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## Acceptance Letter

Date: November 26, 2017

Dear: *AGU, BERTRAM ONYEBUCHI & NWANKWO, SIMON N. P.*

I am pleased to inform you that your paper entitled **SUSTAINABLE HOUSING FINANCE SUB-SECTOR; A PANACEA FOR ECONOMIC AND SOCIAL BENEFITS IN NIGERIA** has been accepted and recommended for publication in the GOU Journal of Management and Social Sciences (GOUNI\_FMSSJ).

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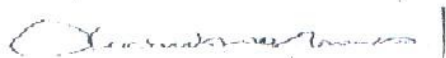
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Congratulations once again on getting your article peer-reviewed and accepted.

Yours sincerely,



**Oluchukwu Anowor**

Editorial Assistant, GOU Journal of Management and Social Sciences

SUSTAINABLE HOUSING FINANCE SUB-SECTOR; A PANACEA FOR  
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**Abstract:** *This study assessed the effects of sustainable housing finance sub-sector on economic and social development in Nigeria. This was done with emphasis on selected house construction density neighbourhood and institutions responsible for housing construction in Enugu State. Such housing construction density neighbourhood includes; Ugwuaji Awkunanaw, Emene Nike, Ibagwa Nike Amaokpo Nike, Ugwuomu Nike, Akagbeugwu and Agbani neighbourhood. Some registered professionals in house construction investigated are engineers, Architects, real estate developers, registered surveyors and builders to ascertain the extent of their involvements in sustainable housing finance for economic and social development in Enugu State. The specific objectives of this study were to (1) Determine the effects of Public- Private Partnership (PPP) on sustainable housing finance sub-sector. (2) Examine the affordability challenges on sustainable housing finance sub-sector and (3) ascertain how the involvement of professionals in the building construction industry impacted on sustainable housing finance sub-sector in Nigeria. Stratified random sampling technique was adoption to select staff and registered professionals in housing construction density neighbourhood in Enugu State. The analysis of data collected was done using simple distribution table of frequency and percentages. The study reveals that environmental sustainability is an important factor when considering policy options for housing finance, non-existence or inefficient and costly system of land registration and government control of land are the two barriers restricting access to land for affordable housing in Nigeria, adequate surveyor's information, accurate planning design and execution of building projects by professionals contributes to sustainable housing finance in Nigeria. This study concluded that in view of the increasing migration of people from the North- East of Nigeria as a result of Boko Haram attacks, government should be proactive in tackling the housing finance problem in Nigeria.*

**Key words:** Sustainable housing, Housing Finance sub-sector, Social Benefits, Construction Density

PPP and Boko Haram

### 1.1 Introduction

Housing is perceived and actually seen as a long term investment that gives a hedge against high inflation. In Nigeria, housing is the integral part of every Nigeria's dream with high premium being placed on it as a measure of success and economic freedom (Folorunso, Khan and Olowoyo, 2012).

Taiwo, Adeboye and Aderonmu (2007) observe that housing finance constitutes one of the major pillars of housing delivery system. Indeed, without a well-organized and efficient housing finance mechanism, the goal of a housing development policy will be largely unattainable. Housing finance has been recognized as an important, almost indispensable factor in the housing delivery system. This is because only a very few in most nations can afford to pay cash for a house (Agbola, 1998). Most other people must have to finance their house through loans, personal savings, assistance from relatives or friends and gifts. Majority of Nigerians fall into this latter category of informal housing finance. This housing finance system is prevalent among the low-income citizens, who relied on their meager savings, borrowing from friends and family members, gifts and sometimes from cooperative societies to erect their buildings.

Rust, (2012) observes that the growth and performance of the housing sector and the role of housing finance is critical to the development finance agenda for at least three reasons.

First, housing is a very rapidly growing subsector of the economy and over time will represent a substantial portion of GDP. Central to the real economy, the production and consumption of housing stimulates economic growth. Growing property markets and the finance that drives them will also have a dramatic impact on the structure and performance of national and regional economies (McBride, 2012)

Second, the housing and housing finance sectors have a range of hidden multipliers that are particularly useful for developing economies. Housing assets, whether geared with finance or not, can act as a financial springboard to micro and medium enterprise and human capital development. It can also contribute to the realization of sustainable livelihoods. Housing can achieve a range of broader development goals, and so can operate as a beacon for other objectives (FinMark Trust, 2012)

Third, as the middle class across Africa grows, housing finance offers the opportunity to support its stable growth. The impact of home ownership and quality housing on political and social stability has been established. It is also well understood that the opposite is true: that poor housing can contribute to instability. As Africa's economy grows and develops, access to housing finance will become increasingly important to ensuring broad based economic growth and to protect against the potential for widening inequality (Viruly, 2012).

