



Exploring Indigenous Strategies for Affordable Housing Delivery for the Urban Poor

by

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OUTLINE

- **Importance of Housing**
- **Housing Problem in Nigeria and Causes**
- **Government Interventions in Housing**
- **Current Housing Statistics in Nigeria**
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- **Understanding the Concept of Affordable Housing**
- **Problems Of Non-affordability Associated With Previous Housing Schemes**
- **Indigenous Strategies Towards Affordable Low-income Housing Delivery**
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 - **Acquisition of Compressed Earth Building Technology**
 - **Cargo (Shipping) Container Homes**
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IMPORTANCE OF HOUSING

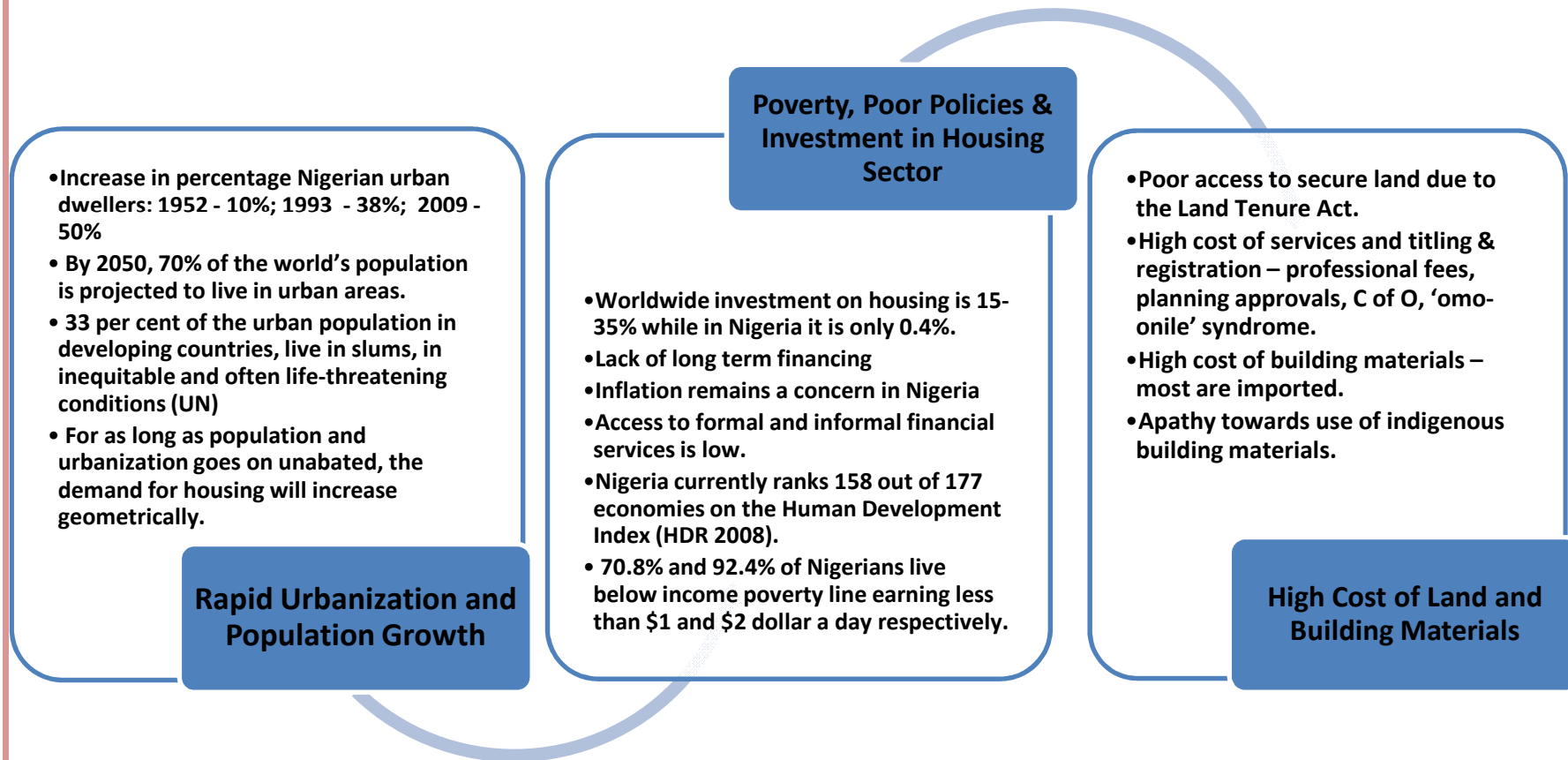
- # **Housing is at the core of improving the lives of the poor and at the root of many other financial, social and environmental issues** (Alitheia Capital, 2012).
- # **Best indicators of a person's standard of living and of his or her place in society** (UNCHS, 2006).
- # **It has profound impact on the life-style, health, happiness as well as productivity of the individual** (Dunn, 2000).
- # **Represents a major portion of the family budget or that of an establishment** (Kinyungu, 2004).
- # **Constitutes the first major capital investment and life ambitions of individuals** (Bello, 2003).
- # **The aspiration to own a house constitutes one of the strongest incentives for savings and capital formation** (Ozo, 1990).
- # **Ultimately, housing is a legacy that plays an important role in safeguarding the self-esteem and worth of human existence.**
- # **In spite of its importance however, inadequacy in supply is evident and prevalent in most developing countries (Nigeria inclusive).**



HOUSING PROBLEM IN NIGERIA & CAUSES

Unprecedented widening gap between housing supply and demand in Nigeria (UNCHS,2006).

