

**INTERNATIONAL FEDERATION OF SURVEYORS  
FIG WORKING WEEK 2013 – ENVIRONMENT FOR  
SUSTAINABILITY**

Abuja, Nigeria, 6-10 May 2013

*At*

*INTERNATIONAL CONFERENCE CENTER and NICON LUXURY HOTEL*

*Abuja, Nigeria*

**THE LAGOS STATE 2010 MORTGAGE LAW  
AND THE SUPPLY OF HOUSING**

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6- 10 May 2013

## **INTRODUCTION**

It has been estimated that Nigeria requires about 17.5 million units of housing to close the existing gap between the demand and availability of residential dwellings. Nowhere is the problem more acute than Nigeria's commercial capital Lagos which has a population of close to 20 million. As with elsewhere in Nigeria, a major factor responsible for the weak supply of housing in Lagos is the near absence of long term mortgage financing. Government interventions at the Federal and State levels in Nigeria to boost the supply of housing has been grossly inefficient, often promoting access to real estate rents rather than providing affordable house to the poor in accordance with explicit policy aim. In August 2010, the Lagos State Government established the Lagos Home-Ownership Mortgage Scheme (LagosHOMS) with a Mortgage Board which will "generate a conducive environment to enable access to mortgage as well as protect Lagosians and the State Government from the evil practices that will not enhance good living conditions for the people". This paper examines the extent to which the State Lagos Home-Ownership Mortgage Scheme (LagosHOMS) recognizes and addresses the limitations of ineffective interventions in the housing sector and its likely impact in boosting housing supply and improving the access of key socio-economic groups to efficiently priced and decent housing. It undertakes a comparative desk review of Lagos-HOMS and existing interventions at the Federal Government level as well as past and existing housing related policies in Lagos State. Can Lagos-HOMS be a model for housing sector intervention for the Federal Government and Nigeria's other 35 States?

## **EVOLUTION OF LAGOS STATE HOUSING POLICY**

Lagos State is the smallest state in Nigeria from a land area of 4km<sup>2</sup> on the Island, and an estimated population of 28, 518 in 1871 to an area of 62.8km<sup>2</sup> and population of 126,108 in 1931. Currently, the geographical area has expanded to about 356,861 hectares of which about 21% equivalent to 75,755 hectares are wetlands, yet it has the highest estimated population of 18 million representing 12% out of a national estimate of 150 million with annual growth rate of between 6% and 8% compared to 4 -5% country growth rate and global 2% growth rate. The increment in population is complimented by vibrant economic status which continued to encourage population growth

Lagos is the second most populous city in Africa after Cairo in Egypt and estimated to be the fastest growing city in Africa and the seventh fastest growing in the world with a population increase of about 600,000 persons per annum. Lagos population is growing ten times faster than New York and Los Angeles with grave implication for housing delivery. At its present growth rate, the United Nations had estimated that, Lagos state will be the third largest mega city in the world by the Year 2015 after Tokyo in Japan and Bombay in India.

Over 91% of the total population lives in the metropolis with a population density of about 20,000 persons per square kilometer in the built-up areas of Metropolitan Lagos. The occupancy ratio is 8 – 10 persons per room with 72.5% of households occupying one-room apartment (Lagos State Ministry of Housing, 2010). The high urbanization rates and dense population is considered as the major factor responsible for high level of poverty level Lagos. The Lagos State Government estimates in 2004 put 51% of men and 54% of women residing in Lagos as living below the poverty line. Urban poverty is the scourge of most cities of the 3rd world countries and

Lagos is not an exemption. This is clearly manifested in the growing number of largely unskilled, unemployed and homeless migrants from the rural areas of the country into Lagos, who find it convenient and affordable to live in existing slum communities or create new ones that are not serviced by basic urban facilities, services and amenities.

The growth of the population in the metropolitan Lagos has assumed a geometrical proportion, the provision of urban infrastructure and housing to meet this demand is, not at commensurate level. This has resulted in acute shortage of housing to the teeming population. The extent of the housing shortage in Lagos is enormous, with Lagos alone reported to account for about 31% of the estimated national housing deficit. The inadequacies are far-reaching and the deficit is both quantitative and qualitative. The urban poor, who are dominant in Lagos, are often in conflict with official laws and plans. They reside in the slums and squatter settlements scattered around the city and are predominantly engaged in informal economic activities which encompass a wide range of small-scale, largely self-employment activities. The concentration of housing and income levels has stratified the metropolis into various neighborhoods of low-income/high density, medium income/medium density and high income/low density

### **LAGOS STATE GOVERNMENT INTERVENTIONS IN HOUSING**

To stem the housing crisis, the Lagos State Government had a documented history of housing provision from the days of Lagos Executive Development Board (LEDB) in 1950's. LEDB was able to delivered 4, 502 housing units, within 17 years, from 1955 to 1972 when it was dissolved with the population rising from 1.4 million in 1963 to 3.5 million in 1975. In 1972, the functions of LEDB were transferred to Lagos State Development and Property Corporation (LSDPC) as the sole agency responsible for the provision of Housing in Lagos State. Since its inception in

1972, LSDPC has been saddled with the execution of gigantic low-cost housing program of the early eighties which yielded close to 10, 000 units. In 1979 under the leadership of Alhaji L. K. Jakande, LSDPC took a dynamic and elaborate turn with emphasis on low cost flats to cater for the needs of the low-income earners. Government realized that only the supply of housing units on a large-scale either through Government or by individuals themselves can reduce the chronic shortages. By 1992, about 17, 000 units were built in several locations which included 4, 272 in Abesan, 2, 068 in Amuwo Odofin, 1, 560 in Iba, 812 in Ijaye, 62 in Ijeh, 3, 632 in Isolo, and 534 in Ojokoro..

