AVAILABILTY OF HOUSING FINANCING FUNDS FOR PRIVATE ESTATE DEVELOPERS IN ABUJA, NIGERIA

BY

IBRAHIM KABIR

DEPARTMENT OF BUILDING

FACULTY OF ENVIRONMENTAL DESIGN

AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA

DECEMBER, 2012

AVAILABILTY OF HOUSING FINANCING FUNDS FOR PRIVATE ESTATE DEVELOPERS IN ABUJA, NIGERIA

BY

IBRAHIM KABIR
M.Sc/ENV-DESIGN/2259/2010 – 2011

A THESIS SUBMITTED TO POST GRADUATE SCHOOL
AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA

IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS DEGREE IN CONSTRUCTION MANAGEMENT

DEPARTMENT OF BUILDING
FACULTY OF ENVIRONMENTAL DESIGN

AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA

DECEMBER, 2012

Declaration

I hereby declare that this work is solely my handiwork and that it is a record of my research work. It has not been presented in any previous application for any degree. All quotations are indicated and the sources of information were specifically acknowledged by means of references.

_____

Ibrahim Kabir

Certification

This thesis titled AVAILABILTY OF HOUSING FINANCING FUNDS FOR PRIVATE ESTATE DEVELOPERS IN ABUJA, NIGERIA meets the regulations governing the award of the degree of Master of Science in Construction Management of Ahmadu Bello University, and is approved for its contribution to Knowledge and literary presentation.

Prof. I. Mbamali	Signature	Date
(Chairman, Supervisory Committee)		
Mal. D.D Danwata	Signature	Date
(Member, Supervisory Committee)		
Prof. K. Bala	Signature	Date
(Head of Department)		
Prof. A. A. Joshua		
Dean, School of Postgraduate Studies	Signature	Date

Dedication

This research work is dedicated to ALLAH (S.W.T) the living one and the eternal one for seeing me through.

Acknowledgement

My appreciation goes to Almighty ALLAH (S.W.T) for his mercy and protection in making this research work see the daylight. May the peace and unending blessings of ALLAH (S.W.T) be upon the seal of prophet Muhammad (S.A.W).

I commend the great effort of my supervisors, Prof. I. Mbamali and Mal.D. D. Danwata for their love, support, advice and objective criticism given during the preparation of this work.

My appreciation goes to my Head of Department Prof. K. Bala, all the academic staff and non-academic staff of Department of Building.

My unending appreciation goes to my /parents Alhaji and Hajiya K. A Ibrahim for always been there for me. I will always remain proud of my sister Muinah, my brothers Abdumajeed, Abdulhafeez and Auwal (Buba) my nephew. May ALLAH (S.W.T) answer our prayers.

I am also indebted to my friends and course mates who have been wonderful. To Aminu Musa Alhaji, thank you for your words of encouragement. To Abdulgaffar, John, Yomi, Maxwell, Rukkayah, Bassey, Bashir, Ibrahim, Gambo, Getso, Biodun, Salman, Muawiya and Mohammad. To all my colleagues, I appreciate all of you.

Finally, to all my friends whose names cannot be mentioned thank you all for your unending support. Once again I say a big thanks to you all and God Bless.

Abstract

Housing development involves huge capital expenditure, finance is therefore an essential ingredient in housing development. The cost, extent of which capital is provided and availability of finance for real estate development can influence the viability of such project. The study examined the concept of Housing Financing, the various sources of Finance available for Estate Development and also examined the factors militating against the availability of Funds for Housing Development. It further examined the effect of Government legislation on the Housing financial sector. The study made use of well structured questionnaires to collect expert opinion on the issues of interest. The data collected were analysed using the Relative Importance Index (RII) and mean. The study established that the most frequently used source of finance by private estate developers is the mortgage bank is having a grand mean value of 4.02 on a five (5) point scale. On the level of significance of the factors militating against the availability of funds, all of the militating factors investigated (excessive protocol and bureaucracy, collateral security, restriction of government policies, high interest rate, loan ceiling and duration) are highly significant (having mean values ranging from 3.80 to 4.31), Finance and land are the least available housing construction inputs (with means of 3.0). Interest rate charged by financial institution is very high (16% - 25%). The study concludes that finance is not readily available to private estate developers in Abuja, Nigeria. The study recommends that the Federal Mortgage Bank of Nigeria (FMBN) should concentrate only on its wholesale functions and operate in the secondary mortgage market by providing mortgage banking services. This will guarantee the large-scale securitization of mortgage portfolios, a mechanism that has remained the primary engine of growth in the housing finance systems in developed countries such as France, Italy, Germany and United States.

Table of Contents

Title page … … … … … … … … … … i

Declaration … … … … … … … … … … ii

Certification … … … … … … … … … … iii

Dedication … … … … … … … … … … iv

Acknowledgement … … … … … … … … … v

Abstract … … … … … … … … … … vi

Table of Content … … … … … … … … … vii

List of figures … … … … … … … … … … xii

List of tables … … … … … … … … … … xiii

CHAPTER ONE

1.0 Background … … … … … … … … … 1

1.1 Statement of Research Problem … … … … … … … 5

1.2 Justification of the Study … … … … … … … … 6

1.3 Aim and Objectives … … … … … … … … 8

1.3.1 Aim … … … … … … … … … … 8

1.3.2 Objectives … … … … … … … … … 8

1.4 Research Methodology … … … … … … … … 9

1.5 Methods of Analysis …. … … … … … … … 10

1.6 Scope … ... … … … … … … … … … 10

1.7 Limitations … … … … … … … … … … …. 10

CHAPTER TWO

2.1. Housing Concept .... …. … … … … … … 10

2.1.1 Housing Need and Demand … … … … … … … … 10

2.1.2 World housing situation … … … … … … … … 14

2.1.3 Housing in Nigeria and the World Economy … … … … … … … 18

2.1.4 Housing Delivery …. … … … … … … … … … 19

2.2 An Estate Developer … … … … … … … … … 20

2.3 Overview of Housing Finance in Nigeria … … … … … … 21

2.3.1 Sources and Method of Housing Financing … … … … … 26

2.3.1.1 Personal Savings … … … … … … … … 27

2.3.1.2 Public or Institution Capital budgetary Allocation … … … … 27

2.3.1.3 Mortgage Loans as Finance for Housing projects … … … … 28

2.3.1.1 Donations … … ... … … … … … … 29

2.4 Housing Financing Problems in Nigeria … … … … … … … 29

2.5 The Federal Mortgage Bank of Nigeria (FMBN) … … … … … … 30

2.5.1 Functions of the Federal Mortgage Bank of Nigeria (FMBN) … … … 32

2.5.2 Problems of the Federal Mortgage Bank of Nigeria (FMBN) … … … 35

2.6 The National Housing Fund … … … … … … … … … 36

2.6.1 Sources of National Housing Fund … … … … … … … … 36

2.7 The Theoretical Concept of Finance … … … … … … … … 39

CHAPTER THREE

3.0 Research Methods … … … … … … … … 41

3.1 Sources of Information … … … … … … … … 41

3.2 Sampling Method … … … … … … … … … 41

3.3 The Research Instrument … … … … … … … … 41

3.4 Administration of the Instrument … … … … … … … 42

3.5 Data Analysis … … … … … … … … … … 42

3.5.1 Relative Importance Index (RII) … … … … … … 42

CHAPTER FOUR

4.0 Data Presentation Analysis and Discussion of Results … … … … 43

4.1 Data Presentation and Analysis … … … … … … … 43

4.1.1 Distribution and Major Characteristics of the Respondents … … … 43

4.1.2 Response from the Federal Mortgage Bank of Nigeria … … … … 62

4.2 Discussion … … … … … … … … … 63

4.2.1 Nature / Background of Respondents … … … … … … … 63

4.2.2 Reasons for Private Developer's participation in Housing … … … … 64

4.2.3 Reasons for present level of participation in Housing Development … … 64

4.2.4 Availability of Housing Construction Inputs … … … … … … 64

4.2.5 Frequency of the Housing types Constructed by Private Estate Developers … 65

4.2.6 Private Estate Developers level of participation in Housing Delivery … … 65

4.2.7 Average Numbers of Housing unit Delivered annually by Developers … … 65

4.2.8 Distribution of Housing unit Delivery … … … … … … … 65

4.2.9 Nature of Housing Patronage … … … … … … … 66

4.2.10 Rating of the Housing Market … … … … … … … … 66

4.2.11Major sources of Finance used by Private Estate Developers … … … 66

4.2.12 Level of satisfaction with the time taken to process Loan … … … 66

4.2.13 Interest rate charged on Loans Disbursed … … … … … … 67

4.2.14 Percentage of loan granted to Private Estate Developers … … … 67

4.2.15 Factors Militating against the availability of Fund … … … … 67

4.2.16 Level of significance of Constraint to Private Developers … … … 67

4.2.17 Frequency of utilizing means of Housing Funds Availability … … … 68

4.2.18 Duration of Loan repayment of Estate Development Loan … … … 68

4.2.19 Moratorium Duration … … … … … … … … 68

4.2.20 Instances that required prosecution of Private Developers … … … 68

4.2.21 Percentage of Funds allocated to Housing Sector … … … … 68

4.2.22 Fundamentals of Good Credit … … … … … … … … 69

4.2.23 Details required when applying for Loan by an Estate Developer … … … 69

4.2.24 Estate Development Loans and National Housing Fund Loans … … … 69

4.2.25 National Housing Fund operations from 2006 - 2009 … … … 70

CHAPTER FIVE

5.0 Summary, Conclusions and Recommendations … … … … … 71

5.1 Summary … … … … … … … … … … 71

5.2 Conclusions … … … … … … … … … 74

5.3 Recommendations … … … … … … … … 75

5.4 Proposal for further studies … … … … … … … … 76

References … … … … … … … … … … 77

Appendix … … … … … … … … … … 87

LIST OF FIGURES

Figure 2.1: Stakeholders and Activity Linkage between Nodes in the Housing Process … 18

Figure 2.2: Typical Institution Framework for Financing Housing in Nigeria … … … 26

Figure 2.3: Institution Framework for the New National Housing Scheme in Nigeria … 34

LIST OF TABLES

Table 2.1: Vision 20: 2020 Housing requirements … … … … … 14

Table 2.2: Portfolio of Pension Assets under Management … … … … 23

Table 2.3: Loans to Primary Mortgage Institutions (NHF) … … … … 38

Table 2.4: Loans to State Housing Corporations … … … … … 38

Table 4.1: Distribution of Questionnaires to Private Estate Developers … … 43

Table 4.2: Distribution of Questionnaires to Mortgage Bankers … … … 44

Table 4.3: Types of Respondents … … … … … … … 44

Table 4.4: Working experience of Respondents … … … … … 45

Table 4.5: Academic Qualification of Respondents … … … … … 45

Table 4.6: Reasons for Private Estate Developer's Participation in Housing Development … … … … … … … … … … … … 46

Table 4.7: Private Estate Developer's Level of Participation in Housing Delivery … 47

Table 4.8: Reasons for Present Level of Private Estate Developer's Participation … 47

Table 4.9: Response on the Availability of Housing Construction Inputs … … 48

Table 4.10: Response on the Frequency of Houses Constructed by Private Estate Developers … … … … … … … … … … 49

Table 4.11: Response on the average Numbers of Houses Delivered Annually … 49

Table 4.12: Response on the types of Houses constructed … … … … 50

Table 4.13: Response on the Major Sources of Finance used by Private Estate Developers … … … … … … … … … … 51

Table 4.14: Response on the rating of the Housing Market … … … … 52

Table 4.15: Level of satisfaction with the time taken to process loan by Financial Institutions … … … … … … … … … … 52

Table 4.16: Interest rate charged on loans Disbursed to Private Developers … … 53

Table 4.17: Percentage of loan granted to Private Estate Developers … … … 53

Table 4.18: Level of Significance of the Factors militating against the availability of Funds … … … … … … … … … … … … … … 54

Table 4.19: Level of Significance of constraints to Estate Developers … … … 55

Table 4.20: Frequency of utilizing means of Housing Funds Availability … … … 56

Table 4.21: Duration of Loan repayment by Private Estate Developers … … … 57

Table 4.22: Moratorium Duration … … … … … … … … 58

Table 4.23: Good fundamentals required by Mortgage Banks … … … … 59

Table 4.24: Details required when applying for Loans … … … … … … 60

Table 4.25: Instances that required prosecution/sanctioning of Private Estate Developers … … … … … … … … … … … … 61

Table 4.26: Percentage of Funds allocated as loan-able to Housing Sector … … … 61

Table 4.27: Estate Development Loans and National Housing Fund loans … … … 62

Table 4.28: National Housing Fund operation from 2006-2009 (N' Billion) … … … 63

CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

Housing (adequate shelter) is recognized world-wide as one of the basic necessities of life and a pre-requisite to survival of man (Onibokun, 1983; Salau, 1990; United Nations, 1992). A house is a place which provides shelter, refuge, comfort, security and dignity. The housing industry can be a stimulus to national economy (Onibokun, 1983).Onyegiri and Okonkwo (2002) viewed housing as a physical asset of an integral part of a nation's wealth embodied in fixed capital. The Federal Ministry of Works and Housing (2002) defined housing as "the process of providing a large number of residential buildings on a permanent basis with adequate physical infrastructure and social amenities, (services) in planned, descent, safe and sanitary neighbourhoods to meet the basic and special needs of the population". Decent housing is one of the basic needs of every individual, the family and the community in general. The provision of housing for human habitation is considered to encompass the physical structure in addition to the immediate surrounding environment. It is among the major problems confronting both the developed and developing countries in the world (Gumel, 2000). It was further noted by (Zubairu, 2005), that in Nigeria, the population is continually increasing thus, creating the need for functional and affordable buildings and this problem gets more enormous and complex resulting to slum all over major cities in the country. It was also observed that, the development of any nation is hinged on the provision of adequate housing facilities for its citizens (Nubi, 2006).