## **1.2 Statement of the problem**

Housing is one of the major problems faced by the generality of the Nigerian populace. The problem is not limited to a particular state or region. It is more pronounced in some of the nation's major cities especially in the South East States of Nigeria. This is due to the increasing migration of people from North East of Nigeria as a result of Boko Haram attacks. The problem of inadequate supply of housing in Nigeria stems from the inability of government to build the required number of housing units for the population, those built were not given out to people,

inappropriate arrangement given by the National Housing Fund (NHF) to the financial and mortgage institutions providing funds for housing construction, and high cost of building construction/materials. All these make the provision of shelter for the masses difficult especially in the case of long- term mortgage credit and high cost house rents in Enugu State in particular.

Generally, an increase in population translates into an increase in the demand for housing finance. Effective demand and home ownership relates to affordability, and this is based on household incomes. Several factors make the environment for mortgage lending difficult, such as the absence of clear property and security rights; mandatory governor's consent; high interest rates; and inadequate sources of long-term funding. Overall, there is evidence of declining activities in housing finance: the average share of GDP invested in housing declined from 3.6% in the 1970s to less than 1.7% in the 1990s and continued in that trend (FinMark Trust, 2010).

Lack of access to finance affects the supply of housing. Developers in the formal sector are mainly financed by deposit money banks at excessively high interest rates and stringent conditions. Low income individual homebuilders seek finance either from informal sources such as *ajo* (traditional thrift societies) or *esusu/Isusu*, age / trade groups, traditional money-lenders, friends or family to build their homes. Osamwanyi and Megbolugbe, (1987), and Nubi,( 2006) in FinMark Trust, (2010), argued that those classified as microcredit organisations sources are convenient and accessible. They operate on the basis of third party guarantees and rely on peer pressure to ensure repayments. They are, however, unsecured and hardly accumulate the magnitude of funds required for large-scale impact of individual household developments. In the light of the above, the study tends to investigate the effects of sustainable housing finance sub-sector as a panacea for economic and social benefits in Nigeria.

### 1.3 Objectives of the study

The main objective of the study is to investigate the effects of sustainable Housing Finance sub-sector as a panacea for Economic and Social benefits in Nigeria.

Specific objectives are to;

- Determine the effects of Public- Private Partnership on sustainable housing finance sub-sector in Nigeria.
- Examine the affordability challenges on sustainable housing finance sub-sector in Nigeria.
- Ascertain how the involvement of professionals in the building industry impacted on sustainable housing finance sub-sector in Nigeria.

### 1.4 Research Questions

- To what extent has public private partnership significantly and positively affected sustainable Housing Finance sub-sector in Nigeria?
- What are the affordability challenges on sustainable housing finance sub-sector in Nigeria?
- To what extent has the involvement of professionals in the building industry impacted on sustainable housing finance sub-sector in Nigeria?

## 2.0 Review of Related Literature

### 2.1 Conceptual Framework

#### 2.1.1 Concept of Housing

The definition or understanding of what housing is differs from country to country likewise with scholars. The National Housing Policy (2002) called it a process. This means that housing cannot stand on its own. It interacts with other sectors such as the financial sector, environment and business (private) sectors. This indicates that housing is a combination of services (Agbola, 1998). Bourne (2007) as cited in Popoola and Adamu, (2016) gave the following as definitions for housing:

- (i) It is a physical facility, unit of structure, which provides shelter to occupants.
- (ii) It is an economic good or commodity which is traded, engaged in a market as an investment.
- (iii) It is a package or bundle of services. This recognises that the occupancy of housing involves the consolation of services such as parks, schools, health institutions and location and proximity of certain types of labour.
- (iv) It is a social or collective good (Popoola and Adamu, 2016)
- (v) It is a means of producing wealth and tool of government to regulate economic growth.

Countries with great economies were able to achieve this feat through housing services delivery. For instance, in United States of America, Canada and Great Britain, the housing sector contributes between 30% to 70% of their Gross Domestic Product (GDP), while housing in Nigeria contributes only 0.38% to the nations GDP (NHP, 2012).

#### 2.1.2 Housing Finance

Finance is an important aspect of any form of progressive development. Unfortunately, if this is not well taken care of, it can also be a clog in the wheel of development. Agbola (2005) cited in Ifesanya (2012) described housing finance as the corner stone of housing construction. This implies that the implementation of housing finance is not made available to execute the goals. Hence, housing policy is hinged on sustainable finance (NHP, 2012).

International Union for Housing Finance (IUHF, 2013) opines that housing finance is broad and can vary across continents, regions and countries. The meaning may be different in developed countries when compared with developing countries. King (2009) opined that housing finance is "what allows for the production and consumption of housing. It refers to the money we use to build and maintain the nation's housing stock.

