

## Challenges of Affordable Housing Provision in Nigeria

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### Abstract

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**A**dequate and affordable housing remains the critical basic and second need of every Nigerian after food. For many generations, good shelter and proper housing have eluded both urban and rural population in Nigeria. Regimes after another have promised to tackle the problems of providing adequate and affordable housing to the masses, but failed after bold attempts. Some researchers have postulated that the problems of inadequate and affordable housing in Nigeria were as a result of half measure policies of governments, high cost of building material, poor funding of mortgage institutions etc. this conference paper discuss the challenges affecting effective housing provision, availability and affordability indices of housing as experienced by greater population of Nigerians over two decades. The paper also recommended some measures that will ensure affordable housing.

**Keywords:** *Housing Provision, Affordable Housing, Urban and Rural Population, Slum and Squatter Settlements*

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### **Background to the Study**

The concept of housing has been changing over time. The changes were as a result of passage of time, advancement of science and technology, and change in cultural values of people. Based on these facts, housing as an entity entails not only shelter for habitation but encompasses physical structures and immediate environment which include decent sanitation, drainage, recreation facilities and other social and economic amenities that make life worthwhile. In major cities such as Lagos, Ibadan, Kano, Enugu, Port-Harcourt, residency is still being made difficult for low income majority. The situation is such that rentage for few available housing units are fixed beyond their financial capabilities while outright purchase has simply remained a mirage. Only the privileged few or the very rich and senior working class who had the opportunity of increasing their earnings legally or otherwise- were able to acquire the few housing units provided by government and also built their own homes. As a result, the poor urban masses resolved to live in slums and squatter camps within the cities, some low income working group live in rural areas and struggle daily to commute themselves to the cities to do their work. These slum areas can be found at Ajegule in Lagos, Nyanya in Abuja, Obiagu in Enugu, Rainbow in Port-Harcourt, Amawire in Owerri and others in various urban cities in the country the living condition in these slum settlements are better imagined than experienced. These settlements lack the least basic amenities required for healthy habitation Schools and health clinics are few and often not near and in most cases not equipped to handle serious health problems. To worsen the situation, such settlements are usually over populated. The frequent mass drift of young school leavers from rural areas to urban cities to look for jobs and settled there is a sign that housing need is becoming more critical than ever before in Nigeria.

Recognizing housing as a basic need, past and present governments have enunciated various policies and programmes aimed at solving the housing problems plaguing the country. This housing delivery issues stems from the fact that with continued urbanization, housing has emerged as one of the major problems facing urban centers in Nigeria. The increasing number of Nigerians with no shelters at all, the percentage of inhabitants living in slums and squatter settlements justify this fact. (Udeagwu et al, 2017).

### **Housing Situation in Nigeria**

According to NEST (1991) total housing requirements in Nigeria, between 1960 and 1970 was estimated at 2238,000 and 5,591,000 from 1970 to 1980. United Nations World Housing Survey report of 1974 stated that between 1980 and 1990 Nigeria will require about 10,376,607 million housing units and 22,363,140 million between 1990 and 2000.

NEST, categorically stated that the shelter problem in Nigeria was multi-dimensional in nature. One of the most important features relating to the shortage of affordable housing for the overwhelming majority of Nigerians is their inability to realize the dream of owning a house whether in an urban or rural area. Providing housing has become quite a daunting task for any government when it was realized that the total urban housing stock in Nigeria was only about 10,000,000 million in 1991. There has been also the problem of high level of overcrowding or high occupancy ratio.

In a sample survey of urban housing carried out in 2000, a very high occupancy ratio was found in many cities such as Lagos, Ibadan, Enugu, Aba, Kano, Kaduna, and Port-Harcourt and has increased from the average of three persons per room to an average of six persons per room in 2000.

Although over-crowding as it is experienced in urban areas is not common in the rural areas, housing need, especially due to new household formation and for the replacement of dilapidated or obsolescent structures, is just as acute. According to a 1981 survey of rural housing in the Southern States of Nigeria by the Nigerian Institute for Social and Economic Research (NISER) as quoted in Onwuchekwa (2006), sharing of accommodation is the norm with about 30.9% of all houses having at least four households. Quantitatively, rural and urban housing in Nigeria fall below minimum standards in all aspects. According to a survey conducted in Northern States of Nigeria, 75.4% of rural housing stock needed improvement, while 15.4% was substandard that they needed to be replaced.

