

## **Sites – and – Services as a Strategy for Achieving Adequate Housing in Nigeria in the 21<sup>st</sup> Century**

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### ***Introduction***

While the importance of decent housing has been well recognized, articulated and elucidated in the literature, a great proportion of the population of Nigeria live in substandard and poor housing and in deplorable, unsanitary residential environment (Onibokun, 1985). The situation, according to Acquaye (1985), is getting worse because of increase in population growth, urbanization, industrialization and improvement in general prosperity. All these have resulted in increase demand for housing which cannot be matched by supply. In Nigeria, like most developing countries, rapid urbanization and population growth have not been matched with increase in housing construction, and therefore, there is a colossal quantitative and qualitative shortage of housing units in the country. Past governments in Nigeria attempted to confront the nagging problems of accommodating an increasing number of Nigerians. In this wise, various programmes and policies have been articulated and implemented to address housing problems. These include rent control, public land ownership, development of subsidized housing estate for the low income group, direct and indirect subsidies to the middle and upper income people, housing loan schemes; establishments of housing corporations, building societies and Federal Mortgage Bank of Nigeria (FMBN), employers housing scheme (Aribigbola, 1992) and recently National Policy (NHP) and the National Housing fund (NHF).

Although past governments in Nigeria often expressed interest in the provision of housing for the Nigerian masses, the strategies adopted were of little benefit to low income group (Nigeria, 1985). There is therefore, the need for a dynamic approach or strategy to combat the problem of housing shortage in the face of the growing population and dwindling resources of the country. This is more so since past efforts seemed not to have demonstrated meaningful effect or impact on housing provision in the country. Thus, many Nigerians still live in very poor housing environments. The above and other issues have called for an approach or strategy capable of facilitating, promoting and enhancing increase in housing construction. Sites and Services, Land Allocation Scheme, the focus of this paper, offers such an approach. Consequently, the central concern of this paper is to propose and identify ways of utilizing Site-and- Services scheme as a vehicle for ensuring adequate housing delivery in Nigeria. This is because the paper reasoned that access to land is a major constraint to housing construction.

### **Conceptual Framework**

It has been emphasized that housing is a basic need of mankind and that investment in housing has a positive role to play in the economic and social development of a nation (Adeniyi, 1972; 1985). It is within this context that the provision of housing is viewed from two broad philosophical perspectives.

The first, which is the economic perspective, sees housing as an economic or investment good for which the private individual should take full responsibility under normal competition. Consequently, the production and consumption of housing should be determined by the interacting market forces of demand and supply without regards to the housing needs of people.

The second perspective views housing as a 'social good' or service, a vehicle for fashioning the nature / our society (Martins, 1977). From an unadulterated 'Marxist view' "government should be totally committed and have a responsibility to provide accommodation for members of the community (Acquaye, 1985). Therefore, the protagonists of this philosophy of housing rationalize their argument on the fact that housing is a necessity of life; that housing affects productivity; and that bad housing produces negative externalities on society, and therefore, government should intervene in the housing market, since the outcome of unregulated competitive market could not be expected to produce outcomes which are entirely in accord with social needs and political objectives. They hinged their argument on the fact that the poor and under-privileged, and those who could not fend for themselves must be taken care of, by the society, by meeting their needs. Thus, housing is given a role which transcends the welfare of the individual and contributes to some greater social good (Martin Newell, 1977).

However, Adeniyi (1972), contended that three motives are considered to be particularly relevant in the formulation of a national housing policy or the setting up of a National Housing Programme. These are social, political and economic factors. In general, it has been recognized that housing serves both economic and social roles simultaneously. This explains why housing has not been seen strictly as an economic good, even in the most capitalist society and vice-versa. Therefore, what exists is a mixture of the two perspectives in most countries. In Scandinavian countries, housing had become a quasi-public utility or service beyond profit linked to community planning approach (Eldredge, 1967). In this light, the government, within the social context, will provide the sites and services which would be a form of subsidy while individuals will be expected to build their houses according to their economic ability. This is because there is a widening pressure upon government to improve man's environment and provide housing where private efforts fail. Half the people in these continents – Africa and Latin American live in housing described as an affront on humanity (Abraham, 1977).

