

HOUSING AND URBAN INFRASTRUCTURE DEVELOPMENT IN NIGERIA

By:

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1.0 INTRODUCTION

Current finance for urban housing and infrastructure is inadequate both in terms of capital resources and of lending policies and conditions compared with the types of income and borrowing capacity of the large majority of Africa's urban populations.

Lack of funds alone is not a root cause of poor infrastructure and services. It is a symptom of more fundamental problems. These include instability, lack of confidence, distorted economic policies, and difficulties of governance. The mobilization of public and private funds of urban infrastructure depends, in the long run, on the alleviation of these problems

The impact of urban growth on housing and infrastructure is enormous. Demographic expansion of cities has created and will continue to create serious challenges in terms of affordable housing and water supply, transportation, waste collection and disposal, and controlling air and water pollution.

Housing is widely accepted as the second most important necessity of man after food and followed by clothing. Not only does housing provide people with the social values of shelter, security, independence, privacy and amenity, it equally plays a major role in the economy of any nation such as provision of space for production, generation of employment as well as access to income-earning opportunities. (Erguden, 2001, Alhashin and Diviyer, 2004 and Agbola, 2005).

The urban poor live in high urban densities, with unplanned urban spatial layout and mostly deprived of access to adequate housing, residential land, municipal services and other urban benefits. The better off tend to reside in the ordered, formally planned and structured high-income areas that enjoy municipal services.

The key problems faced by Nigerians include very rapid uncontrolled growth of urban informal settlements, prevalence of substandard and overcrowded urban housing, inadequate basic urban services and infrastructure provision, declining urban livelihood options, incessant civil unrest and infectious disease and crime.

Unlike Britain and other advanced countries, municipalities in Nigeria have not been structured to cope with extremely fast-growing populations, and particularly migration to urban areas of large numbers of unskilled labour. Existing local government revenue and finance-generating structures fall well short of the capital expenditures which upgrading or extension of infrastructure would require. Informal housing finance is limited in size and cannot accommodate the vast potential demand while formal housing finance offered by local banks is limited to a small high-income portion of the population. The reason being that formal land titles and secure tenure are not available to the majority of urban population.

Housing Delivery System

The production of new housing is part of a wider process called “**housing delivery system (HDS)**”. This is a combination of many interrelation processes which include:

- (a) the production of new houses;
- (b) the renovation and rehabilitation of existing units; and
- (c) the distribution of both the old and the new units to those in need of them.

The process involved in the delivery system are carried out through the public institutions and private organizations or individuals otherwise called formal and informal housing delivery

(i) Formal Housing Delivery

Formal provision of housing units in urban centres, particularly the state capitals, takes various forms including:

- (a) direct housing construction by the Federal State and Local Government;
- (b) provision of serviced plots in government layouts;
- (c) provision of mortgage finances; and
- (d) the use of housing subsidies to encourage housing consumption

(ii) Informal Housing Delivery

According to Professor Babatunde Agbola (1994), there are six main channels through which the informal sector provides housing. These are through the merchant builder; prefabricators; builder investors; on-site builders; land developers; and cooperatives.

Builder investors develop large numbers of (rental) income generating properties on a given site and retain ownership and management control

2.0 HOUSING CONDITIONS AND ACCESS TO LAND

Housing is a critical basic need of man. It is a unit of the environment, defined as “residential environment, which includes, in addition to the physical structure that humans use for shelter, all necessary services, facilities, equipment and devices needed or desired for the physical and mental health, as well as, social well being of the family and individuals (Salau, 1990, citing World Health Organization). Thus, improvement in physical and psychological fitness, as well as social and economic well being in turn, enables households and society to provide increasingly better housing

However, in spite of importance of housing, it has been an intractable problem in both the urban and rural areas. For instance, Metha (2006) noted that one of the identified concerns about the present urban context is the worsening state of access to shelter and security of tenure resulting in severe overcrowding, homelessness and environmental health problem.