Causes:





GOVERNMENT INTERVENTIONS IN HOUSING

Government Interventions in Housing

- ▶ **Nigeria Building Society (NBS) established in 1956 operated on the principle of mobilization of savings from the open market to fund individual mortgage loans.**
- ▶ **Post-Independence Nigeria witnessed the Five-Year National Development Plans:**
 - **First (1960-1969) - No significant impact was made on housing majorly as a result of instability in governance;**
 - **Second (1970-1974) - a total of 59,000 units (15,000 in Lagos and 4,000 in each of the eleven State capitals) was proposed which saw to the establishment of the Federal Housing Authority to coordinate the implementation of the housing programmes nationwide;**
 - **Third (1975-1980) – active and direct involvement of government with 202,000 housing units proposed (50,000 in Lagos & 8,000 in each of the remaining 19 States) with only 15% (28,500) delivered at the end of the period (FMW, 1991);**
 - **Fourth (1981-1985) - 200,000 housing units planned and only 47,200 delivered (23.6%) and;**
 - **Fifth (1994-1995) – 121,000 housing units planned, only 1,014 delivered (0.84%)**
- ▶ **In 1977, NBS transformed into Federal Mortgage Bank of Nigeria (FMBN) which acted as a sole provider of mortgage loans for individual homeownership and facilitator for the development of the housing finance sector in Nigeria.**
 - Sadly, its only role remains that of the manager of the National Housing Fund (Vision 2020 NTWG-2009).
 - Used as a channel for the 'monetization' program of government housing.
- ▶ **In 1991, Nigeria first formal National Housing Policy was launched to deliver 8 million houses (at least 700,000 houses per annum) by the year 2000.**



GOVERNMENT INTERVENTIONS IN HOUSING

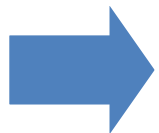
Government Interventions in Housing

- ▶ National Housing Fund (NHF) scheme was established in 1992 to address the constraints to the mobilization of long term funds for housing development and also to ensure that every Nigerian has access to housing loans at affordable interest rate.
- ▶ New National Policy on Housing and Urban Development in 2002 represented real effort by government to tackle the housing problem.
- ▶ Vision 20-2020
 - ÷ aimed at making the housing sector one of the top 3 contributors to the nation's economy;
 - ÷ adding 10 million decent and affordable homes (1 million houses/year) to the national housing stock by the year 2020”.
- # In summary, the Nigerian government is not bereft of ideas in tackling the housing issues, but there has been more failures than success stories.
- # Reasons: Subject of research and other discuss.



CURRENT HOUSING STATISTICS IN NIGERIA (Alitheia Capital, 2012)

- ✘ There are 10.7million houses in Nigeria.
- ✘ 90% (9.6million) of these are self built, with little or no mortgage attachment.
- ✘ 5% (535,000) have formal title to property.
- ✘ The housing deficit in Nigeria is estimated at 14 million units.
- ✘ Bridging this gap will cost N49 trillion (this assumes the conservative cost of N3.5million per unit).
- ✘ Home ownership in Nigeria is low; 85% of the urban population live in rented housing, spending 40% of their income on shelter.
- ✘ 80% of the urban population live in informal housing characterized by dense settlements with poor infrastructure.
- ✘ Existing formal supply is targeted at the high income earners priced well above over 92% of the population, contributing no more than 12% of demand.
- ✘ These underscored the pathetic situation of housing in Nigeria.
- ✘ Summarily, the Nigeria governments have always assumed that the housing situation would improve as soon as general economic conditions improved (UNCHS, 2006)
- ✘ This “wait and see” attitude upon which Nigeria housing situation is based have shown evidences of more failures than successes.



WHAT IS THE WAY FORWARD?





