

# “BRIDGING THE HOUSING DEFICIT - A DEVELOPERS PERSPECTIVE”

by Mallam Musa Dangoggo Aliyu, *Managing Director/CEO,  
Urban Shelter Limited.*

*Paper delivered at the 1<sup>st</sup> Aso Housing Exhibition &  
Conference 17-18<sup>th</sup> March, 2011*

# INTRODUCTION

- ⊙ Great pleasure being here!
- ⊙ Housing plays a major role in socio- economic development of a nation.
- ⊙ Huge gap in demand and supply of housing
- ⊙ Housing prices are too exorbitant
- ⊙ Bridging housing gap by addressing housing demand, housing supply and institutional framework.
- ⊙ Nigerians go for April election.....Timely Seminar
- ⊙ Political Parties should present Housing Plan

# HOUSING - A BRANCH OF REAL ESTATE

- ⊙ Housing affect citizens welfare
- ⊙ It influences the performance of other sectors of the economy.
- ⊙ Promotion of affordable housing should be of high priority and concern.
- ⊙ Past governments policies have not achieved much for the industry eg Housing for all by 2000; Housing by Year 2015; National Housing Program; National Housing Fund schemes; Mortgage finance; Insurance funds; Cooperative finance; PPP;
- ⊙ Can anything be said for now about Vision 20:20:20 for housing?

# FACTORS AFFECTING HOUSING DEVELOPMENT

- ⦿ Rising costs of building construction
- ⦿ Ineffective control of costs in all the phases of housing projects
- ⦿ Lack of primary infrastructure and energy
- ⦿ Changing taste of the buyers to foreign finishes
- ⦿ High lending rates and sporadic inflation
- ⦿ High cost of land and high cost of perfecting legal documents
- ⦿ Long time for obtaining building approvals
- ⦿ Lack of a virile mortgage financing and its associated high cost
- ⦿ All stakeholders need to focus on solving the above problems and many others

# BRIDGING HOUSING DEFICIT- WHAT TO DO?

- ⦿ High Cost of land acquisition must be checked.
- ⦿ Government should identify genuine developers and make land available to them and not speculators.
- ⦿ Government should reform the land system as the present is fraught with gamut of problems.
- ⦿ Government should provide multi- level incentives to housing developers; taxes holiday, exemptions etc
- ⦿ A Housing Development Bank for Housing Developers (DBHD) should be created by the government providing cheap fund at single digit similar to that provided recently to the agricultural industry of N200Billion digit interest rate.

# BRIDGING HOUSING DEFICIT- WHAT TO DO?

- ◉ Government must rapidly develop primary infrastructure. Housing development cost is largely due to the exorbitant cost of primary and secondary infrastructure which developers undertake in many occasions in order to link their developments to the existing far amenities.
- ◉ Government should link rural areas and undeveloped suburbs with adequate infrastructure.
- ◉ Electricity and power must work. Lack of sufficient power escalate cost of manufacturing goods and site production thus affecting the quantity of housing delivery negatively leaving them to incur generators and independent power station cost.

# BRIDGING HOUSING DEFICIT- WHAT TO DO?

- ◉ Local materials manufacturing companies should be developed to do business. Over dependence on imported materials is counter productive. These could include brick products, granite stone, stone rubble and timbers etc.
- ◉ Mortgage system in moribund must be revived and current high cost should be declined to promote high patronage. This is where Aso savings and similar others come in. Federal Mortgage Bank should be re-organized for efficiency and more fund injected
- ◉ Monopolistic market for basic materials e.g cement must be addressed. This will generate needed employment for teeming youths and provide cheaper materials for housing construction.. Scientists should explore and invent development of local building materials to lower dependence on importation

# BRIDGING HOUSING DEFICIT- WHAT TO DO?

- ◉ Private developers must check over-emphasis on profit maximisation and develop affordable housing. There should be more of mixed development rather than over concentration on elitist housing.
- ◉ Bank lending rate must decline. Currently the industry productivity is bedevilled by high interest rates and charges on loans being provided by banks
- ◉ High inflationary rate must be checked as this is causing increases in nominal interest rate and nominal payments on loans



