

The Missing Link in Housing Sector Reforms in Nigeria

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Abstract: Housing is a fundamental product for every human being irrespective of financial standing. World acclaimed American psychologist, Abraham Maslow ranked shelter as second only to food in his hierarchy of human needs. Despite the importance of housing to the socio-economic development of man and the nation, housing problems have remained endemic throughout the world. In today's world, some 100 million persons are homeless and more than a billion are inadequately housed. In 2002 housing deficit in Nigeria was put at about 8 million units. Latest statistics indicate that Nigeria requires a whopping 700,000 housing units annually for the next 15 years. The question is why this state of affairs? Why the perennial and unending problems of housing shortages, forced evictions and slum development? The paper examined these issues in Nigeria in order to advance the future prospect of the sector. The paper identified that whilst reforms were made to all other subsector of the housing industry, land reform necessary to fast track the process was left unattended to by the government. The paper thus advocated for a robust reform of the current land management system in order to impact positively on the housing reform agenda in Nigeria.

Keywords: housing; the missing link; infrastructure

1. Introduction

Housing is a fundamental product for every human being irrespective of financial standing. In fact, world acclaimed American psychologist, Abraham Maslow ranked shelter as second only to food in his hierarchy of human needs (Maslow, 1943, p. 96). Housing is thus a necessity that provides shelter for man in order for him to actualize his real potentials in life and contribute to the growth of the world.

Despite the importance of housing to the socio-economic development of man and the nation, housing problems have remained endemic and intractable throughout

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the world. The homeless, the inadequately housed, and the evicted¹ are more numerous in the cities and the countryside across the planet. In today's world, some 100 million persons are homeless and more than a billion are inadequately housed.²

Given this scenario, the lingering question is; why this state of affairs? Why the perennial and unending problems of housing shortages, forced evictions and slum development? Why are there so much prohibitive rentals, mortgage failures, abandoned and uncompleted buildings in our cities? Why the persistent issue of building failure and building collapse in our society? What are the challenges facing the housing sector of our economy and how do we get out of them? What reforms are in place and how far have these reforms addressed the problems? These and other collateral issues are the task of this paper. The paper examines these issues with a view at the missing link in the housing sector reform in Nigeria in order to advance the future prospect of the sector. The paper thus sets out seriatim.

2. Importance of Housing

The importance of housing to man cannot be overemphasized; apart from giving protection from elements of nature and providing storehouse for personal possessions; housing in accordance with contemporary modern standards, must offer such infrastructure and services that would make dwellings conducive. It is critical to the well being and health of children and famili (Vandivere et al.)³ Without decent and affordable housing, families would have trouble managing their daily lives and their children's safety, health and development will suffer. (Boehm & Schlottmann, 1999)

Housing plays a significant role in the economy of any nation. It is often viewed as a barometer for the state of the economy. Shortage of housing can translate into instability in the wider economy and insufficient supply of housing can restrict labour market mobility, raise business costs and exacerbate inequality (Barker, 2004). In Nigeria it has been observed that house ownership is one of the first

¹ According to the NGO Center on Housing Rights and Evictions (COHRE), more than 4 million persons were victims of evictions between 2003 and 2006 - 2 million in Africa, 2.1 million in Asia and the Pacific region, more than 150,000 in the Americas, and 16,000 in Europe. COHRE, Forced Evictions: Violations of Human Rights, December 2006:

www.cohre.org/store7attachments/GLOBAL%20SURBVEY%202003-2006.pdf See also; UN-Habitat, A Safe City is a Just City. World Habitat Day 2007:

<http://www.unhabitat.org/categories.aspx?catid=534> accessed 12/12/2011.

² *Ibidem*.

³ How Housing Affects Child Well-Being available at www.fundersnetwork.org accessed 24/12/2009. See also: (Tikare, 2004, p. 74).

priorities for most households and it represents the largest single investment for most families.¹ Lack of adequate housing not only compromises development, but also constitutes a security threat from myriad social ills that arises from homelessness. (Tshitereke, 2008)²

One may perhaps be tempted to ask why emphasis is being placed on housing. Firstly, of all man's basic needs, housing arguably, constitutes and indeed poses the greatest challenge. Secondly, a vigorous and buoyant housing sector is an indication of a strong programme of national investment and is indeed the foundation of and the first step to future economic growth and social development. The gross housing delivery is therefore a major factor in the nation's gross domestic product (GDP).³ In many economies the production of housing stimulates employment and growth as building or renovating homes requires the services of a diverse group of persons and the products of many different industries.⁴

¹ Ajanlekoko j S, Sustainable Housing Development In Nigeria – The Financial and Infrastructural Implication International Conference on Spatial Information for Sustainable Development Nairobi, Kenya 2–5 October 200. See also: Di, Zhu Xiao. The Role of Housing as a Component of Household Wealth. Joint Center for Housing Studies Harvard University, 2001 Working Paper W01-6.