Thus between 1972 and 1999, LSDPC was able to delivered 20, 120 housing units while 1, 818 housing units were delivered from 2000 to 2010. It is important to note that the population rose from 3.5 million in 1975 to 10.28 million in 1995 and from 13.42 million in 2000 to about 18 million in 2010. The joint venture housing projects yielded 331 units while the ongoing projects at Lekki Scheme 2 and Apapa GRA will yield combined units of 150. The proposed residential projects at Victoria Island and Abijo are expected to increase the stock by 236 units. The total stock from LSDPC excluding the proposed units over the 38 year period is 22, 419 housing units, that is an average of 590 units per annum [LSDPC, 2010].

Lagos State Government in 1980 also established the New Towns Development Authority [NTDA] which organ provided site and service schemes for individual middle-income housing. A very laudable idea but it has not impacted much on the housing delivery in Lagos. Their attempt has included Lekki scheme 1 and 2, Amuwo Odofin and Isheri North

In recent times the Ministry of Housing and Lagos Building and Investment Company [LBIC] did commence direct construction of houses in Lagos thus compromising the mandate of

LSDPC. The Ministry of Housing till date has constructed 18 No. housing estates with 5 others under construction. The total units of this strategy are less than 5, 000 units while the LBIC intervention will yield less than 1, 500 units

Aside the direct construction approach, the Ministry and other government agencies adopted other options of delivering houses to the citizens, among which are public private partnership in housing delivery, urban renewal and regeneration program, establishment of new towns, provision of site and service scheme. The combined stock of all these strategies has yielded less than 5, 000 units per annum for a state requiring 500, 000 units per annum to bridge the estimated deficit over the next 10 years. Even, the recently launched Lagos Cooperative Home Ownership Incentive Scheme [Lagos – CHOIS], in collaboration with the private sector, is expected to deliver 10, 000 housing units over the next four years at unaffordable rate of N11.6 million for a 2 bedroom apartment

All the programs embarked upon by the Lagos State government and its different agencies are aimed at regenerating the urban fabric, sustaining environmental quality and increasing housing supply. These efforts are ideal, but they seems not to be proportionally coordinated within the context of increasing accessibility to homes for the low-income earners and ensuring security of tenure for the same group. While, the houses for the upper income segment of the society has never been in short supply, housing for the poor has remained a vexed issue with various government programs unable to meet the deficit recorded in this segment.

## **FACTORS AFFECTING HOUSING DELIVERY IN LAGOS**

A combination of factors had been identified as the bane of effective and sustainable housing delivery in Lagos. They are the problem of land accessibility, stunted financial and mortgage

system, exorbitant prices of building materials and disproportional capacity building in the sector. The constrain poses by inaccessibility of land in Lagos has reduced the provision of affordable housing for Lagos residents, about 70% of whom live below the poverty line. Many provisions in the 1978 Land Use Act have denied intending housing developers from delivering the products in affordable quantity. The Land Regularization program introduced by the Lagos State Government in 2006 has not demonstrated full capacity to enhance access to land for the poor and low-income groups. The cost and bureaucracy discouraged the beneficiaries of the program from massive participation. The land title is a pre requisite for building permit; hence, many houses sprang up without planning permissions and are classified as illegal developments by the government.

Housing finance and mortgage system in Lagos cannot be totally ostracized from what is obtainable in Nigeria. Generally, there is no credit or finance structure available to the low-income groups for land, housing and basic services in Nigeria. The only window for all Nigerians to access financial facility for land, housing and basic services is the National Housing Fund [NHF] established in 1992.

The participants are expected to contribute 2.5% of their monthly income with a primary mortgage institution, for a period not less than six [6] months in order to qualify for a maximum loan of N15 million at 6% annual interest payable over a period of 25 years. The scheme is operating in all States of the Federation with about 101 Primary Mortgage Institutions [PMIs] as the primary savings and lending agents. 63 of these PMIs are located in Lagos while the rest 38 are spread across the remaining 35 states of Nigeria. Federal Mortgage Bank of Nigeria is the regulator, secondary fund repository and loan approving authority for the NHF contributors. As at December, 2010, record has shown that a total sum of N50.68 billion was approved out of

which N23.89 billion representing 47% was disbursed to 16, 468 applicants through 57 PMIs. The average amount approved is equivalent to N1, 450, 692 per beneficiary. Significant numbers of Nigerians who are mainly in the informal sector of the economy were denied participation from this scheme because of low deposit mobilization, inability to track their monthly income and lack of formal titles to their land holdings. These, among other factors, account for low rate of disbursement to 16, 468 beneficiaries across the country over a period of 19 years, in the face of estimated 18 million national housing deficits.