The NISER survey referred to earlier, showed that in the Southern States, about 38% of all housing stock in the urban areas were in good physical condition as compared to 21% of those in the rural areas, where about 19% of the houses in urban areas were found to need major repairs and 2% found to be dilapidated, 32% of the houses in the rural areas needed major repairs and 8% were found to be dilapidated according to Onwuchekwa, (2006).

### **Factors Determining Housing Need**

Housing need has been defined severally by experts as follows, Windapo (2004);

1. The number of dwelling units required to accommodate all households at a specific minimum standard or above without consideration to whether or not families can pay for it (Federal Republic of Nigeria, 1981).
2. The extent to which housing conditions fall below the levels or norms considered necessary for the health, privacy and development of normal family living standards (UN, 1967).
3. An indication of the gap between the present stock of housing provision and the acceptable standard, usually measured in terms of occupancy rates i.e. number of persons per dwelling unit (Ofori, 1990).
4. According to Ezenagu (2000) housing need on a general sense means standards of accommodation deemed acceptable to society.
5. The inadequacy of existing housing conditions when compared to some standard or norm of what is socially acceptable (Bourne, 1981). He went on to state that In practice however, housing needs can be- defined in several ways such as in terms of :-
  - i. Affordability (based on income)
  - ii. Suitability (based on dwelling size or design) or
  - iii. Adequacy (state of repair), or some combined definition, which represents "core" need.

Housing as a product is to be traded in the market place and so it is affected by the market forces of demand and supply. Various factors affect how much of housing services an

individual can consume on demand based on the price of the house and his level of affordability (Akinsola, 2006).

The rate at which housing units get to the market is also affected by various factors as availability of land, infrastructure, materials, labour, and finance and government regulatory policy instruments (Udeagwu et al, 2017).

### **Provision of Housing in Nigeria by Government**

Beginning from year 1975, various regimes of the Federal Government of Nigeria had made attempts to solve housing need in the country. The third National Development Plan of 1975-1980 for the first time recognized housing as a sector of the economy and therefore took, the following steps, Dehinde (2000).

1. Acquisition of the entire equity interest held by Commonwealth Development Corporation and this led to the change of the name of the Nigeria Building Society to the Federal Mortgage Bank of Nigeria (FMBN) by Decree No. 7 of 1977 with the capital base of N20m (Twenty Million Naira).
2. Establishment of the Federal Housing Authority (FHA) charged with direct construction of housing units.
3. Initiating a programme to construct 202,000 housing units within the planned period through FHA and other institutional investors.
4. The Nigeria States Urban Development Programme was initiated in 1977 with the support of the World Bank to assist States in achieving their housing components of the Third Plan.
5. The Federal Government also promulgated the Employers Housing Miscellaneous Provision Decree in 1979 which mandated every employer with 500 employees and above to provide houses for its staff

Several housing programmes were embarked upon by successive governments. Regrettably, all the above initiatives taken by the government failed to achieve desirable objectives, hence, there is still a deficiency in the supply of housing stock in Nigeria.

The Federal Government directed commercial and merchant banks through the Central Bank of Nigeria Credit Guidelines to include housing in their preferred sectors and to allocate a certain percentage of the loanable funds to the sector. However, the directive was largely ignored since the deposits held by these banks had short term tenors and would have been imprudent to use such funds to finance; long-term housing projects.

Even though a substantial proportion of life funds of Insurance Companies is long term duration, and therefore very relevant to housing finance, they are restricted by Section 18 of the Insurance Decree No 59 of 1976 which provided that an insurer than an insurance company shall NOT invest more than 10% of its non-life investible fund in real property and 25% in the case of life funds. The third National Development Plan period only had several abandoned project nationwide to show for the N2 6 billion earmarked for the construction of 202,000 housing units. An achievement rate of 13.3 was recorded.