Indeed, challenges of housing, in terms of quality, appear to be the same all over the world. The needy have access to housing while the less needy have greater chances of accessing housing. In Nigeria, housing is generally inadequate in the rural areas in terms of quality, while the major problem in urban areas has been identified to be more of quantity, although quantity is also an issue.

The shortage of housing, according to experts, is one of the factors responsible for the poor environmental quality across Nigeria, including the spread of sprawls and slums.

The UN-Habitat (2008) identified two types of slum exist in its publication on African cities:

- (a) the traditional city centre slums of decayed and dilapidated structures built with semi-durable material (adobe) and lacking physical planning standards; and
- (b) spontaneous and often illegal informal settlement developments at the urban periphery on squattered land.

Both are defined as ‘Slum’ because their inhabitants suffer one or more shelter deprivations. These two generic slum types generally result from a combination of poverty, failing urban governance and inflexible formal urban land and housing markets that do not cater for the urban poor. Slum proliferation in urban centres in Nigeria is aggravated by the cumulative

effects of economic stagnation, increasing inequality and the sheer rapidity of urban population growth.

2.1 Urban Land Market

Nigeria has higher slum proliferation rates than most of the sub-Saharan African and Africa annual rate of urban growth and slum proliferation having 4.48 and 4.53 percent respectively: Lagos has urban and slum growth rates which are about 2.5 times higher than the Nigerian average population growth rate of 2.27 percent for the 2005-2010 half decade. (UN-Habitat, 2008).

The unprecedented expansion of urban population causes rapid increases in the demand for urban land leading to conversion of rural land at the urban periphery. Tenure systems largely determine the ease or difficulty of land acquisition and assembly. In Nigeria, they make expansion of urban areas difficult and raise transfer cost to level that are not attainable by the poor.

The Nigeria Land Use Act of March 1978 are intended to make land available to competing users. This public sector intervention are geared towards moderating land market allocation mechanism, to minimize land market imperfections, and to assist in ensuring allocation of land to preferential areas, particularly to those who cannot secure well-suited land on their own.

Local governments, within their ideological and political confines, can also moderate the land market to achieve specific planning and spatial aims or improve accessibility to urban land for residential and commercial purposes for a broad range of stakeholders, including low-income households and slum dwellers.

However, the urban Land Use Act in Nigeria, Urban Land Ceiling Act of 1976 in India, and the 2003 Ghana Land Administrative Project (LAP) have not produced the desired results. These land control policies have caused substantial problems, significant reductions in the supply of land for residential development, creation of a vast black market for real estate, and an overall worsening of housing affordability in all the major urban areas of these countries.

One of the most alarming results of these policies is the rapid growth of the slum population while majority of urban growth in developing countries is now taking place outside the planning control systems of the government. In addition, urbanization is influenced by large

numbers of relatively low-income migrants. Thus, their limited financial capacities force them to solve their shelter and livelihood problems informally and on their own terms. They rely on self-help techniques ranging from the illegal tapping of urban services by low-income households to the provision of their own electricity. Water and sewerage supply by high-income developers.

2.2 Urban Planning Problems

The goal and objectives of urban planning is to ensure that it becomes a basic tool for making Nigeria cities more livable and achieving other political, economic, social and cultural goals of all tiers of government. It will also promote the implementation of the Nigerian Urban and Regional Law Decree 88 of 1992. Therefore, all tiers of Government are supposed to produce physical plans as provided by the Law.

The major issue in land administration has to do with allocation, utilization and management. These are some of the issues the Urban and Regional Planning Laws tried to cater for. This Law specifically provides for utilization and management of land at the three tiers of government:

- (i) National Urban and Regional Planning Commission at the Federal Level.
- (ii) State Urban and Regional Planning Board at the State Government Level
- (iii) Local Planning Authority at the Local Government Level

However, in some states, the law works only where there is no conflict with the States Physical Planning and Urban Development Laws

Despite the promulgation of this Law, the planning and development controls in urban centres remain weak due to the following reasons;

- (i) poor enforcement of planning regulations as they exist;
- (ii) uncoordinated activities of various government agencies which have significant land holdings

Nigeria is experiencing severe problems associated with unbalanced population distribution and increasingly rapid urbanization in the absence of well-articulated and comprehensive physical planning, development control and urban social policy.

