

Funding Housing Deficit in Nigeria: A Review of the Efforts, Challenges and the Way Forward

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Abstract

This study reviewed the efforts and challenges of funding housing deficit in Nigeria and the way forward. It has identified some challenges to include inadequate appropriation of fund or poor funding, outdated mortgage laws or poor mortgage system, unfriendly compliance with the National Housing Fund scheme among others. The study concluded that adequate funding via appropriation or international aids, viable mortgage system and policy implementation are indispensable tools for bridging the housing deficit in this sector of the Nigeria Economy and recommended among others that government should collaborate with the private sector and international donors for provision of funds for effective housing delivery for Nigerians. While government at all levels should take off the huddles and hitches in getting land and the issuance of the certificate of occupancy.

Keywords: Funding, Housing Deficit, Government, Nigeria

1. Introduction

Rapid urbanization and population growth have caused many problems in developing cities in Nigeria as (like Abuja, Lagos, Port Harcourt, Kano, Kaduna, Enugu etc). Cities grow too rapidly; resources are not able to keep up with the swelling population. Housing is one of the major problems these cities are facing today. Migrants who cannot afford proper housing are forced to build temporary housing without proper utilities. With a population of over 160 million people, Nigeria is the Africa's most populous nation and the leading oil and gas producers in Africa. With a combination of push and pull factors, urban migration to these developed or developing cities within Nigeria economy as the case may be account for over 55% of population growth (World Bank, 2013). This has led to a serious shortage of proper housing. Nigeria housing deficit is estimated around 16 million units and it requires more than N56 trillion to provide the 16 million housing units to bridge the housing deficit at a conservation cost of N3.5 million per unit in the country. (World Bank, 2013). "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 over crowded conditions (Carols, 2012), it has been identified that 75% of the housing deficit in Nigeria is concentrated on families earning less than three times the minimum wage (World Bank 2013) caught in the poverty cycle, families incomes are structurally limited and as a result they are unable to afford proper housing.

However, can it be concluded that the billions of Naira appropriated for the housing sector over the years by Nigerian government are not properly utilized for this purpose or was it diverted to other areas and what are the problems/factors hampering the effective housing delivering for all in Nigeria. These and more other questions this study will examine and possibly provide the way forward for this all important sector of the Nigeria economy.

2. Government Efforts on Housing Development in Nigeria

The provision of affordable and decent housing for Nigeria has been a top priority for successive governments since the nation's independent in 1960.

Regrettably, for more than five decades, Nigeria is yet to develop an effective and workable housing delivery programme that would enable the country to achieve the goals of its housing for all policy. Gigantic housing programmes were initiated by successive administrations since independence but most of the housing schemes remained largely uncompleted.

However, one of the most ambitious housing policies in the country was introduced by the Shehu Shagari administration in 1979. It nonetheless failed to meet the nation's housing requirement due to a number of factors (Ogunwusi, 2013). Between the period 1973 and 2006 over 30,000 housing units were built by federal Housing Authority (FHA) as part of measures to bridge the housing deficit. The administration of late president Umar Yar' Adua was unable to amend the land use Act of 1978 which vests exclusive land ownership rights on the government of each state was a major limiting factor in the actualization of the housing for all initiative.

The sales of federal government's property, including government owned quarters to existing occupants by the administration of former president Olusegun Obasanjo, also failed to remedy the situation.

Furthermore, the recent public – private partnership in housing delivery, introduced by President Goodluck Jonathan's administration, has not been able to solve the problem as most citizens cannot afford the exorbitant cost of the houses built by the private developers. In view of the efforts made by past and present government, we conclude that the challenges facing the Nation's housing sector are enormous which requires concerted efforts and colossal amount of N56 trillion to bridge the housing deficit of 16 million units which cannot be funded alone by the National Housing Fund (NHF). So therefore, this requires frantic injection of funds to the sector by the government, the private sector and international financial aids with the sole purposes of addressing the housing needs of the citizens, especially among low income earners.