² The importance of adequate housing Mail & Guardian online Oct 10 2008 First, adequate housing protects people against floods and associated stagnant water, in which breeds mosquitoes and other insects, the key factors in spreading infectious diseases. Overall, good health is instrumental to human security because it enables the full range of human functioning, which could collectively be referred to as human capital. Second, provision of adequate housing mitigates against fires in informal settlements that claim lives in developing countries each year. In addition, the reality of life in informal settlements is accompanied by the psychological trauma arising from a lack of perceived improvement of one's situation -- often leading to societal breakdown. Often, the poor and the destitute that live in impoverished informal settlements have neither opportunity to influence and affect decision-making processes, nor access to important centres of power within the corporate economy'. Available at <http://www.mg.co.za/> accessed 15/11/2011.

³ Housing contribution to GDP in Nigeria in 2012 is 2.03% for 1st quarter. National Bureau of Statistics available at: <http://www.nigerianstat.gov.ng/>. Accessed 02/07/2012.

⁴ Initial land development activities will usually involve architects, lawyers, financiers and other consultants. As the project enters the building process, construction workers and specialized personnel like plumbers and electricians are needed. The development of housing creates jobs for those already living in the community, and encourages others to enter the community to fill the new demand in the construction-related professions. In addition, housing production requires an increase in transportation and trade services that can benefit the economy. Building materials must be produced for the construction project, and people must be hired to transport those goods from their source to the building site. This means that a high percentage of the gross outlays for a residential construction project are available for services, wages and salaries, thus stimulating job creation. See (Houghton, 2009). Available at: http://www.eurada.org/site/files/Partnership%20Forum/SharedIntelligence_The%20ideological%20importance%20of%20housing.pdf accessed 14/03/2009.

3. Housing Problems in Nigeria

The housing scenario in Nigeria presents a pathetic picture depicting the low standard of living across the country regarded as the most populous black nation in the world.¹ Homelessness, overcrowding and growth of slummy neighbourhoods have become common features of Nigeria's urban areas (Njoku, 2012).² This problem has been compounded by the rapid rates of urbanization and economic growth (Olayiwola, 2005).³ For over 50 years of its independence, Nigeria is yet to develop a vibrant mortgage market and houses continue to be provided through the tortuous traditional method of buying land and building over some years, which could be an individual's entire life time. In many cases such buildings are left uncompleted or individuals have to deplete their entire life savings in order to build a home. (Akeju, 2007)

Housing difficulties is more serious for the low income groups and the problems have been complicated by inflated real estate values, speculative activity, unemployment, low earning capacity and lack of planning. One can also cite the increasingly significant shifts in the form and design of housing from the rooming form to flat and single family house forms as a factor responsible for acute shortage of housing for the low income groups. (Okpala, 1985)

In 1998 the CESCR review report on the Nigerian Housing⁴ situation and compliance with the international standard on ECOSOC rights found out there is an acute housing problem in Nigeria where decent housing is scarce and relatively expensive. The report expressed its deep concern about the rising number of homeless women and young girls, who are forced to sleep in the streets where they are vulnerable to rape and other forms of violence. It therefore urged the government to cease forthwith the massive and arbitrary evictions of people from their homes and take such measures as necessary in order to alleviate the plight of those who are subject to arbitrary evictions⁵ or are too poor to afford a decent

¹The 2006 National Census put Nigeria's population around 150 million people. The National Population Commission.

² Housing for All: the mirage continues. Available at: <http://www.naijaproperties.com/news2aa.php>. Accessed 21/07/2012.

³ <http://www.scribd.com/doc/52432822/Public-Housing-Delivery-In-Nigeria> accessed 21/07/2012.

⁴ UN Committee on Economic, Social and Cultural Rights (CESCR), *UN Committee on Economic, Social and Cultural Rights: Concluding observations: Nigeria*, 16 June 1998, E/C.12/1/Add. 23, available at: <http://www.unhcr.org/refworld/docid/3ae6ae690.html> [accessed 21 July 2012].

⁵ On 16 June 1998, the Social and Economic Rights Action Center (SERAC) filed a Request for Inspection before the World Bank Inspection Panel. Framed from a human rights perspective, the request challenged the extensive economic, social and cultural rights violations perpetrated by the World Bank in partnership with the Nigerian government under the Bank-funded Lagos Drainage and Sanitation Project (LDSP). SERAC's Request for Inspection followed the Lagos state government's July 1996 announcement that it intended to demolish fifteen slum communities under a World Bank-funded project without making provisions for the compensation or resettlement of the slum dwellers.

accommodation.¹ This 2012 and the scenario remains the same, particularly in the urban areas of the country.