The finance structure is such that neither the builder nor the consumer can readily obtain finance for housing due to the stringent conditions attached to mortgage loan and high interest rates at the commercial market. Out of the estimated 10.7 million existing housing units in the country, statistics have shown that about 88% are self-built with little or no mortgage attachment. That is why mortgage facilities are of no consequence to the nation's Gross Domestic Product [GDP] and the whopping N35 trillion require to finance the 18 million housing deficit in Nigeria remains elusive [Mortgage Banking Association of Nigeria, 2010].

In the absence of any significant affordable housing strategy by the State government, citizens have continued to explore different approaches to accommodate themselves. In the opinion of the government, these approaches are in gross violation of town planning principles and mega city status of the State; hence the response has been forceful eviction and demolition of self-developed homes.

## **LAGOS HOUSING POLICY IN 2012**

Given the provision in the 2011 National Housing Policy, that give room to state government to formulate its own housing policy and programs within the overall framework and in the spirit of



the National Housing Policy; the Lagos state government in an attempt to address the challenge of mortgage finance for housing by the low income group in the state, recently introduced a policy referred to as Lagos Home Ownership Scheme (Lagos H.O.M. S) in 2012. The policy that was designed to assist the prospective house owners have access to mortgage facilities, especially, the civil servants and those, who are in paid employment. The take off period of the scheme is the first quarter of 2013, according to the state Commissioner for Housing, Mr. Bosun Jeje.

According to the commissioner, the state government has addressed the supply side with so many estates coming on board. Under the scheme, the state government is building estates in Sango tedo in Lekki; Surlier; Gobi; Igbogbo in Ikorodu; Odoragushin in Epe; Ijaiye in Ojokoro; and Iloro in Agege, among other areas. He said what the government is doing now is just a stop-gap measure. Eventually, the private sector will have to take over and continue with the project. The government has creating an enabling environment for private investors to invest in housing by establishing a Public-Private Participation department in the ministry as well as the Governor's Office. To ensure that all residents get a chance to own a home under the scheme, the commissioner said the ministry had made sure that in all the estates, there were one-bedroom, two-bedroom, and three-bedroom apartments.

### **THE LAGOS HOME OWNERSHIP SCHEME (LAGOS H.O.M. S)**

It has been identified that the greatest obstacle to achieving the goal of housing for all is the absence of enduring mortgage system. Provision of Accommodation is by nature capital intensive and affordability implies that for low and medium income earners to be able to buy

houses there must be in place a mortgage finance system and one of the major challenges that impedes home ownership in Nigeria is the inadequacy of the mortgage sector.

Faced with the ever increasing need to provide adequate accommodation for the citizenry, the State Government reaches the need to assist the citizenry in meeting their shelter aspiration as well as facilitate the creation of long term and sustainable wealth.

Lagos HOMS, a home ownership scheme that affords first time home buyers who are resident in Lagos State the opportunity to own their homes.

### **FEATURES OF THE SCHEME**

- Tenor minimum of 10 years and maximum of 20 years.
- Facility Amount. This will be subject to the 70% balance of the cost of the type of Houses purchased.
- Equity Contribution: Applicant would be required to make a minimum equity contribution of 30% value of the property he/she intends to buy.
- Pricing
  - Interest rate 6%
  - Fee N10,000 (Civil Servant)
  - Admin. Charges N25,000 (Others)
  - No other charge
- Repayment

-Equal periodic principal repayment. Interest to be paid on reducing balance or

-Equal monthly installment of both principal and interest.

- Security

Deed of Mortgage over the property to be acquired.

### **MODE OF OPERATION FOR THE SCHEME**

- Interested Applicants must obtain a form from Ministry of Housing or download form from the Lagos State Government website ([www.lagosstate.gov.ng](http://www.lagosstate.gov.ng)).
- Applicants should fill the form and submit to Ministry of Housing accompanied with payment of N1,000 for the Application Form.
- Applicants who have submitted his/her application forms will be directed to any of the three receiving banks for pre-qualification.
- All Applicants pre-qualified and recommended by any of the receiving Banks will be issued with Letter of Offer.
- Applicants are expected to pay the 30% equity contribution to any of the three collaborating banks.
- Applicants to submit proof of payment and an acceptance Letter to Ministry of Housing.
- Ministry of Housing refers documents to Ministry of Justice to prepare and execute Contract of Sales and Deed of Mortgage Agreements.

- Housing releases Letter of Confirmation of Allocation and keys to successful Applicants.

## CONDITIONS/ELIGIBILITY FOR QUALIFYING FOR THE MORTGAGE SCHEME

- Applicant must reside in Lagos
- Applicant must be under 60 years of age.
- Applicant must have a verifiable means of income.
- Applicants should be credit worthy.
- Successful Applicants are expected to pay 30% of the value of the house they intend to purchase.
- Houses purchased under the scheme must be occupied by the beneficiary and cannot be transferred or rented out until all obligations has been fulfilled
- Beneficiaries are to pay 6% interest rate on the mortgage loan.
- Applicants must have been working for his/her current employer for at least six months (and must be so confirmed by employer).
- Applicants must be first time Home Buyers.