According to UN-Habitat (2008), Lagos is the classic example of a developing country mega-city, combining haphazard, uncontrolled and unrestrained population and spatial growth with little corresponding expansion, infrastructures, services and livelihood opportunities.

Urban fragmentation caused by Colonial Administration, typically creates two cities within the city, as clearly illustrated with the satellite image of Logo, Ibadan and many pre-colonial cities would show. The urban poor live in high urban densities, with unplanned urban spatial layout and mostly deprived of access to adequate housing, residential land, municipal services and other urban benefits. The better off tend to reside in the ordered, formally planned and structured higher-income areas that enjoy municipal services. To correct this precarious situation faced by cities in Nigeria and Africa as a whole, there is need for politicians and city managers to look inward, towards improving affordable and adequate housing and basic facilities and services delivery.

The urban planning process also involves the determination of land suitability for housing development and other facilities. This will discourage uncoordinated individual encroachment on the land, and consequently minimize the cost of rehabilitating misused land by the Government for future development.

2.3 Poor Funding of Housing Sector

One of the major problems bedeviling the housing sector is poor funding. Over time, housing experts, including property developers, estate surveyors and valuers, mortgage, as well as those in the public sector, such as the Federal Mortgage Bank of Nigeria (FMBN) and the Federal Housing Authority (FHA), have come to identify this problem as the impediment to housing delivery in Nigeria.

The few available houses are built with funds either privately sourced or those obtained from banks as loans. The problem has made the built houses to be well above the means of millions of ordinary Nigerians, since each developer expectedly put such houses for sale, rent or lease at a cost that would reflect the investment he has poured into building it.

Most mortgage institutions and developers in Nigeria give out their houses at a mortgage rate of over 20 percent, a situation which has made such houses to be beyond the reach of an average Nigerian.

In 1991, the National Housing Policy (NHP) was promulgated in order to propose possible solutions to the housing problems in Nigeria, but 23 years after millions of Nigerians are still homeless while many others are living in indecent houses.

3.0 DEMAND FOR AFFORDABLE HOUSING

There were more or less 28 million households in Nigeria in 2006. “Housing apart from shelter also encompasses the immediate environment, sanitation, drainage, recreation facilities and all other economic and social activities that make life worthwhile” (Otegbulu 1996).

However, the term “**affordable housing**” is used in different ways and can have different meanings in a variety of settings. Based on various studies and publications, housing is considered affordable if a household can live in it without sacrificing essentials such as food, clothing, transportation, and medical care. Therefore, affordable housing included not just subsidized or income restricted housing units, but all private and public housing units that are affordable for low-and-moderate-income families.

According to the United State (US) Department of Housing Development (HUD): “The generally accepted definition of housing affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who earn less than the County median income (approximately \$65,000 in 2008 for a family of four) and who pay more than 30 percent of their income for housing are considered “**cost burdened**” and may have difficulty affording basic necessities.

Housing in Nigeria with estimated population of 160 million people and an annual growth rate of 2.2% has occupancy ratio of houses of 6 persons per room of 20m². Residential home ownership in Nigeria was 70.83% as shown in table 2 while rented accommodation was 22.72% as at 2006 Housing and Population Census. Nigeria recently has an housing shortage of over 17 million units.

Each household requires a flat, bungalow, terraced house, or at least some kind of shelter. The analysis of housing market is described below.

3.1 Residential Property Market

Residential property can be divided into four sub-categories such as owner-occupied, investment property, Council Property and social housing supported by government subsidy.