Since housing delivery is not possible without finance, housing financing can be referred to as the process of obtaining funds or capital generally for the purpose of supporting a development and / or investment by gaining control over assets (United Nation, 1994). A housing finance system is a superstructure of laws, institutions and relationships between institutional and non-institutional units that facilitate the process of financial intermediation and capital formation in the housing sector (Olotuah, 2006). The problem of housing though universal, is significant in Nigeria. The recognition of the growing housing problems in both the rural and urban areas of Nigeria and the acceptance of the failure of the defunct 1991 National Housing Policy prompted the Federal Government of Nigeria to set up a 15- Man Committee to review existing housing policy and articulate the New National Housing Policy (NNHP) of 2002. The 2002 NNHP draft has as its primary goal of ensuring that all Nigerians own or have access to decent, safe and sanitary housing accommodation at affordable cost with secure tenure through private initiative. This draft is still making the rounds and has not yet been signed into law. Given that home ownership in Nigeria is currently put at 10% compared to 72% USA, 78% UK, 60% China, 54% Korea and 92% Singapore and outstanding mortgage loans at just 0.5% (2005) of GDP compared to 77% USA, 80% UK, 50% Hong Kong, 33% Malaysia and 61% Singapore (Financial System Strategy 2020, 2008), a lot of work needs to be done for Nigeria to approach the standards achieved in the developed world.

In Nigeria, housing is typically financed through a number of institutional sources. These include budgetary appropriations, Commercial/Merchant Banks, Insurance Companies, State Housing Corporations and the Federal Mortgage Bank of Nigeria (FMBN) and the Mortgage Institutions. These constitute the formal institutions. Informal institutions such as thrift, credit societies and money lenders who have been contributing substantially to the finance of housing construction. The Federal Mortgage Bank of Nigeria is now restricted to operate solely as a secondary mortgage institution both as an agent of the National Housing Trust Fund and as an operator in the capital market. An estate development

loan window has been created to provide loans to real estate developers, housing corporations and housing cooperatives for housing development in Nigeria (Olutuah, 2007).

The construction of building might take a longer period to complete because finance is not available. About 90% of total housing provision has traditionally been provided by the private sector (FRN 1992; Buckley 1994 and Ajanlekoko 2001). However, Ogu (1999) noted that 54% of residential accommodation is being provided by individual private property developers, 22.7 percent provided by corporate developers and 22.3 percent of residential accommodation is provided by government developers. Cooperative housing also meet the housing needs of low-income earners, who constitute the vast majority of Nigeria. This is due to their poor economic circumstances which place adequate housing out of their reach. As members they are able to participate in the affairs of the cooperative, to ensure that they are well managed (Olutuah, 2007). Unfortunately, the private sector is saddled with numerous problems which make supply always fall far short of demand and lower production quality (Nubi, 2008).

Tiabaijaken (2002) in Appiagyei and Dansoh (2011) opined that availability of adequate housing financing is the cornerstone of any effective and sustainable housing programme. Several other studies both internationally and domestically, have documented the significance of finance as the most crucial element in housing investment. On the international front (Struyk and Turner 1985; Renaud, 1986; Malpezzi (1990); Boonyabancha (2002) in Appiagyei and Dansoh (2011) established that the availability of finance determines access to other key inputs of land, labour, materials, infrastructure while on the home front as cited by Okpala and Onibokun (1986), Agboola (1987), Nubi (2002) finance is also recognised as part of housing problems.

Abdulai (2007) have argued that finance for housing is important, since it is needed from inception of project to completion, funding is required on regular basis and failure to provide it as at

when due leads to delays and an increase in cost of capital. Where this is not properly addressed, it will eventually lead to dispute, abandonment and sometimes project termination. Rather than making profit the estate developer is frustrated and liquidated (Anosike, 2004).

Due to the stringent conditions attached to borrowing from banks in Nigeria, most

developers especially low-income earners do not have access to finance for housing (Onibokun 1985; Nubi 2006 and Omirin & Nubi 2007). Therefore, individual homebuilders sought finance from informal sources such “ajo” (traditional thrift societies) or “esusu” (rotating savings and loan association), age/trade groups, traditional moneylenders, friends and family (Omirin and Nubi 2007). They were all classified as micro-credit organisations and their operations were convenient and accessible (Nubi 2006 and Omirin & Nubi 2007). They operate on the basis of third party guarantees and also relied on peer pressure to ensure prompt repayment. Also, they are unsecured and lacked the magnitude of accumulation of funds required for large investment outlays.

The foregoing portrays a picture of an inefficient, ineffective and unreliable housing finance system in the country in the face of enormous challenges of delivering adequate housing supply to the rapidly growing population. This challenge prompts the study on the availability of Housing Financing Funds for Private Estate Developers in Abuja, Nigeria.

1.2 STATEMENT OF THE RESEARCH PROBLEM

Any large construction project involves huge capital flow (materials, machines, manpower, management and finance) from inception to completion and handover. A short fall in capital within the construction process affects the overall timing and cost of the project.

Owing to the small size of corporate real estate developers, they are confronted with challenges in accessing finance from banks. They are usually required to meet strict loan requirements. Binks and Vale (1990) found out that lack of material security or collateral is the most serious bottleneck in receiving financial assistance from financial institutions. Binks (1990) concluded that the access to credit by small firms is restricted primarily because of stringent lending conditions imposed by financial institutions. Loans from banks in the initial years are difficult, as younger firms are less likely to command bank loans since they have no established track records. When firms do get external finance, they are usually required to pay a higher rate of interest and offer a higher level of security and collateral (Economist, 1994). Most financial institutions believe that it is risky and administratively expensive to lend to small firms, including real estate developers (Berger and Black, 2011). Also, small firms suffer a number of genuine disabilities, by comparison with larger firms, in seeking finance from external sources; most of these disabilities reflect the higher costs of lending in small amounts or the higher risk of lending to small borrowers (Beitel, Schiereck and Wahrenburg 2004, Cybo-Ottone and Murgia 2000).

Poor financial planning is also found to be one of the challenges of corporate real estate developers (Hankinson, 1997). Most researchers agree that financial planning in businesses is a key to survival (Bates, 1991). Unfortunately, while many corporate real estate managers are aware of the benefits of financial planning, they fail to pay reasonable attention to these activities and they only plan when they are already faced with a need for funds

Onyike, (2007) asserted that there is a conflict of objectives among the major actors in the housing industry namely, the funding institutions and the developers on one side and the consumers of housing on the other side. The profit maximization objective of the developers and funding institutions tends to conflict with the affordability of housing to the housing consumers, especially the low-income

earners. Government assistance is one of the important sources of external finance for corporate real estate development. It is the responsibility of the government to strive to create the economic conditions necessary for stability to enable any form of housing finance market to strive (Karley, 2002).

Since housing financing has been identified to become a challenge, the best way forward is devise a way out. For this reason, we might need to ask some question. How do private estate developers source for finance? What is the maximum amount given out to Private Estate Developers for housing financing? What are the other available housing financing options that can be explored by Private Estate Developers? What is the requirement to be able to access loans for housing development? What is the effect of Government legislation on Housing financial sector?

1.3 JUSTIFICATION OF THE STUDY

Housing delivery in Nigeria is provided by either the Government or Private sector, but despite Federal Government access to factors of housing production such as land and capital, the country could at best expect 4.2% of the annual requirement (Raji, 2008). Gbadeyan (2011) in support of this position affirmed that Property development involves three major groups and they are: Consumers, the producers and providers of public infrastructure. Under the new housing policy in Nigeria, three principal actors were fully established; the private real estate developers, state government and the federal government, from these three, research has shown that most state governments do not have the fund to implement the scheme, while the private developers are still not performing according to expectation (Gbadeyan, 2011). Okupe (2000) and Gumel (2000) concluded that factors that limit the number of housing units include high cost of land, accessibility to finance, high cost of building materials, Government regulations and bye laws, cost of labour and inadequate facilities, improper distribution of funds and improper management.

Daramola (2009) established that drawback of housing delivery is hampered by the cost of urban land as well as the absence of large real estate developers with sufficient financial muscles to develop affordable houses on a large scale.

Several factors make the environment for mortgage lending difficult, including the absence of clear property and security rights; mandatory governor's consent; high interest rates; and inadequate sources of long-term funding (FinMark , 2009)

Zubairu (2005) also mentioned that despite the fantastic, practicable and achievable structures put on ground by the governments through their agencies; the input of the private developers in mass housing delivery notwithstanding, it is sad to still observe that larger proportion of Nigerians still live substantially in slums and squalors.

It is believed that if the government allows the private sector to take over the housing market that would make the sector more productive (Buckley, *1993*). Olokesusi and Okunfulure (2000) are of the view that most government housing programmes in Nigeria has been frustrated by corruption, politicization, insufficiency of technical staff and lack of infrastructure. According to Akeju (2007) the Nigerian housing market has tremendous opportunities which are waiting to be tapped and Government alone cannot fill the housing gap. He further argued that Government has no business building houses but should focus on providing favourable investment climate that will bring about the desire turn around in the housing market.

Since the aforementioned financing challenge is a reality that we cannot afford to pay lip service to due to it`s importance in the overall development of a vibrant housing sector, the logical step to take is to make a careful and in-depth analysis/study on how the housing development industry can be made to perform better with the availability of finance. This is particularly important considering the fact that

Nigeria is a developing country. It therefore justify why the study on the availability of Housing Financing Funds for Private Estate Developers in Abuja, Nigeria.

1.4 AIM AND OBJECTIVES

1.4.1 Aim

The aim of the study is to examine the level at which housing financing funds are available to Private Estate Developers in Abuja and to seek the enhancement thereof.

1.4.2 Objectives:

The objectives are:

i. To examine the housing financing concept.
ii. To assess the various sources of finance available for estate development.
iii. To assess how private estate developers obtain mortgage facility from financial institutions.
iv. To examine the factors militating against the availability of funds for housing development.
v. To seek ways of enhancing the present level of housing financing for private estate developers.

1.5 METHODOLOGY

In order to achieve the objectives of this research work, it involved the review of literatures such as text books, professional journals, magazines, published and unpublished theses, National dailies and Internet sources to collect secondary data.

Primary data were collected using well structured questionnaire to the managers of Private Estate Developers or Project Managers and Mortgage Institution. These were the people considered to have in-depth and up-to-date information of their respective organisations.

The questionnaire for the Private Estate Developers was designed to collect information on Real Estate Developers Association of Nigeria (REDAN) members, their operations, funding, and level of accessibility to mortgage finance. The structure, capacity for growth and methods of overcoming problems, managerial style and capacity to meet customer demand was investigated to identify constraints. This was set against the governmental requirements for the private development and governmental policies on property finance. The name, address and age of the organization, category of professionals in the organization, nature of business, age of business and number and categories of employees were included. The questionnaire also probed into operations and level of accessibility to factors of housing production, the number of houses, types built, annual turnover and sources of fund. In relation to the problem of accessibility to finance, measurements were taken using five criteria which included: required equity, collateral, insurance, interest rate and number of years.

For the Mortgage institutions, vital issues relating to financing such as duration of loan, percentage allocated into the Housing sector as loan able fund, and also whether there were instances that required prosecution or sanctioning of Private Estate Developers who go against the law for non-payment, non-remittance of loan obtained e.t.c was investigated.

1.6 METHODS OF ANALYSIS

In the analysis of data obtained in the study, both descriptive and inferential data analyses were adopted. Tables, means, percentages, and charts were used to express the statistical results.

1.7 SCOPE

The study was centred on the assessment of the availability of Housing Financing Funds for Private Estate Developers in Abuja, Nigeria being one of the fastest developing capitals in the world and where the activities of the private estate developers are more noticeable.

1.8 LIMITATIONS

The study was only limited to Private Estate Developers in Abuja, Nigeria. Some information relating to finance was not disclosed and some institutions and individuals returned their questionnaire unanswered

CHAPTER TWO

LITERATURE REVIEW

2.1 HOUSING CONCEPT

Housing is an essential need of man for living which is described as a "*sine qua non"* of human living (Yakubu 1980; Olotuah and Aiyetan 2006). According to Nubi (2008), habitable housing contributes to the health, efficiency, social behaviour and general welfare of the populace. Apart from providing man with shelter and security, housing plays a major role in serving as an asset (Poole 2003; Alhashimi & Dwyer 2004).

Microsoft (2008) defined the House as a dwelling place for human habitation and a focal point for day-to-day living. It highlighted that the House is one of man`s basic needs-ranking third only after food and clothing. It argued that the House is one of the highest investments that Government, organized employers of labour, and the individuals make to improve human welfare, and motivate to higher productivity.

Shut (2005) and Ural (2006) argued that the House is a product of ideas, materials and technology and is an index of human development. They both explained that a satisfactory House contributes to the health status of its occupants and determines the economic growth of the individuals and nations.