However, It also refers to the money we need to pay for it, in the form of rents, mortgage loans and repayments. The perspective of Ifesanya (2012) declared that housing finance goes beyond just construction of housing units. It extends to using such funds to engage both artisans and professionals in the building industry thereby creating a window of investment for the citizens. Shuiabu (2007) describes this when he analysed that in the process of building 2 or 3 bedroom house not less than a dozen persons, skilled and unskilled ranging from labourers, masons, carpenters, structural and electrical engineers and surveyors would have been provided employments.

This shows the beauty of housing finance because of its capacity as an employment factor and a tool for economic growth.

Adebamowo, Oduwaye and Oduwaye (2012) observe that housing is one of the three basic needs of mankind and it is the most important for the physical survival of man after the provisions of food. Decent housing is one of the basic needs of every individual, the family and the community in general. As a pre-requisite to the survival of man, it ranks second only to food. It is also one of the best indicators of a person's standard of living and his place in the society. They also observed that the house an individual lives in is a symbol of his status, a measure of his achievement and social acceptance, an expression of his personality and the barometer that seems to indicate in a large measure, the way the individual perceives himself and how he is perceived by the larger society. It is the measure of all the good (or bad) things in life that will come to him and his family (Agbola, 1995).

Also the importance of housing in human development has been well documented by scholars. The position of scholars varies depending on the aspect of housing each one delves into. Omirin (1998) researched into land accessibility and low income house building in metropolitan Lagos. Based on her analysis of house builder's behaviour of selected low-income earners of Lagos she posits that it is a wrong notion to continue to rank land accessibility as the greatest constraint of house builders. She stated that lack of finance and escalating cost building materials now takes precedence over land accessibility (Adebamowo *et al*, 2016)

Williams (2002) in his study that accessed to shelter produced by public agencies has continued to elude the urban poor who simply cannot muster the financial resources required to procure these housing units.

Jaiyeoba and Amole (2002) examined the appropriateness and socioeconomic implications of low-income housing delivery as supportive rather than a provider approach. They stated that what is required is the determination of the extent to which the low-income groups require support.

Housing co-operatives have been described as a society that corporately owns a group of houses or flats in which each member participates actively in all matters concerning the estate. Co-operatives of companies buy properties and lease to their members at highly subsidized rates. They are usually organized as social associations but have more explicit commitment to the financial activities of individuals and thus the collective interest of their members (Agbola, 1998).

### **2.2.3 Current Housing Finance Systems**

The present structure of housing finance in Nigeria can be classified into the following. Informal sector (Esusu/Isusu i.e. Traditional Co-operative System, Credit Co-operatives and family savings); Formal Sector (Non-specialized Institutions and Specialized Housing Finance Institutions). Others (Communities, Associations and Non- Governmental Associations).

The Informal Sector constitutes the larger proportion of housing providers in Nigeria. It involves direct labour assistance and includes donations of land, building materials; cash assistance or sometimes any of these could be in form of loan. It is an informal organization based on trust, love and friendship. The formal sector can be classified into non specialized housing funding institution and specialized housing funding institutions. The non-specialized housing funding

institutions sector includes the Employees Housing Schemes, Commercial, Merchant Banks and Insurance Companies. The specialized housing funding institutions includes the Federal Mortgage Bank of Nigeria, Primary Mortgage institutions, Housing Corporations and Urban Development Banks. Olusola, Aina and Ata (2000) identified lack of soft loan as one of the major obstacles against urban housing program in Nigeria.

#### **2.2.4 Theoretical Framework**

This study is anchored on the views of scholars in the Moderate group that studied and elaborated on the place of building construction in national development. Among them are Turin (1970, 1974, and 1978) Hable- Selassie (1978) Govynski (1978), Drewer (1980) and Wells (1984, 1985).

Turin (1978) stated that construction industry can play a central role in the development strategy of many less developed countries provided it is recognized as a valid sector of production. The authors argued that construction must be among the lead sectors in national economy and they mentioned the sector as a major component of investment, an important contributor to Gross Domestic Product GDP and Gross Fixed Capital Formation GFCF) and as a necessary strategy for employment creation.

In supporting the views of Turin, Turner (1976) proposed the idea that housing must be understood not for what it is (a physical product) but what it does (a process). Also Abrams (1964) had expressed a similar view earlier and pointed out specific economic benefits of housing. He noted that building of houses is economic in that houses in the less developed areas are often the small production centres and that house also plays a major role in stimulating employment directly and indirectly. He further stated that once housing is accorded as an integral part of any development program, a nation is then better poised to plan its most effective and most economically practical production (Abrams, 1964 in Arku, 2006).

The study is in agreement with Arku (2006) that housing is truly an economic investment in its right and it is profitable as well.