In 2002 housing deficit in Nigeria was put at about 8 million units (Mabogunje, 2002). Latest statistics indicate that Nigeria requires a whopping 700,000 housing units annually for the next 15 years to accommodate her teeming homeless citizens.² Rents in major cities of Nigeria are about 60% of an average worker's disposable income, which is much higher than the 20-30% recommended by United Nations (Akomoledede, 2007, p. 29).³ Other manifests of the housing problem are: defective land use policy, inadequate mortgage finance and inaccessibility to mortgage loans (Onibokun, 1985). These problems have resulted in overcrowding, poor and inadequate social amenities, unsatisfactory and unwholesome environmental conditions and urban squalor.

In essence, the challenges facing the housing sector can be placed on a tripod: Land management problems, housing finance and inadequacy of material resources required for the provision of housing in Nigeria.

Under the LDSP pilot project, over 2,000 persons have been forcibly evicted from their homes and businesses in Ijora Badiya and Ijora Oloye, both slum communities in central Lagos. Specifically, SERAC complained that the LDSP had flagrantly violated the Bank's operational directives and the human rights of residents of the local host communities who were not consulted during the project planning stages, relocated or rehabilitated after the demolitions, or compensated for their real and personal property losses. Following a site visit to the project-affected communities, the inspection panel held that it was "not satisfied that the [Project] Management had fully complied with the [World Bank's] resettlement policy" in so far as it had "failed to provide resettlement and compensation for some affected people. See generally SERAC@WORK 2, no. 1 (1999).

¹ More than 12,000 people have been forcibly evicted from their homes in Lagos since January 2005. The most recent of these evictions occurred in April 2006 when the State Task Force on Environment demolished over 300 homes at Ogunbiyi village in Ikeja, Lagos, leaving 3,000 people homeless. Some of the residents at Ogunbiyi were given five days notice, while others were given no warning at all. More than 1,000 people were evicted during the night of 6 December 2005 from publicly-owned apartment buildings in Lagos by police and military officers, as part of Nigeria's policy of privatising public housing. Approximately 3000 residents of the slum community of Makoko were evicted in April 2005. The residents were not given prior notice of the planned evictions and were not provided with alternative housing or compensation for the destruction of their homes. The Federal Ministry of Housing and Urban Development demolished hundreds of homes in Aboru Abesan, Ikeja, rendering 6,000 people in January 2005.

² Former governor of Lagos State, Alhaji Lateef Jakande, appealed to the federal and state governments to urgently address shortage in housing through provision of land and funding. An address delivered at the opening ceremony of the 9th Lagos Housing Fair on 27th April 2009 available at: http://234next.com/csp/cms/sites/Next/Home/5409436-146/Jakande_advocates_affordable_housing. Accessed 24/07/2011. Presently Nigeria requires about N45tn to solve its housing deficit, currently estimated at 16 million units. This is contained in a report on, "Challenges Facing Housing Delivery in Nigeria," prepared by the Federal Mortgage Bank of Nigeria. See Punch Newspapers 18/11/2010.

³ See also Housing shortage in Nigeria escalates. Available at <http://www.acceler8now.com/corporatebiz/corporatenews/housin-shortage-escalates.html>. Accessed January 1, 2012.

4. Housing Policy and Reform in History

Housing Policy in pre-colonial period

Prior to the colonial era, the entities that later formed Nigeria did not have the problem of housing either for the poor or the rich. The economy was basically agrarian and settlements were rural including the semi-commercial trading posts. There existed a system of land allocation to individual members of the community and or family for various uses including for the construction of dwellings (Smith, 2007). Housing was readily available and in the event of extreme need, was provided through communal co-operation (Omuojine, 2000). Though the nature, type and size of the house may depend on individual preferences, the construction of the house was mostly a communal effort through the cooperative communal groups, associations and the communal thrift societies, like *Aro and Owe*¹ practices in Yoruba-land.

Housing Reform during colonial period

The coming of the British brought with it the influence of foreign cultures and ideas. At the initial stage the thrust of the colonial government housing policy in Nigeria was ad-hoc in nature as there was no discernable housing programme in place. Government intervention in housing began in Lagos in the 1920s in response to the outbreak of bubonic plague.² This policy was exclusively directed at the provision of housing for the white colonial population settled in specially protected and developed areas, referred to as Government Reservation Areas (GRAS), prohibited to the local population.³ By 1946 the worsened urban housing problem had drawn government attention to the need for a concerted and systematic planning effort. This was reflected in the Ten-Year Plan Development and Welfare for Nigeria that “...steps should be taken to ensure that the provision of proper amenities and the improvement of housing and living conditions should be given simultaneous attention.”⁴

In 1956 the Nigerian Building Society was established to provide mortgage loans to investors. The African Staff Housing Fund was also created that same year to cater for the housing finance needs of native public servants and encourage urban

¹ This is a traditional cooperative approach whereby members contribute into a common pool for a pre-arranged order of housing development for members; this form of development strategy is most applicable among low-income earners for cheap, albeit adequate low-cost housing. These practices ensured that all members of the group contribute their labour and at times their materials to the building of each member house in rotation.