## **FUNDING**

The Lagos HOMS is a mortgage scheme that is completely funded by the Lagos State Government. Apart from providing the pool of Houses, Government also provide the funds for the mortgage facility being granted.

# **GLOBAL TERM SHEET FOR LAGOS HOME OWNERSHIP AND MORTGAGE SCHEME**

## **Background:**

This term sheet tends to provide a standardization for administering the Lagos State Home Ownership and Mortgage Scheme to all residents of Lagos State. Though priority will be given to Civil Servants in Lagos State Ministries and Parastatals, the target market is all residents of the state (irrespective of tribe), that is Lagosians. The purpose of the scheme is to encourage first time home buyers with verifiable source of income to own their own houses. To administer this scheme for LASG, three banks have been nominated; FBN Mortgages, Skye Mortgages and Zenith Bank Plc.

Definition of Risk Acceptance Criteria: For the purpose of this term sheet, the table below spells out the risk acceptance criteria for effective administration of the scheme which will be adopted by the participating banks involved.

## **Risk Acceptance Criteria**

Pre – Qualification /Screening Process:

1. Lagos State Government will first pre-qualify the intending beneficiary who must a first time home owner in Lagos State and the claim of first time home ownership must be administered under an Oath.
2. The pre-qualified individual must open an individual current account with Bank. The account will serve for both the purpose of paying 30% equity contribution and also for monthly repayment.

3. The beneficiary will submit higher allocation paper from LASG to the bank along with request letter and apply for a mortgage scheme under Lagos State Home Ownership Mortgage Scheme.
4. Upon meeting the Risk Acceptance Criteria tabulated above, approval will be conveyed via an offer letter and monthly repayment schedule communicated to the beneficiary.
5. For proof of affordability, salary earners are to submit pay slips for the past 6 months and salary account statement for the past one year while self-employed would submit company profile, three years audited account statement and business personal account statement for the past 12 months.
6. Monthly repayment as stated in the repayment schedule commences as soon as offer is accepted and condition precedent to commencement of monthly repayment is met.
7. Bank will communicate acceptance and approval to LASG for release of Keys to the beneficiary to take possession.
8. Update on monthly repayment will be given to LASG on monthly basis.
9. A dedicated account will be opened which will warehouse all monthly payment from the buyers which would have joint signatories from the Ministry of Housing & Ministry of Finance.

### **Event of Default**

This occurs:

1. If the beneficiary fails to make repayments for three consecutive times.

2. If repayment has not been regular and there been defaults at three different times which in the opinion of the banker has raised doubt on the ability of the beneficiary to continue with the repayment, such issues will be reported to LASG who will take steps towards foreclosure.

Foreclosure of Security:

The interest on the properties resides with Lagos State Government, hence the right to foreclose lies with them.

**Monitoring Tracking of Repayment:**

This shall be the joint responsibilities of LASG and Bank. Bank on a monthly basis will be updating LASG on the repayment update that shall aggressively follow up with any loan defaulters for regularization.

**Accelerated Repayment:**

This shall be allowed so far 90 days' notice is given which shall also be communicated to LASG.

**ACCESS TO HOUSING FINANCE IN NIGERIA: THE COMPARISM OF FEDERAL GOVERNMENT NATIONAL HOUSING FUND WITH THE LAGOS STATE H.O.M.S.**

Prior to the introduction of Lagos H.O.M. S, in 2012, the only window for all Nigerians to access financial facility for land, housing and basic services is the National Housing Fund (NHF) established in 1992. It is pertinent to note that the two schemes have similar objectives and targets. Though the NHF has wider coverage in terms of target beneficiaries, Lagos state

residents was by implication the focus and dominant beneficiary, as 63 or about 64% of the operator of the scheme, the Primary Mortgage Institutions (PMIs) are located in Lagos. The Lagos H.O.M.S on the other hand is restricted to resident of Lagos, however irrespective of their state of origin.

At 6 percent per annum, both schemes charge the same rate of interest. The tenors of their loan were between 10 to 20 years for the Lagos H.O.M.S and 25 years for the NHF. Also, while the loan amount that could be granted by the Lagos H.O.M.S is flexible and depended on the cost of the housing required by the beneficiary, the maximum loan offer by the NHF is N 15 million.

Table 1: The NHF and the Lagos H.O.M.S.

	The Lagos H.O.M.S	National Housing Fund (NHF)
Coverage	Lagos Residents	Nigerians
Maximum Loan	Depend of the house	N15 million
Tenor	10 to 20 years	25 years
Interest Rates	6% per annum	6% per annum
To Qualify	30% Equity contribution	2.5% of Monthly Salary for 6 months
Fee	N10,000 for Civil Servant	Fix by PMI
Admin Charges	N23,000 Admin Charges for Non Civil Servant	Fix by PMI
Funding	Lagos State Government	Federal Government



To qualify to access the Lagos H.O.M.S, the beneficiary must make available 30% of the required housing cost as equity contribution. For the NHF, the condition is monthly contribution of 2.5% of the workers monthly salary. The Lagos HOMS has advantage over the NHF in this respect, because while the house choice of the contributor with the NHF is restricted to savings determined by six months pays, the Lagos HOMS beneficiaries can rely on savings outside monthly pay to determine the choice of housing. This could have been responsible for the low performance of the NHF scheme going by the rate of disbursement. It was reported that some Nigerians in the informal sectors were locked out of the scheme because of the inability of PMI's operators to track their monthly income. However, the NHF has the advantage of lower the default rate, because the ability of the beneficiary is assured with the income contribution attachment.