# BRIDGING HOUSING DEFICIT- WHAT TO DO?

- ◉ Purchasing power of buyers must improve. No matter how cheap the prices of houses offered, if the buyers economic power is weak, they will be unable to buy the houses.
- ◉ House buyers should address increasing taste and wants without corresponding increase in purchasing power
- ◉ There is the need to establish effective Real Estate Investment Trust Scheme (REITS) to pool capital from many investors to construct or purchase and manage income property and or mortgage loans
- ◉ There is need for effective regular and productive interaction of the three groups; consumers-buyers and users; producers-developers, banks etc; and public infrastructure- government

# BRIDGING HOUSING DEFICIT- MORE SUGGESTIONS, RECOMMENDATIONS

I propose further that we adopt some strategies in the Research on stat and local means of increasing affordable housing prepared for National Association of Home Builders of America by ABT Associates Inc

- ⦿ Land use strategies through zoning process
- ⦿ Financing strategies - fund sources & incentives
- ⦿ Enactment of state law to encourage affordable housing- REDAN can play key role
- ⦿ Federal government through CBN to provide as a matter urgency access by genuine developers to fund solely for affordable housing delivery

# ASO SAVING AND LOANS: A WORTHY PARTNER

- ◉ Where many other banks and financial institutions have failed to perform most evidently, Aso Savings has excelled.
- ◉ It is proactive and result-oriented public company per excellence.
- ◉ Provide 2-way housing solution to us; We have enjoyed financing loan from them for our housing development in billions of Naira beside. They also provide mortgage to our prospective buyers. Aso is a unique brand for our marketing!
- ◉ We have enjoyed a good business relationship with them and hope to continue more in future

# URBAN SHELTER LIMITED: WE ARE WHO WE ARE!

- ⦿ A private developer company started business operation in 1991; Head office in Abuja, active presence in Minna, Niger State. Soon to begin active operation in Lagos, Accra-Ghana and Zambia.
- ⦿ Has provided over 2,000 housing units and over 130,000 m<sup>2</sup> of commercial spaces in International and Ultra Modern Markets and offices development
- ⦿ A high integrity company that meets reasonably home buyers quest for quality, price-friendly comparable to products and timely delivery; committed to social and environmental development
- ⦿ Compliant to government building control regulations and often offer practical ideas and solutions on housing to government at all levels including the National Assembly. We also pay taxes etc regularly.

# URBAN SHELTER LIMITED: WE ARE WHO WE ARE!

- ◎ Housing producers that have made home ownership a reality for many. Have continued to transform lives through happy dwelling home provided and asset appreciation acquired by our clients. Strive to achieve customers satisfaction at all times.
- ◎ We have generated huge employment for teaming population and thus complement government in employment generation and poverty reduction. We maintain a highly professionally proficient, motivated and dedicated and truly happy work force

# URBAN SHELTER LIMITED: WE ARE WHO WE ARE!

- ◉ Darling of many banks, consultants, contractors and suppliers because we fulfil business agreements; fulfil bank loan repayment as and when due
- ◉ Our vision and mission to provide housing for all is made possible by our TRIPOD HOUSING MODEL that provides housing for the low income, middle income and high income earners at all times. We have projects year in, year out tailored to meet this model. Do step out to the Exhibition Hall over there and confirm this true position! You will be happy you did...just like many have done and testified!

# CONCLUSION

- ⦿ Solving housing problems and closing housing gap should encompass the entire stakeholders in the development process.
- ⦿ The above can be achieved through Search Conferences and Dialogue Circle. Several Search Conferences on the housing problem should be held to explore complex issues and foster collective decisions among the stakeholders concerned. A good example is the one organized by Aso Savings and Loans today.
- ⦿ But more importantly implementation of outcomes should be ensured. A Progress Review Committee should be set-up who will lobby relevant stakeholders for effective results especially on the part of the government

# FINAL WORD WITH THANKS

- ◎ The best way to predict the future of our housing industry is to create that lofty future individually and collectively now.
- ◎ Hope we all enact that future effectively now by contributing meaningfully toward bridging housing gap in Nigeria

THANK YOU FOR YOUR ATTENTION

*MALLAM MUSA DANGOGGO ALIYU*