Dwyer (1990) and Curtis (2006) identified the House as a consumer item that is worthy of concern in urban and country planning. They observed that the House constitutes a second consumer of land and capital after agriculture and manufacturing. They argued that in Africa, Housing is the second

employer of labour after agriculture and the third after manufacturing in the Americas and Western Europe.

Ademoroti and Ozo (1992) viewed housing as both a process and a product. As a process housing involves the activities that occur in order to secure a dwellable environment. On the other hand, as product housing comprises of services such as the structure of the dwellings, built in facilities and also the nature of the environment and the surrounding.

It was said by Okupe (2000) that housing influence health, welfare, productivity and social status of man. Ural (2008) considered housing as human habitant which is a dominant factor in the recognition of a society`s success among the family nations. He further stressed that housing is the corner stone of a prosperous, healthy and social strong society. Though has no substitute, social and economic wealth can only co-exist with decent housing.

Shut (2005) highlighted that the production of the house involves as assortment of resources and bringing them into play. He called the resources “factors of production” and named them as: “the client or entrepreneur (influenced by needs and preferences), capital, land, time, materials, labour, plant, machinery, and energy”. Shut further highlighted that from conception to fruition, the interaction between the factors of production have to be “planned, coordinated, and fine-tuned (by teams of experts) in accordance with the wishes of the financiers and tastes of the users in order to attain affordable and functional products”. This view is strongly shared by (Ural, 2006).

Generally, housing provides the physical frame work and the environment in which the social, economic, cultural and aesthetic values of man and society are realized and integrated. It also determines the quality of lives, the stability of communities and the health of the national economies (Bala et al, 2002).

2.1.1 Housing Need and Demand

The number of housing units needed in an urban area may be considered as substantially equivalent to the number of households or family group or combined families economically competent to occupy separate dwelling units (Lawal, 2002). Vagale (1978) observed that, housing arises when the quality and quantity of existing accommodation fall below that required by individual household at minimum or higher standard, irrespective of its ability to pay. While effective demand for housing is the ability of a number of households to pay for their dwellings.

Mosaku (2000) stressed that the problems associated with meetings the housing need and demand concern the identification of households and the determination of type and standard accommodation required by the various group of households thus identified. He said that more often than not, the numbers of housing units to be built are sometimes neither based on any scientific evidence nor on any logical reasoning. In many instances therefore, houses have been provided but not occupied either due to the fact that the need was not there in the first instance or the demand has not been met. If dwellings are to be made homes for families and if family are to be enabled to live as stable communities, then it is axiomatic that dwellings of various sizes must provide to meet the needs of families of various sizes.

In the Vision 20: 2020 document, a target was set to build ten million new homes by 2020. The proposed breakdown of the housing requirements is as follows:

Table 2.1: Vision 20: 2020 Housing requirements

Year	Houses built nationwide	Average Number of homes per State
2011	-	-
2012	500,000	12,500
2013	600,000	15,000
2014	720,000	18,000
2015	864,000	21,600
2016	1,036,000	25,920
2017	1,244,160	31,104
2018	1,492,992	37,325
2019	1,791,590	44,790
2020	2,149,908	53,748
Total	**10,398,650**	**259,987**

Source: FinMark Trust (2010)

It is important to distinguish between housing demand and housing need. Lawal (2002) illustrated that a young couple with one child two bedrooms at that stage of life, but they may demand for three bedrooms, or even more, for such reasons as to provide for the future or to house parents or other relatives. Demand for housing therefore, must take account of price with ability to pay.

2.1.2 World Housing Situation

Okehielem et al (2007) stated that efforts are being made to forestall inadequate supply of housing worldwide, the pressure for the need has lately escalated, thereby attracting greater attention. The need for increased delivery of decent and standard affordable homes within sustainable and inclusive communities or environments is globally becoming inevitable.

Zaki (2003) stressed that the United Nations (UN) had through its General Assembly in 1984 resolved to recognize "the rights of people to adequate housing as part of the rights to adequate standard of living". Zaki (op.cit.) further stressed that these rights are currently part of the "Universal Human Right" which includes: the right to life, food and liberty. The articles of the rights had been incorporated into the 1996 International Covenant on Economic, Social and Cultural Rights.

Agbola (2004) and Ural (2006) individual reported the existence of consensus amongst scholars and the political class that the creation of appropriate avenues for access to adequate housing (that is, good quality housing) by citizens of a nation is a Social Service for which National, Regional, and State government are constitutionally responsible and accountable. They stressed that scale, types, and quality of Houses built by people or built for them (by the public and private developers) reflect the level to which fairness and equity were attained in wealth redistribution and resources utilization for the betterment of the welfare of the citizens by the authorities of the land.

Habreken in Popoola (1984) observed that the degree to which a government responds to the housing requirement of its citizens depended on several factors. Amongst the factors are: the state of a nation`s economy, level of housing demands (influenced by social needs as reflected by statistical indices such as: population of the people in need of Houses, circumstances of the housing shortage, class of the citizens most affected, etc.) and ideological leanings of the national states. These observations by Habreken in Popoola (1984) are also supported by Zaki (2003), Agbola (2004), Ural (2006), Bassett and Short (2007).

Zhuai (2004) highlighted that in communist-china, Cuba, Venezuela and in some Arab countries of the Middle East and Africa, most notably Bahrain, Kuwait, Saudi Arabia, and Libya, the provision of Housing is a responsibility of the National and Subordinate Government of the land. He noted that the governments of these countries are constitutionally mandated to raise money to construct or purchase

houses that are leased to the low and medium-income persons at low rates. Also, the government encourages the citizens to work hard, including working extra time to earn additional income. Equally, each mature citizen is required to open a mandatory 'savings for house account' to enable him build or buy a house. Zhuhai further explained that when eventually the low-income persons attained improved economic position, they are made to move out to self-built or bought houses and make way for the other low and middle-income persons. In this way, the housing needs of the low-income earners in the afore-listed countries get solved.

Burnett (2006) argued that in Europe, the bulk of the citizens are gainfully employed and have 'high savings for house culture'. In addition, social security benefits are given to the unemployed. As such, citizens apply and are granted loans commensurate to their income and the payback period spans up to 25 years at 90% interest. Burnett (op. cit.) highlighted that in these countries, it is customary for the public sector to get involved in the financing of the construction of the housing project for its principal officers and for members of the indigent society only.

Miles et al (2008) identified Japan and Brazil as two developing countries where the public capital funding and mortgage policies on Housing fashioned after the ones in Europe and the United States. While in most developing counties, the Delivery Mechanisms are faced with the problems of (a) land acquisition, (b) funding, (c) absence of infrastructure and so on as the problems that weaken the strategies for matching the housing needs in those countries.

Gomez (2006) observed that in the developing countries of Africa, Asia and Latin America, there are the problems of low capital formation and low private sector participation in housing supplies due to weak economy. As such, he argued that is the government of the individual countries that take the lead in most of the Housing Development Programs. He also observed that the government of these countries formulate polices that tend to encourage investors to augment willy-nilly the governments

development efforts. For instance, it is these counties that banks are required as a pre-condition for being licensed or renewal of licenses, the offer of mortgage service to deserving customers. In this way, the governments hope the annual increase in housing stock keeps pace with the annual increase in new household formation. Gomez (op. cit.) observed that this arrangement is insufficient because it is pretentious of low capital formation, low `savings for house culture` of the citizens, rapid population growth, and the rising cost of construction in the countries. He argued that it is only comprehensive plans involving the active collaboration of all stake holders in the housing sector of these countries that can bring the needed results. Nonetheless, Ural (2006) illustrated the relationships between stakeholders and activity nodes in the housing process as shown below.

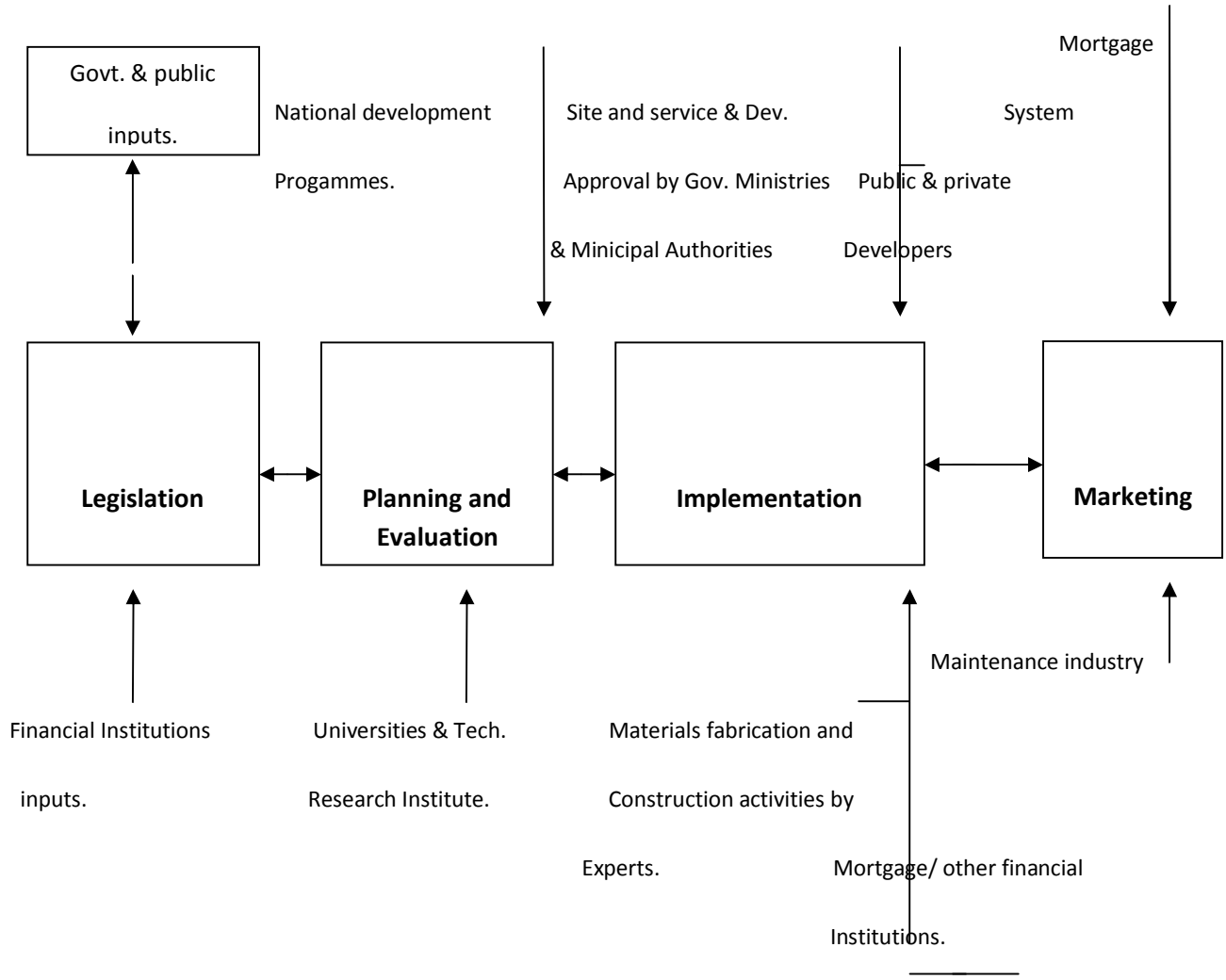


Figure 2.1: Stakeholders and Activity Linkage between Nodes in the Housing Process

Source: Ural (2006)

2.1.3 Housing in Nigeria and the National Economy

Nigeria is a developing country, with a fast growing economy. It is ranked the most populous country in Africa with an estimated population of over 140 million, which grows at an estimated rate of 2.8% per annum (NPC, 2006). The rate of urbanization in Nigeria has witnessed tremendous increase in the last two decades. Census in the early fifties showed that there were about 56 cities in the country

and about 10.65% of the total population lived in those cities (Ajanlekoko, 2001). This rose dramatically to 19% in 1963 and 24.5% in 1985.

Debates on housing in Nigeria before now was argued by Agbola (2004) to have revolved primarily around programmatic alternatives. He said housing in Nigeria has suffered from poorly articulated problems, short-lived policy formulation process, ill-conceived legislation and unsustainable program objectives. The consequence therefore is ultimately policy somersault.

The problem of housing in Nigeria, as indicated by many experts, is obviously enormous and complex particularly in terms of quantity and quality. The uncontrollable growth of the urban settlements and the development of uncoordinated polices encourage the emergence of slum (Gumel, 2000). Obviously, housing palaver has been one of the major challenges at all levels, various researchers have been carried out to offer solution to the problem. Babajide (1994) suggested the possible ways for Nigeria to attain seventy five percent self-sufficiency in housing delivery. Soyingbe et al (2007) proposed the system based approach as the best alternative to the traditional approach. Since, the approach aimed at minimizing cost and time and maximizing quality of housing stock at the same time. Oladapo (2001) proposed a frame work for the cost management of low cost housing development.

2.1.4 Housing Delivery

Agbola (2004) described housing delivery as a combination of many interrelated process influenced and affected by exogenous and endogenous variables. He said it is a system that allocates housing to households in a given country irrespective of class and location. It consists of the production of new housing units, renovation of existing ones and the distribution of new and old houses to all consumers. Therefore, housing delivery comprises a collection of production mechanisms, regulatory and administrative devices by which housing services and provides to the consumers. The component of

the delivery systems includes: land and infrastructure, construction technology, labour and management, building materials, finance, distribution methods and monitoring and evaluation.