- **The Owner-Occupied Property:** is made up of households that ultimately own their Properties, once they have paid off a related mortgage.
- **The Local Authority Rented Property:** is made up of housing stock made available by the local authority (council) at a subsidized rate from public funds.
- **The Private Rented Property:** comprises private property that is let at market rent; deemed 'fair' to tenants and landlords.
- **The Housing Association Property:** comprises various non-profit making organizations, such as charities, that combine public and private funds to provide housing for those in need.

These four sectors have been listed chronologically in order of size. In general terms, however, it is sufficient to understand that housing demand may be either for owner occupation or rent, or for some combination via shared equity.

3.2 Owner-occupied Housing Demand

Most households in Ireland, Scandinavia, Australia and much of Europe want homes to own and occupy, according to Danny Myers, 2006. Some 70% of the households in the UK live in this form of tenure, and the relative size of the owner-occupied sector in Spain (80%), Ireland (76%) and Finland (78%) is even larger.

The form of ownership in these countries is generally supported by government initiatives that encourage demand by making the process of home buying as fast, transparent and as consumer friendly as possible. These factors facilitate demand for owner-occupied house delivery:

- i) The current price of housing;
- ii) The price of other forms of housing;
- iii) Income and expectations of change
- iv) Cost of borrowing money and expectations of change;
- v) Government measures, such as tax benefits and stamp duty;
- vi) Demographic factors, such as the number of households, and
- vii) Price of associated goods and services, such as maintenance, furniture, council tax, insurance etc.

The house ownership statistical information on Nigeria property market also revealed that 70.83% of Nigerians preferred owners-occupied buildings as shown below.

Table 2: Tenure Status of Dwelling Unit

Tenure	No of Households	% of Total
Owner-Occupied	19, 971, 944	70.83%
Rented Housing	6, 407, 257	22.72%
Rent Free Occupation	1, 525, 320	5.41%
Squatting	214, 361	0.76%
Others	78, 203	0.28%
TOTAL	28, 197, 085	100%

Source: NPC National and State Population and Housing Properties Tables (vol. 2006).

The logic behind the government incentives and benefits to support owner occupation is that if people own the property that they occupy, they will maintain it better.

3.3 Demands for Privately Rented Housing

The data in table-revealed that 22.72% of households occupied rented apartments of housing unit in Nigeria. In general, the market in private housing to rent varies greatly of country to counting for a number of cultural and economics reasons. The main economic factors affecting the demand in this sector as follow;

- (i) Current rent level and expectations of change.
- (ii) The price of owner occupation houses.
- (iii) Income distribution, which determines affordability;
- (iv) The cost of borrowing and expectations of changes
- (v) The law on rents and security of tenure; and
- (vi) Demographics factors, such as household formation.

3.4 Demand for Social Housing

Housing provided by local authorities, government staff quarters, housing associations and private companies staff quarters are referred to as social housing.

Origin of social housing lie in the idea that governments should pay a subsidy towards housing to make up for the shortage of accommodation available to low-income families.

3.5 Privatization of Housing Market

Margret Thatcher is renowned for her belief that a “**property owning democracy**” is at the heart of a market economy. To support these beliefs, the 1980 Housing Act gave council tenants the **right to buy** their flats and houses; and the 1986 Housing and Planning Act permitted local authorities to transfer their housing stock to private landlords. To promote these acts of parliament, various discount schemes were introduced to provide a financial incentive to private ownership. At the time, Mortgage Interest Tax Relief (MITR) also helped. Consequently, over the next 25 years the allocation of housing resources became increasingly market dominated.

Table 3: Stock of Devillings in UK by Tenure

Tenure	End of 1979 thousands %		End of 2004 thousands %	
Owner-Occupied	11, 638	54.8	18, 306	70.5
Rented Privately	2, 915	13.7	2, 663	10.3
Rented from Local Authorities	6, 700	31.5	2, 983	11.5
Rented from Registered Social Landlords	0	0	2, 001	7.7
TOTAL Devilling	21. 253	100	25, 953	100

Note: 2004 Figures are provisional

Source: Adapted from ODPM, Housing statistics

Table 3 indicates the **owner-occupied** and private rented sectors to represent more than 80% of the housing stock while **social housing** supported by government subsidy, decreased to less than 20% because the previous local authority tenants had transferred to the private sector (about 2 million had become owner-occupied and about 1.5 million had been involved in block transferred to **registered social landlords**). This has shown the impact of privatization on the UK housing market and lesson for housing policy in Israel, Australia and UK, the process had commenced before 1979.

