

## SESSION 1A

### CIBD PAPER 03

# PROBLEMS FACING THE IMPLEMENTATION OF LOW COST HOUSING SCHEMES IN NIGERIA

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**Purpose/Objective:** The aim of this paper is to give insight into solution needed to help solve the problems faced with the implementation of low cost housing projects in Nigeria. The paper looks into the experiences of the implementation of the low cost housing scheme in Nigeria. The paper will investigate why these problems persist and the solution that can be put in place to bring about the good intention of the legislations and policies at hand.

**Problem investigated:** Nigeria has one of the best policies regarding the provision of adequate housing for the poor. But till date, little or nothing has come out of it due to hindrance centred on the implementation of these policies to bring about the actualisation of housing to the Nigeria poor.

**Design/Methodology/Approach:** The research is a literature review aimed at analysing existing policies, programmes and institutions responsible for the implementation of low cost housing in Nigeria. Both published and unpublished journals and books will be analysed. Analysis of the findings from the literatures and experiences derived from the best low cost housing projects in South Africa, has given reasons for consideration that if there are no implementation challenges, the low income earners in Nigeria would have been adequately housed. The paper ties up the identified gap with solutions to the problems to enhance implementation of the low cost housing scheme in Nigeria by way of intersectoral collaboration and the strengthening of the existing public-private partnership.

**Findings/Implications:** The paper attributes the failure of low cost housing scheme implementation in Nigeria to different factors such as improper implementation of the National Housing policy, lack of infrastructure, high cost of building materials to mention a few; which must be solved for the scheme to be properly implemented in Nigeria. Some of the problems are self created as seen from literature and if a proper orientation is given to those vested with the power to implement; it will redress the general problem of housing shortage in Nigeria.

**Originality/Value:** An effective strategy for low cost housing implementation is long overdue to have taken firm place in housing delivery in Nigeria. Majority of Nigerian workers are in this class, because of the imbalance created by the macro economic environment in the Nation that has lowered the earning capacity of this class of people. Inflation should be kept at manageable levels (preferably single digits) and interest rate must tend downwards so that banks and pension funds will be encouraged to look less towards government securities and more towards the private sector. This paper looks at the problem besieging the housing delivery scheme and recommends long awaited solutions to the problems of housing the low income earners.

**Conclusion:** Nigerian low income earners are lacking adequate housing because of the vast problem associated with delivery of housing products. However, when the solutions being recommended are implemented the country's housing shortage will be minimise in view of the abundance of wealth and manpower resources vested on the country. Policies guiding the use of land should be reviewed to

help the speedy acquisition of land for development. When this is done, it will help the low income earners easy access to land and adequate housing thereby affording them opportunity to live in a decent environment that can enhance good self esteem, economic growth and empowerment as well as sustainable community with attendance poverty reduction.

**Key words and phrases:** Low cost housing, Housing, Low income earners, Housing policy

## INTRODUCTION

Provision of affordable housing for the citizenry has remained the principal focus of every successive government in Nigeria. This is because of the pivotal roles played by housing in national development and growth on one hand and its being a necessity in the life of the people, on the other. The right to housing is one of the most important basic human rights recognised in many international Human Rights treaties (The right to adequate housing, 2002). Housing addresses basic human needs. At a primary level Van Vliet (1998) says that housing acts as shelter. According to Novick (1990), housing is the environment, which exerts the greatest and most immediate influence on the lives of the people, their health and well-being. Thus, habitable and decent accommodation in a serene environment that would protect the populace from unwanted diseases, injury and discomfort and guarantee safety remained the concern of every individual, corporate bodies and the government (Jolaoso, et-el, 2008). Housing forms an indispensable part of ensuring human dignity. Housing encompasses more than just the four walls of a room and a roof over one's head. Housing is essential for normal healthy living. It fulfils deep-seated psychological needs for privacy and personal space; physical needs for security and protection from inclement weather; and social needs for basic gathering points where important relationships are forged and nurtured (Human Rights Resource Centre, 2008). In many societies, a house also serves an important function as an economic centre where essential commercial activities are performed.

In the past, it was the responsibility of the individual through communal efforts, to provide for his/her accommodation. Nowadays, provision of housing is being given special attention not only by various tiers of government in Nigeria, but also at the global level by the United Nations as a body. However, efforts of the governments aimed at providing accommodation especially for the low-income earners have not yielded expected positive result because it can be apprehended as the product of a politically motivated official intervention in the housing crisis, usually at the urban level. Housing schemes designed for the citizenry especially the low-income group, had been forcefully taken over by the high and medium income earners. According to Shyllon (1999), most chairmen of the allocation committees of these Housing estates were politicians, who allocated the houses to their party members who neither had the need for them nor could be classified as low-income earners. In the same vein, Omoniyi (1994) noted that the housing corporations that are supposed to provide shelter for the public only catered for the high-income group who can afford or meet up with their stringent terms and pre-qualification conditions. Furthermore, frantic efforts by the low-income earners for owner-occupier houses were thwarted by their inability to mobilize adequate funds to execute the project (Jolaoso, et-el, 2008).