## **HISTORICAL REVIEW OF HOUSING POLICY IN NIGERIA**

The provision of adequate housing that is safe, secure, accessible, affordable and sanitary is a fundamental human right, as enshrined in the United Nations Habitat Agenda - the global call on human settlements. Housing has been universally accepted as the second most important human need. It is a basic need for human survival and an essential component to the advancement of the quality of life of the citizenry. This universally accepted fact has been acknowledged by successive Nigerian Governments, as evident from the pockets of uncoordinated initiatives and programmes in mass housing development over the years. Despite these efforts, housing delivery remains a major challenge.

## **PRE-INDEPENDENCE AND COLONIAL PERIOD**

During the pre-independence era, physical planning in general was not a major concern of government. Consequently housing planning and development was virtually inconsequential. In the early colonial period, housing activities and policies of Government focused essentially on the provision of quarters for the expatriate staff and for selected indigenous staff in specialized occupations like Railways, Police, Armed Forces, and Marines, etc. No effort was made by Government to build houses either for sale or rent to the general public and nothing was done to encourage the growth of settlements outside the Government Reserved Areas (GRA).

Some Isolated unplanned events also led to the development of some forms of legislation on housing and the urban environment during the period. The bubonic plague which ravaged Lagos in early 1920's led to the creation of Lagos Executive Development Board (LEDB) in 1928. The body was charged with the responsibility of effective planning and development of the Capital City of Lagos. After 1954, the LEDB attempted to solve the problems of public housing in the metropolis by undertaking the following schemes: the problems of public housing in the metropolis by undertaking the following schemes: Workers Housing Estate and Re-housing Estate, Surulere; Akinsemoyin and Eric Moore Housing Estates, Surulere; Workers Housing Estate (Phase II), Surulere; and Freehold Housing Schemes and Sites and Services Estate at Surulere, Apapa, South West and South-East Ikoyi, Ilupeju and Isolo.

Also, the railway workers strike of 1945 which forced the government to develop Workers Estate in Surulere at the outskirts of the then Capital City of Lagos (Gbaja, Randle Avenue and Akerele Extension). And the slum clearance in preparation for Independence of Central Lagos

resulted in the building of additional houses in Surulere adjoining the Workers' Estate. This was considered the first real attempt at housing and urban renewal.

Since there was no defined housing policy by the central government at this period, housing development was haphazard, spontaneous and chaotic. However, the regional governments, especially in the West developed modern housing estates (like the Bodija Estate in Ibadan) which formed the major organized government intervention in housing, though, the impact was infinitesimal, as only a tiny proportion of the population had access to the housing units.

In 1956, the Nigerian Building Society (NBS) was created. Its mortgage operations achieved limited success because of poor funding and response to the savings schemes of the society. The African Staff Housing Scheme was introduced in 1956 as a source of encouragement to African Civil Servants to home ownership. Prior to Independence, Regional Governments created Housing Corporations to provide housing for its people.

It is to the credit of these Housing Corporations that they formed the basis of modern housing estates in Nigeria, through the construction of houses. Also, by operating savings and loans schemes, the housing corporations were therefore the forerunners of the present day Primary Mortgage Institutions (PMIs) Their efforts at home ownership for the low income group met with qualified success.

### **THE POST-INDEPENDENCE PERIOD (1960 – 1979)**

In 1964 the Housing Corporations of the regional governments were strengthened and they evolved into an association known as the Association of Housing Corporations of Nigeria (AHCN). The Pioneer Members were Lagos Executive Development Board (LEDB), Western

Nigeria Housing Corporation, Northern Nigeria Development Corporation and Eastern Nigeria Housing Corporation.

The influx of people (especially the civil servant) to Lagos at Independence and resultant increase demand for housing to led the Lagos Executive Development Board to expand the LEDB policy to include financial provision which was to come from the Federal Government for the building of a Low Income Housing Estate which today stands along Eric Moore Road in Surulere, Lagos.

This period also witnessed the first attempt at direct provision of housing by the Federal Government. In 1971, the National Council on Housing consisting of all State Commissioners responsible for housing was established. It led in 1972 to the establishment of a National Housing Programme during the second National Development Plan period. Through an enabling Decree, the Federal Government intended to construct fifty-nine thousand (59,000) dwelling units with fifteen thousand (15,000) in Lagos and four thousand (4,000) units in each of the other eleven State Capitals. The Federal Housing Authority was created in 1973 to co-ordinate this nation-wide programme.

The Third National Development Plan (1975-1980) contained the most significant statement of the Government in the housing sector. The Federal Government decided to participate directly and actively in the provision of housing, rather than leaving it principally to the private sector. A total of N2.6billion was earmarked for the implementation of the various projects. During this period, a total of two hundred and two thousand (202,000) dwelling units were programmed for construction, comprising fifty thousand (50,000) units in Lagos and eight thousand (8,000) units in each of the other nineteen States. However, out of a total hundred and two thousand (202,000)

units programmed for construction less than 30,000, representing less than 15% was accomplished. This underscores the failure of the policy despite the injection of enormous funds gotten from the oil boom of the era. The major causes of failure of the housing programs of this period therefore, could be diagnosed as; inappropriate policy formulation, (as exemplified in the Land Use Act) and poor implementation of programs.