2.2 AN ESTATE DEVELOPER

Mabogunje (2002) defined a real estate developer as an entrepreneur who is committed to assuming the risks of mass housing production in advance of sale. Gumel (2000) categorizes private developers into four: Firstly, Land a developer which is one who acquires land(s); prepares the plots and make them available for prospective builders. Secondly, On-site developer which is one who acquires land(s) and builds structure for sale. Thirdly, Merchant builders who are developers who could be local industrialist that build several units of houses of similar design with the aim of achieving economies of scale in house production and sell them to home buyers immediately after completion. Fourthly, Developers investor who is similar to merchant developer except that the ownership of the constructed building is retained and then rented out as tenants; and Prefabricated housing producer who is a developer that produces housing units with prefabricated components on site.

Okupe (2002) noted that there are two categories of players within the housing supply market: the first are those who most of the time are invited to construct housing projects funded by an arm of the private sector or government and second are those mostly involved in building houses for outright sale for outright sale to members of the public.

2.3 OVERVIEW OF HOUSING FINANCE IN NIGERIA

Next to land and building materials, housing finance is an important factor in housing production and may even be considered the most important given that adequate finance can help in the purchase of land and building materials. Indeed, the extent to which housing finance is available and the

proportion of the population that can obtain it is a major influence not only on housing cities. (Ogayemi, 2006)

Prior to the colonial era, many methods of housing finance were adopted in Nigeria. Amongst these was Village Development Scheme, Social Club Contributions Loans from traditional money lenders e.t.c. All these methods were successful in the provision of finance of housing and its delivery in the traditional setting. Ndasu (2007) affirmed that the growing complexity in economic activities has faded away those methods and now replaced by modern methods.

Among these are:

i. **Federal Mortgage Bank of Nigeria (FMBN)**: It started its operations in 1977 and provides long-term credit facilities to mortgage institutions in the country (Nigeria), provide long term loans to individual and property developers for house building, provide a saving facilities and carrying out research on mortgage finance.

ii. **Commercial Banks**: Retail Bankers, which only lend on short-term bases because they have to meet up without request at the short notice. According to the researchers', finding has not been compatible with housing finance which requires long term finance. This has limited their success in housing finance.

iii. **Specialized Development Bank:** This category includes the Nigerian Industrial Development Bank (NIDO), Urban Development Bank. e.t.c. They are established to grant long-term finance for up to 25 years for industrial, commercial agricultural and housing development.

iv. **Insurance Companies** according to Jinadu (2008), insurance companies have a great potential role to play in the housing capital market even though the opportunities are yet fully explored in

Nigeria. Section 5.8 noted that a substantial proportion of insurance fund should be devoted, which are active and effective in mortgage business than commercial banks.

v. **Pension Fund Administrators (PFAs)**; Pension Fund Administrators (PFAs) collect funds from employers and employees towards their retirement. This gives the PFAs access to long-term funds and puts them in a good position to finance housing development. They are allowed to offer loans on long-term basis to mortgage institutions and building societies. As at December 2008, the pension fund's investment in the real estate sector was N125 billion ($833 million) representing 11.39% of the total assets under management. This amount includes both residential and commercial real estate development. There are indications that PFAs may consider increasing their investment in real estate as a result of the stock market crash.

Table 2.2: Portfolio of Pension Assets under Management

	2008	
Asset Class	**Amount (N'billion)**	**Percent (%)**
Ordinary Shares	222.77	20.27
Federal Government Securities	350.82	31.92
Corporate Debt Securities	15.12	1.38
Money Market Instruments	349.69	31.82
Mutual Funds	9.03	0.82
Real Estate Property	125.13	11.39
Unquoted Securities	6.86	0.62
Others	19.57	1.78
Total	**1,099**	**100**

Source: National Pension Commission (2008)

vi. **Primary Mortgage Institutions (PMIS)**: According to Sanusi (2003), the promulgation of Mortgage Institution Decree No.33 of 1989 provides the regulation frame work for the establishment and operation of PMIS by private entrepreneurs. Under the decree, they are to mobilize savings from the public and grant loans to individuals.

vii. **The Federal Mortgage Finance Limited (FMFL):** It is responsible for housing finance services, while Federal Mortgage Bank of Nigeria became the nation`s apex Mortgage lending agency. It provided long-term credit facilities to mortgage and institutions in Nigeria, collect, manage and administer contributions to the National Housing Fund (NHF) in accordance with the provision of the NHF Decree No.3 of 1992. Sanusi (2003).

viii. **National Housing Fund (NHF)**: According to Sanusi (2003), NHF was established subsequent to the promulgation of the National Housing Fund Decree No. 3 1992 as mandatory contributor scheme to mobilise affordable and long-term for housing credits.

ix. **State/Municipal Governments Financing**: Sanusi (2003) also stress that State/Municipal government have also been known to be involved in Mortgage Finance, albeit (Reluctant), on a limited scale. The sources of such fund usually include budgetary allocation complimented with facilities from development institutions. Such funds are often channelled through the state development finance institutions such as the Housing Corporations or investment and Property Development Corporations for on-lending to individuals for residential building construction.

x. **Cooperative Societies** are also involved in the provision of credit for housing to their members. Loans are advanced to their members from the resources they pool together.

Other institutions in both the formal and information sector include:

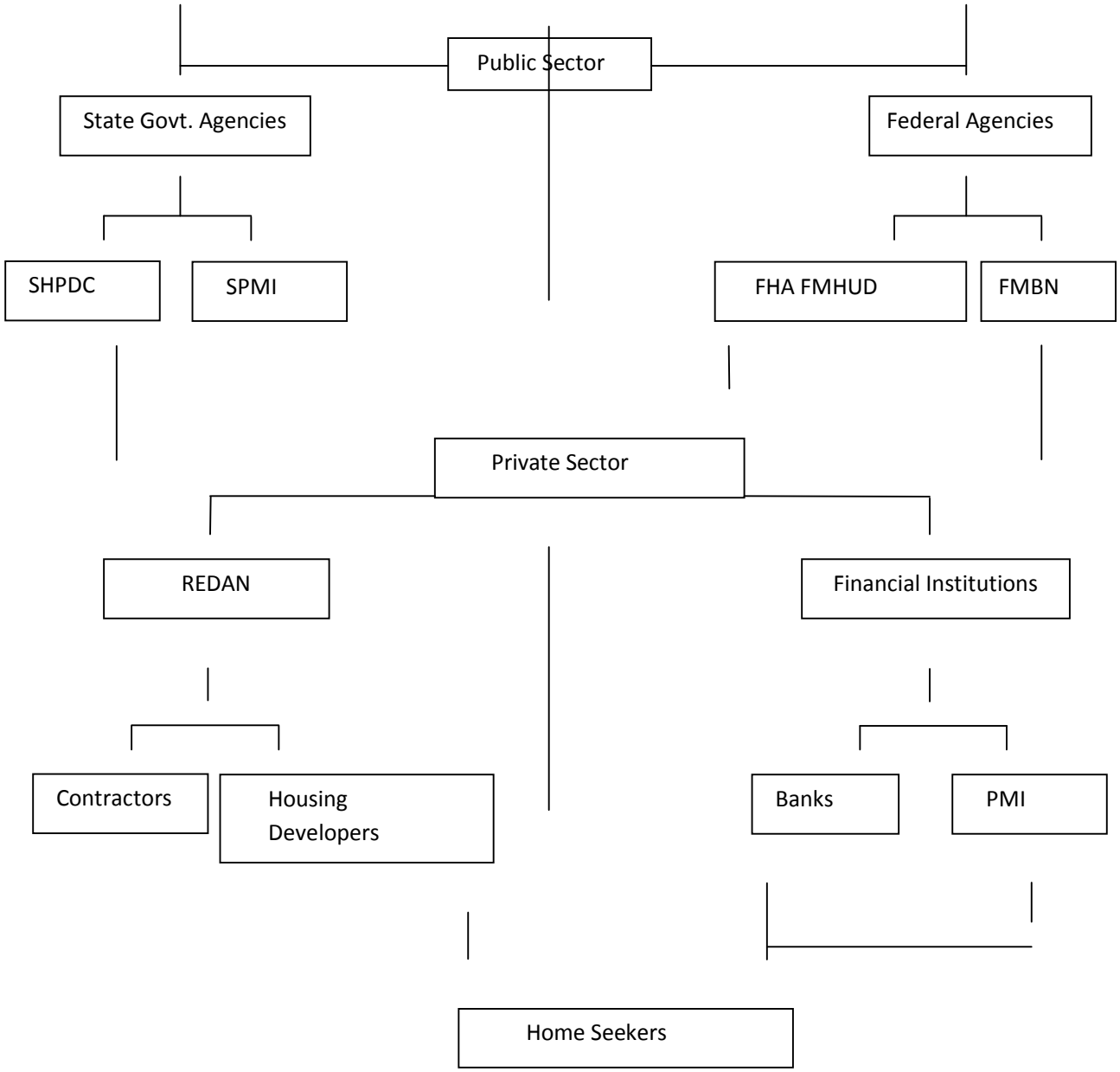
a. **Nigeria Building Society (NBS):** was established as a joint venture of the Common Wealth Development Corporation, the Federal Government and the Eastern Nigeria Government. The main objectives of the NBS were to fund individual mortgage loan from savings mobilized from both the formal and informal sectors.

b. **The National Housing Trust Fund (NHTF):** was established for direct access to housing fund by cooperatives, state housing cooperative and estate developers. The facilities obtained here are limited for deployment to only mass residential accommodation.

c. **Real Estate Developers Association of Nigeria (REDAN):** is an association of private sector-based operators in housing sector, whose aim is to provide mass housing at affordable cost.

d. **Building Materials Producers Association of Nigeria (BUMPAN):** was established for availability, adequacy and affordability of building materials to enhance mass housing production in Nigeria.

Most informal sector transactions are not taxed nor are they registered in the national income accounts. Some informal sector includes Corporate Bodies, Developer, Contactor Finance, e.t.c., source Finance (fund) from personal or family savings individual money lenders and voluntary housing movements. The history of housing finance in Nigeria has, however been an appalling one. According to Moss (2003), Nigeria is characterised by lack of saving habit amongst inhabitants, many lost their savings to distress and liquidated banks creating a big distortion in the savings culture. The call for both voluntary savings and compulsory savings generated little interest in Nigeria.



Legend:

SHPDC = State Housing and Property Development Corporations

FHA = Federal Housing Authority

FMHUD = Federal Ministry of Housing & Urban Development

FMBN = Federal Mortgage Bank of Nigeria

REDAN = Real Estate Developers Association of Nigeria

PMI = Private Sector-owned Primary Mortgage Institutions

SPMI = State Government-owned Primary Mortgage Institutions

Figure 2.2: Typical Institutional Framework for Financing Housing in Nigeria

Source: Eziyi (2010).

2.3.1 Sources and Method of Housing Financing

Ope (2005) identified four sources of finance for use in the actualization of Housing projects. They are; (a) Personal savings, (b) Public or institutional capital budgetary allocations, (c) Loans from financial institutions, and (d) Donations.

2.3.1.1 Personal Savings

Okonkwo (2000) observed that only the rich could build houses from own savings (without resorting to loans or financial assistance). Other income groups require various forms of assistance to do so. Atagher (2008) and Akinwuni (2009) strongly agreed with this view.

Benton and Kolari (2005) defined personal savings as monies and other valuables that individuals and organizations entrust to license Financial Houses (the banks) and for safe custody. These monies and valuables are maintained under special records (referred to as 'savings accounts'). They explicated that it is customary for the monies to accrue interests. Also, they observed that is customary for civil servants, business individual and organizations to comply with employers request to open 'salary' and

'business' accounts to facilitate legitimate payments and financials transfers in favour of holders of the accounts.

Akinwunmi (2009) observed that in countries where the citizens are sufficiently informed and mobilised to be part of the Housing Finance System (HFS), access to mortgage loans are amongst the incentives for people to imbibe "savings for house culture" and that housing finance exert influences on the financial forms that savings take. He observed that the rich could build houses through self-effort since the rich has the resources to do so. He argued that the other income groups require sustained assistance to do so.

2.3.1.2 Public or Institutional Capital budgetary Allocations

Oshisami (2007) and Bhatia (2008) variously defined 'budgetary capital allocations' as monies earmarked for spending on brand new projects. They argued that the allocations aim at securing a general improvement in the social, physical and economic wellbeing of the people. They individually highlighted that such monies are part of over-all budgets and development plans funded from either public or institutional revenues (examples: public tax systems or company sales) sourced during a defined time frame-usually in year for budgets and up to seven years for development plans.

Oshisami (2007) further explained that Public capital allocations on Housing are comprehensive statements of planned government expenditure on the construction of housing units for employees and members of the public. He stressed that budgets would usually contain a list of specific units of work to be executed (with reference to the building materials, the number and types of housing units to construct at specified locations, the types and quality of infrastructure to be provided etc., as well as the total expected costs to the governments).