The Nigeria housing question is primarily that of a crisis situation, manifesting and expressing itself in qualitative and quantitative forms. Although the present housing difficulty in Nigeria arises not necessarily because of poverty, but because of the absence of an effective administrative arm to mobilize and organise the country's natural resources, human, industrial, etc, for housing and urban development. However, the problem of poor co-ordination and ineffectiveness of some public housing agencies in Nigeria is in most cases responsible for the failure of certain laudable housing policies and programmes.

## **HOUSING ISSUES IN DEVELOPING COUNTRIES**

It has become increasingly glaring that most of the urban population live in dehumanising housing environment while those that have access to average housing do so at abnormal cost (Olugbenga, 2001).

In developing countries, the low and moderate income majority build their own homes incrementally over a period of 5 to 15 years, largely without the support of formal-sector private and public institutions (Bruce, 2001). Ferguson (2001) went forward to say that, the term housing in developing countries is used as a verb because households must actively perform most of the tasks to gain access to land and construct adequate shelter during a long time period. The term housing has become a noun in high income industrialized countries because it is a product delivered mainly by a sophisticated network of private firms and public institutions.

In developing countries, a home of one's own represents a precious refuge (Bruce, 2001). Indeed, literature on housing in developing countries often show that housing ranks above education and health services as a priority (Bruce, 2001). Thus households in developing countries value homeownership more than households in advanced industrialized countries. In fact in most developing nations when a family does not have a house they can call their own, that family is regarded as the poorest of the poor.

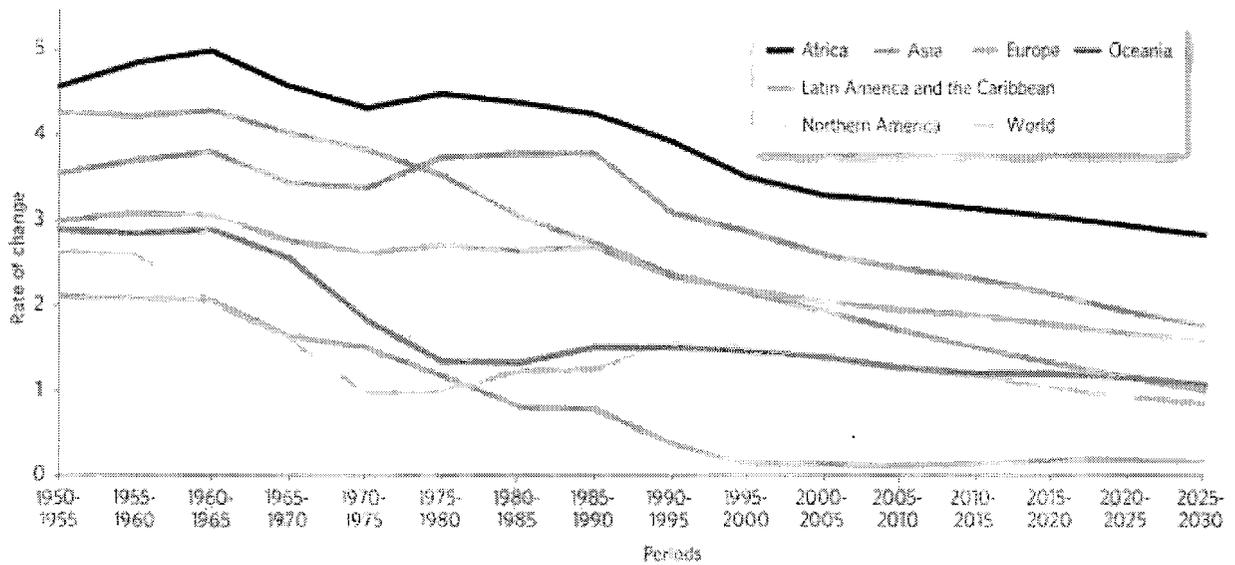
However, acquiring access to a home and to the components that comprise housing and housing policy—land and property rights, building materials, basic services, regulations, subsidies, and credit—are extraordinarily difficult for most households in developing countries (Angel, 2000). Poor land records and dysfunctional legal systems and regulatory bodies typically cloud ownership rights for a large number of households (Bruce, 2001).

The greatest setback, however, often occurs with accessing credit. Widespread access to long-term, competitively priced mortgages has revolutionized housing in high income industrialized countries over the past 60 years as against that of the developing countries. An overwhelming share of households in these countries has now acquired homes with market rate mortgages from private sector financial institutions (Bruce, 2001). The reality of mortgage finance is the opposite in developing countries. Only a small minority of households typically less than 20 percent of the population obtain a mortgage to finance their homes. Various factors lie behind the low levels of mortgage finance in developing countries. Much of the blame often is attributed to inflation. High and explosive inflation destroyed the existing mortgage finance systems of many countries in the 1980s and 1990s, like in Nigeria, Ghana and even Kenya.