Many Federal agencies in housing and urban development were also established during this period. In 1977, the Nigerian Building Society (NBS) was converted to the Federal Mortgage Bank of Nigeria with a capital base of twenty million Naira (N20m), which was later increased to One Hundred and Fifty million Naira (N150m) in 1979. The impact of the Federal Mortgage Bank of Nigeria during this period was not very significant and most of its loans went principally to select members of the middle-income and high-income groups. The Land use Act of 1978 was also promulgated within the same period. The Act was aimed at guaranteeing easier access to land for development purpose.

### **CIVILIAN ADMINISTRATION (1979 - 1983)**

The increasing deficit of urban housing as well as its continuous deterioration in the rural areas dictated the high priority rating given to housing by the defunct Civilian Administration. An elaborate National Housing Programme was embarked upon in 1980 based on the concept of affordability and citizen participation. The target group was the low-income earners whose annual income did not exceed five thousand Naira (N5,000) for the One-Bedroom core houses and also the medium-income group with annual income not exceeding eight thousand Naira (N8,000) for the three-bedroom house. A total of forty thousand (40,000) units were to be constructed annually nationwide with two thousand (2,000) units to be located in each State and

the Federal Capital Territory (FCT). Out of the States' allocation, 80% was earmarked for the low- income. However, by June 1983, only thirty-two thousand (32,000) units had been completed, while the overall achievement was only 20%. It is pertinent to note that mid-way through the implementation; the second phase of the programme was commenced comprising twenty thousand (20,000) units of two bedroom core houses also for the low-income group. This phase of the programme failed to take off in most States. The major problem identified as the bane of house development during the period was the gross indiscipline of the political class and the wide spread corruption of the government at all levels.

In 1979, the World Bank Assisted Nigerian States Urban Development Programme (NSUDP) was negotiated. The major objective of the scheme was to lay the foundation for a National Low Cost Housing Programme and to set in motion, broader urban renewal schemes. The scheme took off impressively in Bauchi State at an estimated cost of N24.6million while the contract for the Imo State project was signed at a cost of N63.8million. However, it was found that other States had priorities different from those of the scheme and so the programme was transformed into the Infrastructure Development Fund (IDF) programme.

### **MILITARY REGIME (1984 - MAY, 28 1999)**

During this period, there were no desirable strides made in the sector. The government announced ambitious housing targets without any strategy for meeting those targets. Housing became scarce and more costly relative to income. In an attempt to correct the failures in implementation and inadequacies of past policies, objectives and programmes, Government, by an instrument dated 26th April, 1985, appointed a ten-man committee to draw up a National Housing Policy. The committee was inaugurated 8th May, 1985. In February, 1991,

approximately six years after the inauguration of the Committee, the first National Housing Policy was launched. The Policy stated that the ultimate goal of the National Housing Policy was: “To ensure that all Nigerians own or have access to decent, safe and sanitary housing accommodation at affordable costs by the year 2000”.

The main strategy of the then New Policy was the establishment of the National Housing Fund Scheme to mobilize loanable funds from workers, which would be disbursed via the newly created Primary Mortgage Institutions with the Federal Mortgage Bank of Nigeria playing the role of apex/supervisory body. Despite all these, the housing scenario in Nigeria remained inadequate in quantity and quality. As at the beginning of 1999, housing development had been so neglected by successive governments, which for years did not regard it as a priority and which on many occasions made no annual budgetary provisions for housing that for all practical purposes, a ‘no-housing’ situation existed in Nigeria and about 60% of Nigerians could be said to be ‘houseless persons’.

### **CIVILIAN ADMINISTRATION (29TH MAY, 1999 – 28TH MAY, 2007)**

As a demonstration of its commitment to the eradication of homelessness among Nigerians, the new Civilian Administration that took over power in May 1995, contemplated a new National Housing Programme under which it intend to build twenty thousand (20,000) housing units throughout the Federation over a four-year period at the rate of five thousand (5,000) units per annum. However, this less than modest effort was soon abandoned owing to the realities on the ground as to enormity of the problems which includes weak infrastructure for housing delivery mechanism.

Other actions taken during the period in attempt at solving the housing problems includes the Liquidation of Federal Mortgage Finance Limited (FMFL) and the restructuring of Federal Mortgage Bank of Nigeria (FMBN).

On 4th May, 2001, a 15-member Committee on Urban Development and Housing was constituted. In January, 2002, the report of the committee was considered at the federal executive council meeting. The decisions and approvals of Government were contained in Government White Paper on the Report of the Presidential Committee on Urban Development and Housing. These decisions contained in this White Paper were and are still erroneously and popularly referred to as “National Policy on Housing and Urban Development 2002”. However, it signaled a new dawn in the housing finance and development sector. As already stated and of today, the Federal Government had neither a National Land Policy nor an up-to-date National Housing Policy. In March 2002, Government set up an Implementation Committee known as the Presidential Technical Committee on Urban Development and Housing to implement the decisions by Government as contained in the White Papers.