2.3.1.3 Mortgage Loans as Finance for Housing projects

The Encarta English dictionary (2008) defined loans as monies borrowed out on certain conditions- one of which is the repayment of the monies at later date. The Microsoft Student Encyclopaedia DVD (2008) identified three types of loans. They are; (i) credits, (ii) finance, and (iii) mortgage. The Microsoft student Encyclopaedia (op. cit.) identified credits as loans issued to individuals; and finance as loans granted to the Public or Private corporate organisations. While, mortgage refers to loans issued for real estate development only. The issuance of all loans depends on a pledge for security of payment of the loan (collateral), interest on the loan and time for the repayment.

Mu`azu (1983) defined the Mortgage Institution as licensed financial organization that specializes in the mobilization of funds and channelling of same to customers for investment in real property. The Mortgage Institution carries out these functions by accepting 'savings' (referred to as credit or bonds) from a diversity of sources. A significant part of the deposits are then offered as mortgage (securities of medium and long term nature) to worthy customers. He argued that the diversity of the sources of funds and the continuous flow of cash into mortgage institutions ensures the survival of the system.

Ural (2006) and Gomez (2006) variously identified that mortgage finance is one of the four universal sources of funds for Housing. But people access this source of funds for Housing with caution. They argued that the manner of acquisition of the funds depends on people`s awareness, the Bank`s financial standing/ lending conditions, and the people`s choice.

2.3.1.1 Donations

National and international donors offer various forms of assistance to help attain minimum acceptable standard of living (including the construction of residences) for indigent members of the society- such as; orphans, the physically challenged, and victims of disasters (Popoola, 1984; The

Microsoft, 2008). The donations are often in the form of monies, materials, technical aids, or both. However, the recipients of these offers may accept or reject such donations depending on the foreseen intentions of the donors, channels of receipt of the donation, and the nature of diplomatic ties between the donors, channels of receipt of the donation, and the nature of diplomatic ties between the donors and the recipient organization/ countries (Goldthroupe, 2006).

2.4 HOUSING FINANCE PROBLEMS IN NIGERIA

Depending on the standpoint of individuals, housing finance can be reviewed from different perspectives. To the household, the problem is the possibility of obtaining a loan at affordable terms but Government agencies observe the lack of resource to carry out the large scale public housing programme that are required to satisfy the teaming populace, while the financial institutions see preventing financial instability and maintain confidence in the financial system as a problem. On their own part, the National Planning Agencies find interest in the contribution that housing finance can make to the mobilization of resources and their effective use. At the level of the manager of a mortgage bank, how to expand the scope of mortgage financial services while maintaining a viable institution poses a threat.

The capital market analysts see housing finance problem as that of mobilizing short-term resources while providing long-term financing in the Nigeria inflationary environment. However, the international agencies with a mandate to make loans accessible to the lowest 50% of households income earners distribution, observes the problems as that of developing a sustainable financial system for affordable housing.

According to Anthonio (2003), the housing finance problem can basically be defined as the need to reconcile the three conflicting objectives namely:

1. Affordability of households.
2. Viability of the financial institution and resource mobilization for the expansion.
3. The National Economy

Ayodele (2006) explained cash constrain as a process where insufficient money is allocated to housing development compared with other sectors, like road, power and steel e.t.c . He added that in 2001, 95.3% vote for the ministry went up to works department, 4.7% was into staff quarters maintenance and zero was allocated to housing construction.

2.5 THE FEDERAL MORTGAGE BANK OF NIGERIA (FMBN)

Government around the world have often addressed the issue of housing finance problems of low-income groups through the creation of special lending institutions, which are provided with capital base for onward lending to the public at subsidized interest rates. Accordingly, Decree 7 of 1977 established the FMBN as the main mortgage bank in Nigeria. It was established to take over and expand the activities and portfolio of the defunct Nigeria Building Society (NBS), which was established in 1956 to provide low interest mortgage loan to Nigerians. The authorized capital of FMBN establishment was ₦20 million, 60% of which was provided by the F.G.N while the Central Bank of Nigeria provided the remaining 40%. The initial capital of the bank was increased to ₦ 50 million in 1979 (New Nigeria, 1992) to improve its lending capacity. The initial functions of the FMBN as stipulated in the establishing decree and as discussed by Onibokun and Ogbuozobe (1990) included the following:

i. Provision of long-term credit facilities to Mortgage Institutions and individuals in Nigeria.

ii. Encouragement and promotion of the development as well as the supervision and control of mortgage institutions at state and national levels.

iii. Provisions of credit facilities to commercial property developers, estate and developers of other specialized types of buildings.

iv. Mobilization of savings from Mortgage Institution and private individuals.

v. Promotion of investment and research in construction materials production and mortgage finance.

As it were, the FMBN derived its equity capitals from three major sources. Which are:

1. The Federal Government.
2. The Central Bank of Nigeria.
3. Saving from individuals and institutions.

The bank also granted three major types of loan at different interest rates. These include:

i. **Social Loan** for residential purpose e.g. owner occupier houses. As at 1985, the loan category attracted between ₦ 30- ₦ 65,000.00 with 9.5% interest rates and payment period of up to 15 years.

ii. **Economic Loan** for profit motivated property development e.g. offices, estate building. It attracted over ₦ 65,000.00 with 13% interest rates payable between 7 and 8 years.

2.5.1 Functions of the Federal Mortgage Bank of Nigeria (FMBN)

Following the review of the 1991 housing policy, the functions of FMBN as the apex mortgage bank as since been expanded and made more specific. As stated in section 3.2.5. (i) (vi) of the 2006 National Housing Policy, the functions of the FMBN now include:

a. Collection and management of the National Housing Trust Fund under the supervision of the Federal Ministry of Housing and Urban Development.

b. Mobilizing and collection of long-term funds for housing development.

c. Encouraging the growth of Primary Mortgage Instructions (PMIs).

d. Encouraging the establishment of a viable Secondary Mortgage Market.

e. Supervising the operations of PMIs in the utilization of the National Housing Fund.

f. Mobilization of off-shore funds for housing development.

The FMBN began the collection and management of the National Housing Fund (NHF) in 1992 and unbundled its retail Mortgage business into wholesale and secondary finance in 1993. Jinadu, (2007) further explained that arising from the structural and operational structuring of reforms, the FMBN now manages the NHF and operates two windows of access to the fund. These include the concessionary and commercial windows.

i. **The Concessionary Window:** This window provides access to the NHF Mortgage loan at below market rate of interest. Under the concessionary window operation, the bank mobilizes the statutory monthly contributions of workers and grants wholesale mortgage loans to finance home ownership programmes of the PMIs and the mass housing programmes of the set of developers and the housing corporations. The main operations of the concessionary windows are:

    a. Granting of loan to PMIs for on-lending to qualified contributors.

    b. Granting of estate development loans to private developers, housing corporations and FHA for production of affordable housing.

c. Refund of money to contributors who have reached the retiring age of 60years.

ii. **The commercial window:** The commercial window operates secondary mortgage lending activities and offers robust loan to banks, PMIs and estate developers at commercial terms.

The fund used for the operation of this is sourced from the issuance and trading of the bank`s securities (debentures and bonds) in the capital market. The debt instruments are to be targeted to institutional investors such as the insurance companies, banks and pension administration outfits to be able to raise money to issue periodic loans.

The PMIs as the second-tier housing finance systems are responsible for retail Mortgage lending and the channels of Mortgage funds from the FMBN to the public. They were also empowered to mobilize fund from the public and add interest on such fund. The mobilization funds are to be disbursed as mortgage loan to willing members of the public of buying, building or renovating existing houses.

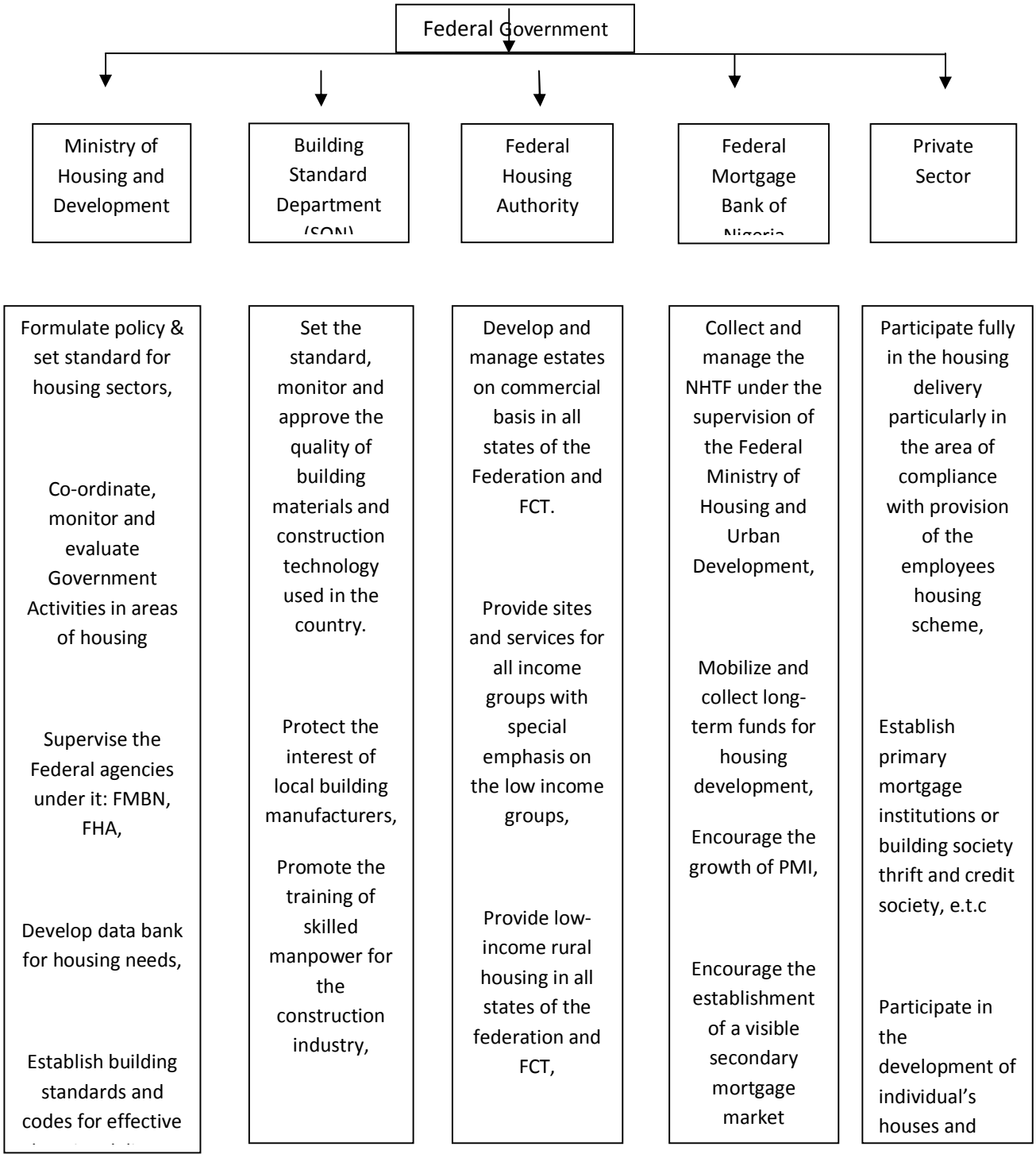


Figure 2.3: Institutional Framework of the New National Housing Scheme in Nigeria

Source: FMBN, (2004).

2.5.2 Problems of Federal Mortgage Bank of Nigeria (FMBN)

The low level of performance of the FMBN arises from certain problems faced by the institution for long. These problems among others include the following:

i. Administrative and operation bottlenecks. These problems arose from the administrative intricacies of running state branch offices most of which serve as more application collection centres. This brought about huge running cost. The operation of the Bank is also impaired by political inference and manipulation in the staffing and running of the bank.

ii. Low capitalization or under capitalization. This problem arises from low initial capital relative to its expected Mortgage responsibilities, and its inability to mobilize enough savings from institutions and private individuals. The major sources of funds are loans from the Federal Government and the Central bank of Nigeria (CBN). Between 1979 and 1983, such loans totalled ₦ 220.8 million from the Federal Government and ₦ 25.7 million from CBN. In addition to these, funds from savings deposits rose from ₦ 21.4 million in 1979 to ₦ 113.2 million in 1984. However, the funds available from all these sources are grossly inadequate. This results in low level of loan of disbursement. Between 1979 and 1986, for instance, the total amount of loan application was ₦ 3259.1 billion while the total amount available for loan in the same period was ₦ 1,178.5 billion. Although, the capital base of the bank was increased to ₦ 500 billion in 1998, it is observed that this is still inadequate to meet the Mortgage need of the Nigeria populace Low, unrealistic and fluctuating interest rate. The lending rate stood at 6-11% in 1981. According to Onibokun (1990), this rate has been reduced to 3%. Over the years, this interest became unrealistic and was reviewed up to 6% for NHF contributors and 10% for real estate developers. Although, the reductions were done to increase the access to Mortgage loan, low

interest rate does not however allow the FMBN to compete favourably with other commercial and merchant banks to attract fund from the capital market (Jinadu, 2007).

2.6 THE NATIONAL HOUSING FUND

The National Housing Fund (NHF) is one of the many initiates proposed in Section 5.15 of the 1991 National Housing Policy (NHP) to make long-term finance available for housing development. It is a mandatory saving scheme designed to mobilize fund from the private sector through regular contributions from individuals and corporate bodies. Decree No. 3 of 1992 established the scheme. As stipulated under section 5.15.19 (i-iv) of the NHP, individuals workers in both public and private sectors of the economy earning ₦3,000.00 and above per month are required to contribute 2.5% of their monthly salaries to the housing fund. The contribution attracts an interest rate of 4% accruing on savings. Upon the attainment of 60 years of age or retirement from work, any contributor who did not benefit the loan facilities of the scheme is entitled to the refund of his or her money at commercial interest rate.

