

Geography Of Housing Affordability In Nigeria: Evidence From Organized Private Sector Housing Delivery

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Abstract— *Geography of housing affordability in Nigeria specifically analysed the spatial pattern of housing affordability of the six (6) geo-political zones of the country. The study exposed the spatial variations of the growing housing affordability problems across the six (6) geo-political zones. The study relied on data from 1,950 households randomly selected among the 19,500 occupied houses built by organized private sector housing developers. Twelve (12) states with the prevalence of housing estates developed by the organized private sector housing developers were selected in each of the six (6) geo-political zones. The study revealed that highest number of households (41%) experiencing housing affordability stress lived in the South-East, while North-East is home to the highest number of households (58%) enjoying normal housing affordability. The highest number of households (45%) enjoying tolerable housing affordability resides in the North-Central. The policy implication of these findings is that future housing policy must take cognizance of the spatial variations in housing affordability across the geo-political zones for a more targeted solution and to enhance the achievement of desired policy outcomes. It is therefore recommended that the spatial analysis of housing affordability at the states and cities levels should be carried out to provide the required data for policy at the micro levels.*

Keywords— *Spatial variation, Housing affordability stress, Geo-political zones, Tolerable housing affordability, Normal housing affordability*

I. INTRODUCTION

Globally, housing affordability studies have gained tremendous momentum since its debut in housing literature about three decades ago. According to (1) recent housing debates in the U.K. have shifted away from discussion of housing need to more market-oriented analysis of affordability. The shrinking role of the state in many developed countries over the past three decades due to the neo-liberal economic policies brought housing affordability to the fore in global housing discourse (2). In Nigeria, the 2002 National Housing Policy, predicated on the neo-liberal economic policy of market liberalization, ushered in the organized private sector housing delivery. According to (3), the fact that Nigeria has embarked on a pro-market housing reform that is private-sector-driven, has placed affordability concern at the forefront of the

Nigerian housing policy discourse. Thus today in Nigeria, housing provision is becoming more of a function of the market and less the responsibility of governments. Unfortunately, the current axiom that markets are best placed to mediate housing affordability overlooks key lessons from the past; that affordable housing necessarily entails governmental interventions, and geographically imagined problematisation and solutions (4).

Since studies in housing affordability emerged in Nigeria few years ago, one area that need focus, but which has been totally neglected, is the geography of housing affordability. There is glaring neglect of spatial dimensions of housing affordability; thus the geography of housing affordability is virtually non-existent in Nigeria despite the growing interest in housing affordability. There is therefore what (4) described as “a notable lack of sensitivity to geographical imagination in policy discourse.” In Nigeria, there is a lack of analysis of spatial outlook of housing affordability across the six (6) geo-political zones, despite the marked variation in their economic prosperity, population distribution, degree of urbanization and demographic characteristics of the people; all of which have been established in the literature to affect housing affordability. According to (5), the question of the location of housing schemes will, in the long run prove of greater significance than passing shortage. Similarly, (6) asserted that success of national reconstruction depends largely on how and where we house our people.

This paper will therefore deal with the geographic dimensions of housing affordability in Nigeria. It will focus on the spatial dimension of the housing affordability in Nigeria by exposing the variation in housing affordability among the six (6) geo-political zones and thus fill the existing gap of lack of spatial analysis of Nigerian housing affordability in the empirical literature. This is particularly important because the few existing research work in housing affordability in the country remain aspatial. As argued by (7), while debate remains about how best to ameliorate both problems of affordability and the very different but associated problems of homelessness, spatial parameters of the problem need to be

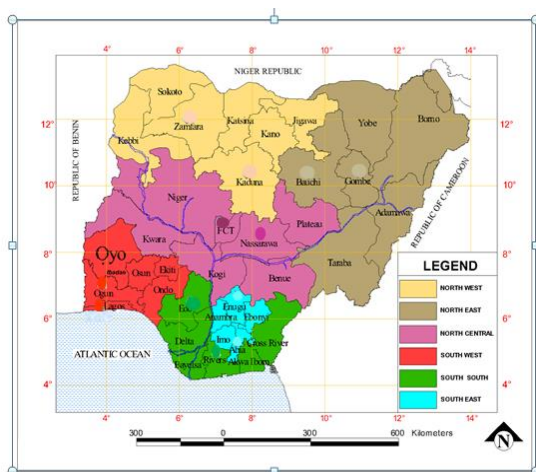
recognized because many solutions will involve spatially-situated provision of services. Therefore, this study will prove highly valuable to policy-makers, public servants, politicians, private sector as well as individuals.