In 2000, the world's population reached 6.1 billion and it is growing at an annual rate of 1.2% or 77 million people per year (United Nations Centre for Human Settlements, 2007). A 2007 UN Population Report projects that in 2008 more than half the world's human population, 3.3 billion people, will be residing in urban areas. By 2030, the UN expects this number to swell to almost five billion (Burgoyne, 2008). Many of the new urbanites will be poor., their future, the future of cities in developing countries, the future of humanity itself, all depend very much on decisions made now in preparation for this growth (United Nations Population Fund, 2007). In light of these alarming projections from the United Nations, it is interesting to note that in the 1950s, 68% of the world's population resided in developing countries, with 8% in least developed countries (United Nations Centre for Human Settlements, 2007)

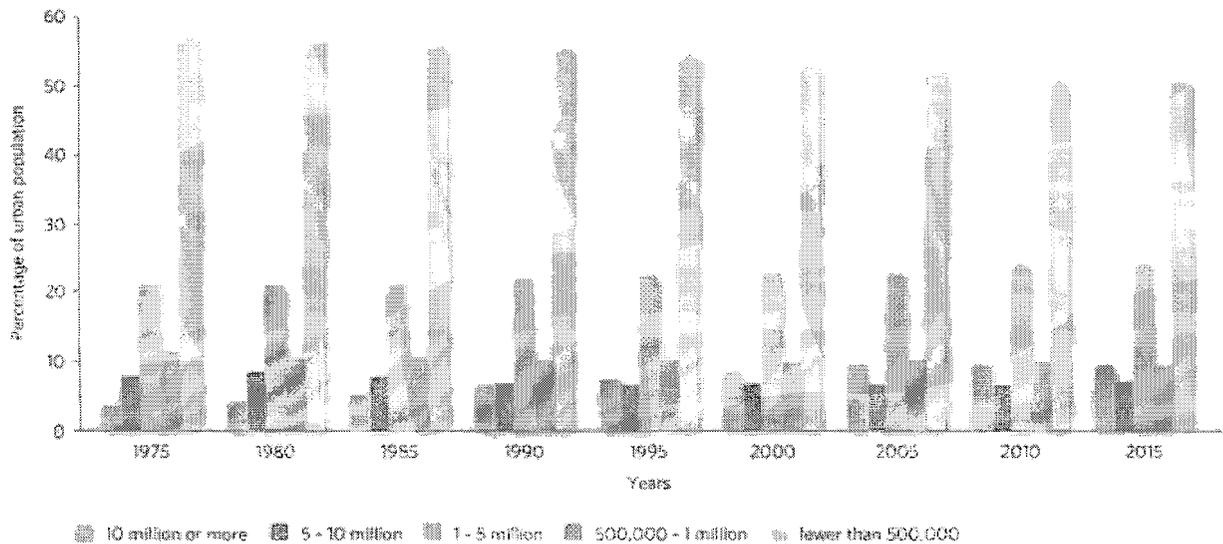
Although large numbers of urban migrants will be expected in cities, Figure 1 and 2 below demonstrates that rates of urban growth have been falling steadily in recent decades. This is partly due to the fact that as cities grow, it takes a greater increase in population to impact the same velocity of growth as when it was smaller (United Nations Centre for Human Settlements, 2007).

**Figure 1: Average Annual Rate of Change of the Urban Population, by Region, 1950-2030**



Source: United Nations, 2006, *World Urbanization Prospects: The 2005 Revision*, Table A.5, New York: Population Division, Department of Economic and Social Affairs, United Nations

**Figure 2: Urban Population, by Size Class of Settlement, World, 1975-2015**

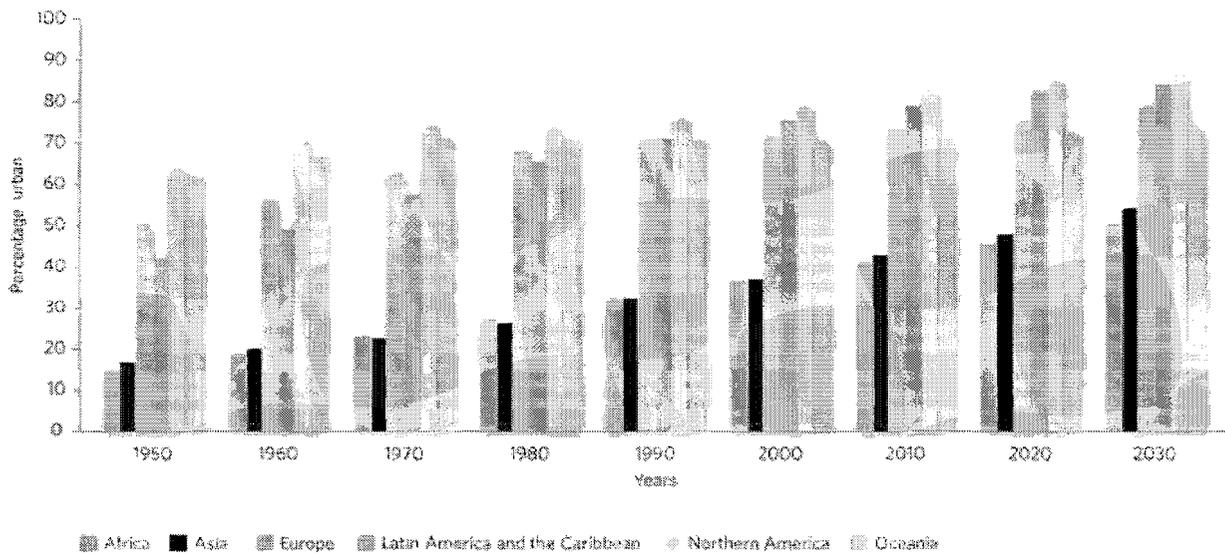


Source: United Nations, 2006, *World Urbanization Prospects: The 2005 Revision*, Table A.17, New York: Population Division, Department of Economic and Social Affairs, United Nations