According to Anugworn (2004), National Housing Fund (NHF) was envisage to mobilize resources from both the worker, private enterprises and building societies (Expertise) under a broad policy outline formulated and regulated by government in the effort to provide shelter for Nigeria workers.

2.6.1 **Sources of National Housing Fund**

The Law requires that the three tiers of government (Federal, State and Local Governments) to contribute at least 2.5% of their annual revenues into the National Housing Fund. The policy works mainly by pooling resources from both the public and private sectors and this is turn limit Government participation.

However, the Decree provides for 4% interest on workers contribution to the Fund. In addition to the sources discussed above, the large quantities of housing needs in Nigeria coupled with the huge amount of funds required to meet such needs, government recognised that special funds to tackle the problems of housing exclusively had to be mobilized through a form of savings required by law. The National Housing Fund by statutory provisions derives its working capital through the mandatory contribution made by the employers of labour, employees and the employed and statutory allocation from the Federal Government.

Under the National Housing Fund Decree, a Nigerian worker earning ₦3,000 and above per annum either in public or private sector, shall contribute 2.5% of his/her basic monthly salary to the fund. Commercial and Merchant Banks shall invest 10% of their loans and advances at an interest rate of 1% above the interest rate payable on current accounts by the banks. Every registered insurance company shall invest a minimum of 20% of its non-life fund and 40% if its funds in real property through development of which not less than 50% shall be paid into the fund through the Federal Mortgage Bank of Nigeria at an interest rate not exceeding 4%.

Table 2.3: loans to Primary Mortgage Institutions (NHF)

S/ No.	Name of Primary Mortgage Institution	Loan Amount (Naira)	Date of Disbursement	Outstanding Balance (Naira) as at June 2000
1.	Coop Savings % Loans Ltd. (Loan 1)	1,230,912	28/08/1997	1,082,276.98
2.	Coop Savings % Loans Ltd. (Loan 2)	1,249,600	15/10/1998	1,187,635.49
3.	Aso Savings % Loans (Loan 1)	7,658,585	03/03/1999	7,47,204.78
4.	Kebbi State H.S. & L (Loan1)	10,840,000	03/03/1999	10,769,252.60
5.	Stallion Savings & Loans Ltd. (Loans)	14,438,800	01/06/1999	14,041,067.79
6.	Union Homes S. & L. Ltd. (Loan 1)	800,000	02/06/1999	784,841.81
7.	Union Homes S. & L. Ltd. (Loan 2)	32,149,372	30/07/1999	31,898,515.39
8.	Sakkwato S. & L. Ltd (Loan 1)	8,132,668	11/08/1999	8,107,678.80
9.	Dala Building Society (Loan 1)	4,216,000	21/12/1999	4,138,606.68
10.	Union Homes S. & L. Ltd. (Loan 3)	4,400,000	29/12/1999	4,387,421.46
11.	Lagos Building Investment Co. (Loan 1)	9,984,4000	10/02/2000	49,456,861.20
12.	Union Homes S. & L. Ltd. (Loan 4)	49,200,000	17/02/2000	49,456,861.20
13.	Coop Savings & Loans Ltd. (Loan 3)	1,354,984	30/03/2000	1022,987.24
14.	Akwa Savings & Loans Ltd. (Loan 1)	6,613,582	12/04/2000	6,624,801.90
	TOTAL	152,269,263.		150,881,278.11

These Loans were granted by Federal Mortgage Bank of Nigeria to Primary Mortgage Institutions from the National Housing Fund.

Source: Federal Mortgage Bank of Nigeria (2001)

From the table above, the implication deduced is that the amount of loans disbursed by the Federal Mortgage Bank of Nigeria can be said to be inadequate when compared to the teaming Nigeria population of above 120 million.

Table 2.4: Loans to State Housing Corporations

State Housing Corporations	**Loan Amount**	**Date Disbursed**	**Balance as per Federal Mortgage Bank (Naira)**
Enugu State	3,000,000	1978	7,656,072.88
Imo State	2,700,000	1978	36,638,187.24
Ondo State	1,7711,611.54	1980	19,949,087.24
Ekiti State	1,458,039.46	1980	16,993,666,85
Kaduna State	940,000	1980	10,020,525.09
Katsina State	1,060,000	1980	11,482,609.55
Sokoto State	2,526,000	1981	20,252,466.15
Adamawa State	2,000,000	1983	109,489.47
Cross River State	1,000,000	1987	3,713,296.03
Rivers State	5,300,000	1990	12,387,772.62
	21,695,651		139,205,173.17

Source: Federal Mortgage Bank of Nigeria (2001)

2.7 THE THEORETICAL CONCEPT OF FINANCE

The literature on finance reveals that there are only two broad types of finance available:

1. Debt
2. Equity finance

Financing of a project either by debt or equity depends on the characteristics of assets being financed and transaction cost reasoning suggests the use of debt to finance re-deployable assets and equity used to finance non re-deployable assets (Williamson 1988). Furthermore, Jensen and Meckling (1976) in the study of theory of firms argue that debts are utilised if the ability to exploit potentially profitable investment opportunities is limited by the resources of the owner. Debt finance yields a fixed return to its suppliers in states when the firm is not bankrupt (that is, the firm has sufficient funds to make the fixed payment) (Edwards and Fischer 1994). Bank lending as a form of debt can be categorised into two: either as asset specific or corporate loans (Crosby et al 2000). Again, the debt can be either secured or unsecured. However, equity finance gives its suppliers the right to the firm's residual returns after payments to the suppliers of debt finance, and in addition, the right to vote on decisions concerning the firm's operation in states when a firm is not bankrupt. When the firm goes bankrupt, limited liability provisions mean that suppliers of equity receive nothing. In such state, they even loose the right to make decisions about the firm's operations in such states. In situation of non-bankruptcy, suppliers of equity finance have the right to the firm's residual return, they do not have the right to receive a fixed payment in every period which may be yearly or half-yearly (Edwards and Fischer 1994; Toby 2006). On the other hand, Cranston (2002) and Tirole (2006) classify debt finance into short-term and long-term. Short-term debt finance instruments includes bank overdraft, commercial papers and short-term trade credit and long-term debt finance instruments includes housing loans, mortgages and other forms of informal credit transactions. In the context of the developing world, debt finance can be

obtained from formal financial institutions like banks, micro-finance arrangements, indigenous moneylenders, family members, employers and government (Nubi 2005). Heffernan (2003) and Tirole (2006) argued that financial instruments vary widely according to the characteristic of term to maturity. Sight deposits at banks have zero term to maturity, as they can be withdrawn on demand. Consequently, equity has no redemption date and therefore possesses an infinite term to maturity.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 RESEARCH METHODOLOGY

3.1 SOURCES OF INFORMATION

Two sources of information were used for the study. The first is the existing literature on the subject matter, which is in chapter two. The second source of information was the questionnaire survey collected with a well structured questionnaire designed and administered to registered members of Real Estate Developers Association of Nigeria (REDAN) and Financial Institutions who are members of the Mortgage Bankers Association on Nigeria (MBAN).

3.2 SAMPLING METHOD

Purposive sampling which is also known as deliberate sampling or non-probability sampling was used. This sampling method involves purposive or deliberate selection of particular units of the population for constituting a sample which represents the population.

3.3 THE RESEARCH INSTRUMENT

The instruments used for this study is a well structured questionnaire. The questionnaire was used to source for data from the official record of the members of Real Estate Developers Association of Nigeria (REDAN) and Mortgage Bankers Association of Nigeria (MBAN). Most of the questions in the questionnaire entails ranking some identified variables on a five (5) point likert scale that assessed either frequency of use, significance of the factor and availability of inputs. For example with frequency of use;

1. = Very infrequent

2. = Infrequently
3. = Fairly frequent
4. = Frequent
5. = Very frequently.

3.4 Administration of the Instrument

The Research questionnaires were personally administered. The feed backs were also collected in the same manner.

3.5 DATA ANALYSIS

Descriptive and inferential analyses were used for simplicity and clarity. Tables, means, percentage and charts were used to describe the results.

3.5.1 Relative Importance Index (RII)

Relative importance index was used in the study to rank the factors relating to the availability of housing financing funds. This was calculated as follows (Okotie, 2012)

Relative Importance Index (RII) = $\frac{\sum fx}{\sum f} \times \frac{\mathbf{1}}{k}$

Where,

∑fx = is the total weight given to each attributes by the respondents.

∑f = is the total number or respondents in the sample.

K = is the highest weight on the likert scale.

CHAPTER FOUR

4.0 DATA PRESENTATION ANALYSIS AND DISCUSSION OF RESULTS

4.1 Data Presentation and Analysis

The data obtained for the research work is presented and analysed in statistical form, showing the mean, relative importance index and their rank. Three sets of data were collected through the use of questionnaires which were administered to Private Estate Developers who are members of Real Estate Developers Association of Nigeria (REDAN), Financial Institutions who are members of the Mortgage Bankers of Nigeria (MBAN) and records kept by the Federal Mortgage Bank of Nigeria (FMBN).

4.1.1 Table 4.1 to 4.5 Present the Distribution and Major Characteristic of the Respondents

Table 4.1: Distribution of Questionnaires to Private Estate Developers

Number distributed	50
Number properly completed and returned	41
Percentage response.	82%

Source; Field Survey, April (2012)

Table 4.1 shows the number of questionnaires administered to Private Estate Developers. Fifty (50) questionnaires were administered and forty-one (41) were properly completed and returned representing eighty percent (80%). This percentage can be considered appropriate and an adequate representation of the population of this study and therefore valid for consideration and use for the study based on the assertion of Albinu and Jagboro (2002) that the result of a survey could be

considered as biased and of little significance if the response rate is lower than 30% to 40% of the distributed questionnaire.

Table 4.2: Distribution of Questionnaires to Mortgage Bankers

Number distributed	20
Number properly completed and returned	15
Percentage response.	75%

Source; Field Survey, April (2012)

Table 4.2 shows the number of questionnaires administered to Mortgage Banks. Twenty (20) questionnaires were administered and fifteen (15) were properly completed and returned representing seventy-five percent (75%). This percentage can be considered appropriate and an adequate representation of the population of this study and therefore valid for consideration and use for the study based on the assertion of Albinu and Jagboro (2002) that the result of a survey could be considered as biased and of little significance if the response rate is lower than 30% to 40% of the distributed questionnaire.

Table 4.3: Types of Respondents

Respondents	**Frequency**	**Percentage (%)**
Architects	5	12
Professional Builders	20	48
Engineers	2	5
Estate surveyor	6	15
Quantity surveyor	6	15
Others	2	5
Total	**41**	**100**

Source; Field Survey, April (2012)

Table 4.3 shows that 12% of the respondents are Architect, 48% are Professional builders, 5% Engineers, 15% Estate surveyors, 15% Quantity surveyors and 5% of other professional. The nature of respondents is appropriate considering their background.

Table 4.4: Working experience of respondents

Years of Experience	Frequency	Percentage (%)
0-5 years	12	29
6-10 years	17	42
11-15 years	8	20
16-20 years	-	-
20 years and above	4	9
Total	**41**	**100**

Source; Field Survey, April (2012)

Table 4.4 shows that majority of the respondents have working experience less than 10 years (71%).

Table 4.5: Academic Qualification of Respondents

Qualification	Frequency	Percentage (%)
Ph.D	-	-
MSc./M.Tech	7	17

B.Sc/B.Tech	28	68
Postgraduate Diploma	4	10
HND	2	5
OND	-	-
Total	**41**	**100**

Source; Field Survey, April (2012)

The academic qualifications of the respondents are summarized in the table 4.5 of which 17% have MSc./M.Tech. The other categories of academic qualifications are; First degree 68%, Postgraduate Diploma 10%, HND 5% and none of the respondent have Doctorate degree and OND.

4.1.2 Table 4.6 to 4.20 Present various Aspects of the Private Estate Developers` Responses

Table 4.6: Reasons for Private Estate Developer's Participation in Housing Development

Reasons for participation	**Frequency of Response**					**∑f**	**∑fx**	**Mean (x`)**
	1	**2**	**3**	**4**	**5**			
Profit.	4	4	-	16	17	41	157	3.83
Speculation.	17	12	4	-	8	41	93	2.27
Political Prestige.	12	4	17	4	4	41	107	2.61
Provision of social benefit.	-	-	16	8	17	41	165	4.02
Lack of other options.	25	4	8	4	-	41	73	1.78
Professionalism.	-	4	8	12	17	41	165	4.02
Grand Mean								**3.09**

Source; Field Survey, April (2012)

As it can be observed from table 4.6 that provision of social benefits, professionalism and profit ranked highest with means that can be approximated to (4.00). In order words, they fell into the "important"

category. Political prestige, with mean approximated (3.00) came under the "fairly important" category while "speculation" and lack of other options with mean approximated (2.00) are only "slightly presents".