### **Sites and Services Scheme**

Sites and services scheme is an approach which has been adopted by many developing countries, including Nigeria to provide housing for the poor and under-privileged in the society. The rapid urbanization and the high rate of population growth prevalent in the country created the need for an approach that will promote and enhance rapid housing provision to solve the housing problem in Nigeria. Due to its design and level of services, public housing was unavailable to the poor and under-privileged in the society, most of which are scattered around the periphery of the city in unsafe and unserved land plots. Aside the above, sites and services scheme are designed to solve the problem of acute shortage of housing in developing countries, including Nigeria, particularly to the poor who cannot afford the rising cost of constructing houses and of the high standards established by the government.

In sites and services scheme, the government or its agency provides infrastructural serviced plots for individuals who are then encouraged to erect their own type of buildings. In the approach, the scheme land is furnished with access roads, drainage, water, sewage, electricity and a variety of other individual as well as community services. The underlying principle of sites and services project is that authorities would provide the land and the infrastructural facilities, while the individual and his family who are allocated the serviced plot proceed to build their house in accordance with approved plans but of own choice (National Housing Policy, 1981). Thus, in view of the housing problems in Nigeria, like other developing countries of the world, housing provision for the urban poor has, therefore, moved more than ever before towards self-help schemes, particularly of the Sites-and Services type, as a strategy of mass housing. The scheme generally entails public financial commitment for land acquisition, planning, design and installation of basic infrastructure, such as paved roads, water and electricity before the sites are allocated on leasehold basis, to the public for housing development (Izeogu, 1987)

### **Policy Initiatives and Measures to Combat Housing Shortage in Nigeria.**

Housing problem is not new, neither is it peculiar to Nigeria. It is a universal one. Housing, as a problem of human welfare, is as old as the human race. However, the Nigerian Government was not involved in housing until the outbreak of the Bubonic Plague in Lagos in the 1920s.

Whereas, it was during the Third National Development Plan (1975-1980) that Government accepted it as part of its social responsibility, to participate actively in the provision of housing for all income groups and to seek to influence, on a large scale, in this sector during the plan period. Attempts would be made in this section to identify and summarize various government policy initiatives and measures to combat housing problems in Nigeria. Public intervention in housing began in the colonial era. During the period 1900 to 1960, government involvement was centered essentially on the provision of quarters for expatriate staff and for selected indigenous staff in specialized occupation like Railways and the Police. This initial effort marked the genesis of Government Residential Areas (GRA's) in Nigeria. At this period, conscious efforts were not made to construct houses for the general public by the government. A unique feature of the European Quarters created then was their elitist concept in the sense that they were surrounded by golf courses and expensive open spaces meant to separate and protect the Europeans from 'disease-bearing natives' who resided in the ghettos of African townships. Government attention to public housing started in 1928 with the creation of the Lagos Executive Development Board (LEDB) as the aftermath of the outbreak of the bubonic plague that ravaged Lagos. This institution of government later engaged in housing activity beyond the scale originally envisaged, by positive default (Ebie, 1978). In 1954, with the approval of Lagos Central Planning Scheme, the Lagos Executive Development Board attempted, for the first time, to solve public housing problems in the metropolis. This effort resulted in the following schemes:

- (i) Workers Housing Estate and Re-housing Estate, Surulere;
- (ii) Akinsemoyin and Eric Moore Housing Estate, Surulere;
- (iii) Workers Housing Estate (Phase II), Surulere;
- (iv) Freehold Housing Scheme and Sites-and-Services Estates at Surulere, Apapa, South-West and South-East, Ikoyi, Illupeju and Isolo Estates.

The effort of government at this period did not affect the rural areas.