Also Figure 3 below illustrates that urbanisation patterns vary considerably from one region to another. The developed regions (Europe, North America and Oceania) have already attained high levels of urbanisation, and given their overall levels of population growth, are not expected to

experience serious growth in their cities during the coming decades. Levels of urbanisation in Asia and Africa are considerably lower than in all other regions. That is, the majority of the population in Africa and Asia still live in rural areas. Under the combined influence of globalisation and continued population growth, cities are expected to grow at a rapid rate in these two regions (Burgoyne, 2008).

Figure 3: Percentage of Population at Mid-year Residing in Urban Areas, by Region, 1950-2030



Source: United Nations, 2006. *World Urbanization Prospects: The 2005 Revision*, Table A.2. New York: Population Division, Department of Economic and Social Affairs, United Nations.

It is projected that between 2000 and 2030, Asia's (a developing country) urban population will nearly double, from 1.36 to 2.62 billion. Furthermore, it is believed that Africa's populations will double from 294 to 742 million. By 2030, seven out of every ten urban inhabitant in the world will either be an Africa or an Asia (Burgoyne, 2008).

The accumulated urban growth of these two regions (Asia and Africa) during the whole span of history will be duplicated in a single generation (United Nations Population Fund, 2007). Alarming, the population of cities in Africa and Asia will be larger than the number of people living in China and the United States combined. This emphasises the point that although less than 50% of Africa's population is urbanised, the major wave of urbanization is still to come. Urbanisation and population growth are already huge factors in housing provision (Burgoyne, 2008).

The United Nations Population Fund (2007) warns that in the next couple of decades, we will bear witness to an exceptional scale of urban growth in the developing world, despite the rapid urban growth during the 20th century, from 220 million to 2.8 billion people. As at 2008, more than half of the world's populations are living in cities. However, while the majority of these people are likely to live in cities of 500 000 inhabitants or less, cities of 10 million or more will continue to grow (United Nations Population Fund, 2007). According to Mthembu-Mahanyele (2002), it is here, in the escalating nature of cities in some of the poorest countries in the world, that the fundamental challenge of housing provision lies.

This urban growth will result in a myriad of critical issues, including high levels of urban unemployment and underemployment, extreme pressures upon urban services and infrastructure, congestion, pollution as well as other forms of environmental deterioration, and significant shortfalls in the provision of housing for new urban residents (Choguill, 1995).

In the cities of the developing world, one out of every four households lives in poverty (Oosthuizen, 2003). According to Pugh (1995), housing poverty is intensified when any combinations of the following occurs; incomes are reduced, particularly among low-income groups; housing costs and interest rates increase, especially when the increases outpace any growth in incomes and the general index of prices; and utility services and infrastructure are under-maintained and capital installation programmes are cut back in low-income areas where populations are, perhaps, increasing. Pugh (1995) further asserted that the urban poor are especially susceptible to these problems, both directly in the impact upon their living conditions, and indirectly in the housing related consequences when moderate and middle income groups are adversely affected.

As the populations increase, the carrying capacity of the rural land is exceeded and large numbers of rural residents relocate to the larger cities, which have been the seat of colonial administrative and economic activities (Aldrich & Sandhu, 1995). Consequently, many people are 'pushed' out of rural areas because of a lack of space since the land cannot support the number of residents and are 'pulled' to the cities by the attraction of employment, higher standards of living and more variety (Aldrich & Sandhu, 1995).

#### **HOUSING IN SOUTH AFRICA**

The South African housing context is marred by its colonial and apartheid planning inheritance, high levels of unemployment and a lack of social stability, linked to poverty among urban and rural communities (Department of Housing, 2004). In the late 1970s, the Surplus People's Project established that as many as three million black people had been forcibly removed under apartheid measures like the Group Areas Act, 'black spot removals' and the eviction of labour tenants from farms. From the 1950s, the next 30 years saw the systematic destruction of housing and houses were not built for blacks in urban areas (De Beer, 2001). As a result of the policies and political turbulence of the pre-democratic era, the housing market inherited by the new South African government in 1994 was hindered by severe abnormalities.

Lack of access to even the most basic municipal services, limited or no access for the poor to land for housing, and a highly destabilised housing environment, added to the housing crisis (Burgoyne, 2008). At the time of the democratic elections, South African cities were characterised by dire housing and services backlogs, inequalities in municipal expenditure, the spatial anomalies associated with the 'apartheid city', profound struggles against apartheid local government structures, high unemployment and many poverty stricken households (Pillay, Tomlinson & du Toit, 2006).