² Available at <http://www.docstoc.com/docs/26543690/ADDRESSING-THE-HOUSING-PROBLEMS-OF-NIGERIA-IN-THE-21ST-CENTURY>.

³ The Township Act. 1917.

⁴ Ten-Year Plan Development and Welfare for Nigeria 1946 – 1956 (Nigerian Crown Colony, 1946, p. 27.

homeownership within the class.¹ Government intervention in housing during this period benefitted mostly the elites, government employees and those in control of the political apparatus of the country.²

Housing Reform since Independence

The period after independence witnessed the development and extension of the GRAs, the introduction of special public housing programmes exclusively for the new elites in the higher hierarchy of the state apparatus and the gradual coming of privately developed commercial housing.

Under the first National Development Plan (1962-68), the housing policy of the government was that low, medium and high-income people should benefit from public housing and programmes of governments. The plan indicated government's aim of producing 24,000 housing units during the plan period. Unfortunately, only 500 housing units were built by the Federal Government before the outbreak of the civil war in 1967. (Olayiwola et al., 2005)³

The civil war ended in 1970 with the federal government policy of 'no victor no vanquished' and the rebuilding of the country's economy and infrastructure destroyed during the war. To give effect to this policy the 2nd National Development plan (1970-74) was unique because government accepted housing as part of its social and political responsibilities. To fulfill the aims and objectives of the housing policy, the then Military administration mapped out the following housing delivery strategies for the second development plan period amongst others: Immediate construction of housing units by the Federal Military and State Military Governments for rent at affordable prices; Increase in the construction of houses for government workers; Development and expansion of loans for private housing

¹ Two of the hallmarks of the colonial approach to African urban housing in the fifties were the Redevelopment of decaying 'core' areas combined with the renewal of 'slums' or squatter Areas, and the construction of large rental (sometimes tenant purchase) public housing estates. The first attempt in the country was in 1951. The then minister of Lagos Affairs appointed the Lagos Executive Development Board (LEDB) now known, as the Lagos State Development and Property Corporation (LSDPC) to clear a slum area of about 28.34 hectares (70 acres) in Central Lagos within a triangle in the vicinity of Broad Street, Balogun and Martins Streets together with Nnamdi Azikiwe Street and the area east of it. The property structures in this area range from residential to market stalls erected in the area without planning and due regard for accessibility, drainage, sewers, open spaces, parking facilities and density. Finance and problem of re-housing displaced persons occasioning tenure insecurity confronted the project. See: National Housing Policy, 1991.

² Like the Nigerian Building Society, the housing corporations had impacts only in the capital cities of the respective regions i.e Enugu, Ibadan, and Kaduna. One of such is Bodija Estate in Ibadan developed by the defunct Western Regional government.

³ Available at

<http://www.up.ac.za/dspace/bitstream/2263/10438/1/Public%20Housing%20Delivery%20In%20Nigeria%20Problems%20And%20Challenges.pdf>, accessed 27/06/2012.

and Increase in investment in local production of cement and other necessary building materials. (Adeniyi, 1974, pp. 701-710)

In line with policy directives 54,000 housing units were programmed for immediate construction between 1972 and 1973.¹ The Federal Housing Authority (FHA) was established² in 1976 with the function of making proposals to government on housing and ancillary infrastructural services and implementing those approved by government.³ In 1976, the NBS was transformed to the Federal Mortgage Bank of Nigeria,⁴ which subsequently became the apex institution of the Nigerian mortgage financial system. In the same year, following the change in government, a reappraisal of the housing policy and the numerical dimension of the construction programmes was made and incorporated into 1975 –1980 National Development Plan.⁵

The problem of provision of inadequate housing for the masses became a national issue during the second republic 1979-83. The various political parties at the time promised to deliver affordable housing to the electorate on owner's occupiers' basis.⁶ Unfortunately the housing programme envisaged did not materialized as it recorded partial success or failure in most part of the country. The programme was

¹ 10,000 units in Lagos and 4,000 units in each of the then 11 state capitals.

² Established under Decree No. 40 of 1973.

³ Under the National Housing Policy of 1991, FHA was mandated to develop and manage real estate's on commercial and profitable basis in all states of the federation, provide site and services scheme for all income groups, with special emphasis on low-income groups in the major cities of the country; and provide low income houses in all states of the Federation. Currently the Federal Housing Authority, has well over 53,000 housing units in about 77 estates and a land asset holding of over 10,000 hectares nationwide to its credit, the FHA has spent over N30 billion on housing development and ancillary infrastructure. It also has an asset base of approximately N5 billion Thisday online, 2009.