This paper will be organized in seven sections. This introduction is the first section. The second section will present the geo-political setting of Nigeria, while the third section will focus on the review of literature. Research setting and methodology and analysis of data will be in sections four and five (5) respectively. The sixth section focused on research findings and its policy implications; while the last section is the conclusion.

II. GEO-POLITICAL SETTING OF NIGERIA

Nigeria is a country of about 200 million people that operates a unitary federalism, comprising of 36 states and a Federal Capital Territory, Abuja, all grouped into six (6) geo-political zones. In this unitary federal system of government, most laws and policies are nationally formulated and implemented throughout the country. Since the introduction of first National Housing Policy in 1991 to the Third National Housing Policy of 2002, the national housing policies have been accepted as the main documents setting the tones for housing delivery throughout the country. The six (6) geo-political zones were not necessarily carved out based on geographic location, rather, states with largely similar ethnic groups, and or common political history were classified in the same zone. The six (6) geo-political zones in Nigeria are North-Central (NC), North-East (NE), North-West (NW), South-West (SW), South East (SE) and South-South (SS). Each of the six (6) geo-political zones is made up of six (6) states, except North-West, North-Central and South-East. North-West is made up of seven (7) states; North-Central consist of six states and the Federal Capital Territory; while South-East consist of five (5) States. Details of the six (6) geo-political zones in Nigeria are as shown in Figure 1.

Figure 1: Geo-Political Zones of Nigeria



Source: Ministry of Lands and Survey, Ibadan, Oyo State

III. LITERATURE REVIEW

Housing crisis in Nigeria, epitomized by the ever increasing housing deficit, has flawed all the arguments advanced for the introduction of the pro-market housing policy in 2002. The dismal performance of various public interventions in housing in the past, coupled with the “enable market to work” championed by the World Bank and its allies, led to a paradigm shift in public policy generally and in housing policy in particular. Thus, over the years, this has led to increasing shift towards expanding the role of the market in the social and public policy delivery systems of nations. Therefore, the notion of the need for a welfare state as put forward by (8), (9), (10) and (11) among others, to guard against “market failures” is gradually diminishing in the face of increasing shift towards the market end of the state-market continuum (12) & (13). In Nigeria, the acceptance of the neo-liberal economic theory’s superiority ultimately led to the private sector driven housing policy of 2002. This policy introduced a national housing policy that is dependent on the market forces (market demand-supply-price mechanisms) to determine the production, distribution and consumption of housing. It is this paradigm shift that brought affordability to the fore in housing discourse in Nigeria. According to (3), the fact that Nigeria has embarked on a pro-market housing reform, that is private sector driven, has placed affordability concern at the forefront of the Nigerian housing policy discourse.

The growing housing deficit in the country, particularly since the introduction of the policy in 2002, has tend to confirm the fears expressed by cynics at the twilight of the introduction of the policy. Thus, the policy which was hinged on the canvassed popularity of neo-liberal economic thinking, which placed premium on market dynamism and efficiency of resource allocation, is yet to manifest in policy outcomes since its introduction. Thus, the assertion by (14) that “despite the avowed allocation efficiency of a liberalized housing market preached by its proponents, there are fears that a liberalized housing market may inadvertently or deliberately exclude those belonging to the vulnerable and disadvantaged group” is becoming real. Also, the fear of affordability of housing delivered through the profit-driven private sector is very much high among the populace (15). The current reality of housing affordability problem in Nigeria seems to fit perfectly into (4) caption that “while the present debates echoes many of the long-run discourses characterizing housing crisis, the current axiom that markets are best placed to mediate housing affordability overlooks key lessons from the past: that affordable housing necessarily entails governmental interventions and geographically imagined problematization and solutions.” However, despite growing interest in housing affordability discourse in Nigeria, an aspect totally neglected is the spatial analysis. Thus, despite the growing literature on housing affordability in Nigeria, there seems to be nobody asking and attempting to answer questions such as:

(i) "What is the spatial pattern of housing affordability profiles of Nigerians across the six (6) geo-political zones?"

(ii) What are the implications of the spatial patterns of housing affordability profiles of Nigerians across the six (6) geo-political zones for policies/housing solutions intended to address national housing crises?