Shortly after democracy, the South African housing market, according to the National Department of Housing (2000) was characterised by severe housing shortages and lack of affordability, where a significant number of South Africans could not and still cannot, independently provide for their own housing needs. In addition, the housing policy was fragmented; the administrative systems stemmed from inconsistent funding and a lack of role definition and defined lines of accountability led to a 'depressed housing sector' which displayed a lack of capacity, both in terms of human resources and materials (Department of Housing, 2000).

Furthermore, non-payment of housing loans and service payment boycotts during the 1980s affected many households. For a variety of reasons, including this non-payment of housing loans, many

lenders were hesitant to lend to low income families, resulting in a lack of end user finance (Burgoyne, 2008). Slow and complex land identification, allocation and development processes resulted in insufficient land for housing development purposes (National Department of Housing, 2000). Other obstacles included the unsuitable standards in terms of infrastructure, service and housing standards, which led to difficulties in providing affordable housing products. Major differences in housing requirements were experienced between provinces and the special needs of women needed to be addressed (Burgoyne, 2008). Inexperienced housing consumers face many challenges including “unscrupulous operators who steal their money” (National Department of Housing, 2000). Lastly, many cultural groups in South Africa have a culture of building, where individuals and households are able to build their own homes, allowing them the opportunity of saving money.

The context in 1994 was outlined in the White Paper on a New Housing Policy and Strategy for South Africa. It highlighted the conditions prevailing at the time with particular focus on the poor. It was estimated that over 66% of South Africa's population was functionally urbanised. The remaining 34% of the total population resided in rural areas, many of whom would spend part of their working lives in the urban areas (10 Year Review, 2004). Approximately 58% of all households had secure tenure whereas an estimated 9% of households lived under traditional, informal/inferior and/or officially unrecognised tenure arrangements in rural areas. An additional estimated 18% of all households were forced to live in squatter settlements, backyard shacks or in overcrowded conditions in existing informal housing in urban areas, with no formal tenure rights over their accommodation (Burgoyne, 2008). This pattern of insecure tenure is without a doubt one of the prominent features and causes of South Africa's housing crisis in 1994 and which is prevalent in most Africa countries. The tenure situation, which is an indication of the patterns of distribution of physical assets, was further characterised by an unequal spread of home ownership according to income, gender and race (10 Year Review, 2004).

The elected Africa National congress [ANC] government's commitment to addressing these issues can be traced to the 1994 Reconstruction and Development Programme. The Reconstruction and Development Programme [RDP] was the ANC government's manifesto for a post-apartheid South Africa. The RDP was committed to meeting the basic needs of all South Africans. These basic needs included, among others, water and sanitation, land and jobs. The RDP was also tasked with the restructuring of local government in order to address these needs, as local governments were to become central in overcoming the backlogs (Pillay et al, 2006). RDP housing was a package involving secure tenure, land, a top structure and the supply of water, sanitation and electricity (Mthembi-Mahanyele, 2002).

The government also faced another enormous difficulty. It was not known at the time, how many households suffered from services backlogs; what household incomes were and what levels of services they might afford; whether local government had the capacity to deliver these services as well as knowledge of alternative means of ensuring service delivery (i.e. public-private partnerships); and how the capital and operating costs were to be financed (Burgoyne, 2008).

To redress the housing situation in which the poorest were housed in the least adequate housing located furthest from economic opportunities, the Housing Department embarked on addressing the challenge of “Housing the Nation”. The department's main aim has been to address the needs of households most in need and who are inadequately housed, through progressive access to secure tenure (10 Year Review, 2004). By the late 1990s, housing specialists had begun raising concerns that the delivery of RDP houses was inadvertently creating unviable, dysfunctional settlements. From

about 1999 onwards, therefore, there has been increasing focus by the Department of Housing on the intention to produce 'quality' rather than mere quantity (Charlton & Kihato, 2006).

According to Charlton and Kihato (2006) the post 1994 housing programme has been highly significant in numerous ways. Housing delivery has been important in demonstrating the distribution of a tangible asset to the poor, and in this sense it can be argued to have played a key role in establishing a degree of legitimacy among low-income households. In addition, it is contended that the government housing programme is one of the few state interventions which places a physical asset directly in the hands of households living in conditions of poverty (Charlton & Kihato, 2006). The extent to which the household is then able to make use of that asset in the improvement of their livelihood and to boost their broader portfolio of assets (i.e. human, social, natural and financial) is a key indicator of the successful outcome of housing policy (10 Year Review, 2004). The National Housing Policy that has been formulated and implemented since then, is strongly influenced by the need to address and normalize these problems (Department of Housing, 2000) which has to a certain degree address the huge shortage that existed before 1994.