Table 4.7: Private Estate Developer's Level of Participation in Housing Delivery

Level of participation	Frequency	Percentage (%)
Very high(≥70% of construction)	17	41
High (60-69%)	12	29
Average (45-59%)	4	10
Low (30-44%)	8	20
Very low (<30%)	-	-
Total	**41**	**100**

Source; Field Survey, April (2012)

Table 4.7 shows that 70% of the developers adjudged their level of participation as at least " high" i.e 60% and above; 10% felt it is average (45 – 59%), while the remaining 20% felt it was low (30 – 44%).

Table 4.8: Reasons for Present Level of Private Estate Developer's Participation

Reasons for present level participation	Frequency of Response					∑f	∑fx	Mean (x`)
	1	2	3	4	5			
Huge returns on investment	4	-	4	21	12	41	160	3.90
Normal business operation	4	4	12	13	8	41	160	3.41
Incentives from the government	17	12	8	-	4	41	85	2.07
Financial issues	-	4	16	4	17	41	157	3.83
Land acquisition	4	4	4	8	21	41	177	4.32
Inadequate returns on investment	4	8	12	13	4	41	128	3.12
Grand Mean								**3.56**

Source; Field Survey, April (2012)

Table 4.8 shows that the six reasons for present level of participation are "very important" except Two that falls in the range of 2.07-3.12 which are "slightly important" to "fairly important".

Table 4.9: Response on the Availability of Housing Construction Inputs

S/No.	Availability of housing construction inputs	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Labour.	-	-	-	8	33	41	197	4.81	0.96	1st
2.	Material.	-	-	-	16	25	41	189	4.61	0.92	2nd
3.	Market.	-	-	-	16	25	41	189	4.61	0.92	2nd
4.	Profit.	-	-	12	17	12	41	164	4.00	0.80	4th
5.	Finance.	4	8	21	-	8	41	123	3.00	0.60	6th
6.	Land.	4	8	21	-	8	41	123	3.00	0.60	6th
7.	Equipment.	4	-	8	17	12	41	156	3.80	0.80	5th

Source: Field Survey, April (2012).

Table 4.9 shows that labour, materials and market (with mean availability rating that can be approximated to 5.00) are "readily available". Profit and equipment (availability rating approximately 4.00) are available and land and finance (availability rating approximately 3.00) are "fairly available".

Table 4.10: Response on the Frequency of Houses Constructed by Private Estate Developers

S/No.	Housing types	Frequency of Response					∑f	∑fx	Mean (x`)
		1	2	3	4	5			
1.	Bungalows	-	4	8	8	21	41	169	4.12
2.	Semi detached duplexes	4	8	4	17	8	41	144	3.51
3.	Detached duplexes	-	-	8	21	12	41	165	4.02
4.	Terrance houses.	-	8	12	13	8	41	144	3.51
5.	Block of flats	4	12	8	-	17	41	137	3.34
Grand Mean									**3.68**

Source: Field Survey, April (2012).

Table 4.10 shows that bungalows, semi detached duplexes, detached duplexes and terrace houses (with mean frequency rating of 4.00 approximately) are “frequently” constructed, only block of flats (mean rating of 3.34) are in the “fairly frequently” constructed range.

Table 4.11: Response on the average Numbers of Houses Delivered Annually

Housing units	Frequency	Percentage (%)
1-40 units	12	29
41-70 units	13	31
71-100 units	8	20
Above 100 units	8	20
Total	**41**	**100**

Source; Field Survey, April (2012)

The average numbers of housing unit delivered annually is summarised in the table 4.11 of which 29% constructed one to forty units (1-40). 31% completed forty to seventy units (40-70), 20% delivered seventy to one hundred units (70-100) and remaining 20% also above one hundred units (100).

Table 4.12: Response on the types of Houses constructed

Housing types	Frequency	Percentage (%)
One bedroom	-	-
Two bedrooms	4	10
Three bedrooms	33	80
Four bedrooms	4	10
Five bedrooms	-	-
Total	**41**	**100**

Source; Field Survey, April (2012)

Table 4.12 shows the housing types constructed by private estate developers in Abuja. 10% constructed two (2) bedrooms apartments, 80% constructed three bedrooms and another 10% constructed four bedrooms houses. None of the respondents indicated that they constructed one (1) and five bedrooms apartments.

Table 4.13: Response on the Major sources of Finance used by Private Estate Developers

S/No.	Sources of finance	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Internal funds.	8	4	17	4	8	41	113	2.76	0.55	2nd
2.	Loans from thrift and credit society.	8	8	17	8	-	41	107	2.61	0.55	2nd
3.	Commercial banks.	4	12	17	8	-	41	111	2.71	0.54	2nd
4.	Merchant banks.	8	21	8	4	-	41	90	2.19	0.43	6th
5.	Mortgage banks.	4	-	8	8	21	41	165	4.02	0.80	1st
6.	Insurance and pension funds.	21	4	8	4	4	41	89	2.17	0.43	6th
7.	Government bonds.	21	12	8	-	-	41	69	1.68	0.33	9th
8.	Foreign Direct Investment (FDI).	17	12	4	-	8	41	93	2.29	0.45	5th
9.	Shares.	21	8	8		4	41	81	1.98	0.39	8th

Source: Field Survey, April (2012).

Table 4.13 shows the five of the sources (merchant banks, insurance and pension funds, government bonds, foreign direct investment and shares, with approximately 2.00) are “infrequently used”. Another three (internal funds, loans from thrift and credit society and commercial banks with mean rating 3.00) are “fairly frequently used”.

Table 4.14: Response on the rating of the Housing Market

Market rating	Frequency	Percentage (%)
Excellent	4	10
Good	12	29
Average	21	51
Poor	4	10
Total	**41**	**100**

Source: Field Survey, April (2012).

From table 4.14, it can be observed 90% of the developers consider the market rating as at least average. Among these are the 10% who rated the market as excellent and 29% rated it as good. Only 10% were of the opinion that the market is poor.

Table 4.15: Level of satisfaction with the time taken to process loan by Financial Institutions

Satisfaction Level	Frequency	Percentage (%)
Very unsatisfactory	8	19
Un satisfactory	13	32
Fairly satisfactory	12	30
Satisfactory	8	19
Very satisfactory	-	-
Total	**41**	**100**

Source: Field Survey, April (2012).

From table 4.15, it can be observed that 51% view the time taken to process housing loans as at least unsatisfactory. Of the remaining, 49%, 30% held it is fairly satisfactory, and only 19% felt it was satisfactory

Table 4.16: Interest rate charged on loans Disbursed to Private Developers

Interest rate	Frequency	Percentage (%)
1-5%	4	10
6-10%	12	29
11-15%	-	-
16-20%	13	32
21-25%	12	29
Total	**41**	**100**

Source: Field Survey, April (2012).

39% say it is between 1 and 10% and 61% say it is between 16% and 25%.

Table 4.17: Percentage of loan granted to Private Estate Developers

Loan Percentage	Frequency	Percentage (%)
1-20%	-	-
21-40%	2	5
41-60%	29	70
61-80%	6	15
81-100%	4	10

Total	**41**	**100**

Source: Field Survey, April (2012).

From table 4.17, it can be observed that majority of the respondents that constitute 70% admitted that they were granted between 41%-60% of the loan applied, 15% were given 61%-80% of loan requested, 5% were granted between 21%-40% of the loan they applied, while 10% of the respondents admitted they were granted loan between 81%-100% of the total amount requested.

Table 4.18: Level of Significance of the Factors militating against the availability of Funds

S/No.	Militating factors	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Excessive protocol and bureaucracy.	-	4	4	8	25	41	177	4.31	0.86	1st
2.	Collateral security.	4	-	8	8	21	41	165	4.02	0.80	4th
3.	Restriction of government policies.	-	8	4	17	12	41	156	3.80	0.76	5th
4.	High interest rate.	4	-	4	12	21	41	169	4.12	0.82	2nd
5.	Loan ceiling and duration.	4	-	8	4	25	41	169	4.12	0.82	2nd

Source: Field Survey, April (2012).

Table 4.18 presents the various factors militating against the availability of fund to private estate developers. It can be observed that all the five (5) militating factors obtained means of 3.80 to 4.31 which in the range of “significant”. This confirms that these factors contribute significant to the unavailability of funds for private estate developers.

Table 4.19: Level of significance of constraints to Estate Developers

S/No.	Constraints	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Fund shortage/ high cost of fund.	4	-	-	4	33	41	185	4.51	0.90	1st
2.	High cost of construction.	-	4	4	4	29	41	181	4.41	0.88	2nd
3.	Delay in certificate of occupancy and building plan approval.	4	-	-	12	25	41	177	4.32	0.86	3rd
4.	High cost of building materials.	-	4	8	17	12	41	160	3.90	0.76	5th
5.	Land acquisition problem.	4	-	-	21	16	41	168	4.10	0.82	4th
6.	Route of infrastructure.	-	8	16	-	17	41	149	3.63	0.72	7th
7.	Manpower shortage.	33	-	8	-	-	41	57	1.40	0.28	9th
8.	Government policy		12	4	8	17	41	153	3.73	0.74	6th
9.	Poor demand.	17	8	4	4	8	41	101	2.46	0.49	8th

Source: Field Survey, April (2012).

Table 4.19 shows that seven (7) out of the nine constraints obtained means of 3.63 to 4.51 which are in the range of “significant” and toward “very significant”. Of the remaining two (2) “manpower shortage”

with a mean value of 1.40 is "very insignificant" while poor demand with mean of 2.46 is considered "insignificant".

Table 4.20: Frequency of utilizing means of Housing Funds Availability

S/No.	Means	Frequency of Response					∑f	∑fx	Mean (x`)
		1	2	3	4	5			
1.	Liaising with interested foreigners in both private and public sector	17	4	8	4	8	41	105	2.56
2.	Pulling resources from all potential investors, both local and foreign	4	12	8	4	13	41	133	3.24
3.	Providing united front in making recommendation to Government on ways in seeking solutions to the property market	4	4	33	-	-	41	111	2.71
4.	Joining resources with other Estate Developers to provide houses in mass.	12	8	13	8	-	41	99	2.41
GRAND MEAN									**2.73**

Source: Field Survey, April (2012).

Table 4.20 shows that all the four ways explored by private estate developers to enhance funding availability obtained means in the range of 2.41 to 3.24 which falls in the range of "rarely" and "occasionally". The grand mean is 2.73 which confirm that private developers rarely utilize these means for enhancing the funds availability.

4.1.3 Response from the Mortgage Institutions

Table 4.21 to 4.26 shows the Mortgage Institutions` responses on some necessary aspects of Housing Funding.

Table 4.21: Duration of Loan repayment by Private Estate Developers

Duration	Frequency	Percentage (%)
1-2 years	-	-
3-4 years	3	20
5-6 years	-	-
7-8 years	6	40
9-10 years	-	-
Above 10 years	6	40
Total	**15**	**100**

Source: Field Survey, April (2012).

From Table 4.21, it can be observed that 20% of the mortgage banks indicated that the maximum duration for loan repayment is between 3years-4years. 40% of the respondent affirmed that the maximum duration given for loan repayment ranges between 7years-8years, another 40% also indicated that they were given above 10 years for the repayment of loans. none of the respondent indicated that the duration for the repayment of loan is between 1year- 2years and 9years-10years.

Table 4.22: Moratorium Duration

Duration	Frequency	Percentage (%)
1-5 months	6	40
6-10 months	6	40
11-15 months	-	-
16-20 months	-	-
21-24 months	-	-
Above 24 months	3	20
Total	**15**	**100**

Source: Field Survey, April (2012).

From Table 4.22, it can be seen that 40% of respondents indicated that the minimum moratorium duration is between 1month- 5 months, another 40% of the respondents also indicated that the moratorium duration is between 6months-10months. Again, 20% of the respondents also indicated that they give maximum moratorium duration of above 24 months. None of the respondents indicated that the duration for moratorium is between 11months-15months, 16months-20months.

Table 4.23: Good fundamentals required by Mortgage Banks

S/No.	Fundamental	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Character	-	-	-	6	9	15	69	4.60	0.92	3rd
2.	Capacity	-	-	-	1	14	15	64	4.23	0.84	5th
3.	Conditions	-	-	-	9	6	15	66	4.40	0.88	3rd
4.	Capital	-	-	-	-	15	15	75	5.00	1	1st
5.	Collateral	-	-	-	-	15	15	75	5.00	1	1st

Source: Field Survey, April (2012).

The table below presents the fundamentals required by mortgage banks for granting of loan to private estate developers had means ranging from 4.23-5.00 which falls in the range of “important” to “very important”.

Table 4.24: Details required when applying for Loans

S/No.	Required details	Frequency of Response					∑f	∑fx	Mean (x`)	RII	Position
		1	2	3	4	5					
1.	Certificate of occupancy	-	-	-	-	15	15	75	5.00	1	1st
2.	Location	-	-	-	6	9	15	69	4.60	0.92	2nd
3.	Approved building plan	-	-	-	6	9	15	69	4.60	0.92	2nd
4.	Resume of developer team and major consultants	-	-	6	3	6	15	60	4.00	0.80	8th
5.	Bill of quantity	-	-	3	3	9	15	66	4.40	0.88	3rd
6.	Feasibility and viability study	-	-	-	9	6	15	66	4.40	0.88	3rd
7.	Evidence of past performance	-	-	-	6	9	15	69	4.60	0.92	2nd
8.	Environmental impact assessment	-	-	-	9	6	15	66	4.40	0.88	3rd
9.	Tax clearance	-	-	6	3	6	15	60	4.00	0.80	8th
10.	Profit potential	-	-	-	9	6	15	66	4.40	0.88	3rd
11.	Commitment of presale/ pre-lease of the property	-	-	3	6	6	15	63	4.20	0.88	7th
12.	Percentage committed to presale/ pre-lease of the property	-	-	-	9	6	15	66	4.40	0.88	3rd
13.	Equity contribution	-	-	-	-	15	15	75	5.00	1	1st

14.	Development levy receipt	-	-	6	3	6	15	60	4.00	0.80	8th

Source: Field Survey, April (2012).