3.6 Public Lands and Housing Development

The development of urban land and housing in Nigeria is severely constrained by governments’ controls. State ownership keeps large quantities of land off the market. Parcels of land for development are extremely difficult to obtain from most acquired land stock and those presumed to be vested in trust on the Governor of the state. A certificate of occupancy for a parcel can take from one to five years to secure at an expensive cost of processing.

Maintaining and increasing urban economic productivity will require a set of urban land policies which will ensure that adequate supplies of serviced land are available for productive enterprises, as well as residential and social uses.

The critical policy objective should be to concentrate on the provision of infrastructure to support and facilitate economic activities. This means erecting modern infrastructure systems to provide electricity, water, road networks systems and railway to enable manufacturing facilities and housing providers maintain low operation costs.

Finally, strategic development of major urban centres in Nigeria should focus on decongesting the town centre and making the surrounding areas more attractive. This can only be achieved by creating new residential/commercial districts with equal or superior infrastructural development to the centre. The use of tax incentives to business, zero or concessional land use charges (property tax) for specific number of years pioneering developments in such areas will go a long way to achieving this goal.

Scores of developing countries have set up parastatals organizations to carry out land development. Most often they were established to carry out three objectives:

- (i) To channel affordably priced land and housing projects to low and moderate-income household;
- (ii) Ensure that land-value increased associated with infrastructure provision were not appropriated by private developers, and
- (iii) Those important but risky projects avoided by the private sectors are undertaken by government.

Implicit in these sensible goals are two important assumptions: the fruits of the land development agencies actually end up going to low-and moderate-income households and the public land development agencies are efficient.

Despite the great hope placed on public land and housing development, it has mostly been a failure for some of the reasons highlighted below:

- (a) Where stocks of publicly held land in urban areas has been depleted, public housing projects have been stalled due to lack of land.
- (b) In many cases, it is difficult for public agencies to acquire and assemble land. Moreover, private landowners do not want the trouble of dealing with complicated and time-consuming public conveyancing or certificate of occupancy registration and related procedures.

- (c) In other instances, government agencies have not used market research to identify suitable areas for housing or industrial estates. Consequently, they frequently purchased remote sites which are difficult to market, or they purchased sites that were too large, taking many years to sell off. For example, in May 1989 Perumnas had nearly 24,000 unsold housing units, most of which were located in areas with little demand for housing (David E. Dawal, Giles Clark, 1996).
- (d) The urban Land Use Act of 1978 in Nigeria has caused substantial problems, significant reductions in supply of land for residential development, creation of vast block market for real estate, and overall worsening of housing affordability in Nigeria major urban centres causing one of the most alarming results of slum population.

The net effect of such inadequacies is that the majority of urban growth in developing countries, including Nigeria, is now taking place outside the “official” control systems. Thus, informal residential and business development increasingly dominate new urban areas, relying on self-help techniques ranging from the illegal squatting and tapping of urban services by low-income households to the provisions of their own electricity, water, and sewerage supply by high-income developers.

4.0 INVESTMENT IN HOUSING AND INFRASTRUCTURE

The problem of providing infrastructure service is inherently challenging. Many governments have attempted to improve performance of infrastructure but results have been largely unsuccessful. Practically all governments in developing and transition economies are seriously short of fiscal revenues. Budget allocations for infrastructure construction and maintenance rarely exceed 50 percent of requirements, and agreed allocations are often cut with little notice in response to short-term

Given these fiscal conditions, government cannot meet financing needs by allocation additional revenues from the consolidated fund. Additional funds must come from heightened revenue mobilization. But if **user charges** are raised, there is no guarantee that the additional revenues will be allocated to infrastructure; such as roads and water, not they will generate a stable flow of funds.