According to Walter Sisulu (2007) the 'housing backlog barrier' in South Africa has been breached and more houses have been provided than there are people existing in the backlog. The government inherited a critical housing shortage, with the 1996 Census reflecting a housing backlog of 2 202 519. Since coming to power in 1994, the ANC lead government has built 2.6 million housing units to date, providing more than 13 million people with secure homes (South Africa Department of housing, 2008). For indicators on the progress of housing delivery since 1994, the South African government since 1994 have initiated and implemented several housing delivery programmes and subsidy mechanisms to provide houses to its low-income citizens. This is done to fulfill her vision to adequate housing for all as reflected in the National Housing Policy framework and the right to housing as contained in the constitution. Paramount among these is the increase of housing's share in the total State budget to five percent to increase housing delivery on a sustainable basis to a peak level of 338 000 units per annum, within a five year period, to reach the target of the Government of National Unity of 1,000,000 houses in five years, (New National Housing Policy for South Africa, 1994-2008).

According to Walter Sisulu 2008, the housing backlog in South Africa is currently estimated at 2.1 million houses. According to the South Africa Department of Housing, the housing backlog challenge is steadily being overcome. Walter Sisulu (2007) further states "this is the first time in our history that our backlog has been less than the number of houses produced. Put differently, we have housed more people than those needing houses".

Looking at the history of Housing provision in South Africa from the above, it can be said that the success achieved to date is a direct reflection of an effective implementation of housing policies made to date. It thus means that those vested with the power to implement the policies of the legislatures, housing stakeholders and policy developers did not take out personal interest or that of the ANC lead government to make sure that the prerogative realisation of the government in providing housing for the low income earners is a reality. The nation's interest was put before any other, and due process followed so that those that really need the houses are the actual beneficiaries.

## **HOUSING IN NIGERIA**

The Nigeria Federal Housing Authority had alleged that housing needs are considerable in Nigeria, and the deficit is estimated at over 14 million units, if put in monetary terms, it will be 4 times the annual national budget of Nigeria. The rate of urbanization in Nigeria has witnessed tremendous increase in the last two decades. Census in the early Fifties showed that there were about 56 cities in

the country and about 10.6% of the total population lived in these cities. This rose dramatically to 19.1% in 1963 and 24.5% in 1985. Today, the national population is now estimated to be about 132 million according to the 2005 population census with the urban population constituting about 30%. The rapid growth rate of urban population in Nigeria since the early seventies was mainly due to immigrating induced by the concentration of the gains from the oil sector in the urban areas (Ajanlekoko, 2001).

The concept of housing need is 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. It does not involve the willingness or ability to pay on the part of the consumer. Thus, housing need is defined in terms of quality and quantity. Housing need must first satisfy the fundamental, physiological and psychological needs of the consumers. Such needs cover the provision of adequate space(s) for living, good ventilation along with lighting, recreation, maintenance of cleanliness of the dwelling and its environment (Adekoyejo, 2001).

Housing demand is measured in terms of quantity. This means that there is a shortage of certain number of houses. Housing demand refers to the type and cost of housing a person or a household is able and willing to pay for. The ability of households to meet their housing need in the private market usually influences effective housing demand (Adekoyejo, 2001). Housing demand is influenced by income; price rents credit availability, wealth, demographic factor such as household composition and distribution in terms of age, sex, size etc.

During the early colonial period, housing activities and policies of government focused essentially on the provision of quarters for the expatriate staff and for the selected indigenous staff in specialised occupation like railway, police, armed forces, marine etc. However in preparation for independence, there was the slum clearance of Central Lagos which resulted in the building of houses in Surulere in addition to the Railway workers estate which was the first attempt at housing and urban renewal. The federal government enabling decree of 1972 which purposed to build 59,000 dwelling units with 15,000 in Lagos and 4,000 units each of the then eleven states of which nothing was done to the implementation of the decree. Later between the periods of 1975-1980, the government decided to participate directly and actively in the provision of housing rather than leave it principally to the private sector. This marked the first attempt by the government at recognising the housing problems of the low income group who earned less than N3, 000 per annum. During this period, a total of 202,000 dwelling units were programmed for construction, comprising 50,000 units in Lagos and 8,000 units in each of the other nineteen states of the federation (Nigeria National Housing Policy, 2006). It is pertinent to note that by the end of the plan period, less than 15% of the houses had been completed.

An elaborate national housing programme was embarked upon in 1980 based on the concept of affordability and citizen participation. The target group was the low income earners. A total of 40,000 units were to be constructed annually nationwide with 2,000 units located in each state and the federal capital territory. Out of the states allocation, 80% of the units (1,600) were earmarked for the low income group. However, by 1983, only 32,000 units had been completed while the overall achievement was only 20%. Midway through the implementation, the second phase of the programme was commenced comprising 20,000 units also for the low income group. This phase of the programme failed to take off in most states (Nigeria National Housing Policy, 2006).