⁴ Conceptually, the Act can be said to have laid a solid foundation for the development and growth of mortgage financing institution and practices in Nigeria, though the exclusion of the States from being part of the funding agencies could be said to have been an oversight. The states should be allowed to be part owners of the Bank as this will definitely increase and broaden the financial base of the bank. The current share capital of One Hundred and fifty Million Naira is insufficient to salvage the deficit financing in the housing sector of the economy, particularly in the era of bank recapitalization to the tune of twenty five billion naira and the current ongoing bank reforms. Such move would not only prevent institutional fragmentation and a wedge against possible bank collapse but would also engender cooperative federalism and inter-governmental relations.

⁵ The policy included that (1) The Federal Military Government would build 202,000 housing units per year; 46,000 in Lagos, 12,000 for Kaduna, while 8000 units would be built in the state capitals. The State Government would be directly involved and FHA would provide the necessary infrastructure. (2) A Ministry of Housing, National Development and Environment with sole responsibility on housing was created. (3) The additional financing of the Federal Housing Authority in order to directly construct and develop housing estates in various cities of the nation. See (Onibokun)

⁶ The present Jakande Estates, scattered around Lagos State and the Shagari Estates, that dots the Nigerian landscape are testimonies of the era.

plagued by many problems ranging from political, socio economic and cultural problems. Most of the houses built were of inferior quality and standard. They were choky, inelegant in design without enough space and infrastructure. The Nigerian urban landscape was littered with many suspended/abandoned housing projects, resulting from the failed Housing programmes. To compound the problem; the military intervened and terminated the Second Republic in 1983.

National Housing Policy 1991

In realization of the enormity of the problem of inadequate housing and the importance of its resolution to the socio-economic development of the nation; the government came up with a three dimensional approach to the problem. Firstly, it came out with the National Housing Policy in 1991¹ and promulgated the National Housing Fund Act² in 1992. Secondly, the government liberalized and increased the number of primary mortgage institutions (PMI) in the country to facilitate the granting of mortgage loan to developers and mortgagors in the housing sector. Thirdly, the government tried to liberalize and privatize the building materials industry in order to encourage private investment in the area and thus engender the growth of the sector towards the delivery of the necessary construction inputs into the system.

In the main, the new policy set out to achieve the following objectives:³

- a) to increase and improve the overall quantity and quality of housing in Nigeria;

¹ Before the promulgation of the National Housing policy in 1991 the various National Development Plans had in one form or the other addressed the issue of inadequate Housing in Nigeria by directing more resources to the sector and the creation of a Directorate of Housing under the then Ministry of Works.

² The promulgation of this Act is not only commendable, but also a step in the right direction. A proper administration of the Act will foster a robust financial base for the take-off an enduring mortgage finance practices in the country. However the percentage contribution by the federal government and participation by the various states in its finding would go a long way at stabilizing the resources of the fund. The promulgation of the National Housing Fund Decree heralded the emergence and establishment of a battery of mortgage finance institutions in Nigeria. Good as the intention of the scheme appear, the technicalities and modalities of releasing the loan to the mortgage institutions for onward lending to the members of the public have not been worked out and as such most potential clients have been frustrated by the high interest rate and cost of funding.

In spite of the above, it is on record that the fund has generated a lot of money into its coffers awaiting disbursement. Through mandatory savings into the National Housing Fund about N13billion was mobilized between 1992 and 2004 but less than 10% was disbursed as loans for private home ownership.

³ See Federal Ministry of Housing and Environment: Nigeria Housing Policy. Government press. 1991.

- b) to ensure that the provision of housing units are based on realistic standards which the prospective homeowners can afford;
- c) to give priority to housing programmes designed to benefit the low-income groups;
- d) to mobilize housing finance from all sources;
- e) to encourage every household to own its own home by providing more credits;
- f) to encourage and support private initiatives and activities in the production of housing;
- g) to encourage local production of building materials;
- h) to provide infrastructural services particularly suitable for self-help housing programmes;
- i) to provide the quality of rural housing and rural development through integrated rural development.

To give teeth to the National housing policy the government laid out the financial directives of the policy to include the mobilisation of savings into Mortgage Institution; provision of incentives for the capital market to invest in property development; facilitation of flow of domestic and international resources into the priority housing areas, such as low income housing; establishment of National Housing Fund (NHF) to be administered by the Federal Mortgage Bank and ensuring that Commercial Banks, Merchant Banks and Insurance Companies are given reasonable conditions to encourage them to invest in mortgage business.

In a determined effort to achieve these objectives the Federal Government embarked on an extensive construction of dwelling houses throughout the states of the federation. A total number of 10,000 housing units were projected for each state of the federation, especially for the low and middle-income earners in the society.¹ However, the policy also suffered major setbacks in its implementation.