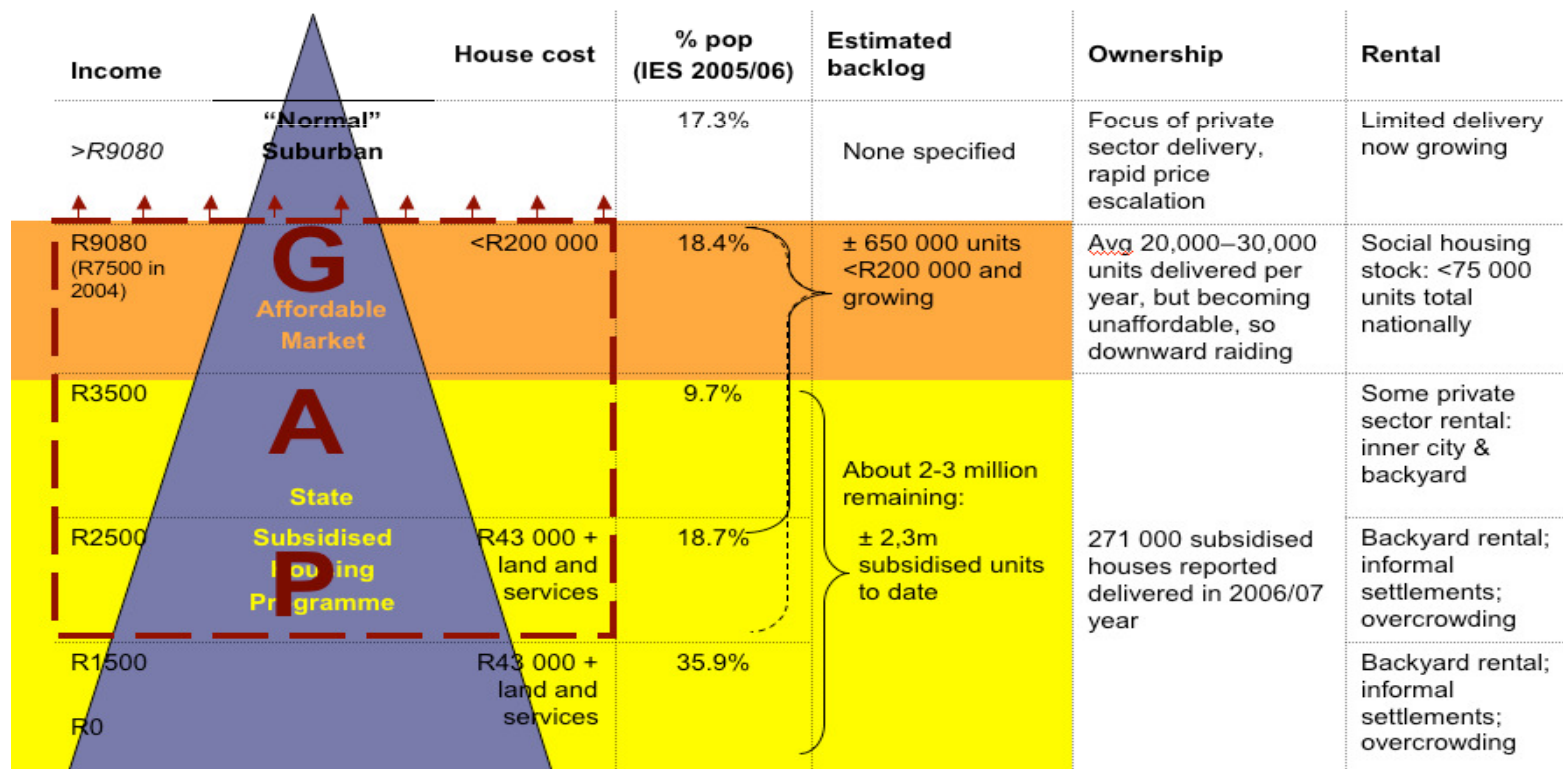
WAY FORWARD – LESSONS FROM SOUTH AFRICA

- # **South African Experience** (source: Rust & Finmark Trust, 2008)
- # **Housing White Paper in South African (SA) was released in Dec. 1994 after the inauguration of the first democratic government.**
- # **Objectives**
 - i. **Address Massive housing backlog**
 - ▶ In 1994, the housing backlog was estimated at about 3 million households.
 - ▶ Housing backlog was exacerbated as a result of pervasive urban poverty - 86% of an estimated population of 8.3 million households (in 1994) earn less than R3500.
 - ii. **Address Low levels of housing affordability**
 - ▶ Housing affordability was extremely limited given the level of unemployment in the country and the low incomes earned.
 - ▶ Government understood that its own capacity to finance housing to meet the backlog was limited.



WAY FORWARD – LESSONS FROM SOUTH AFRICA

- **South African National Housing Strategy**
- Policy attention was given to *affordability based on monthly income levels* (R0 – R3500; R3500 – R9080; above R9080).
- *Emphasis was on low-income households* therefore;
- *Low-income households (64% of SA population) are eligible for the national housing subsidy* which delivers a finished unit to minimum norms and standards with freehold tenure for free.