Unfortunately, currently there is lack of spatial analysis of housing affordability in the empirical literature in Nigeria just as was rightly observed in Canada by (7) that most existing research dealing with housing affordability issues remains aspatial and does not indicate where the greatest affordability problems can be expected to be. This is particularly vital for policy success in Nigeria where the six (6) geo-political zones exhibits wide variability in economic prosperity, demographic characteristics, employment opportunities, level of income and poverty, all of which have been established in the literature to affect housing affordability.

Geography of housing affordability represents spatial articulation of housing affordability stress at both inter and intra cities, states and/or regional scales; which is important from both theoretical and empirical perspectives since monitoring affordability is a means for gauging and predicting the pressures on a population that precipitate changes in the most visible manifestation of a housing problem (16). At a national scale, the spatial analysis becomes more important as input into policy. Furthermore, according to (7), the spatial parameters of the housing affordability problem need to be recognized because many solutions will involve spatially situated provision of services. The geography of housing affordability is important because "... *space itself plays an active role in the perpetuation of poverty, housing in-affordability and, directly or indirectly, in homelessness; a phenomenon on the rise in urban areas across the globe*" (7). Globally, important reasons for growing interest in the spatial dimensions of housing affordability problem are policy related. These include the need to be able to correctly target housing solution to beneficiaries and more precisely, where? More importantly, the more recent works in the broad field of urban social geography has exposed the fallacy of simple demand side explanations of social-spatial structure, as it tends to omit consideration of more general-level trends such as spatial patterns (17) and (18).

Geography of housing affordability is particularly relevant for positive policy outcomes in a nation that exhibit wide variability like Nigeria. Thus, as could be anticipated in Nigeria, the conclusion of the findings in Canada by (7) that "not only is there significant disparity in the internal patterns of housing affordability across Canadian metropolitan areas, but there is also disparity in patterns associated with different household types." According to (19), these findings furnish a new perspective on housing in-affordability, because, except for the recent literature that focuses

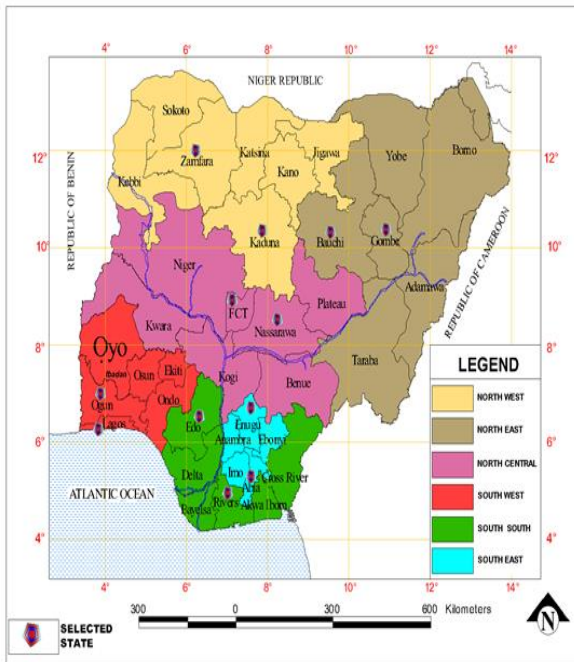
on the 'underclass,' location has remained a largely unexplored dimension of the problem. Similarly, (7) observed that the very diverse pattern of spatial distribution of households facing severe problems of rental housing in-affordability between individual regions suggest the need for policies concerning housing and service provision that are sensitive to the unique social geography of each region. Therefore, the purpose of this study is to establish the spatial pattern of housing affordability of the country across the six (6) geo-political zones, compare the pattern and establish which zone(s) have the highest normal, tolerable and stressed housing affordability. Thereafter, the implications of the findings for policy will be discussed and recommendations put forward towards the enhancement of the housing affordability profiles of Nigerians across the six (6) geo-political zones.

IV. RESEARCH SETTING AND METHODOLOGY

A. *Research Setting*

Geography of housing affordability is essentially the spatial analysis of housing affordability. This is particularly important to establish the spatial pattern of housing affordability across the six (6) geo-political zones of the country. The spatial pattern of housing affordability will be a useful input for refinement of the national housing policy and prove vital to private sector housing developers/investors, mortgage companies and even individual households in their decision of where to invest/live. The data for this research was collected from two (2) states from each of the six (6) geo-political zones except for the North-Central zone where one state and the Federal Capital Territory were selected. In each of the zones, the two (2) states selected were those with the highest prevalence of organized private sector housing estates. The states selected in each of the zones are: North-Central: Federal Capital Territory and Nassarawa; North-East: Bauchi and Gombe; North-West: Kaduna and Katsina; South-East: Enugu and Abia; South-South: Edo and Rivers; and South-West: Lagos and Ogun. Figure 2 is the map of Nigeria showing the six (6) geo-political zones and the selected states in each of the zones.