#### **2.2.5 Key Challenges of Accessing Housing Finance in Nigeria**

EFinA and FinMark Trust (2010) observe that the Nigerian housing sector has an affordability challenges. Housing delivery is targeted mainly at the middle-high income segment of the population that can either pay cash or access mortgage finance from the banks.

The sheer size of the low-income population, however, suggests a crucial growth opportunity for developers and financiers if they are sufficiently innovative. The affordability parameters inherent in the mortgage instrument limit access by the low-income population. These parameters include 20% - 30% equity contribution, maximum tenures of only 10 – 15 years, high interest rate of 22%, etc. Opportunities to address this market are limited by expensive building materials and the lack of local capacity to produce the supply chain components like doors, door knobs, windows, etc.

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The non-availability of long-term funding for housing development also compels builders of residential accommodation to recover their capital within the shortest possible time. It is in this area that the development of non-mortgage housing finance products, such as housing microfinance, could be very usefully explored. Some of the other challenges to the development of the Nigeria housing markets include;

#### **Macroeconomic challenges**

**Inflation:** Inflation in Nigeria is still in double digits. Investors, lenders and borrowers prefer a stable economy where decisions can be taken without trepidation. Apart from inflation, other macroeconomic indices should be kept stable and must continue to improve if the mortgage market is to thrive and become vibrant (Adeniyi, 1996)

#### **Policy and regulatory challenges**

**Land Use Act:** The Land Use Act of 1978 has become an obstacle to making land available for housing. The Act has been blamed for the prolonged bureaucratic process of obtaining the Certificate of Occupancy, the document that confers ownership of the land to the individual from the government. Furthermore, the Act has not guaranteed security of title and cost remains prohibitive while access to titled and registered land is difficult and cumbersome (Igbinoba, 2010).

#### **Financial sector challenges**

Some of the financial challenges according to World Bank (2010) are;

**Insufficient capital base:** The inadequate capital base of most primary lenders limits their ability to provide needed finance to meet market demand.

**Funding challenges:** Funding is a major challenge in the Nigerian housing market. The market is characterized by high interest rates, which are a reflection of the source of funds which is predominantly short Unavailability of secondary market: There is no efficient secondary mortgage market linked to capital markets and institutional investors. This puts enormous burden on PMIs or housing finance institutions to carry the mortgage loans to maturity. Currently, outstanding mortgage loans remain on the books of the PMIs no matter the tenure. This limits the ability of the PMI to originate more loans (World Bank, 2010)

**Lack of credit enhancement vehicles:** To extend mortgages to low-income levels, there needs to be some credit enhancement like mortgage insurance to guarantee credit risks up to certain loss levels for loans with high value ratios. This may also extend affordability to the low income population as lenders will require smaller deposits if the loan is guaranteed.

**Skilled manpower:** There is limited capacity for the requisite skills required in the mortgage market in Nigeria.

This is explained by the fact that the market has not being in existence for a long time.

### **2.3 Housing sector challenges**

Nubi (2000) observe the following as some of the housing sector challenges,

**High cost of building materials:** Nigeria imports about 60% of the building materials required for housing development. This is a key factor for the high cost of houses.

**Infrastructure:** Infrastructure accounts for about 25 to 30 percent of housing costs. It is a major determinant in the delivery of affordable housing. Government has neglected this-area and developers now provide same, thus increasing the cost of houses. This is evident in many gated residential estates across the country, where the developer provides independent/alternative electricity, water treatment plant, sewage plants, access roads to the estate, etc (Nubi, 2000)

#### 2.4 Public-Private Partnership in Housing Delivery

The aim of public-private partnership in housing delivery according to *Taiwo et al* (2007) is to enhance the productivity of the housing sector, increase housing affordability and improve access to basic infrastructure and social services. *Ikekpeazu* (2004) stressed that in order to attain the desired outcome for public-private partnership, the perception of the housing sector as a vast arena of social problems and a drain on the economy must change. Housing must be seen as an important economic sector with crucial linkages to the overall economy of a nation. The housing sector is a key component of the economy. It is typically the largest single form of fixed capital investment, in most economics.

##### 2.4.1 The Concept of Public-Private Partnership

*Taiwo et al* (2007) observe that one of the most important developments in this twenty-first century is the increasing promotion of the concept of partnership especially between the public and the private sectors. The second United Nations Conference on Human Settlements (dubbed HABITAT II) which took place in Istanbul, Turkey, in June 1996 represented an important milestone in canvassing support for this strategy especially in respect of housing provision. According to the Global Plan of Action resulting from that conference, the seventh principle and goal of action stated that:

Partnership among all actors within countries from public, private, voluntary and community based organizations, the cooperate sector, non-governmental organizations and individuals are essential to the achievement of sustainable human settlement development and the provision of adequate shelter for all and basic services. Partnership can integrate and mutually support objectives of broad-based participation through, inter alia, forming alliances, pooling resources, sharing knowledge, contributing skills and capitalizing on the comparative advantages of collective actions (*Olotuah*, 2005).

