seamless integration of the customers of Mortgage Banks into the BVN platform
- Issuance of NUBAN Numbers to facilitate online transactions for Mortgage Bank customers
- Amendment of Pension Act to facilitate withdrawals from RSA for down payments on equity contribution to boost inclusion
- Establishment of Mortgage Brokerage firms
- Collateral Replacement Indemnity (CRI) to boost inclusion for up to 95.0 per cent from 80.0 per cent Loan to Value (LTV).
- The Federal Government in May 2017 directed the Federal Mortgage Bank of Nigeria to waive the payment of 10 per cent equity on mortgages below ₦5 million (US\$15,000).
- Establishment of the Social Housing Fund: Both the World Bank and AFDB are contributors to the Fund from which developers will borrow 80.0 per cent of cost of project and counter-fund with their own 20.0 per cent.

VI.1 Key Issues/Challenges Affecting Affordable Housing Delivery in Nigeria

i. Paucity of Long-term Funds

Currently, the prime lending rate in the banking sector remains as high as 17.5 per cent (CIA World Factbook) and it is impossible to use such funds for housing development. It is pertinent to note that the government has realised this and is reviewing the entire process of accessing mortgages, so as to bring it within the reach of beneficiaries. Perceived risks, high costs of doing business and longer term for returns create a situation where the affordable housing sector lands directly in competition with other types of real estate investments like commercial spaces, luxury segment and high-end housing which are perceived to reap greater and faster benefits on investment.

ii. Housing Finance

The financing of housing development, like many other development issues faced by African countries, including Nigeria is quite challenging. This is mainly due to the lack of adequate conditions or resources to facilitate such financing. In fact, the housing finance market in Africa is exposed to a number of risks. Diamond and Lea (1995) classify these risks under six categories:

- credit risk arising from the fact that the borrowers may fail to pay back their loans;
- liquidity risk stemming from maturity mismatch;
- cash flow risk—which include interest rate, prepayment, inflation, and exchange rate risks— increase uncertainty about cash flows over time as the credit may be worth more or less over time;
- agency risk or information asymmetry risk (moral hazard or adverse selection type of risks) that a divergence of interests will cause an intermediary to behave in a manner other than expected;
- systemic risk, or the risk that a crisis at one institution or in a part of the system will affect the whole system; and
- political risk, which refers to uncertainty about adverse government action that can trigger the other risks.

The above risks are reflected by a very challenging environment characterised by weak legal frameworks and enforcement of property rights, by information asymmetry and credit risk, and by low levels of financial intermediation and a lack of long-term funding.

iii. Rural-Urban Migration/Urbanisation

This is the movement of people from rural areas to urban centres causing population explosion in such areas. Over the years, there has been rapid urbanisation in Nigeria. This has led to people settling in very unsanitary environments.

- iv. Property Registration and Title Documentation
- v. Land Use Act
- vi. Infrastructural Inadequacy
- vii. High Cost of Building Materials
- viii. Enforcing Foreclosure
- ix. Nigeria Tax System
- x. Construction Methods
- xi. Construction Permits Issue

VI.2 Policy Options and the Way Forward

Nigeria's housing sector has failed to adequately accommodate the needs of low- and middle-income families. As a result, moving up the property ladder is as challenging as getting a first foot on it. In many cases, house prices are out of reach for a majority of the population. We have been able to show that owning

a decent house is still an unattainable goal for many Nigerian households. The lack of affordable housing finance, high costs of urban land and weak tenure security, rising construction costs, and prevalence of slums are major challenges to efforts to alleviate the continent's housing crisis.

There has been a surge in the demand for housing, effectively driving up housing prices and pushing quality housing out of reach for the majority of those who are in need, especially poor and middle-income households. Simultaneously, slum populations have continued to grow, as social housing cannot keep up with the demand from those in the bottom half of the income distribution. Affordability issues are preventing households from getting their foot on or moving up the housing ladder.

The need for housing in Nigeria is enormous and its delivery depends on the active participation of both the public and private sectors. To increase housing stock in Nigeria, there is the need to incorporate affordable housing delivery scheme into the formulation and implementation of housing policies and programmes, which should not be at the exclusive preserve of the Federal Government to the exclusion of governments at both state local government levels.

There is a need now, to reach out and effectively involve the people and governments at grassroots levels in the formulation of housing policies. The Federal Government has been directly involved in the construction of buildings for all categories in the past and even at present. It is now necessary that housing must be considered as a personal service and as such, the primary responsibility of housing should not be left to the people themselves who should be assisted in some ways in order to realise their aspirations for self-actualisation of owning individual houses. Learning from developed countries model of housing delivery, we recommend as follows:

VI.2.1 Redefinition of the Role of Government

Nigeria's housing crisis can be solved only by the unwavering commitment and political will of the government, given the long-term nature of housing assets. Morocco provides a concrete example of how restructuring the relationship between the state, the private sector, and the community can accelerate progress in easing the housing crisis.

The strong political will demonstrated by the Ethiopian Government in its Integrated Housing Development Programme is another notable example. The starting point for government support should focus on creating an enabling

environment that induces private agents and nongovernmental organisations to build and finance housing acquisition for all household segments, especially low- and middle-income families.

Several governments in Latin America, such as that of Chile, have adopted the enabling approach to successfully reform their housing policies and systems. An enabling market approach will require an overhaul of government housing policies, institutions, laws, and regulations in order to support a well-functioning and efficient housing market. The enabling approach changes the role of government from a provider of housing, which it had not been effective in fulfilling in most cases, to that of a facilitator.