Figure 2: Map of Nigeria Showing the Six (6) Geo-Political Zones and Selected States



B. Research Methodology

In each of the selected states, multi-stage sampling technique was used to choose households in the sampled estates for interview. A cross-sectional survey design was adopted and the structured questionnaires were administered on 10% (1,950) of heads of households randomly selected from the occupied houses in each of the selected estates. The administered structured questionnaire sought information on household's social, economic and demographic attributes such as household size, income, status in the house (owner or renter), housing expenditure, among others. Data collected were analyzed, essentially to establish the proportion of household income expended on housing and subsequently establish the residual that is available for other non-housing necessities. Through the available residual for other non-housing necessities, the degree of incursion of housing expenditure into what is available for other non-housing necessities for the selected household across the six (6) geo-political zones were established.

V. DATA ANALYSIS AND DISCUSSION

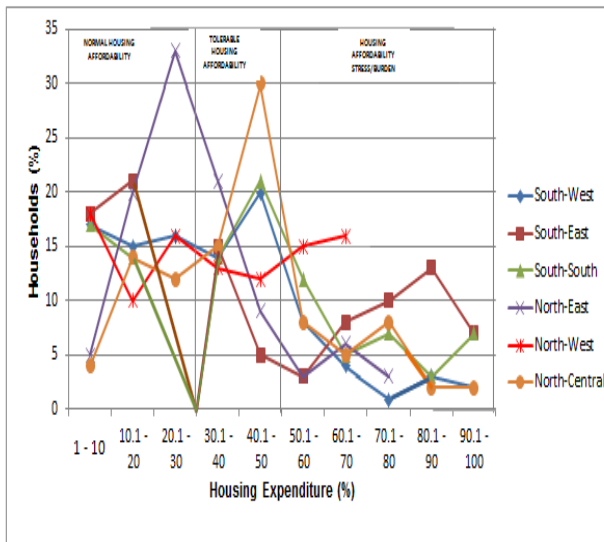
The housing affordability profiles of beneficiaries for each of the six (6) geo-political zones were established. The housing affordability profiles were thereafter grouped into three (3) major categories. These are Normal Housing Affordability (NHA), households with housing expenditure of $\leq 30\%$, Tolerable Housing Affordability (THA), households with housing expenditure of 30.1% - 50%; and Housing

Affordability Stress (HAS), households with housing expenditure of $> 50\%$. Based on these three broad categorization, it was revealed that in the North-Central, 30% and 45% of the households have normal and tolerable housing affordability respectively, while 25% are having housing affordability stress. In the North-East, households with normal and tolerable housing affordability are 58% and 30% respectively, while only 12% are experiencing housing affordability stress. The North-West fared better, as 44% of the households enjoyed normal housing affordability; while 25% falls within tolerable housing affordability category. Unfortunately however this zone also recorded the highest percentage of households under severe housing affordability stress -31%, making it the worst in that regards in the entire Northern Nigeria. In the South-East, 39% and 20% of the households have normal and tolerable housing affordability respectively. However, those that fall under housing affordability stress are 41%, the highest in that category in the entire country. In the South-South, the households were almost evenly distributed within the three (3) categorization. Thus, 31% fall within normal housing affordability; 35% under tolerable housing affordability while 34% are under heavy housing affordability stress. Finally, the South-West have 48% of the households in the normal housing affordability category, the best in the Southern Nigeria and second only to North-East in the entire country. 34% of households in the South-West are in the tolerable housing affordability category, while only 18% fall within housing affordability stress category; again second to the North-East that have only 12% of its households in that category.