From the above, it is evident that the goal of sustainable housing development will be attained through a collaborative effort of the public and the private sector. However, *Warah* (1997) asserts that partnerships should not be viewed as a panacea for all urban ills. Experience has shown that partnerships often need sound Government intervention, particularly when catering to the needs of the poorest and least powerful groups. If the balance between public responsibilities

and private freedoms shifts too far towards the latter, those with less "market power" (people living in poverty) may be penalized.

For example, the commercial private sector is rarely able to produce housing which is affordable to the poorest sections of society, as the interests of the private sector are often limited by the financial returns on investment, which are low or negative for low-income housing. And whereas community involvement can reduce costs, there are many services that the poor cannot develop themselves as the cost of installing the infrastructure needed is too high. In these cases, Government resources and intervention become necessary (Oduwaye, 2004)

Equally, if the balance shifts too far in the opposite direction, the vitality and creativity of people and business may be stifled. Effective systems of urban governance and strong, representative of municipal institutions are essential if the right balance between "freedom to build" and "duty to protect" is to be maintained. Government is not just one of the many possible providers of services in the city; it provides the arena where all decisions over provision must ultimately take place. Therefore, representative structures for decision-making for governance are essential.

Warah (1997) further stressed that the responsibility of ensuring the right enabling environment for partnerships to flourish still rests with Governments, who need to provide the right legal, fiscal

and regulatory frameworks required to mobilize the energy resources of all the various sectors so that these sectors can develop their communities or cities in a safe, healthy, productive and sustainable manner. The task for partners, therefore, is to move Governments in this direction. From the Irish website (2005) on Public-Private Partnership, a public private partnership is defined as a partnership between the public and private sector for the purpose of delivering a project or service which was traditionally provided by the public sector. The Public-Private Partnership process in Republic of Ireland recognizes that both the public sector and the private sector have certain advantages relative to the other in the performance of specific tasks and can enable public services and infrastructure to be provided in the most economically efficient manner by allowing each sector to do what it does best.

In the last two decades or so, the above definitions have been expanded considerably in scope, particularly among governments, the United Nations and development agencies.

Agbola (1998) asserted that partnership today, particularly in the context of human settlement development is defined as "a mechanism for ensuring that the comparative advantages of different actors in the development process are exploited in a mutually-supportive way, i.e. that the strengths and weaknesses of the public, commercial, private and non-governmental sectors are harmonized so that maximum use is made of the strengths, while minimizing the potential for the inefficiency caused by the weaknesses". Habitat Agenda (1996), paragraph 213 of the Habitat II conference held in Istanbul clearly states that governments as enabling partners should create and strengthen effective partnership with women, youth, the elderly persons with disabilities, vulnerable and disadvantaged groups, indigenous people and communities, local authorities, the private sector and non-governmental organizations in each country.

In addition to forming (and nurturing) partnerships, Warah (1997) stresses that implementation strategies firmly established within the Habitat Agenda include adopting enabling approaches activating participatory mechanisms, building capacities among all partner groups and monitoring and assessing progress through network and the application of modern information technologies (Taiwo, et al, 2007)

## 2.5 Why most Housing Program in Nigeria failed in the past

### ▪ Poverty

The planners of the housing programmes did not take into considerations the fact that the buildings they were about constructing were to be occupied by the poor. If they did they would have understood that it is not possible for the low income earners to afford the kind of houses they constructed. They ought to have taken their income level into consideration. Income per annum as at then was as little as below N1500 (less than \$10 today) for the low income earners and therefore it was not possible for them to save much as most of the workers within this income bracket hardly saved up to 20% of their income.

### ▪ High Cost of Housing Units

The housing units were placed for sale at prices over N25, 000 (\$152) per unit as at a time when middle and low income group were earning less than N200 (\$1.21) per month. It required more than a life-time for middle and low income earners to save such amount. So they simply ignored the buildings only for the high income earners and very senior civil servants to acquire and rent to them (those that could pay the rent), while most of them patronized slums

### ▪ Access to Credit Facilities

As pointed out by Anyanwu (1997) low income earners were denied access to credit facilities by the government and private mortgage institutions. The low income earners did not have the collaterals required by these institutions and could not face the stringent administrative conditions required.

### ▪ Low Incentive to Investors

Another reason why the housing interventions of the past failed is because of very low incentives to investors. Investors are rational individuals and are profit-driven. They do not respond to mere pleas. No matter how conducive the economy is, without profit there is no incentive to invest. The government should therefore provide every other stimulating factor including tax holidays because without profit investors will prefer to keep their capital in banks. The Nigerian housing sub-sector does not have enough effective demand. Akeju (2007) estimated N2.8 M (\$16,970) as the selling price for a 2-bedroom flat. Unfortunately, most persons that can raise such amount of money will prefer to develop their own house gradually instead of going through the rigorous process of buying a built one. That is common in cities like Enugu, Port Harcourt, Aba, Lagos, Onitsha, etc. In addition, an average worker believes that if he/she can generate such amount of fund in the near future he can as well gradually develop his house of three-bedroom flat or more with the same amount.