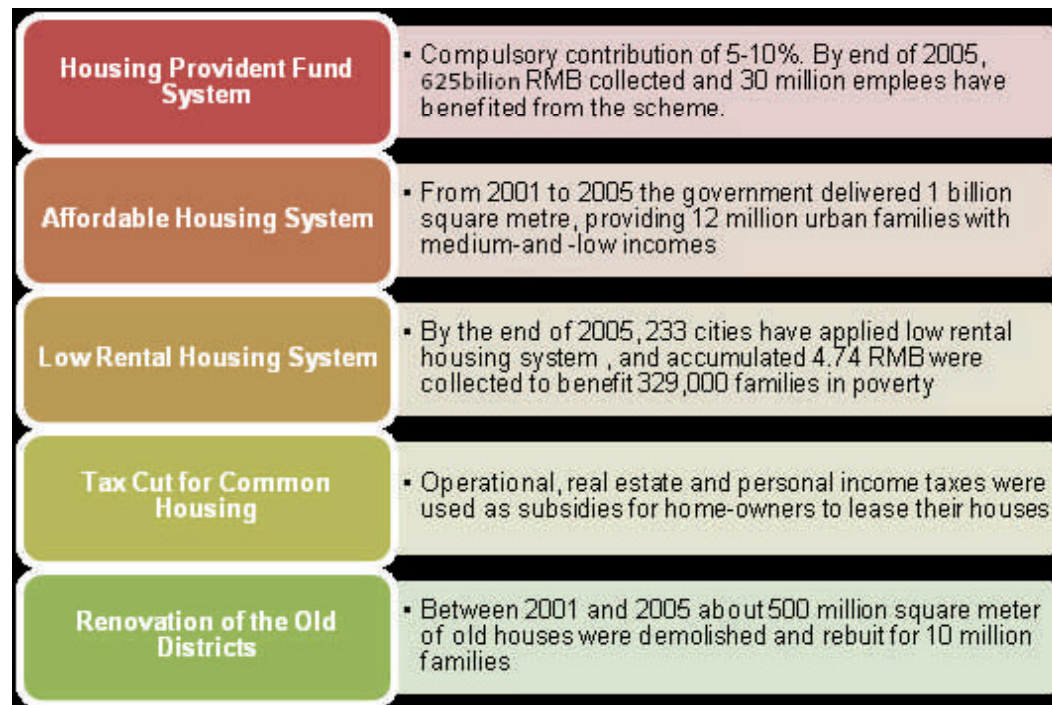
Source: Rust & Finmark Trust, 2008



WAY FORWARD – LESSONS FROM CHINA

China Affordable Housing Strategy (Alitheia Capital, 2012)

- *Policy focused on solving the housing problems of medium and low income families.*
- *Five key areas (see figure below) were identified and used.*
- **China was able to deliver 12 million housing units in 5 years through the application of an integrated and sustainable housing development programme.**



Source: Alitheia Capital, 2012



UNDERSTANDING THE CONCEPT OF AFFORDABLE HOUSING

- ✚ **Affordability refers to the supply and availability of housing that is both within the financial reach of households and matches their aspirations** (Nigeria Vision 20:2020).
- ✚ **Affordable housing is concerned with securing some given standards of housing or different standards at a price or rent which does not impose an unreasonable burden on the household incomes** (Maclennan & Williams, 1990).
- ✚ **Therefore, the concept of affordability is subjective.**
- ✚ **Any quality homes with modern specifications, secure communities with adequate services and infrastructures inclusive may be affordable to the high-income group but not to the low-income group.**
- ✚ **However, it is the low-income group that needs urgent intervention in housing provision (just like it has been done in South Africa and China) if we want to avoid our cities from being turned into slums.**
- ✚ **Therefore, this paper submits that policy focus should be targeted at providing affordable housing for the low-income group under the banner of 'low-income' housing.**



PROBLEMS OF NON-AFFORDABILITY ASSOCIATED WITH PREVIOUS HOUSING SCHEMES

- # **Results have shown overtime that Private Public Partnerships (PPPs) on housing is profit oriented e.g.** {Lagos Cooperative Home Ownership Incentive Scheme (Lagos-CHOIS), in collaboration with the private sector addressed the supply side with average sale price of a 2-bedroom unit at N11.6million and a minimum net monthly income of N70,000 is a prerequisite}
- # **The products of PPPs (REDAN, CHOIS, etc) are not for the low-income earner and therefore not affordable to this group of people.**
- # **Survey shows that the term of payment is unfriendly or almost impossible to meet by low-income group.**
 - **Typical Terms of Payment** (A typical 2-bedroom house will cost minimum of N3.5m depending on the location)
 - **1. Application form = N10,000,00**
 - **2. Payment by instalment:**
 - **30% down payment on application (N1.05m)**
 - **25% (N875,000) payment after 90 days of initial payment**
 - **25% (N875,000) payment after 90 days of second payment**
 - **20% (700,000) on completion before hand over**

Therefore, it is inherent that we seek for indigenous strategies for delivering affordable housing to the 70% of Nigerians who live below the poverty line (\$1 per day)



PROBLEMS OF NON-AFFORDABILITY ASSOCIATED WITH PREVIOUS HOUSING SCHEMES

National Housing Fund (NHF) eligibility technically excludes the low-income group through the following:

- Evidence of possession of valid title to land (Certificate of Occupancy) and building approved plans.
- Loan facility is granted on the basis of the contributor's ability to pay off with 30% of his/her average monthly income and repayment plan of a maximum 30 years tenor (e.g. a contributor pays back 1/3 Basic monthly income for a loan of N5m at 6% interest rate per annum for a tenor of 30 years being the elastic limit)
- Applicant must have not less than a period of 21 years left in service (if employed).
- All of these pre-conditions are big impediments towards realization of 'housing for all' particularly the low-income group.