Furthermore traditional earmarking is not a viable solution. It adversely affects management of the government's overall affects budget and is rarely sustainable (World Bank Technical Paper No. 409, 1998).

4.1 Municipal Investment in Infrastructure and Housing Development

Municipal investment in urban infrastructure has been uneven across Africa, but generally lags the needs of growing urban population (UN-Habitat, 2008). Municipal revenue collection is often inefficient, while financial management is in many cases inappropriate. As a result, the financial condition of municipalities is generally weak, with most relying on central government disbursements to top up fiscal shortfalls.

Added to this weak financial position is he increasing decentralization of service delivery functions to the local authority level, and continued high centralization of financial resources at the central government level. This has resulted in rapidly increasing urban decay and the proliferation of slums, which accommodated 71:9 percent of the urban population in Sub-Sahara Africa in 2001 (UN-Habitat, 2008).

Across the world, public finance for urban infrastructure and service delivery typically accrues from municipal tax revenues, user fees and government transfers. Each local has its own tax base that is, the financial aggregate to which the tax rate is applied. In the case of the property tax, the base is the assessed value of taxable local property. For a rental tax, the base is the annual value of taxable retail sails. The yield of any tax is the product of the base times the rate.

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The idea behind the transfer of some responsibilities to local authorities was:

- (a) to enable local authorities to make decisions on public affairs within their jurisdictions; and
- (b) to improve the efficiency and effectiveness of service delivery and management to the local population.

However, effective decentralization must also extend to financial allocations and powers, allowing local authorities to generate the revenues they need for increased service provision and management. Federal government and the National Assembly must therefore Improve local governments' financial capacities and enhance local mobilization instruments.

Nigeria must learn from other African countries municipalities that recognized property tax as the major source of local revenue. For instance, in Nairobi, where property tax provided 46.9 percent of total municipal revenue in (1991-1992), compared with as much as 66 percent in Mombasa (1975-1984) but only 21.5 percent in Dar as Salam (1996), Un-Habitat Property Survey.

In some African cities, user fees and service charges overtake property tax as major source of municipal revenues. This is the case in all municipalities in the Republic of South Africa, where these revenues (2007-2008) were more than double those of property tax. In Nairobi, fees and service charges accounted for 46.7 percent of total municipal revenue in (1996-1997).

Apart from planning and services, local governments shape local business environments through the above highlighted taxes, fees and user charges which contribute to their competitiveness, or otherwise. In other words, excessive local charges or complex compliance systems can severely sampan capital expenditure, business growth and job creation in any given city.

Strengthen and transport fee or tax structures and regulations can reduce financial and compliance costs, while local governments can fulfill their governance functions in a more effective way.

4.2 Public-Private Partnership Approach

The thinking of governments around the world in recent times has been that if sharing the financial burden and professional expertise in the provision of public utilities and infrastructure with the organized private sector. The idea of the Public-Private Partnership (PPP) scheme is to provide what constitutes a social amenity without the huge financial strain that comes with the planning and execution of such projects.

Potential benefits of PPP include: cost savings, risk sharing, introduction of innovations on service delivery, introduction of new technologies and economy of scales; introduction of more innovative revenue sources, efficiencies through more flexible quicker approvals for capital financing and a more efficient decision making process.

The private developers may obtain exclusive franchise from government to finance, build, operate, maintain, manage and collect user fees for a fixed period on the project, such as Lekki expressway, to amortize investment. At the end of the franchise, the title reverts to a public authority which in this case would be a state or federal government.

Public-Private Partnerships can also help to stimulate the private sector and contribute to increased employment and economic growth. Local private firms that become proficient in working in Public-Private Partnerships can “export” their expertise and earn income outside of the region.

4.3 Access to Housing Finance

Due to lack of regular or predictable incomes for most city dwellers, and an absence of financial instruments that could adjust accordingly, only about 15 per cent of Africa’s urban population may be eligible for formal housing loans effectively excluding the remaining 85 percent (UN-Habitat, 2008).