The 1991 Policy failed to achieve its objective because: banks and insurance companies refused to contribute/invest in the NHF for what they described as “unattractive terms”. The commercial and merchant banks were reluctant to apply their funds, sourced short-term, to housing on long term; the Federal Government which should have been the prime mover did not contribute to the Fund; there was lack of support from Government agencies and stakeholders many of whom have refused to deduct and remit staff contributions to the Fund. The *difficulty in land*

¹ There is a general understanding that direct government involvement in housing provision is always wasteful because contracts for such housing construction are usually inflated while the qualities of jobs done are often substandard or the project is abandoned. See generally, Wahab. K. “Vector Auto Regression as a tool for forecasting Evolution” 70 Reserve Bank Economic Review (1984) pp. 3-11, see also (Agboola, 1992, pp. 83-94).

acquisition and the corresponding high cost of land transfers in Nigeria. (Ogwu, 2006)¹

The Government again reviewed the policy in 2004 with the aim 'to ensure that all Nigerians own or at least have decent, safe and sanitary housing at an affordable cost'² A Presidential Technical Committee on Housing and Urban Development was set up by government to address the new housing reforms. It recommended amongst other things the restructuring of the Federal Mortgage Bank of Nigeria (FMBN) and the creation of Real Estate Developers Association of Nigeria (REDAN) and Building Materials Producers Association of Nigeria (BUMPAN). The period witnessed a Housing policy that recognized the private sector on the driving seat of housing delivery in the country.

The key features of this policy include the placement of the private sector in a pivotal position, for the delivery of affordable houses, on a sustainable basis; assignment to government of the responsibility for the development of primary infrastructure for new estate development; and *review and amendment of the Land Use Act to ensure better access to land and speedier registration and assignment of title to developers.*³ Others are the development of a secondary mortgage market, involving the FMBN and the establishment of a new mortgage regime, under the NHF, to facilitate more favourable mortgage terms; and a five-year tax holiday for developers. (Kabir & Bustani).

The new housing reforms created financial mechanisms and institutions that will make available to the private sector (developers) funds for the production of mass houses, and allow purchasers (mortgagors) to have easy access to borrowed money through the Primary Mortgage Institutions (Ebie, 2004, pp. 6-9).

It is however worthy to note that the extant land use policy put in place since 1978 remained unchanged despite the changes introduced in other variables encompassing the housing sector of the economy and this has remain the sore point in all effort at reforming the housing sector of the economy in the Country. The feeble effort of the current government at reviewing the Land Use Act should be seen as what it is: a window dressing appeal to the gallery.⁴

¹ Paper presented at Workshop on sustainable mortgage market for effective home ownership. Abuja, Nigeria on November 22, 2006, (italics for emphasis)

² See: Country Programme Document 2008 – 2009 Nigeria: United Nations Human Settlements Programme publication (UN-HABITAT), 2008.

³ Unfortunately, this was never done and it remains the major missing link in all housing sector reform in Nigeria today.

⁴ Late President Umaru Musa Yar'Adua in 2009 forwarded a Bill to the National Assembly for some amendments to the Land Use Act to be known as the Land Use (Amendment) Act 2009 or the Constitution (First Amendment) Act 2009. The proposed bill seeks to vest ownership of land in the hands of those with customary right of ownership, and also enable farmers to use land as collateral for loans for commercial farming to boost food production in the country. The bill also seeks to restrict

Land Reform: the Missing Link

It had earlier been mentioned that housing reforms stands on a tripod: land reform, financial sector reform and reform in the building material sector of the economy. Unfortunately government efforts at reforming the housing sector had always focused on the other 2 subset of the tripod; financial sector reform and building materials sector reform while neglecting the crucial reform in the land management subsector for decades. The failure in this area is the albatross dangling and impeding the success in the housing reform sector.

The present land policy and administration in the country founded on hybrid policy of land nationalization and occupancy rights cannot lead to the expected Eldorado in housing delivery reform in Nigeria. The reforms in the 2 other subset of the tripod will definitely fail as the extant land use and management policy impacts directly on their success or otherwise; in fact no land reform no housing reform. Land reform is the missing link in the housing reform agenda.

The reasoning for the foregoing position is not farfetched. It is trite that the provision of decent housing is fundamental to the realization and enjoyment of most of the fundamental Rights of Man¹ however, its realization would remain a mirage except the house is built on land; even where the house is constructed on the creeks, its superstructure must be attached to the hard core of the earth i.e. Land. Land is the superstructure on which the dreams and aspirations of provision of housing and shelter is founded, it thus plays a pivotal role in the quest to provide house for man. Apart from providing the physical base for housing, land also supports the production and delivery of housing through the provision of the much needed finance for its construction. As one of the main factors of production, land provides capital formation and collateral for bank advances towards the construction of the much needed- houses. It is thus obvious that the dream of a vibrant, efficient and effective mortgage system (financial reforms) will remain a mirage in the absence of a viable and reliable land management system.

On the other hand the land management policy of a State also impacts directly on the output and supply of some of the basic raw materials in the construction industry including housing. Such materials as sand, gravel, granite laterite and even cement are subject to the extant land use management policy of the state. Thus, the

the requirement of the Governor's consent to assignment only which will render such consent unnecessary for mortgages, subleases and other land transfer forms in order to make transactions in land less cumbersome and facilitate economic development. Unfortunately the president died and to date the bill has not yet become law.