As at the beginning of 1999, housing development has been so neglected by successive governments who for years did not regard housing as a priority. On many occasions, no annual budgetary provision for housing was made. From all practical purpose, a "no-housing" situation existed in Nigeria. About

60% of Nigerians can be said to be “houseless person” (Nigeria National Housing Policy, 2006). If this is represented by the 2005 population census which put Nigeria in 140 million people, it means that 84 million Nigerians are “houseless”. In the context of 6 members per household, it thus confirms that Nigeria has a housing backlog of 14 million housing units. However, as at March 2009, the Federal House of Representatives Committee on Environment and Habitat has asserted that Nigeria is in dire need of a minimum of 23 million houses if it must meet the minimal housing demands of its 140 million citizens based on the United Nations standard. The House of Representatives Committee also estimated that Nigeria currently has about 6.3 million houses and to maintain the United Nations standard of 6 persons per house for a population of 140 million people, Nigeria actually need about 23.33 million houses in addition to the 6.33 million that already exist today.

There is no doubt that the housing need of Nigerians is an unmet need judging by the high demand and the limited supply of residential accommodations in Nigeria. Literature shows that the Nigeria governments at various times have used various means to tackle the problem, though not exclusive to the efforts were the provision of loans to mortgage institutions, sponsoring of owner-occupier housing scheme, rent edicts (pegging of rents), low cost houses, all of which have not significantly reduced the problem of houselessness among Nigerians, especially in the low income category.

In 1979, the Shehu Shagari Administration initiated a policy on affordable Housing. The policy, though laudable and very bold in its effort, was unable to meet the nation’s housing needs because it was based on the unsustainable tenet that houses will be provided by government, and this remains an anomaly that must be resolved (Akeju, 2007). While virtually all governments in Nigeria since independence have highlighted housing as a major priority, Nigeria is yet to develop a vibrant housing market, and housing continues to be provided through tortuous traditional methods of buying land and building over some years, which could be an individual’s entire lifetime (Akintokunbo, 2008).

However, the implementation of low cost housing scheme in developing nations like Nigeria is still at its developmental stage with exception of South Africa who has been able to break through the peripheral development threshold to proper implementation. In most developing nations, 90% of their houses are built by private individual in an informal market. According to Windapo (2000) the gap between income and shelter cost in Nigeria is very wide. This has eliminated the low-income earners from the housing market. According to Omirin (1992), it takes an average Nigerian between 15-20 years to purchase a valid title in land and almost same time to build on it. Other problems facing the implementation of low cost housing scheme include finance, high cost of building materials which have been spoken about greatly in most Nigeria housing literature, improper implementation of the National Housing Policy, legislation, improper way of doing business, enforcing contracts, lack of infrastructure, absence of a national credit database and lack of stable macroeconomic environment to mention but a few which will be discussed in greater details in subsequent section.

## **PROBLEMS FACING LOW COST HOUSING SCHEME IN NIGERIA.**

### **Legislation**

Diverse opinions have been expressed on the implication of the Nigeria Land Use Act of 1978 which vests all land in the hand of the government. The Land Use Act of 1978 is an obstacle to making land available for housing development. Currently, plans are in place to carry out modification to laws governing land acquisition. Though Nine (9) housing related reform bills were presented to the last legislature unfortunately, the bills were not passed before the end of their tenure (Akeju, 2007). At present, two additional bills on Securitization and Foreclosure are expected to be added to the initial

nine (9) bills submitted; it would be in the best interest of the country for these bills to be passed without further delay. The reason being that the present Land Use Act of 1978, and some other legislatures regulating the provision of affordable housing in the country like the National Housing policy and the National construction Policy have not been properly implemented and are characterised with too many inconsistencies and deviation (Olugbenga, 2008).

### **Enforcing Contracts**

According to Doing Business (2009) Report, there are 39 procedures taking an average of 457 days and account for 32 percent of the claims to be received in enforcing contracts in Nigeria (Doing Business, 2009). The absence of a foreclosure law has been cited by some investors and local banks as the reason they are not investing in the housing sector, most especially in the low cost housing scheme (Akeju, 2007). Though the incidence of foreclosure in most countries (especially with regard to low-and middle-income families) is generally quite low, it is important for investors to know that they can take possession of their collateral and recover their loans as quickly as possible. Investors can even live with a lengthy foreclosure process, but they must have confidence that the laws will be enforced fairly and in a transparent manner to give them an advantage of not losing out on their investment. Evidence from other countries has shown that implementing “non-judicial foreclosure” used solely for mortgage contracts is a necessity for the establishment of a secondary market, which helps in the development of low cost housing scheme in all developed countries of the world.

### **Lack of Infrastructure**

Another major challenge to implementing low cost housing is the lack of primary infrastructure such as roads, water, electricity etc. In Nigeria, individual developers rely on government for the provision of infrastructural facilities and services. They are only forced to search for alternatives when the government or its agent is not forthcoming on provision of these infrastructures. Okupe (2000) noted that for turn-key housing development projects, infrastructural cost might take between 50-68%. As a result, houses, which would have sold for less than N1 million are offered for over N3 million which makes it not to be a low cost housing any more (Olugbenga, 2008). Most times developers have to provide the infrastructure which invariably increases the cost of the houses they produce thus making such houses unaffordable for the low income earners. Government at all levels should not treat lightly the responsibility of providing quality primary infrastructure if we must achieve the goal of providing housing for the low income earners in the country. The infrastructure projects could be financed by issuing bonds and will also provide a future income stream for government through municipal fees that will be paid by home owners (Akeju, 2007). However it has been asserted by Mabogunje (2005) that it is the responsibility of government to provide primary infrastructure and the developers to provide secondary infrastructure.