The main thrust of the Federal Government goal as contained in the white paper was to seek vigorously to make an increasing majority of Nigerian home-owners on the basis of mortgage finance. This entailed the following:

- involving a large number of private sector real estate developers and State Housing Corporations in the development of estates with houses for sale at affordable prices to low and middle income groups in the country;



- promoting the growth of many small and medium-size industrial enterprises to provide local construction materials of all types and to keep the cost of producing houses within reasonable limits;
- mobilizing primary mortgage institutions to assist all Nigerians who are desirous of purchasing houses on how to access mortgage finance;
- restructuring the Federal Mortgage Bank of Nigeria to be able to provide ample and abundant funds besides the “National Housing Fund” to meet the secondary mortgage transactions for home-ownership in the country; and
- setting up a Federal Ministry of Housing and Urban Development to regulate, promote, monitor and supervise all of these changes.

During this period, there was a major policy shift in housing provision from direct construction of houses for sale by Government and its agencies to creating the enabling environment for private sector participation in housing delivery. The federal government introduced institutional and legal reforms to restructure, strengthen and recapitalize: Federal Housing Authority (FHA); Federal Mortgage Bank of Nigeria (FMBN); Federal Mortgage Finance Limited (FMFL); Urban Development Bank of Nigeria (UDBN); and Nigeria Building and Road Research Institute (NBRI)

The review of the provisions of the following Acts were made and forwarded as Bills to the National Assembly by 2004:

- (a) The Trustee Investments Act, 1962;
- (b) The Land Use Act, 1978;

- (c) The Mortgage Institutions Act, 1989;
- (d) Federal Housing Authority Act, 1990;
- (e) The National Housing Fund Act, 1992;
- (f) The Federal Mortgage Bank of Nigeria Act, 1993;
- (g) The Nigerian Social Insurance Trust Fund Act, 1993;
- (h) The Investments and Securities Act, 1999; and
- (i) The Insurance Act, 2002

### **Housing Development in the Coastal States of the Niger Delta**

The National Technical Committee on the Federal Government's Initiative for Housing Development in the Coastal States of the Niger Delta, which includes Akwa-Ibom, Bayelsa, Cross River, Delta, Edo, Ondo and Rivers, was set up in July, 2006. The Committee was among other mandates, charged with designing strategies to develop housing and infrastructure solutions for low income households in the coastal areas of the Niger-Delta and to establish the basis for long term sustainable infrastructure, housing and economic development in the region.

### **The National Housing Policy 2011**

The latest policy on housing in Nigeria was adopted in December 2011. The policy attempted a coordinated housing delivery program by recognizing the role and contribution of the three tiers of government and all players that have interface with housing. The roles of other tiers of government were given thus:

## **ROLE OF STATE GOVERNMENTS**

- (i) Formulate its own housing policy and programmes within the overall framework and in the spirit of the National Housing Policy;
- (ii) Establish appropriate agencies and utilize State Housing Corporations to execute, develop and manage housing programmes.
- (iii) Further facilitate housing delivery, by undertaking the following suggested measures:
  - a) promote and facilitate the development of Site and Services Schemes;
  - b) play active role in the identification, production and use of building materials from local resources in order to ensure availability of inexpensive building materials for housing development;
  - c) carry out re-development and upgrading of existing blighted residential areas either alone or in collaboration with Federal, International bodies and the private sector;
  - d) strengthen institutions for housing delivery at state level;
  - e) strengthen and encourage housing co-operatives, or housing associations, thrifts and credit societies in housing development;
  - e) promote the formation of more Primary Mortgage Institutions and Building Societies in collaboration with the private sector;
  - f) promote intergovernmental synergies, linkages and peer review in housing delivery;

- g) strengthen existing Planning Authorities and establish same in all local government areas where there are none;
  - h) undertake social housing schemes and projects, and encourage all local governments to do so;
  - i) establish, maintain and resuscitate existing skill acquisition centres; and
  - j) provide access to land for housing delivery.
- (iv) Formulate, monitor and evaluate Government policies on housing;
  - (v) Co-ordinate the activities of other agencies of Government in the area of housing;
  - (vi) Provide and maintain infrastructure for the housing stock of State Ministries;
  - (vii) Upgrade and maintain the housing stock of the State Ministries;
- (viii) Develop a Data Bank for housing needs and co-operate by forwarding same to the National Data Bank for purposes of co-ordination;
  - (xi) Encourage the adoption of the National Building Code and for effective housing delivery and safety in collaboration with relevant professional bodies;
  - (x) Review all existing legislations, regulations and ordinances in the housing sector with a view to achieving the goal of adequate housing for all;

- (xi) Support and encourage indigenous construction companies, building materials, producers, manufacturers to participate actively in the provision of housing;
- (xii) Develop and sustain the determination and political will to succeed in the provision of houses for its people; and
- (xiii) Actively encourage capacity building and its sustainability for personnel who provide services in the built environment.