¹ Social and Economic Rights Action Centre and the Centre For Economic and Social Rights V Nigeria Reported in 15th Annual Activity Report of the African Commission on Humans and People Rights 2001-2003 available at [http:// www.archpr.org/15th_Annual_Actiitiy_Report_AHG](http://www.archpr.org/15th_Annual_Actiitiy_Report_AHG). Pdf accessed on 19th September, 2011.

Land use policy and management of the State has a direct impact and consequences not only on the quantum and quality of the State housing stock, but also fundamentally on the economic wellbeing of the citizen and the state, particularly in developing countries where there is heavy reliance on land and its resources for sustenance.

Given the above facts, the nature of land holding, tenure and titling operating in the country is directly proportional to the output in the housing sector of the economy. Thus Land accessibility, security, transferability and registration of interest in land and their interrelationship are fundamental subject of study in the quest to provide decent housing for the mass population of Nigerians.

The extant land use law and administration as espoused under the Land use Act have serious consequences on the housing supply in the country. The current dualist tenurial system under the Act adds to transaction cost and further engenders insecurity of title to land which is a disincentive to property investment and the cause of high property prices across the country (Otubu, 2010, pp. 126-145). The insecurity of title to land under the Act (Essien, 2003, pp. 279-300) and the incongruous status of the certificate of occupancy (Smith, 2003, pp. 170-197)¹ issued under it are restraints to housing mortgage development and the growth of a vibrant housing market in the country (Francis, 2012). The Act also admits of multiple incidence of title to land as seen in the recognition of customary title, existing registered title documents and the certificate of occupancy issued under the Act.² This system encourages corrupt practices and fraud on the public with adverse results on the psyche of investors in public housing.

Furthermore the administration of the consent provision and the compensation regime discourages investment and remain a clog in the quest to invest and provide housing for the teeming population in the country.³ It has also been observed that government speculative land acquisition, which is encouraged by the Act, adds to land transaction cost and land insecurity as prospective land investors are made to

¹ Certificates of occupancy issued under the Land Use Act, even if obtained would appear to be less suitable as collateral than even the most tenuous claims to traditional tenure. Legally, land no longer has a market value and its ownership is vested in the state. The prospective borrower is, of course, left with any improvements on the land. The mortgage of these however requires, according to the provisions of the Act relating to rural land, the approval of the local government (for improvements on urban land the consent of the Governor would be needed). Furthermore, if on failure of the mortgagor to honour his debt a court ordered the sale of his property, the consent of the Governor would be required before it could proceed even if such property were on rural land. To both potential creditors and borrowers, the bureaucratic implications of such procedures would be discouraging.

² Section 48 of Land Use Act.

³ Sections 21, 22 and 29 of the Land Use Act 1978.

buy a piece of land twice: first from the customary land owners and secondly from the government through the process of State ratification. (Otubu, 2008)¹

The inadequacy in land administration under the Act also impacts on house rentals and the creation of other lesser interests in real estates (Otubu, 2003, pp. 351-368). House rentals prices have not only gone beyond the economic reach of the populace, it has led to the growth and development of slum settlements, particularly on the fringes of urban centre and cities throughout the country. The land administrations under the Act and the draconian provisions relating to land development² have made people to leave the cities into the hinterland to develop haphazard settlement unconcerned with planning regulations and building codes. It is also worthy to note that the dichotomy in policy formation between the federal government and the State inhibits the development and the implementation of a comprehensive national land and housing administration in the country, with dire consequences on the growth of the housing sector of the economy. There is the need therefore for the overhauling of the current legal and administrative regime in respect of land policy and administration in Nigeria.

5. Reform Agenda

To secure the future of housing delivery reform in Nigeria there is the need to address the problems from a 3 dimensional approach, *viz* land reform, financial sector reform and reform in the building materials sector, but the land reform should come first because all other sectors depend on a vibrant land delivery system.

Given the multitude of criticism (Smith, 2003) (Omotola, 1978) and adverse comments on the imports and effects of the Land Use Act on the individual property rights, the land economy and management, commercial activities and social harmony within the country, it is ripe time for a total and comprehensive review and amendment of the Act. In order to achieve a uniform land titling and registration system Government should compel the conversion of all existing titles on land to a certificate of occupancy within a stipulated time. Such policy would foster the development of a uniform land title in the system, which in turn would engender certainty, reliability and security of land title deeds and land tenure.³

¹ Available at SSRN: <http://ssrn.com/abstract=1123948>. Accessed 15/07/2009.

² Section 42 & 43 of the Land Use Act on the need to obtain certificate of occupancy before any land development in urban areas of the State.