### **Absence of a National Credit Database**

A nationwide credit database that can provide credit information of all individuals that enjoy financial services in any form is not available. There have been lots of speculations by the financial institution that one is about to be created with 9 local banks partnering with Dunn and Bradstreet, but till date nothing has happened (Akeju, 2007). In view of its development, all the banks and other financial institutions must be encouraged to participate and share information freely which has been a major problem to growth of invest in the country general. The behavioural tendency to hoard information should be discouraged. Such database will in no small measure assist lenders in making their lending decisions. This is something the regulators in the financial services industry must kick start and implement properly.

### **Stable Macroeconomic Environment**

A stable macroeconomic environment is necessary to providing affordable housing. Lenders, investors, and borrowers prefer a stable economy where decisions can be taken without any apprehension. Inflation should be kept at manageable levels (preferably single digits), interest rates must tend downwards, and other macro variables should be stable. As inflation and interest rates decline, banks and pension funds will be encouraged to look less toward government securities and more towards the private sector to invest their assets. Thus, mortgages and mortgage-based investments would stand to benefit if the macroeconomic environment can continue to improve. We should however note that the risk of fiscal expansion is still here with us and I encourage cooperation between the fiscal and monetary authorities in sustaining a stable macroeconomic environment. We also need to urge governments at the lower tiers of government to curb fiscal expansion. The planned enactment of both the Public Procurement and Fiscal Responsibility Acts in the 36 states of the federation gladdens my heart.

### **Improper implementation of the National Housing Policy**

The present difficulties facing implementation of low cost housing scheme in Nigeria arises not necessarily because of poverty, but because of the absence of an effective administrative machinery to mobilize and organise the country's natural resources, human, industrial, etc, for housing and urban development (Shu'aibu MU, 2007). Shu'aibu (2007) further went to assert that, the problem of poor co-ordination and ineffectiveness of some public housing agencies in Nigeria is in most cases responsible for the failure of certain laudable housing policies and programmes. Also, Abiodun (1985) asserted that some of such agencies with adequate knowledge refuse to perform their duty of seeing to it that the beneficiaries of the housing scheme fulfil their obligations and hence constitute a threat to the successful execution of the scheme.

Other problems associated with the implementation of housing policies commonly confronted include compromises during implementation, lack of political sensitivity, corruption, and others. Any compromises made during implementation that seek to alter basic policy goals are detrimental to the successful execution of housing policy such as the low cost housing scheme. Though Policy implementation is a tedious process that requires a great deal of analysis before starting it, but those vested with implementation should try as much as possible to make it a reality so that the goal of basic housing can be realised. One should thus also appreciate and understand that there are various factors involved in the implementation process, namely; capable leadership to convert inputs into outputs, the administrative and political factors affecting implementation arena. In other words, there must be a linkage between policy formulation and policy implementation before a policy succeeds so that there would not be a case of failed policies (Shu'aibu MU, 2007).

### **RECOMMENDATION**

The problem facing low cost housing delivery in Nigeria today can be a thing of the past if the necessary steps to counter the above problems are well taken. The goal of providing affordable housing to the teeming low income earners can be achieved, but the necessary procedure have to be put in place. Private developers can work in difficult environments in the short-term if there is convincing evidence that the present reforms in the Nigeria housing sector will improve the housing investment climate will be implemented as quickly as possible. The following recommendations are made in light of the above discussed problems;

- The proposed housing reform legislations must be passed without further delay to improving the investment climate. This can be achieved by studying what other countries like South Africa did in getting to where they are currently and also in implementing international best practices.
- There must be a macroeconomic stability, by keeping inflation and interest rates down with a well regulated structure market that will give investors confidence about the economy.
- The government should provide mortgage insurance to first time home buyers. The Nigerian Federal Housing Authority (FHA) should be restructured to become the government entity that will be responsible for providing mortgage insurance while the Federal Mortgage Bank of Nigeria (FMBN) can pool the insured mortgages and sell them in the capital market to provide liquidity.
- Also, the government should provide basic primary infrastructure as done by South Africa and other developed countries because it should not be a developer's responsibility if we are serious about providing housing for the low income group. The capital market should be used to raise fund through the issuance of bonds and other financial instruments to finance infrastructure projects, which will ultimately reduce the cost of the housing unit to make it affordable for the low income group.

## CONCLUSION

Finally, like with any other scheme introduced in the past by successive regimes, the low cost housing scheme has been no exception when it comes to its own share of problems associated with implementation. Although nobody contests the fact that housing is facing series of problems, but yet it should be appreciate that people's perception of these problems differ markedly as presented above.

However, it is important to note that public policy implementation stage involves the translation of goals and objectives of policy into concrete achievements through various programmes. Hence, it is often said that policy implementation is programme implementation. And of course, it is the most difficult stage in the policy process and hence the problems being confronted in Nigeria low income housing is the policy implementation.

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