Real estate sector had been negatively affected by the global economic crisis and credit squeeze in Nigeria. The housing deficit estimated at about 17 million units and Nigeria’s population which is now over 10 million presented an opportunity. However, road rehabilitation and infrastructural development as well as ongoing reforms in the Federal Mortgage Bank of Nigeria (FMBN) would alter the National Housing Fund (NHF) structure and would reduce the problems of land acquisition and land tenure.

According to a financial expert, Mr. Bismarck revival in property sales and rents in 2010 due to reduction in lending rates, floating of Real Estate Investment Trust (REIT) by many Primary Mortgage Institutions (PMIs) infrastructure upgrading and environmental information, increases spending as elections approached and the proposal by the Central Bank of Nigeria (CBN) to over haul the PMIs to ensure a deeper and more efficient mortgage industry.

(i) Primary Loan Instruments

Formal housing finance includes mortgage and construction loan. Those are typically offered by commercial banks and building societies, which demand a lien on land (i.e. the right to keep possession until the debt is discharged) or other pledge if property interest, as well as proof of income if a borrower is to be eligible. Savings societies, housing cooperatives and social housing funds also offer housing and home construction loans, typically through local membership schemes

(ii) Secondary Financing for Housing and Construction

The financing is limited to lending terms and services that banks and building societies can provide. The typical sources are deposit/savings, and borrowing, which can include bond issuance (either corporate or asset-backed, as in mortgage securitization), which the securities sold to pension funds, other banks and corporate institutional investors.

Mortgage finance is mostly unaffordable to the poor anywhere in the world. The vast majority of Africa's urban poor have no access to any form financial instruments, and no alternative but to finance their houses through informal mechanisms. These include mainly personal savings, small loans from relatives, friends or microfinance institutions, or through incremental building.

The contribution of mortgage finance to Nigeria's GDP is close to negligible with real estate contribution at less than five percent, while mortgage loans and advances were put at 0.5 percent, contrasting sharply with contributions of 30 to 40 percent in other emerging economies and 60-80 percent in advanced economies (UN-Habitat, 2008).

With Nigerian population of 140 million people in 2006, it has only 90 primary mortgage institutions (PMIs). Almost all of those concentrated in Lagos and paid-up capital requirement of N100 million (US \$850,000). Only 15PMIs meet the 30 percent minimum mortgage assets-to-total-asset ratio:

Nigerians high-interest mortgage run-up to 18 and sometimes over 20 percent annual interest rates for loan periods from 12 to 24 months. Thus unfriendly mortgage environment is a major challenge to housing deliver. Borrowers are simply not able to repay two-digit interest rates and the loan principal in such unrealistically short lending periods. Moreover, the Land Use Act and the legal environment for recovery (foreclosure) are also mortgage hostile.

5.0 CONCLUSION AND RECOMMENDATION

Housing development plays a critical role in determining the nature, function and appearance of towns and country side in which we live and work. Therefore, the potential contribution that the housing sector can make to the sustainable development agenda is immense.

The problem to be resolved is overcoming the fragmented approach of the various stakeholders in the sector; as the bigger picture needs to be grasped. That is, there must be network of team building across disciplines to create links between developer, architects, contractors and tenants.

Public land and housing development agencies would be far better off if they concentrate on only trying to do what the private sector cannot provide, that is, assemble land for development projects and provides costly infrastructure to sub-urban areas, or construct low-cost rentals housing for well-targeted users.

One of the major impacts of poor titling and land registration systems is the inability of landowners to gain access to formal credit sources. Formal sector lenders require borrowers collateralize loans by pledging their property as security. Without an adequate title, this is impossible.

Security of tenure, such as that provided by clear title, also confers significant benefits on urban households. It removes the risk of eviction and also provides dwellers with access to credit for housing construction and upgrading. Other research on informal settlements funds that as security of tenure increases, households invest more resources in upgrading their residences.

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