The outcome is that such low income earners that can pay for 2-bedroom flat are not part of the demand while those who ask for such houses cannot effectively demand for it and they constitute the market demand for housing in Nigeria. For this reason there is little or no incentive for

investors in the sub-sector. In fact the presence of unoccupied housing units in the country is enough disincentives for investors.

- **The Culture**

At retirement most Nigerians want to go home to participate more actively in the running of their communities as a Chief or a Titled-elder, etc. and this is practically difficult if you do not have a house to live in your village or community. In addition to this, there is the dominant believe in dual homes – a home in your village of origin and another in the city where you work. But out of these two homes, the priority of most Nigerians is to get a house at their villages of origin. And most times the house is not just a two bedroom flat; it must have enough rooms to accommodate his family and also provide accommodation for his younger relatives. For this reason supply of low cost housing in the cities have not been able to and may not attract enough effective demand in the near future.

- **Housing Units Sited at the Periphery**

Filani (1987) observed that in addition to the main problem of the houses not being affordable, the National Low Cost Housing (NLCH) programmes were located at the periphery of the city thereby creating higher cost of transportation to and from work for the occupants who are workers in the cities. It was also said that in some cases infrastructural facilities like water, electricity and good roads were not provided thereby creating a lot hardship and misery to occupants. For these reasons the worker will prefer to squat with friends and relatives inside the city or live in slums instead.

- **High Cost of Building Inputs**

High cost of housing inputs has also been identified as a major cause of failure of housing programmes in Nigeria. Naturally when the price is high the demand for housing falls. It is the high cost of inputs that raises the overall price of a housing unit so high that it becomes unaffordable to the low income earners. Attempts by the government, according to Anyanwu (1997), to force prices of building materials down also failed. This calls for intensive research to discover cheaper housing inputs. Unfortunately, the Nigerian government has not been supportive enough to research activities and her current attitude towards academics and research does not demonstrate any willingness to fund research.

- **Dominance of Foreign Inputs in Construction**

Virtually all inputs used in the construction of modern housing units are imported. Apart from sand, concrete and wood, all other inputs are not found locally and that is responsible for the high cost of the input and housing units as well.

- **Rural-Urban Drift**

Another factor complicating the housing problems in Nigeria is the rural-urban migration. The more efforts are made to accommodate the existing population in the cities and make life better the more people are migrating into the cities congesting them the more and over stretching the existing facilities. According to Mabogunje (2006), in housing today, national housing shortage has already risen to 12 million housing units. With the current infrastructural circumstances in the rural areas, the situation is not likely to abate in the near future and therefore the housing policies will likely continue to fail.

### 3.0 Methodology

#### 3.1 Research Design.

This study used descriptive research design that utilizes structured questionnaire to collect the necessary data. This was administered to selected house construction density neighbourhood and

different institutions responsible for house construction in Enugu State. They include Ugwuaji Awkunanaw, Emene Nike, Ibagwa Nike, Amaokpo Nike, Ugwuomu Nike, Akagbeugwu and Agbani for neighbourhoods and staff responsible for construction projects in Enugu State.

### 3.2 Population

The population of the study is 500 respondents drawn from different construction density neighbourhood and institutions that were officials and staff responsible for construction project, from Enugu State Housing Development Corporation and Ministry of Lands Enugu. The officials are registered engineers, registered architects, Real Estate developers; registered surveyors, builders etc all were selected because they directly deal with housing and construction matters.

### 3.3 Sample Size and sampling procedure

A sample size of 222 respondents was determined from a total population of 500 respondents using the Yamane formula (1967). Stratified random sampling technique was used to select the staff responsible for construction project in Enugu State while purposive sampling technique was used to select the end users. Stratified random sampling techniques ensure that different groups of a population are adequately represented in the sample. Stratified sampling divides the population into homogeneous groups such that the elements within each group are more alike than the elements in the population as a whole.

$$n = \frac{N}{1 + N(e)^2}$$

Where n = the desired sample size

e= probability of error (i.e., the desired precision, e.g., 0.05 for 95% confidence level)

N=the estimate of the population size.

