

ADEQUATE HOUSING DELIVERY IN NIGERIA-FINANCIAL MANAGER'S PERSPECTIVE

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ABSTRACT

The rate of urbanization in Nigeria has witnessed tremendous increase in the last two decades. The national population is now estimated to be about 160 million with the urban population constituting about 30% (Appendix 1). In Nigeria, a National Housing Policy was introduced in February 1991 with the goal of ensuring that every Nigerian owned or had access to decent housing accommodation at affordable cost. The major challenges facing the sector include dearth of long-term funds, absence of mortgage refinancing/liquidity, weak capital base and inadequate branch network of primary mortgage institutions (PMIs), poorly designed National Housing Fund (NHF), inadequate capital, weak corporate governance structures and high cost of building materials. Since 1991, the problem has not simply been shortage or poor access to housing finance but also the absence of a reliable, stable and adequate public-private partnership with a clear-cut division of labour for the achievement of adequate housing in Nigeria. To accomplish this feat, the Federal and the State Governments would spend about N6 trillion on provision of 17 million housing units for 160 million populace by the end of 2012. This paper examined the major issues which have over time constituted obstacles to housing financing in the country. On the basis of the stated financial implications of housing delivery in Nigeria, the paper proffered solutions and/or recommendations in line with the thinking that good housing finance policy implementation would lead to adequate housing delivery in Nigeria.

Keywords: Urbanisation, Gross Domestic Product, Affordable Housing, National Housing Fund, Credit Expansion, Functional Design.

INTRODUCTION

With the expected increases in urban population, the magnitude of housing problem in Nigeria is enormous. The phenomenal rise in population, number and size of our cities over the past few years have manifested in acute shortage of dwelling units which resulted in overcrowding, high rents, poor urban living conditions, and low infrastructure services. The rapid up-swing in the prices of building materials in the last few years has further reduced the affordability of housing for most Nigerians. The latest GDP per capita figures (2010) have been released by the International Monetary Fund (IMF), latest numbers suggests that Nigeria has rebounded since the recession of 2008 and is on track to experience broad based growth. For a country like Nigeria GDP per capita for 2010 was \$2,422. That means that each person produced around \$2,422 worth of goods and services last year. Some Nigerians spent/earned more than this amount last year while others spent/earned less. For young middle class Nigerians living in cities and working in finance, energy and the ICT sector this (\$2,422) could be their monthly income (see Appendix 2). Except the problem of how to finance the construction of housing for all income groups is effectively addressed, the housing problem is bound to further escalate.

The objective of this paper is to give an insight into the financing option for the construction of housing in Nigeria given the existing financial structures and the framework specified in the New National Housing Policy. Construction materials and housing design play a crucial role in this overall financial framework.

HOUSING IN THE NATIONAL ECONOMY

One may perhaps be tempted to ask why emphasis is being placed on housing. First of all, man's basic need for housing arguably, constitutes and indeed poses the greatest challenge.

Secondly, a vigorous and buoyant housing sector is an indication of a strong programme of national development and is indeed the foundation of and the first step to future economic growth and social development. The gross housing delivery is therefore a major factor in the nations' gross domestic product (GDP) and indeed reflects the mirror and the barometer of the state of health of the Nation.