Towards independence in (1956), the Nigerian Building Society was established to provide mortgage loans. The performance of the society was rather poor, due partly to its limited financial resources as well as poor public response. In the same year, the African Staff Housing Fund (meant to encourage African Civil Servants to own houses) was introduced. In addition, Housing Corporations were established by the Regional Governments to provide housing for the general public. The post-independence Government in the country did not fare better than the Colonial Government in terms of housing provision for the public. The concept of Government Residential Areas was not only retained, but was embraced and promoted with greater zeal. Those who took over government saw in them (GRA) a mark of distinction to stay in the GRAs. However, from 1971, Government intervention in housing became noticeable. It was in that year the National Council on Housing was established which consists of all State commissioners responsible for housing. In 1972, a National Housing Programme was established within which the Federal Government planned to construct 59,000 dwelling units as follows: 15,000 units in Lagos and 4,000 units in the other eleven state capitals. In the same year, the Staff Housing Board was established to replace and perform the functions of African Staff Housing Scheme, and for the purpose of granting loans to civil servants to enable them to build or purchase their own homes.

The Federal Housing Authority (FHA) was also created in 1973, to co-ordinate a nationwide housing programme. During this period, emphasis was placed on five-yearly development plans as the vehicle for economic growth. However, the first and second National Development Plans did not accord housing any priority. It was during the Third National Development Plan (1975-1980) that the government decided to participate directly and actively in the provision of housing rather than leaving it principally to the private sector. A total sum of N2.6 billion was, therefore, earmarked for the implementation of the various projects. Within the plan period, 202,000 dwelling units were programmed for construction as follows: 50,000 units for Lagos State and 8,000 units in each of the other 19 states. It is pertinent to note that by the end of the plan period, less than fifteen percent (15%) of the houses had been completed (Federal Ministry of Works and Housing, 1991). In 1976, The Federal Mortgage Bank of Nigeria (FMBN) was created to replace the Nigerian Building Society, and for the purpose of granting loans to the public.

After independence, aside from the creation of FMBN, the Federal Government did little in the area of housing intervention, until 1980, when it embarked on an elaborated National Housing Programme based on the concept of affordability and citizen participation.

The public housing programme was designed for the low-income earners, especially those whose annual income was less than N5, 000 per annum for the one bedroom core houses and medium-income not exceeding N18,000 for the three-bedroom houses. Under the programme, a total of 40,000 units were to be constructed nationwide annually, with 2,000 units to be located in each state, including the Federal Capital Territory (FCT). Although, about N1.9 billion was budgeted for housing in the Fourth National Development Plan (1980-85), an estimated sum of Six Hundred Million Naira (N600m) was expended on its implementation. Despite this very high level of investment, the impact of the programme on the overall housing market was extremely negligible, (FMW&H,1991). Besides the elaborated direct construction programme described above, the FHA was mandated to construct houses on commercial basis for the medium and high income groups. The military was in Government in the country between January 1984 and May 1999. During this period, the existing Government housing programmes were discovered to be inadequate in meeting the housing needs of the majority of Nigerians. The introduction of Structural Adjustment Programme (SAP) in 1986 raised tremendously the cost of constructing houses. With cost increases in the wake of the SAP, housing became less affordable to more people. This was compounded by the import-dependence of the construction industry which induced its own derived inflation. The effect was an astronomical rise in the cost of housing construction in the country, coupled with the failure of successive government housing programmes, motivated the Federal Military Government of Nigeria to design and launch an integrated National Housing Policy in 1991 (Aribigbola, 1992).

In order to ensure the success of the policy, all the three tiers of government (that is Federal, State and Local Government), were assigned specific roles and functions to perform in housing delivery. The policy provided for a mandatory home savings schemes under the auspices of the National Housing Fund (NHF). Consequently, the NHF which is being managed and administered by the Federal Mortgage Bank of Nigeria (FMBN) was established by Decree number 3 of 1992 as an avenue of generating a continuous flow of low cost funds for long-term housing investment. The NHF is the financial component of strategic initiatives adopted in the (1991) National Housing Policy to address severe shortage and high costs of housing in Nigeria (FMBN News, 1998). The policy established a two-tier institutional structure, with Primary Mortgage Institutions (PMIs) as primary lenders, and FMBN as the apex institution. Thus, Nigerians are to get access to loans from the NHF through the PMIs. Under the programme, workers earning above N3,000 per annum, are compelled to save 2.5 percent of their monthly income into the NHF as contributions. Commercial as well as Merchant Banks are expected to offer to FMBN 10 percent of their loans and advances, while every registered insurance company is to invest a minimum of 20 percent of its non-life funds and 40 percent of its life fund in real property development out of which not less than 50 percent must be paid to FMBN.