Max. Loan		No of Years Required for the Repayment on the Basis of 1/3 Average Basic Monthly Income vis-a-vis Grade Levels, with Minimum Monthly Wage Of ₦18,000.00 at the Required 6% Interest/Annum																
Amount in Naira	Grade Level	01	02	03	04	05	06	07	08	09	10	12	13	14	15	16	17	
Max. N2m		27	26	25	23	21	16	12	10	8	7	6	6	5	5	4	3	
Max. N3m		41	39	37	34	32	25	18	15	12	11	9	8	8	7	6	5	
Max. N4m		55	52	49	46	42	33	25	19	16	14	12	11	10	10	9	8	
Max. N5m		69	65	62	58	53	41	30	24	21	18	15	14	13	12	11	10	

■ Max. Loan Eligibility by Grade Levels

■ Non-Eligibility Loan Limit

Source: Jolaoso et al (2012)



1. Incremental Self-Build Housing

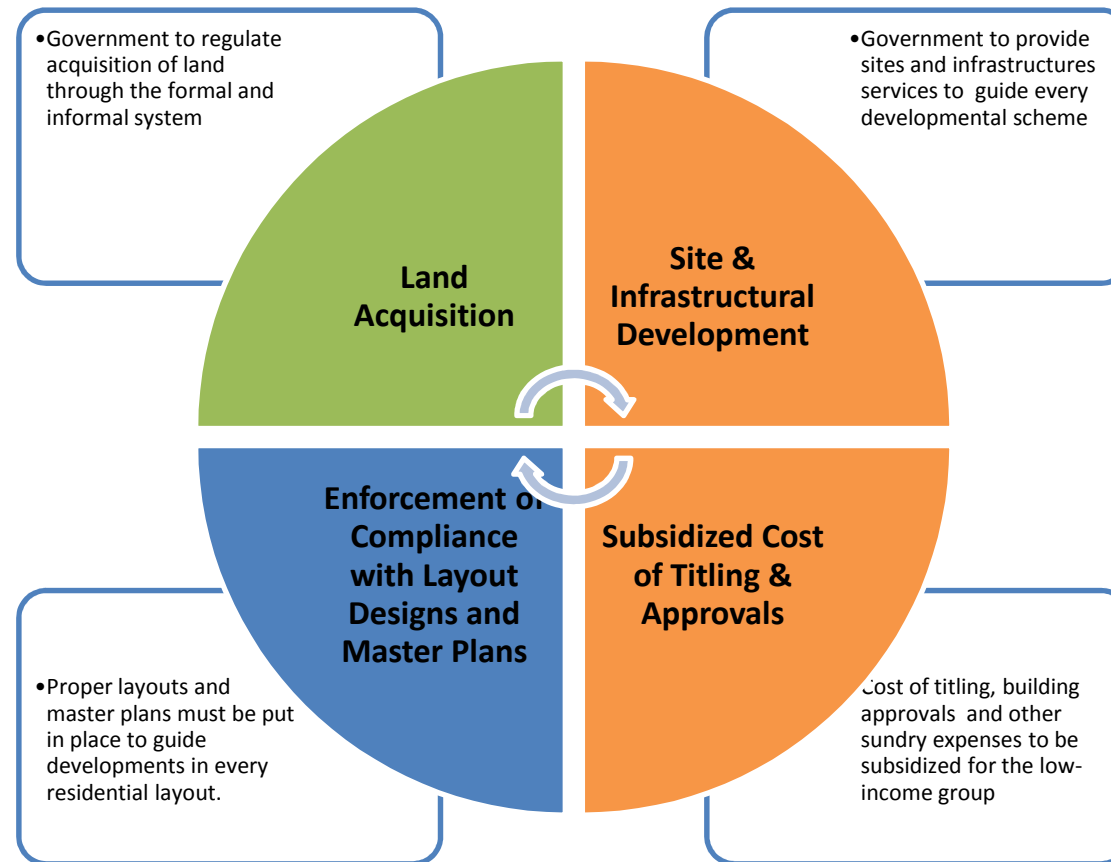
- # Self-build housing involves constructing permanent home from scratch by the owner rather than paying a professional builder to do it.
- # Self-build housing contributes 30-70% of the housing stock in developing countries (Pugh, 2000).
- # Statistics have it that 90% (9.6million) of 10.7 million houses in Nigeria are self built, with little or no mortgage attachments.

- **Benefits**

- ▶ Addresses the huge shortfall in public housing provision.
- ▶ Provides the low-income group a cushion to tackle high cost of completed housing units and the numerous difficulties associated with accessing formal mortgage finance systems (Kamau, 2002).
- ▶ Provides households more control and autonomy in decision making at virtually every stage of the building life cycle.
- ▶ Reflects the peculiar circumstances and aspirations of the owner.
- ▶ It also infuses dynamism within a neighbourhood while eliminating the monotony often associated with mass housing projects (Turner, 1976).
- ▶ A major attraction of self-build housing concept is cost reduction, often up to about one third in new constructions achieved mainly through reduced labour cost, incremental completion and avoidance of speculation (Kuhn, 2010).