500

$$1 + 500 (0.05)^2 = 222 \text{ respondents}$$

### 3.4 Validity of the instrument

Validity determines whether the research items truly measure what they are intended to measure or how factual the research results are. To test content validity (extent to which the sample was representative of the population), experts opinion was sought. The research questions in the questionnaire were developed to represent each variable in the research. The data collected from the pilot study was subjected to factor analysis to test construct validity (Benon, Mbabazize and Shukla, 2016)

### 3.5 Reliability of instrument

Reliability is the extent to which results of a study were consistent over time and there is an accurate representation of the total population under study. Reliability analysis aims at finding

out the extent to which a measurement procedure will produce the same result if the process is repeated over and over again under the same conditions. Cronbach alpha coefficient was computed using SPSS to generate the value indicated in table below. The Cronbach Alpha coefficient value was compared with the threshold of 0.7 to ensure there is reliability. Cronbach's coefficient value above 0.6 shows that the measurement procedure is reliable (Benon, et al, 2016)

#### 4.0 Presentation of Data and Analysis

**Table 4. 1**

**Determination of Respondents on the Effects of Public- Private Partnership (PPP) on sustainable Housing Finance sub-sector in Nigeria**

Option	Frequency	Percentages
Environmental sustainability is an important factor when considering Policy options for housing and wider urban regeneration by PPP?	50	22.5
Tighter spending reviews have led many governments to adopt PPP Model in order to try and ease the immediate effect on growing deficits?	55	24.8
Differing goal of PPP oftentimes cause friction and mistrust between the partners?	60	27.0
There may be considerable resistance to private sector participation in the provision of housing finance?	57	25.7
<b>Total</b>	<b>222</b>	<b>100</b>

**Source:** Survey Data, 2017

Table 4.1 which measured the perception of the respondents on the effects of Public- Private Partnership (PPPs) on sustainable Housing Finance sub-sector. The researchers show that Environmental sustainability is an important factor when considering policy options for Housing

finance. This view was backed –up with 50 or 22.5% respondents. 55 or 24.8% respondents have the opinion that tighter spending review have led many government to adopt PPP model in order to try and ease the immediate effects on growing deficits. 60 (27.0%) of the respondents agreed that deferring goals of PPP oftentimes cause friction and mistrust between the partners. Another 57(25.7%) respondents were of the view that there are always considerable resistances to private sector participation in the provision of housing Finance.

**Table 4.2**  
**Determination of Respondents on Affordability Challenges on Sustainable Housing finance**  
**sub-sector in Nigeria**

Option	Frequency	Percentages
Nonexistent or inefficient and costly systems of land registration and massive government control of land are two barriers restricting access to land for affordable housing in Nigeria?	42	18.9
Lack of access to capital for the poor and low income market causes lack of innovative financial products, services and materials specifically designed to meet the demand of low and moderate income households?	50	22.5
Lack of efficient administration for obtaining construction permits is a challenge for affordable housing in Nigeria?	45	20.3
Corruption in Nigeria is a substantial factor of concern to both investors and local population?	42	18.9
Interest rates are critical to the affordability of lending and a common challenge in emerging countries especially with respect to affordable housing?	43	19.4
<b>Total</b>	<b>222</b>	<b>100</b>

**Source:** Survey Data, 2017

Table 4.2 was used to measure the perception of the respondents on affordability challenges on sustainable Housing Finance subsector in Nigeria. The research shows that nonexistent or



inefficient and costly systems of land registration and massive government control of land are the two barriers restricting access to land for affordable housing in Nigeria. This statement was backed up with 42 or 18.9% respondents. 50 or 22.5% respondents were of the opinion that lack of access to capital for the poor and low income market causes lack of innovative financial products, services and materials specifically designed to meet the demand for low and moderate income household. 45(20.3%) respondents agreed that lack of efficient administration for obtaining construction permits is a challenge for affordable housing in Nigeria. While 42 or 18.9% respondents are of the view that corruption is a substantial factor of concern to both investors and local population. Interest rates are critical to the affordability of lending and a common challenge in emerging countries especially with respect to affordable housing. This statement was back up with 43 or 19.4% respondents.

**Table 4.3**

**Determination of Respondents on the extent of involvement of Professionals in the building industry on sustainable housing finance in Nigeria**

Option	frequency	Percentages
Without surveyor's information, no proper, adequate, effective and accurate Planning, design and execution of building projects can be carried out?	45	20.3
Town planners are the group that normally take into consideration the population, Culture, infrastructure facilities, socio economic, political, health and other needs During the execution stage of house building?	43	19.4
Architects helps the clients formulate the requirements in an understandable form in the cause of public and private buildings?	49	20.1
Engineers carry out various structural analyses, electrical, mechanical and calculations before arriving at the optional design solution for a specific building?	42	18.9
A builder is the professional that takes charge of the activities on a building Construction Site in translating design, working drawings, schedules and Specifications into physical Structure?	43	19.4
<b>Total</b>	<b>222</b>	<b>100</b>

Source: Survey Data, 2017

Table 4.3 was used to measure the respondent's rate on the extent of involvement of professionals in the building on sustainable housing finance in Nigeria. The research findings indicated that without surveyor's information, no proper, adequate, effective and accurate planning design, and execution of building projects can be carried out. This view was backed up by 45(20.3%). While 43 or 19.4% respondents are of the opinion that town planner were the group that normally takes into consideration the population, culture, infrastructural facilities, socio economic, political, health and other needs during the execution stage in house building. Other professionals such as Architects, Engineers and Builders in house construction have proved to be active on sustainable housing finance. Their views are backed up with 49 or 20.1%, 42 or 18.9% and 43 or 19.4% respondents.