### **Housing Provision and Housing Need**

The various governments in Nigeria have often expressed interest in the provision of housing for the Nigerian masses. A review of past efforts indicates that the achievement level of the various national housing programmes was low. For example, the 1975-80 housing programme with the target of 187,200 had an achievement level of 13.03% while the second, 1979-83 programme with the target of 120,000 had an achievement level of about 20% (Sanusi 1998). Rapid urban growth associated with accelerated tempo of socio-economic development has seriously aggravated the shortage of dwelling units, resulting in over-crowding, high rent, slum and squatter settlements which are visible features of urban centers throughout the country.

Estimates and indicators of the magnitude of housing shortage vary. In a summary, they all indicate massive shortages in total housing required. For instance, estimates of annual housing unit required to meet the housing needs of Nigerians vary from 144,000 (Ekueme, 1999 in Ozo 1990 ) to 300,000 units (Nigeria, 1980) The total housing needs of the country in urban and rural areas was put at some 8 million housing units by the year 2000 AD (F.M.W & H, 1991). And 12-14 million housing units in 2007 (Acceler 8 now.com, 2007; Akeju,2007; Aikhom, 2008). A more recent estimates puts the figure even higher at 16-17 million units (OlusegunAdeniyi of FMBN quoted by Sambo, 2007; Finacial System Strategy 2020, 2008; Uroko and Akintola, 2008). At an average cost of 2.5 million naira per housing unit, Nigeria will require 35 trillion naira to fund a housing deficit of 14 million housing units (Onyike, ). According to Guardian of 11<sup>th</sup> February, 2002 out of the projected national housing need of 8.2 million houses (3.2 million for rural dwellers and five million for urban areas), only a meagrely one million housing units – or about 12 percent were built. Records shows that between 1992 and 2002 only 400 Nigerians had benefited from the NHF Scheme out of about 16 million workers that have been contributing to the fund (The Guardian, 2002).

A recent study based on the salary structure of public servants in Nigeria showed that no public servant in Nigeria below salary grade level 13 in the Federal Civil Service and salary grade level 16 in the Imo State civil service can afford a property costing N4.75million on a 25 year mortgage at 6%, if he devotes **50%** of his salary per annum to housing (Onyike, 2007). At 18% mortgage rate, only a Federal Permanent Secretary or his equivalent on grade level 17 can afford the same house. This shows that in the absence of some assistance, adequate housing is unaffordable to most law-abiding Nigerians. (Onyike ())In recognition of the magnitude of present and future housing needs, the United Nations estimated that an annual rate of housing construction from 8 to 10 housing units per 1,000 persons is needed in developing countries to overcome existing deficiencies and to meet future needs. Actual supply has been estimated at 2 to 3 units (020, 1990) According to Okupe (2000) based on the estimated 8 million housing units that would be required to meet the housing needs of Nigeria in the year 2000, this would amount to an annual requirement of between 600,000 and 700,000 units per annum.

### **Housing Policy and Housing Provision**

It is against the above background of housing requirement that the Federal government articulated and launched the National Housing Policy in 1991. A review of the performance of this policy compared to its aim of making housing accommodation available to all Nigerians at affordable cost in the year 2000, there seems to be poor performance of the programme. After contributing to the National Housing fund Scheme for six months, workers are entitled to a mortgage loan of up to five million naira at a rate of 6 percent per annum for 30 years. This loan is for a maximum of 90 percent of the value of property to be mortgaged. Loan applications are made through the PMIs. The disbursed loans attract 4 percent interest rate per annum to the PMIs, while the PMIs in turn disburse such loans to applicants at a rate of 6 percent per annum. The PMIs may make an additional loan at market rate if the borrower requires more than five million naira.