3. Challenges of Housing Development in Nigeria

Olayemi, (2014); Ogunwusi, (2013) and Ubi, (2014) have listed some challenges facing the effective housing delivery in Nigeria. These include:

Outdated mortgage laws: The land use Act of 1978 which vests ownership of land in state governors and a cumbersome property registration process as major barriers to housing development housing deficit. Until the act is reviewed or amended, improved housing development will continue to be a pipe-dream.

Paucity of fund: Funding gap is the key constraints to effort at bridging the nation's current 16 million housing deficit. Supporting this view was Alhaji Muhammed Ibrim the managing director, Sun Trust Savings and Loans Limited who said inadequate fund is responsible for the very high number of housing deficit in the country.

However, Nigeria is not alone as financing is the major issue facing the housing sector anywhere in the world. The effort to address this challenge of funding, the Nigeria mortgage refinancing company (NMRC) was launched.

Rapid Urbanization and Economic Growth

In Nigeria, the problem of housing deficit has been compounded by the rapid rates of urbanization and economic growth. Housing difficulties is more serious for the low income groups where problems have been complicated by rapid growth, inflated real estate values, influx of poor immigrant and lack of planning. Also the problem of the shifts in the designing of housing from the rooming design to flat and single family house designs as responsible for acute housing deficit in Nigeria for the low income groups.

Poor Mortgage System

The mortgage system operating in Nigeria inhibit smooth housing development financing in delivery for all. The adopted practice and system of granting loans makes it difficult for the really low income people to benefit. The bulk of the mortgage loans went to family in the upper class.

Corruption in High Quarters

Lack of financial prudence, public probity and accountability, inefficient and ineffective administrative machinery are responsible for the housing deficit in Nigeria.

Poor State of Infrastructure

In other to encourage housing construction, the government agreed to lay emphasis on the provision of basic infrastructure in various layouts in which individual could built their own houses, but this was not done.

Poor Policy Implementation

Okoye, (2013), assert that Nigeria continues to seek development without first addressing the housing needs of the citizens, especially among low income earners. For instance, there are lots of social problems like diseases, crime and poverty that are traceable to housing deficit and the lack of political will to implement a comprehensive housing policy for Nigeria.

A security expert James Agaji added his voice saying the shortage of housing can contribute to crime wave, especially where people are squatting in uncompleted buildings or completely lack shelter in some instances yet successive governments have over the years started and left behind several backlog housing projects across the country, as people who contributed to National Housing Fund (NHF) are still unattended to, while some government housing estates are left for illegal occupants to run down.

Steady Population Growth

The nation's population grows at an annual rate of 3.2 percent, with more than five million people born annually (BNS 2013). This render a number of families homeless and over 70 percent have under sub-human conditions because they cannot afford decent housing despite government promises over the years to provide housing for all.

4. Sources of Fund for Financing Housing Deficit

In Nigeria, housing deficit can be funded through a number of institutional sources as follows:

(1) Formal Institutions: This is also known as formal sector, which comprises of institutions operating within the statutory guideline stated by the federal government. These include Budgetary Appropriations, Deposit Money Banks, Insurance Companies, State Housing Corporation, The Federal Mortgage Bank of Nigeria (FMBN), These constitute the formal institution.

(2) Informal Institutions: These are institutions that are uncoordinated, scattered and varied in scope and operational depth, (Agbola 1986, Omirim 1998). They include thrift, credit societies and money lenders, voluntary housing movements, personal or family saving etc.

5. Conclusion and Recommendation

This study examines funding housing deficit in Nigeria, it notes the sources of fund available for financing the deficit. Also x-rayed are the challenges militating against Nigeria housing sector. We conclude that adequate funding via budgetary appropriation/international aids, viable mortgage system and strategic policy implementation are imperative for effective bridging of Nigeria housing deficit. Therefore, the following recommendations are made for effective funding of housing delivery in Nigerians.

1. The government should collaborate with the private sector and international financing aids for provision of funds for effective housing delivery for Nigeria.
2. The government should increase the budgetary appropriation to the housing sector with the view of bridging this gap.
3. The nation mortgage law should be reviewed or amended to improved housing development. While mortgage bulk of loans be loaned to family within low income class.
4. Government should develop the political will of implementing a comprehensive housing policy.

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