#### **4.2 Discussion of Findings**

The findings from this study show that Public- Private Partnership (PPP) has enormous effect on sustainable housing finance sector in Enugu State. Table 4.1 shows that PPP participation made environmental sustainability one of the major factors to be considered while making policy options for housing and wider urban housing regeneration in Enugu State. This statement was backed-up by 50 or 22.5% respondents out of 222 respondents. It was also agreed that tighter spending review nature of PPP have led government to adopt their model in order to ease immediate effects on housing finance growing deficits in Enugu State. Table 4.2 shows the opinion of the respondents on affordability challenges on sustainable housing finance sector in Enugu State. Out of 222 respondents, 50 or 22.5% agreed that lack of access to capital for the poor and low income market causes lack of innovative financial products, services and materials specifically designed to meet the demand of low and moderate income households in Enugu State.

45 or 20.3% of the respondents agreed that lack of efficient administration for obtaining construction permits is one of the challenges of affordable housing in Enugu State. 43 or 19.4% are of the opinion that interest rates are critical to affordability of lending and a common challenge in emerging countries especially with respect to affordable housing. 42 (18.9%) of the respondents were of the view that nonexistent or inefficient and costly systems of land registration and massive government control of land are the two barriers restricting access to land for affordable housing in Nigeria. Another 42 or 18.9% out of 222 respondents stated that corruption in some developing countries especially Nigeria is a substantial factor of concern to both investors and local population.

Table 4.3 measured the responds rate on the extent of involvement of professionals in the building construction on sustainable housing finance in Enugu State. There was general opinion that professionals in the building industry were actively involved in the development of sustainable housing finance in Enugu State.

#### **5.1 Conclusion**

This study focused on sustainable Housing Finance sub-sector, as a panacea for Economic and

Social benefits. An increase in population translates into an increase in the demand for affordable housing finance. In the course of this study, it was evident that the goal of sustainable housing development will be attained through collaboration efforts of the public and the private sector. Planners of the housing programmes did not take into consideration the fact that the buildings they were constructing were to be occupied by the poor/ low income earners.

The provision of adequate affordable housing provides more than just shelter or a place to stay. Adequate affordable housing has a transformational affects on people and communities. Habitat for Humanity International ([www.habitat.org](http://www.habitat.org), 2011) is driven by its belief in the empowering possibilities adequate affordable housing can provide. The organization has seen the following results in its endeavour to provide clean, decent, stable housing around the world:

- (1) Families can provide stability for their children.
- (2) A family's sense of dignity and pride grow.
- (3) Health, physical safety, and security improve.
- (4) Educational and job prospects increase (Habitat, 2011).

Inadequate housing has a detrimental impact on the physical and emotional development of children. Adequate affordable housing has the ability to provide stability to a child's life allowing the opportunity for healthy development.

Personal pride and community spirit is a further benefit derived from access to affordable housing. Adequate housing improves the confidence and pride one has in him- or herself. In countries where women have been at a disadvantage or treated as lower-class citizens, titling land in the name of a female household member can improve self-esteem, social status, and access to resources that would never have been available under typical circumstances.

Housing creates community empowerment and identity where neighborhoods encourage civic responsibility and activism. In tandem with this is community organization and protection in which crime and violence is reduced creating a sense of security and safety.

Inadequate housing contributes to diseases associated with poverty such as HIV/AIDS, malaria, gastrointestinal diseases, and tuberculosis. Clean and safe housing with access to clean water, sanitation and energy sources creates a healthier living environment. In fact Emory University conducted a study on Habitat for Humanity's work in Malawi and found that Habitat housing improved the health of children as much as water and sanitation programs (Wolff, 2001).

Housing serves is a stimulus for economic and educational opportunity. Land and home ownership is a vehicle for financial prosperity for low and moderate income households in the form of equity and savings. Securing title to land provides access to credit and can serve as the greatest potential generation of wealth for a family (Habitat, 2011).

This study is in agreement with Sodeinde (2011) that Housing development creates construction jobs and further stimulates entrepreneurial businesses offering goods and services thereby generating better incomes and spending power. Quality housing inspires a desire for quality schools and encourages educational pursuits. It is worth doing.

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