In the Fourth National Plan period (1980-1985), 200,000 units were to be directly constructed but only about 30% success rate was achieved. Various reasons were cited for the abysmal failure of these programme and these have been copiously documented (Onibokun 1984). The failures of government approach to housing could no longer be hidden and the need for a New Housing Policy becomes obvious to government officials and their contactors who were the main beneficiaries of the Direct Construction Policy, Subsequent regimes from 2000 to 2007 made similar failed housing plan even though they invoked private sector. Again, about 35% success was recorded and it ended with abandonment. The present regime, through public and private partnership initiative in 2012 promised to construct 1000 housing units in the 36 states of the federation, the programme- is yet to be realized. Provision of housing however, in Nigeria, especially in urban centres is grossly inadequate. By the National Housing Policy of 1991. Nigeria is expected to produce additional eight (8) million housing units by the year 2000.

### **National Housing Policy**

The history of the housing sector in Nigeria is full of failures and half successes. The search for solution made the Federal Government to set up a committee in 1981 to look into the problem and make recommendations. The report of the committee brought about the National Housing Policy.

The thrust of the policy adopted in 1991 is to ensure that all Nigerian should own or at least have access to some decent accommodation at affordable cost by the year 2000. Of the major pillars of the Policy, finance constitutes a fundamental centre-piece. To achieve the objectives, a two-tier financial structure was established with the Federal Mortgage Bank as an Apex Institution and decentralized network of Buildings Societies, Housing Associations. Credit Unions and Savings Banks forming the second tier at the grassroots level.

The Federal Mortgage Bank (FMBN) is charged with the responsibility of wholesale lending to primary Mortgage Institutions (PMIs) who in turn will perform retail mortgage lending. The Federal Mortgage Bank of Nigeria is also to guarantee loan stocks floated by the Primary Mortgage Institutions Within the context of this policy, the Mortgage Institutions Decree No. 53 of 1989 was promulgated to provide the regulatory framework for the establishment and operation of Primary Mortgage Institutions (PMIs).

The National Housing Fund (NHF) was established by Decree No. 3 of 1992 specifically to nurture and maintain a stable base for affordable housing finance in Nigeria.

### **National Housing Policy Goal and Objectives**

Government white paper on the report of the presidential committee on urban development and housing made the following observations on the housing policy goal and objectives. The committee observed that the ultimate goal of the National Housing Policy shall be to ensure that all Nigerians own or have access to decent, safe and sanitary housing accommodation at affordable cost.

### **Prospects & Challenges of the National Housing Policy**

In the year 2002, the Federal Government enacted the Housing and Urban Development Policy and with this policy came to the birth of the Presidential Technical Committee on Housing. A number of major reforms that made up the prospects of the National Housing Policy were introduced by the Technical Committee, which includes among others: Creation of the Federal Ministry of Housing and Urban Development.

Acceptance of the principle that Government and its agencies will from now on facilitate the process leading to mass provision of Housing for Nigerians against direct construction of houses. Consequently, the private sector and Estate Developers will pioneer efforts in providing houses for Nigerians.

Developers and purchasers of houses will be used with finding at reasonable rates all over the country.

Real Estates Developers all over the country were brought together under an umbrella and are now known as Real Estate Developers Association of Nigeria (REDAN).

With the creation of REDAN, in March 2001, the Building materials Producers Association of Nigeria (BUMPAN) was equally created.

According to Akinsola (2006); with these policy guidelines, it has become imperative to strengthen, restructure and recapitalize the following strategic institutions:

1. Federal Housing Authority Act
2. Urban Development Bank of Nigeria
3. Nigeria Building and Road Research Institute
4. Federal Mortgage Bank of Nigeria
5. Nigerian Social Insurance Trust Fund
6. National Pension Commission.

The challenges of the National Housing Policy majorly stems from the reform process which is set-up purposely to boost and sustain housing delivery. These reforms will be difficult to achieve, unless the following laws, decrees, regulations and acts here referred as challenges; by the 1999 Constitution. They include the following as posit, Akinsola, (2006);

- i. Mortgage Institutions Act
- ii. Federal Mortgage Bank of Nigeria Act
- iii. Federal Housing Authority Act
- iv. Trustee Investment Act
- v. Insurance Act
- vi. National Insurance Trust Fund Act
- vii. Public Land Acquisition Act
- viii. Land Use Act
- ix. National Housing Fund Act
- x. Employees Housing Scheme Act
- xi. Federal Government Staff Housing Board Act.

The relevant committees of the House and Senate have these challenges before them. It is of note that the millennium Development Goals set by the Federal Government for provision of Housing to Nigerians by the Private sector in 2015 has come and gone with lingering housing issues.