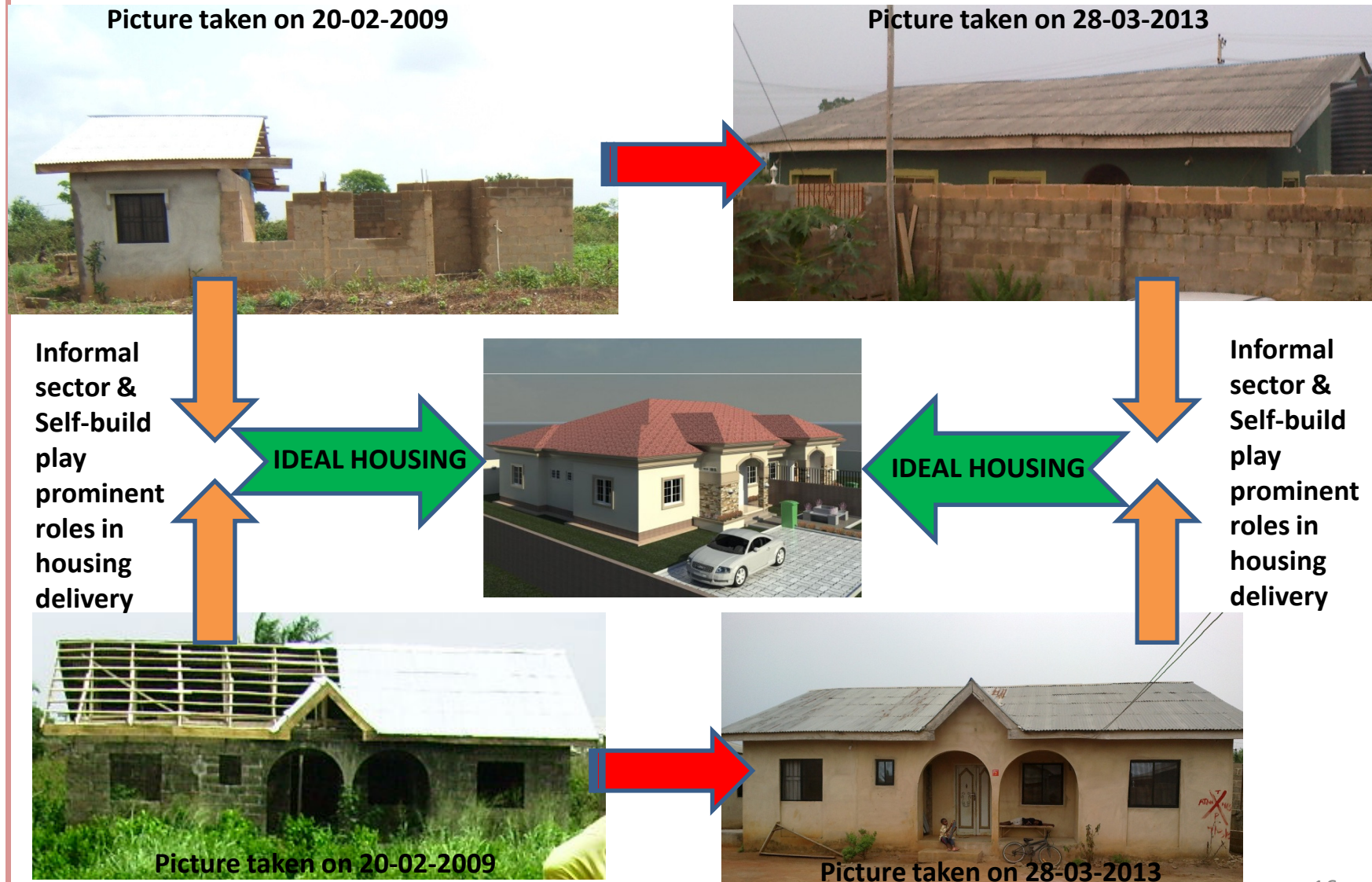
Road Map to regulated Self-Build Housing Delivery System for the Low-Income Group





INDIGENOUS STRATEGIES TOWARDS AFFORDABLE LOW-INCOME HOUSING DELIVERY

Self-build Housing To Ideal Housing Situation





2. Acquisition of Compressed Earth Building Technology

- # Earth building technology (mud housing) is an age long tradition in Nigeria.
- # It has been used through the ages to meet the housing needs of rural Nigerians.
- # There is a disconnect in the acceptability and use of earth building technology by the urban populace in meeting their housing needs.
- # Findings have it that earth building technology was perceived as being associated with the poor.
- # There is also a misconception that it is not durable and aesthetically appealing.
- # In providing solution to the misconceptions, earth building technology in the form of Compressed Stabilized Laterite Bricks (CSLBs) was invented as a product of scientific research.