### **ROLE OF LOCAL GOVERNMENTS**

In housing delivery, the role of the Local Governments shall be:

- (i) provide residential site and services layouts;
- (ii) Implement social and rural housing programmes;
- (iii) promote formation of Housing Co-operatives, Housing Associations, Thrifts and Credit Societies;
- (iv) promote the formation of Primary Mortgage Institutions and Building Societies in collaboration with the private sector;
- (v) maintain urban and rural infrastructure and be responsible for environmental sanitation;
- (vi) upgrade infrastructure and existing blighted residential areas;
- (vii) enter into partnership with other Government agencies and private sector companies and others in the delivery of housing either in rural areas, towns and urban areas; and
- (viii) provide access to home ownership for their staff.

- (ix) develop a databank for housing needs and cooperate by networking same with the state databank for purpose of coordination

### **ROLE OF COMMUNITIES**

- (i) Formation of Consultative Assemblies to identify and articulate community development needs and preferences;
- (ii) Promote the participation of communities in the planning and implementation of housing projects;
- (iii) Monitor and protect community assets and investments in housing and other related infrastructure;
- (iv) Encourage the development of local capacity for the implementation of housing projects; and
- (v) Promote preferences in favour of women, aged, disadvantaged and all vulnerable groups in social housing.

### **ROLE OF THE PRIVATE SECTOR**

The Federal Government White Paper (2002) on the Report of the Presidential Committee on Urban Development and Housing defines the private sector as: “to comprise those organizations (banking and non-banking financial intermediaries, industrial and commercial organizations) or individuals committing their resources to satisfy housing need of this country with a view to making profit in accordance with laid down policies and regulations”

The private sector is the engine for the development and delivery of Mass Housing in a free market economy. The major role of Government is to ensure the creation of an environment in which housing development shall be private sector oriented; private sector dependent; and private sector driven in a free and competitive market economy. Therefore in housing provision, the private sector, which is responsible for 90% of the housing provision, has enormous responsibilities to co-operate fully with the public sector to mobilize its members, build more capacity and become an engine of efficient growth in the housing sector financing.

For the private sector to efficiently discharge its functions, the following constraints militating against the sector have to be eliminated, viz:

- (i) difficulties in land acquisition and transfer caused by the provisions of the Land use Act;
- (ii) difficulties in accessing long-term housing finance;
- (iii) difficulties posed by the non-enforcement of planning laws and regulations;
- (iv) threat posed by rent-control laws and regulations;
- (v) shortage and high cost of building materials;
- (vi) scarcity of skilled manpower in the building industry;
- (vii) lack of sound policies and where they exist, the retrogressive effect of constant changes and inconsistencies; and
- (viii) lack of incentives and inducements.

## **CONCLUSION**

Housing has been universally accepted as the second most important essential human need. The right to adequate housing is considered a core human right. Housing rights were first universally codified on the Universal Declaration of Human Rights adopted and proclaimed by the UN General Assembly in 1948

The Nigeria government has shown commitment to the eradication of homelessness among Nigerians by formulating programs and policy for housing delivery. The Nigerian Housing program and policy since independent has been directed at construction of houses for sales by Government and its agencies. However, in all instances, up to the present civilian administration, the targeted housing delivery had rarely been met. The government usually announced ambitious housing targets without any strategy for meeting those targets.

Having realized that effective housing delivery can only be achieved within the framework of a well-articulated National Housing Policy that sets out the broad guidelines, goals, objectives and strategies for Housing in Nigeria, and driven by the people and the private sector, the focus of government program and policy change from 2011 to that of creating the enabling environment for private sector participation in housing delivery. The latest National Housing Policy of 2011 was formulated to coordinate housing delivery by all stakeholders in the country. Other tiers of government were free to formulate their home grown policy in line with the object of the national policy.

In view of the fact that provision of Accommodation is by nature capital intensive, affordability will required a bridging fund which has been lacking with the inadequate mortgage system in Nigeria. The federal government therefore through the policy place priority on restructuring the



mortgage sector, as this has been identified as the greatest obstacle to achieving the goal of housing for all

In view of the above, the Federal government set up the National Housing Fund (NHF) to provide mortgage finance to Nigerians through the Primary Mortgage Institutions set up across the country. In pursuant of this objective, the Lagos state government set machinery in place to ensure sustainable housing delivery by setting up a scheme known as the Lagos State Home Ownership and Mortgage Scheme (The Lagos HOMS). The scheme was designed to ensure that residents of the state irrespective of their level of income, be it low or medium, are able to buy houses, at affordable term. The objective of the state government is to show the way for private sector by investing in delivering the houses. The state government invested in building the structure and recovers the cost by spreading the payment over a period of 10 to 15 years through the Lagos HOMS scheme. The houses are built in categories of one, two and three bedrooms so that income earners of every category would benefit, taking the opportunity according to their capability. The payment system is also made easy in such a way that applicants only pay about 30 per cent of the cost to own the house and the remaining is paid over a period of 10 – 15 years.

The Lagos state model if well pursued and sustained could to some extent ease housing scarcity in the state. The model could be adopted by all other stakeholders, the federal government other tiers of government, and private building developers. This will go a long way in ensuring enduring housing program in the country. However, the major obstacle to the model could be political instability. This could be address if the focus of Nigerian Politian changes to ensuring continuity rather than discrediting political opponents.

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