### **Provision of Housing by Private Sector**

Realizing that the enormous public sector efforts have not effectively addressed an expanding housing deficit and escalating construction Costs and that such effort must be substantially collaborative with the private sector, government decided to establish a framework within which such collaboration can effectively address the housing problem This was articulated in the National Hosing Policy, The policy attempts inter alia, to create a new housing finance system, encourage the linkage of the housing sector to the capital market, establish a National Housing Fund and expand Private Sector role in the housing delivery system. Both the formal and informal private sectors have consistently been providing over 90% of housing stock of the county, Okupe (2000). The private sector housing developers however, encountered the following constraints:

1. Accessibility to land
2. High cost of labour
3. High cost of building materials
4. Accessibility to housing finance facilities
5. Hindrances posed by government unfavourable policies and regulations
6. Lack of infrastructural provision
7. Inflation during the life of a project
8. Delays caused by government agencies

In view of the past and current contributions of the private sector in substantially increasing the nation's housing stock, the sector often need to be mobilized and motivated adequately by the government.

### **Affordable Housing**

When we consider the economically weaker section and homeless, people as our target group for providing the housing facilities, the affordability becomes a major criterion. The increasing pressure on the urban life due lo rapid industrialization fixation and consent increase of population from rural to urban areas have given birth to the creation of slum settlements as the only avoidable shelter for the homeless.

The experienced on slum due to financial constraints, the emphasis according to Okoroigwe (2006) was to provide infrastructure facilities like water, street lighting bath spaces, community toilets etc, in the existing slum settlements. While the basic facilities were made available on selected slum basis, it has not helped to improve the quality of living due to lack of proper planning, dilapidated nature of the housing. There was lack of housing finance to this sector for improving the living conditions and no security in absence of a tenure of title of the land, as these could be dislocated any time at the pleasure of the local authorities (Amaechi and Wogu, 2006).

Settlement and environmental improvement programmes taken up by various housing agencies for the urban poor amply established that unless the security of tenure is ensured, there will be no incentive to the people who live there, to improve their living conditions. Security of tenure and the availability of cheaper financing is a major incentive to improve the housing condition and also induce the people to generate saving and invest in housing. Various options have been tried with varied degree of success.

### **Conclusion**

The task of providing affordable housing for low income majority should not be politicized in this country but rather seen as a cardinal duty of any regime. Good governance can only have proofs when the governed is comfortably accommodated and able to carry out their businesses with little or no social and economic restrictions such as poor amenities and facilities. It looks very apt to continue to refer to decent and properly planned cities of the western countries where everyone is adequately accommodated irrespective of income differences. Proper mass housing is a generation matter and need not be toiled with by any government in order to avoid serious problem of urban degradation and general character delinquency of her citizenry.

### **Recommendations**

1. Formulating and strictly implementing viable housing policies and programs, that would work by all tiers of governments. For example, the National Housing Policy of 1991 did not work with all its lofty ideals. The challenge for those involved in developing new housing policies and programs is the ability to identify and design programs which are most appropriate and most effective.
2. The performance of the National Housing Policy of 1991 should also be reassessed as it offers the quickest and easiest program direction. The committee in charge of housing development at all the tiers of government should evaluate what aspects of the policy worked and did not work and why past housing developments should also be reassessed and particularly, knowledge of how these houses were built should also be studied. A case point is the Jakande Low Cost Houses in Lagos State in the 2<sup>nd</sup> Republic of 1979-1983.
3. Government should subsidize housing provisions meant for the lower and middle-income households and other groups identified to have special needs
4. The government should undertake land inventories so as to identify surplus city land, which can be used for providing affordable housing,
5. The government should support private-developers by giving them financial incentives and vacant land and lots in order to explore the construction of low and middle-income housing.
6. Private developers and building materials manufacturers should further intensify their efforts in developing cost efficient method of construction and building materials in order to bring down the high cost of houses.
7. Government should provide basic infrastructure such as good roads, drainage/gutters, refuse clearance/storage and water supply amongst other to areas



- that lack such infrastructure services. As a matter of urgency, government should carry out urban renewal of areas identified as slums or twilight zones.
8. Review of a number of the developmental laws to take cognizance of sustainable development while effective policies and procedures are made pursuant to those laws for implementation.

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