In addition, funds from the NHF are also disbursed by FMBN to the private developers and state housing corporations for the purpose of estate development, at an interest rate of 10 percent per annum over 24 months. These loans are usually granted to finance construction of properties which are sold to prospective home owners. Buyers are equally made to obtain National Housing Fund loans to purchase housing units at a rate not exceeding 6 percent. This is an attractive scheme for potential home buyers. After saving just 2.5 percent of their income for just six months, they are entitled to borrow five million naira at a rate of 6 percent in contrast to the average market rate of 22 percent.

However, in reality, the amount raised through contributions is not sufficient to fund loans for more than a tiny proportion of eligible applicants. The scheme is therefore seen by many workers as compulsory regressive tax, in that the majority of workers could never earn sufficient income to afford to buy a house even with available finance. Besides, the scheme has other practical difficulties. For instance, a loan can only be obtained if the borrower can produce a clear title to the property that is to be mortgaged. This is major challenge anywhere in Nigeria. Loans can only be created through mortgage institutions and at least 10 states in the country do not have PMIs. Many PMIs do not have adequate capital base to provide loans to a significant proportion of Nigerian's population as FMBN will not disburse more than 25 percent of the PMI's capital and it requires a bank guarantee for the loans it disburses. Moreover, workers in some states of the federation do not contribute to the National Housing Fund Scheme.

Besides, if only 349 contributors benefited from the fund its inception and now, this simply implies that only 349 housing units have been added between 1992 and April 2000 AD. If this figure is matched with the fact that the country requires 8 million additional housing units by 2000 AD, and the fact that Mortgage financing is the major instrument identified to accomplish the test, one may conclude that the programme has not taken off or it is already a failure. This is more so since the government relies almost entirely on this avenue of making housing accommodation available to Nigerian. (Aribigbola, 2000).

### **Sites-and-Services Scheme as a Strategy for Adequate Housing Provision in Nigeria**

Having examined housing policy initiatives and measures in Nigeria over the years, it is evident that the various policy packages, including the recently launched National Housing Policy of 2004 cannot meet the yearnings of Nigerians to be decently housed. There is, therefore, the urgent need for a new approach or strategy to confront the nagging housing shortage in the country. Thus, this paper recommends Site-and-Services strategy as it offers a major prospect of militating against inadequate housing supply in the country. With the strategy, the low income groups will have easy access to land.

By phasing construction over a length of time, the owner can improve his dwelling according to his financial capacity. Saving and investments, thus, occur simultaneously. By so doing the National Housing Supply will increase and this helps to reduce the acute housing shortage in the country. Another important area in which the strategy offers good prospect relates to effective and efficient urban planning, development and management. With Site-and-Services Scheme, plots are well laid out and services provided, thus, providing a framework for monitoring and controlling development. Besides, the strategy will reduce the direct involvement of government in housing construction, thereby reducing the prohibitive costs of building government housing estates. The strategy will also help to reduce wastages and conserve government resources. In addition to the above, the approach affords the poor the opportunity of benefitting from infrastructural facilities and services such as pipe-borne water, paved roads health facilities, and in some cases water-borne sewage. This is capable of solving the problem of sub-standard housing, over-crowding, lack of utilities and poor environmental conditions associated with spontaneous development in most of the urban centers in Nigeria.

### **Conclusion and Recommendations**

From the above expositions and analysis, a number of conclusions that have policy relevance become imperative. First, besides the rapid tempo of urbanization and spontaneous developments and rapid population growth in Nigeria which have seriously increased the demand for housing, there is the acute problem of inadequate housing supply in the country.

Secondly, the paper traced the genesis of government intervention in housing delivery as well as identified the various policy packages and measures adopted to solve housing problems in the country, where it was found that most of the initiatives and measures have failed to solve the problem of housing shortage in the country. Thus, the paper, therefore, recommends the use of Site-and-Services as a means of providing adequate housing for Nigerians in the 21<sup>st</sup> century. For this to achieve the desired objective of providing adequate housing for Nigerians, especially the low income groups in the new millennium, the National Housing Policy needs to be reviewed further and Sites and Services Scheme should be emphasized as the major instrument of making housing accommodation available to Nigerians.

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