Further analysis, adding all households in the normal and tolerable housing affordability together, and using that to rank the zones revealed that North-East is having the best housing affordability profiles with 88% of all the households spending $\leq 50\%$ of their income on housing. This is followed by South-West with 82% and then North-Central with 75% in that category. North-West is forth with 69%; South-South with 66% is the fifth while South-East with 59% in that category is the last. Ordinarily, this can be interpreted to mean that North-East is the least expensive in terms of housing, followed by South-West, North-Central and North-West; while South-East is the worst. However, if we consider the households under housing affordability stress again, South-East is still the worst, with 41% of households having housing affordability stress/burden. South-South is next with 34% of households in this category and North-West with 31% in the third position. North-East, with 12% is the best as it has the least households in the housing affordability stress category. South-West is the second best with only 18% of the households in the category of housing affordability stress. Similarly, North-Central, with 25% of households in that category is trailing behind North-West in that category. By and large, the findings substantially reflected the national housing affordability outlook. Figure 3 is the graphical

illustration of comparative housing affordability profiles of the six (6) geo-political zones in Nigeria.

Figure 3: Graphical Illustration of Housing Affordability Profiles in the Six (6) Geo-Political Zones in Nigeria



VI. FINDINGS AND POLICY IMPLICATION

Investigation of spatial dimensions of housing affordability across the six geo-political zones is particularly valuable for national housing policy formulation and more importantly for outcomes monitoring, evaluation and review. It may equally prove vital to private sector housing developers/investors in their decisions of where to invest as well as for individual households in taking major decision of where to settle. Therefore, the major findings as well as their policy implications are discussed in this section.

The major finding of this research is the revelation of the variation of housing affordability profiles of households across the six (6) geo-political zones of the country. The spatial variation in housing affordability profiles showed that South-East have highest households with housing affordability stress (41%), while the lowest (12%) was recorded in the North-East. The highest number of households (58%) enjoying normal housing affordability are in the North-East, while the North-Central recorded the lowest (30%). The households enjoying the highest (45%) tolerable housing affordability are in the North-Central, while households with the lowest (20%) are in the South-East. This geography of housing affordability that exposed the spatial variation of housing affordability profiles across the six (6) geo-political zones has equally exposed the inherent weakness of a uniform national housing standards, typology and pricing. The major policy implication of the findings is that future housing policy must take the variation across the six (6) geo-political zones into consideration. Therefore, national housing policy should only formulate broad guidelines that will allow each of the six (6) geo-political zones to reflect and accommodate their uniqueness in design, construction materials, and

more importantly, the pricing of housing units. This therefore calls for regional evaluation of housing requirements so as to establish minimum standards of housing solutions that will enhance housing affordability within each of the six (6) geo-political zones.

This study also underscore the need for the study of spatial patterns of housing affordability profiles of major cities in each of the six (6) geo-political zones so as to know where those under severe housing affordability stress are living. Finding from such studies may help to further shed light on intra geo-political zone variation. This may equally provide a reliable input into policy for realistic housing assistance requirements for residents of each city within each of the geo-political zones; and to determine those who are under heavy housing affordability stress/burden. Such findings may also expose those that are already eliminated out of the formal housing market and are at the risk of homelessness as well as those that are facing what (20) properly described as "housing induced poverty" and which (21) called "housing poverty." Therefore, according to (22), the findings of differential geography of housing affordability have some profound policy implications. Policy makers should consider the disparity across different regions by formulating a more targeted and regionally balanced housing policy. (4) also asserted that from both policy and theoretical perspectives, this work demonstrates that greater attention needs to be paid to the spatial aspects of housing affordability.

VII. CONCLUSION

Housing affordability studies are becoming more critical for policy impute, particularly replacing need in housing policy discourse with the advent and popularity of pro-market housing policies globally. According to (1), recent housing policy debates in the U.K. have shifted away from discussion of housing need to more market-oriented analysis of affordability. In Nigeria, the 2002 National Housing Policy has shifted the debate and policy focus in like manner. This shift has exposed the challenge posed by limited studies in housing affordability generally, and the geography of housing affordability in particular. The need for spatial dimensions of housing affordability for more targeted housing solutions is thus becoming more imperative to confront the growing housing deficit in the country. This study has revealed the varying degrees of housing affordability stress in each of the six (6) geo-political zones. This can provide the rationale for housing assistance and the extent of such assistance in each of the geo-political zones with appropriate adjustments for zones. This study has brought to the fore, the importance of spatial analysis of housing affordability to the formulation of effective housing policy as well as for the monitoring and gauging of policy outcomes. Therefore, while contemporary and future discourse in housing policy formulation must pay significant attention to housing affordability studies generally, more specific studies of spatial dimensions of housing affordability, more particularly at the states and cities levels, will be highly

imperative for more targeted solutions to achieve the desired policy outcomes.

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