VI.2.2 Policy and Regulation: Difficulty in procuring consents for transfers, title deeds and very high processing costs.

State governments should make administrative amendments to the Land Use Act to delegate endorsement of consent to Commissioners and at the national level, the Director of Lands. There is need to simplify land title registration through the revision of procedures and cost structure. Revised fee schedule should be capped at 0.5 per cent. Subsequent land transactions should not require Governor's consent but simply registration of title. Also, the policies and programmes of governments should be aimed at the low-income segment by assisting them to acquire, build or improve their homes through easy accessibility to land and securing title documents.

VI.2.3 Financial Sector Reforms

Housing microfinance for the low-income population is critical, and resources should be committed to researching and understanding this emerging sector. There should be concerted technical assistance programmes and housing support services to be administered by the government. The CBN should ensure that PMIs re-capitalise to position them to finance big ticket transactions and to provide long-term funding to developers and end users. The CBN should also encourage Mergers and Acquisitions among PMIs and institutionalise the Code of Corporate Governance for PMIs.

CBN should issue a 20–25-year bond in collaboration with the Debt Management Office and use the proceeds to refinance eligible mortgages. The FMBN should be adequately resourced by the government to strengthen its financial and operational capabilities. The financial sector should also develop new and innovative solutions for serving low- and middle-income households. As standard mortgages are not the solution for all housing segments, other products

such as incremental building loans should be developed for low-income households. In addition, more work needs to be done to better understand and serve households in the informal sector that may need decent incomes yet are entirely excluded from housing finance.

VI.2.4 Capacity building and knowledge gap

The CBN, FMBN, Housing Finance Professionals Association of Nigeria (HOFPAN) and Mortgage Bankers Association of Nigeria (MBAN) should collaborate to institutionalise training leading to the certification of professionals in the mortgage and housing finance sectors. The National Universities Commission (NUC) should be able to offer courses on housing finance at the various Universities. A Real Estate Information Centre that will warehouse data and information on real estate and housing market should be established. The Centre should serve as repository of market information on key data in the housing sector. Capacity development and training for real estate professionals should be done through local and international training programmes, seminars, workshops and study visits.

VI.2.5 Urban Planning

Perhaps the most important regulatory tool at governments' disposal for guiding urbanisation and city growth is urban planning. It is the policy that defines the use of land, the design of urban infrastructure, communication networks and provisions that provides protection of the natural environment. It also provides mechanisms for urban expansion and for making land available for housing development.

It is the absence of up-to-date urban plans and/or the effective enforcement of existing plans that have led to urban sprawl and unplanned growth in many cities in Nigeria. These conditions have led to a scarcity of well-located lands for housing and to cost escalations for land, infrastructure, and housing. Therefore, to improve the efficiency of cities and enable them to fully play their economic role, the government should regularly update its urban plans and ensure that they are grounded in local realities.

VI.2.6 Government Involvement

One important lesson is that the Federal Government should not engage in direct housing construction. Studies have shown that individuals build better and cheaper houses and at faster rate than the government agencies. We should borrow a leaf from the U.S.A. where the Federal Government is responsible for

policy formulation and provision of funds for research and matching grants to the states. Nigeria should adopt this model too.

Another lesson is that the government should encourage the use of local building materials for construction so as to reduce building cost. This has been successfully done in counties like Tanzania, and Sweden. Entrepreneurs wishing to go into the production of building materials should be encouraged with tax relief and incentives. Government should equally promote alternative strategies for house construction. For example, the government might acquire land, lay them out and service them with basic infrastructures before making them available for sale to individuals needing them.

Government should build low-cost houses to cater for the large number of people who, due to their low-income earnings, could not afford a decent home. Employers should also advance building loans to their staff with little or no interest to enable them to build their own houses. This will go a long way in ensuring equal distribution of house ownership.

There are other issues to be addressed:

- Research institutes should be encouraged to exploit local raw materials and produce alternative building materials from them.
- The national development plan of Nigeria should thoroughly take housing problems in the country into consideration and give provision of habitable accommodation to citizens its rightful place.
- Urgent need to develop the rural areas to reduce rural-urban migration.
- Provision of social amenities such as electricity, good road networks, proper drainage systems and the likes will go a long way to ease housing development in areas where these are lacking. It will also help decongest highly populated cities.

VI.3 Role of the Private Sector

The private sector is a key partner to governments and nonprofits in scaling up the supply of affordable housing. Essentially, the private sector should be at the forefront of developing, innovating, and financing affordable housing solutions. As the government creates a better enabling environment, the private sector needs to improve its processes to increase efficiency and capacity to deliver at scale. Better linkages between firms of different sizes and capacity-building

programmes through industry organisations can improve both the capacity and productivity of the sector.

Industry organisations also need to promote best practices and combat inertia and resistance to change, which is endemic in the construction sector. Moreover, better industrial organisation with a greater role for prefabrication of building systems can boost productivity and lower construction times and costs. However, for this to work, the regulatory environment needs to be supportive as, for example, through standardising building codes and dimensions of housing components.

VII. Concluding Remarks

- The role of the government in creating an enabling environment for the housing sector is extremely critical. However, the government cannot achieve the goal of affordable housing provision with partial solutions.
- The provision of affordable housing depends in particular on the strong and unwavering political will of governments, as well as, the development and implementation of effective housing policies. Achieving other policies will require strengthening the coordination among public institutions and government ministries that play a crucial role in housing, including ministries of finance.
- In view of the housing challenges we have so far enumerated, it is clear that the government on its own cannot resolve the country's housing crisis.
- There is an urgent and growing need for development partners and the private sector to join the government to tackle the crisis.

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