³ This policy can be implemented by the Government through the issuance of certificate of occupancy to the parties seeking the consent of the Governor to subsequent transactions where their prior title deeds were not a certificate of occupancy. The same procedure should be employed where the government issues a deed of ratification over land to an applicant. With vigorous implementation of

A corollary to the above recommendation is the retention of the consent provision to subsequent dealings in land. This recommendation may seem curious given the avalanche of criticism that trailed the application of the provision under the present law. However the provision should be retained in order to encourage and develop the habit of land documentation and registration among members of the public. Such policy will further certainty and security in land title with resultant positive effect on the development of a vibrant mortgage finance industry. In this context, the consent provision should be retained for mere administrative purpose to record land dealings generally. The current haphazard and costly procedure in the application of the provision should be jettisoned for a more liberal approach that would encourage compliance rather than defiance on the part of the parties seeking consent. With the removal of the consent fee, land prices would better reflect their actual exchange values and the spate of corruption on the part of both bureaucrats and the land dealing public will reduce drastically.

The current legal regime, which restricts the economic relevance of land to development and as a key factor of production, with a price tag, should be jettisoned. In its place land liberalization if not, privatization should be encouraged. It is such policy of liberalization that would engender the development of a robust and efficient land market system, which in turn will precipitate a proper and effective allocation of land among the competing needs of the economy.¹ To achieve this, the issue of compensable items under section 29 of the Act should be revisited. No matter how little, compensation should be extended to include the value of land simpliciter. This will ensure that such land commands a price at the land market for the betterment of the economy. Also the provision of section 36 of the Act prohibiting alienation of lands in rural areas should also be reviewed. Such land should be released into the market in order to create more wealth in the economy. Also the definition of holder in section 51 of the Act should be extended to include mortgagee. When the reform in the land sub-sector is put in place as recommended above its impact will permeate the financial sector generally and this will be evident in higher banking activities and economic boost. The government should then do a follow up by repositioning the mortgage sub sector of the banking operations and strengthening the federal mortgage bank financially and

this procedure in the nearest future certificate of occupancy become the uniform title deed over land in the country. See generally Onuoha, 2004.

¹ It may be argued that such policy of liberalization would not adequately provide for public utilities and uses in the system. However, with the current successive policy of private sector participation (PSP) and privatization in almost all spheres of public life, the argument lacks much substance. For instance, refuse collection; water supply and electricity generation enjoys good patronage from the PSP in Lagos State. Also the current development and management of public parks and utilities by private organizations speaks volumes of the benefits of such privatization policy. An example is the establishment and management of private cemeteries in the country.

operationally to be able to cope with the expected upsurge in mortgage transaction following land liberalisation.

Furthermore the law should be amended to make the Federal Mortgage Bank of Nigeria a major operator in the capital and secondary mortgage markets to ensure access to adequate funding and create investor confidence in the Nigerian mortgage industry. All legislations inhibiting the transformation of the bank in this respect should be amended.¹ To further improve the bank's liquidity, the National Housing Fund (NHF) contributions should be raised to 5% of monthly income and deducted at source, and Pension and insurance companies should be mandated to release much of their long term funds to the mortgage market (Sanusi, 2003).² Government should as a matter of urgency increase the capital base of the bank in the light of current realities. This can be achieved through direct budgetary allocation and by advising the States government to invest directly in the bank capital base

Reform in the building material sector should also be reinvigorated. Beyond the establishment of Real Estate Developers Association of Nigeria (REDAN) and Building Materials Producers Association of Nigeria (BUMPAN) which though are commendable, the government should further diversify the economic and encourage further private investment in the industry. The provisions of the Minerals Act³ should be reviewed to expand the scope, interest and participation of the private sector in the steel industry and cement manufacturing business. The current near monopoly in the cement manufacturing and production chain in the country should be discouraged.

6. Conclusion

The paper reviewed the housing sector reforms in Nigeria through an epistemological lens and found out that while reforms were being carried out in other subsectors of the housing sector the land use subsector was totally ignored and neglected. This neglect is reflected in the failure of all past housing reforms in the country. The paper thus advocates for a holistic approach to the reform agenda with land reform taking the front burner.

¹ The laws include the Land Use Act (Decree 6, 1978), the National Housing Fund Act 1992, the Federal Mortgage Bank Act (Decree 82, 1993), the Mortgage Institutions Act (Decree 53, 1989), the Trustees Investment Act 1962, the Nigeria Social Insurance Trust Act 1993, The Insurance Act 2002, The Investment and Securities Act 1999, the Federal Housing Authority Act 1990, Land Instrument Registration Act and Conveyancing (Capital Market Databank SEC Nigeria

² Paper presented at the 9th John Wood Ekpenyong Memorial Lecture, NIESV. Available at www.cenbank.org/OUT/SPEECHES/2003/GOVSP-29JAN.pdf accessed 29/01/2012.

³ The Nigerian Minerals and Mining Act 2007 were passed into law on March 16, 2007 to repeal the Minerals and Mining Act, No. 34 of 1999.

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