• Benefits of CSLBs

- They are durable;
- The soil needed for production is available in large quantities;
- Cheap, affordable and easy to use (particularly the interlocking bricks);
- Fire and bullet resistant;
- High thermal capacity, low thermal conductivity and porosity;
- It can moderate extreme outdoor temperatures and maintain a satisfactory internal thermal comfort¹⁷



INDIGENOUS STRATEGIES TOWARDS AFFORDABLE LOW-INCOME HOUSING DELIVERY

Compressed Stabilized Laterite Bricks for Affordable Housing



Mud House



Compressed Stabilized Interlocking Laterite Bricks



Compressed Stabilized Interlocking Laterite Bricks House



Compressed Stabilized Laterite Brick House

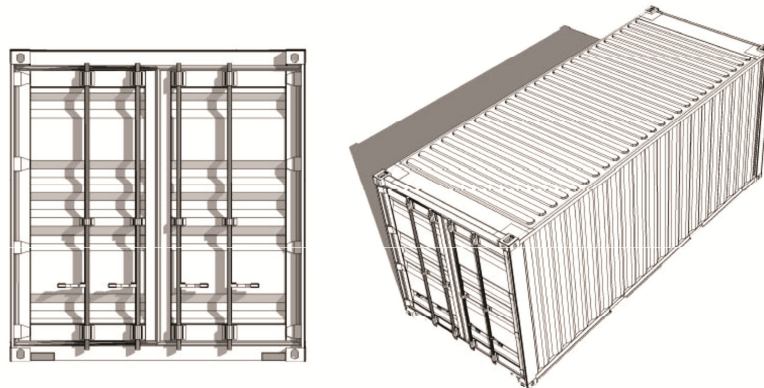


3. Cargo (Shipping) Container Homes

- ✦ Housing using steel intermodal containers (shipping containers) as structural element because of their inherent strength, wide availability and relatively low-cost.
- ✦ They are far less expensive than new material homes, and reusing them rather than melting them down significantly reduces the carbon footprint of the steel containers.
- ✦ There are countless numbers of unused shipping containers just lying around and taking up space.
- ✦ The extremely high surplus of empty shipping containers are just waiting to become someone's home.
- **Benefits**
 - ▶ They are plentiful and durable
 - ▶ They are beautiful in design
 - ▶ They are stackable and make for quick installation
 - ▶ They have inbuilt beam and column systems which makes for good structure and flexibility in design.
 - ▶ Relatively inexpensive (\$900 for a used container)
 - ▶ Their construction process eliminates a lot of labour cost.



3. Cargo (Shipping) Container Homes



The 40ft container is preferred in this scheme for its larger area and significant head room difference in comparison to 20ft containers.

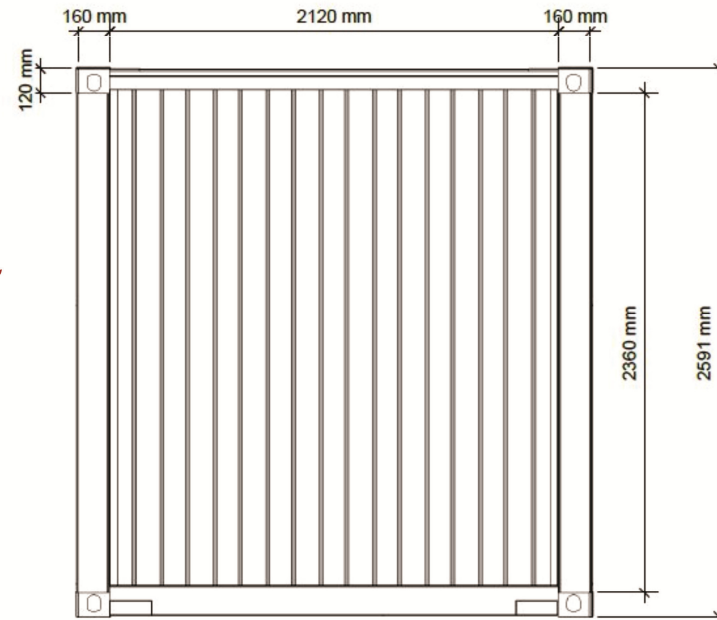
The unit cost of cargo shipping containers in Nigeria are given below:

20ft Containers = N 150,000

40ft Containers = N 300,000

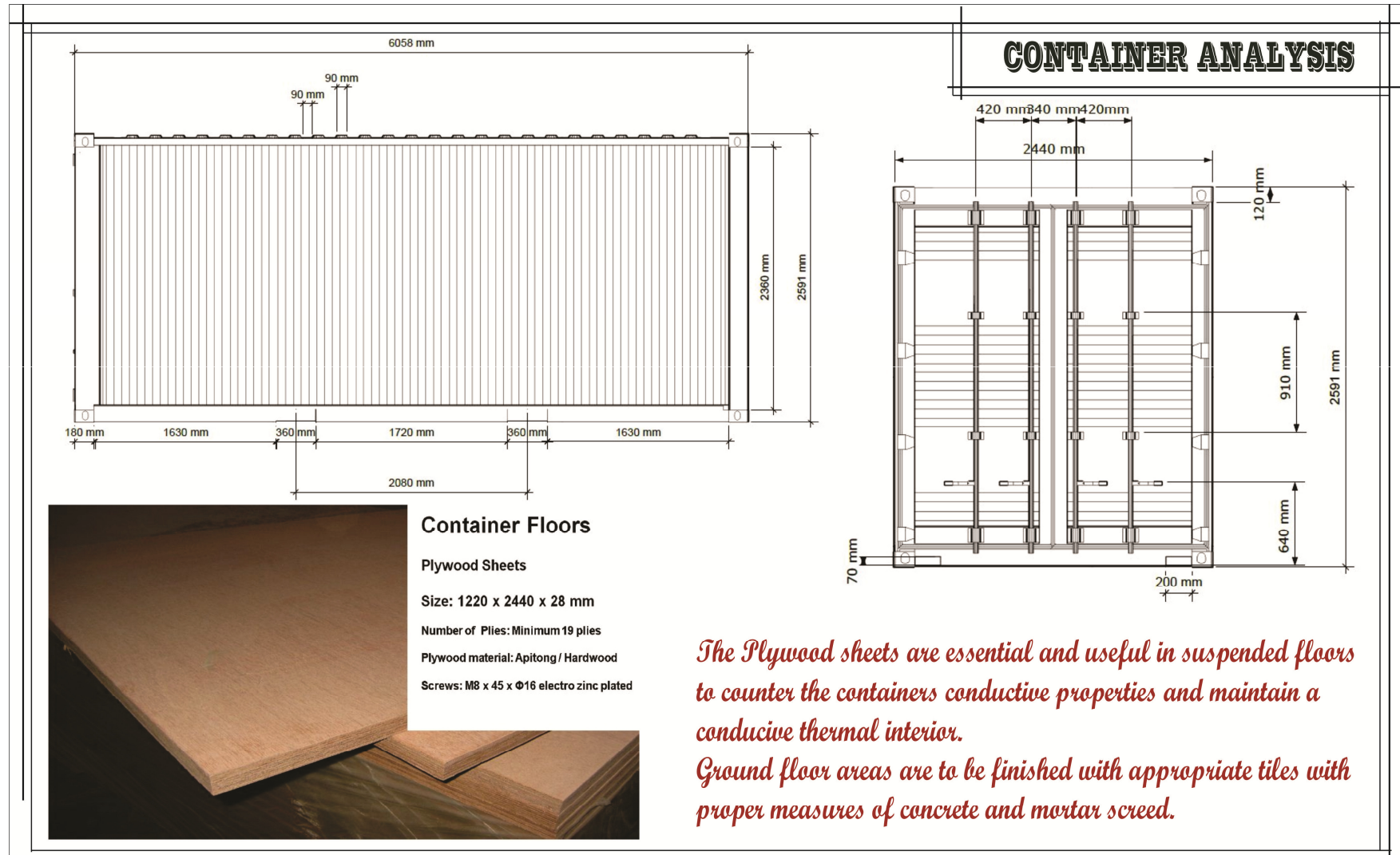
CONTAINER ANALYSIS

The design scheme makes use of the 40ft containers only, for the purpose of achieving uniformity in the design and aiding easy valuation of building units.





3. Cargo (Shipping) Container Homes





INDIGENOUS STRATEGIES TOWARDS AFFORDABLE LOW-INCOME HOUSING DELIVERY

GALLERY OF CARGO CONTAINER HOUSES



BEFORE



AFTER





INDIGENOUS STRATEGIES TOWARDS AFFORDABLE LOW-INCOME HOUSING DELIVERY

GALLERY OF CARGO CONTAINER HOUSES



Source: <http://www.homedit.com/22-most-beautiful-houses-made-from-shipping-containers/>



INDIGENOUS STRATEGIES TOWARDS AFFORDABLE LOW-INCOME HOUSING DELIVERY

GALLERY OF CARGO CONTAINER HOUSES



Source: <http://www.homedit.com/a-two-story-house-made-of-eight-shipping-containers-with-a-modern-interior-design/>



CONCLUSION

- The access to adequate housing as a basic human right is enshrined in the Universal Declaration of Human rights and the International Covenant on Economic, Social and Cultural Rights (Nigeria is a signatory).
- The introduction of the enabling shelter strategies {one of the major principles of the Global Strategy for Shelter to the Year 2000 (GSS)} by the UNCHS implies a change from policies of intervention to policies of liberalization.
- This process of commercialization makes investment in land and housing more attractive to the rich to the detriment of the poor.
- **In any market, choice is a positive function of income.**
- **The consequence is that the poor have no choice in housing at all.**
- Unless governments take necessary actions, liberalization of housing markets may not produce the beneficial results to the poor.
- ***Therefore, general policies must be specified and tailored towards the needs of the poor who are in the majority.***
- ***THAT IS HOW TO MAKE HOUSING AFFORDABLE FOR ALL AND SUNDRY.***
- {Foreword of Dr. Wally N'Dow (Assistant Secretary General, UNCHS) to the UNCHS 1994 publication on 'National Experiences with Shelter Delivery for the Poorest Groups'}



THANK



YOU