Table 4.24 shows that all the fourteen required details when applying for loans by private estate developers obtained means in the range of 4.00-5.00 which falls in the range of "important" and "highly important". This confirms that details are required when applying for loans.

Table 4.25: Instances that required prosecution/sanctioning of Private Estate Developers

Type of response	Frequency	Percentage (%)
Yes	13	87
No	2	13
Total	**15**	**100**

Source: Field Survey, April (2012).

Table 4.25 shows instances that required prosecution of private estate developers who do not service their loan. 87% of the respondents indicated that they were instances that they had to sanction

defaulting private developers, while 13% indicated they had no case on prosecution of sanctioning of their customers.

Table 4.26: Percentage of Funds allocated as loan-able to Housing Sector

Percentage allocated	Frequency	Percentage (%)
1-5 %	-	-
6-10 %	6	40
11-15 %	-	-
16-20 %	-	-
21-24 %	-	-
Above 24 %	9	60
Total	**15**	**100**

Source: Field Survey, April (2012).

Table 4.26 shows that majority of the mortgage banks that constitute 60%, allocated above 24% as loan-able funds for housing development while 40% indicated that they only allocate 6%-10% as loan-able fund for the housing sector. None of the mortgage banks allocated 1%-5%, 11%-15%, 16%-20% and 21%-24% to the housing sector.

4.1.4 Response from the Federal Mortgage Bank of Nigeria

Table 4.27 to 4.28 shows the Federal Mortgage Bank of Nigeria responses on some necessary aspects of Housing Funding.

Table 4.27: Estate Development Loans and National Housing Fund loans (N' Billion)

Indices	April, 2011
Approved estate development loans	₦74,579,398,621.19
Disbursed estate development loans	₦38,795,853,412.88
Outstanding estate development loans	₦35,783,745,208.3
Disbursed national housing fund loans	₦26,128,699,554.04
Outstanding national housing fund loans	₦26,751,128,383.46

Source: Federal Mortgage Bank of Nigeria (2012)

The study shows in Table 4.27 the loan performance on estate development. The amount disbursed is more than the outstanding balance left, this is good because more housing financing funds will be available for private estate developers for housing funding. This amount on the under hand is very small when compared with the total number of houses needed by the entire population.

The loan performance on National Housing Fund. The amount disbursed is same as the outstanding balance left, this is not good because less funds will be available for Primary Mortgage Institution for housing funding. This amount is very small when compared with the total number of houses needed by the entire population.

Table 4.28: National Housing Fund operation from 2006-2009 (N' Billion)

ACTIVITY	2006	2007	2008	2009	TOTAL
Employer registration	18,624	15,336	19,531	19,659	77,150
Employee registration	3,564,579	3,686,620	3,423,056	3,443,760	14,118,015
NHF collection	3,583,203	3,705,956	3,4442,587	3,463,419.00	14,195,165
NHF refund	461,094,075	173,126,739	57,916,707	72,590,231.07	764,727,752
Loans approval (PMI)	6,122,438,062	7,614,966,838	8,240,479,160	35,923,210,912	57,901,094,972
Loans disbursed (PMI)	3,589,742,437	7,550,340,908	6,597,337,381	16,883,357,575	34,620,778,301
Loans approved (EDL)	12,048,421,365	38,399,903,087	8,056,878,923	9,299,494,999	67,804,698,374
Loans disbursed (EDL)	5,317,915,874	16,691,556,660	1,925,839,273	920,180,753.60	24,855,494.561

Source: Federal Mortgage Bank of Nigeria April (2012)

Table 4.28, shows the various activities under the National Housing Funds from 2006-2009.From this table it can be seen that there is no increase in the loan disbursed to Private Estate Developers, thereby reducing their ability to produce affordable housing for the increasing population.

4.2 DISCUSSION

4.2.1 Nature / Background of Respondents

The study set out to assess the availability of housing financing funds for private estate developers in Abuja, Nigeria with a view to enhancing the present level. The response pattern for professional showed that 17% of the respondents are holders of Master of Science or Masters of Technology, 68% are holders

of Bachelors of Science or bachelor of Technology, 10% obtained Postgraduate Graduate Diploma, 5% holds Higher National Diploma (HND). The results shows that all the respondents possess the minimum registration qualification of their various professional bodies in Nigeria and are of adequate academic training to supply reliable data for this study.

4.2.2 Reasons for Private Developers participation in Housing

The study investigated the reasons for private developer's participation in housing. Result in table 4.1 shows that a grand mean of 3.09 was obtained which means that the reasons mentioned were "fairly important" for private estate developers in housing development.

4.2.3 Reasons for present level of participation in Housing Development

From the study, it was established from the grand mean of 3.55 obtained that the present reasons listed is why private estate developers participate in housing development. Out of the six reasons listed, respondents perceived that land acquisition, huge returns on investment, financial issues, normal business operation, inadequate returns on investment and incentives from the government determines why private developers attain this present level. This result is in line with Amama and Anigbogu (2007) which established that profit was among the major reasons for the participation of private developers in housing production in Abuja.

4.2.4 Availability of Housing Construction Inputs

Data from the questionnaire survey established that four (4) construction inputs; Labour, Material, Profit and Market are the most readily available inputs. Finance, land and Equipment are fairly available. This is consistent with the findings of Nubi (2010). This reduces the amount of houses to be provided by Private Estate Developers in the Abuja.

4.2.5 Frequency of the Housing types Constructed by Private Estate Developers

From the study, it was established from the grand mean of 3.68 that the various housing types are "Frequently" constructed by private estate developers. Out of which is Bungalow, Detached duplexes, Semi-detached duplexes and Terrace.

4.2.6 Private Estate Developers level of participation in Housing Delivery

According to table 4.7, most of the respondent (41%) assed the level of participation level of private developers as "Very high" level, 29% also attested "High" level, 10% were of the opinion that the level is "Average" and 20% affirmed that the level is low. None of the respondents indicated that there is a "Very low" level of participation. This result clearly shows that there is an increased involvement of private estate developers in housing delivery.

4.2.7 Average Numbers of Housing unit Delivered annually by Developers

The study shows that the highest number of respondents produces 41unit-70units annually representing 31%, 29% produces 1unit-40units. The lowest are 20%, which private estate developers produce 71units-100 units and above 100units. It can be concluded that the number of houses produced by private estate developers is small when compared to the increasing population. With this, the vision 2025 of producing houses for all cannot be achieved.

4.2.8 Distribution of Housing unit delivery

The distribution shows two bedrooms having 10%, three bedrooms 80% and four bedrooms have 10%. None of the respondent indicated they produce one bedroom and five bedrooms. This is in line with Amama and Anigbogu (2007) which also deduced that three bedroom is the most commonest development carried out by private estate developers in F.C.T, Abuja.

4.2.9 Nature of Housing Patronage

The nature of housing patronage indicated that 29% of the private estate developer's patronage is from the High income earners while majority making 71% affirmed that the bulk of their patronisers are the medium income earners. The Low income earners do not patronise them at all. This can be attributed to the affordability of the types of houses produced by the developers. Since the low income earners constitute about ninety percent (90%) of the population as established by NHP, 2006. This implies that the development efforts by private developers will only address 10% of the total human population.

4.2.10 Rating of the Housing Market

The rating established that 10% of the private estate developers rated the housing market as Excellent, 29% were of the view that it is Good, 51% of the respondents affirmed it is Average while another 10% rated the housing market as poor. These ratings call for an improvement in the housing market.

4.2.11 Major sources of Finance used by Private Estate Developers

Data from the questionnaire established that Mortgage bank is the most frequently used source of finance for Private Estate Developers in Abuja. Other sources that were fairly used were; Others are internal funds, loan from thrift and credit society, loans from commercial banks.

4.2.12 Level of satisfaction with the Time taken to process Loan

Data from the questionnaire indicated that majority of the private estate developers satisfaction level falls below the satisfaction. This means that a lot time is spent before loan application is granted.

4.2.13 Interest rate charged on Loans Disbursed

The study also established that most (61%) of the Private Estate developers indicated that the interest rate charged ranges from 16%-20%. 39% of the respondents were charged between 1%-10%. From the study, it was observed that interest charged on loans disbursed to most of the respondents is in two digits which are on a high side. This will eventually affect the final cost of houses produced negatively by making it expensive. The finding is consistent with the notion of Ogwu, 2006; Akomolode, 2007; Onyike, 2007 that the high interest changed by Finical institution is high.

4.2.14 Percentage of Loan granted to Private Estate Developers

It was observed that majority of the respondents making 70% were granted loan of 41%-51% of their total application, 15% were granted 61%-80% of the total loan application, 10% were granted 81%-100 and 5% were also granted 1%-20% of the amount requested for. This effort is not commendable because little fund will be available for housing development.

4.2.15 Factors Militating against the availability of Fund

All the five (5) factors investigated obtained the “highly significant” rating (Table 10.3).This is consistent with the findings of Ogwu (2006) Akomolode(2007) (Onyike) 2007. These factors can be summarised as high interest rates and administrative bottlenecks.

4.2.16 Level of significance of Constraint to Private Developers

Data from the questionnaire established that fund shortage/ high cost of fund is the most significant constraint to Estate Developers. Other constraint such as high cost of construction, delay in issuing certificate of occupancy and building plan approval, high cost of building materials, land acquisition problem, government policy significantly affects Private Estate Developers. This is consistent with the findings Aliyu and David (2011).

4.2.17 Frequency of utilizing means of Housing Funds Availability

The study established that all the four (4) frequency of utilizing means of housing funds availability obtained grand mean of 2.73 which fall in the range “occasionally utilized”.

4.2.18 Duration of loan repayment of Estate Development Loan

Data from the questionnaire survey established that majority (60%) of the Private Estate Developers are only allowed to pay back the loan between 3-8 years. Only 40% of the Private Estate Developers are only allowed to repay the loan after 10 years. This duration when compared to the United States of America which is between 25years-30years is small for the repayment of loan. This will put more pressure on the mortgagors to repay back the money borrowed within the very shortest period of time.

4.2.19 Moratorium Duration

The study established that majority (80%) of the Private Estate developers were given a moratorium duration ranging from 1month – 10months. Only a few of the Private Estate developers moratorium duration exceeds 24 years.

4.2.20 Instances that required prosecution of Private Developers

From the study, it was established that majority (87%) of the Mortgage bankers indicated they recorded instances that required prosecution of defaulters and 13% affirmed they never had instance to sanction their mortgagors. This is not healthy for the housing market because financial houses might be reluctant to give out loans to estate developers.

4.2.21 Percentage of Funds allocated to Housing Sector

Data from the questionnaire survey established that most (60%) mortgage banks allocated above 24% of their loanable funds to housing sectors. Only a few (40%) of the mortgage banks allocated between 6%-

10% of their loan-able funds to housing sector, while 60% allocated above 24% of their funds to the housing sector. This is in line with the Central Bank of Nigeria directive that banks should allocate at least 7% of their loan-able funds to housing sector.

4.2.22 Fundamentals of Good Credit

The study established the rank order of five (5) fundamentals of good credit. The means obtained were in the range of 4.23 to 5.00 which falls in the range of "High"to"Very high". This confirms that the fundamentals of good credit are greatly considered before loans are disbursed to prospective applicant. Among the fundamentals considered includes; capital, collateral, character, conditions and capacity.

4.2.23 Details required when applying for Loan by an Estate Developer

The study establishes results of data obtained from the respondents' shows the rank order of the fourteen (14) details required when applying for loans by estate developers. Five (5) require details were in the range of 4.60 to 5.00 which falls in the range of "Important". Also among the required details for applying for loans by an estate developer includes; Certificate of occupancy, Equity contribution, Location, Approved building plan, Evidence of past performance, Bill of quantity, Feasibility and viability study, Environmental impact assessment, Profit potential, Percentage committed to presale/pre-lease of the property, Commitment of presale/presale of the property, Tax clearance, Resume of Developer team and major consultants and finally Development levy receipt.

4.2.24 Estate Development Loans and National Housing Fund Loans

Table 4.27 shows the achievement of the loans department to estate developers. As at April 2012 approved loans stood at ₦74, 579,398,621.19 for financing housing units' nation -wide, with ₦38, 795,853,412.88 disbursed in the period under review. An outstanding loan of about ₦35, 783,745,208.3 was also recorded in the period under review. This is favourable compared to an approved loan value

₦67,804,698,374 and disbursed loan value of ₦24,855,492,561 from 2006-2009. In April 2011, a total sum of ₦52,879,827,937.56 was approved for disbursement out of which a total of ₦26,128,699,554.04 was disbursed for the National Housing Fund and an outstanding balance of ₦26,751,128,383,46 was recorded. It can be seen that seen that the amount disbursed here is half of the total loan approved. There is the need to improve in the amount disbursed to Primary Mortgage Institution as National Housing Funding loan.

4.2.25 National Housing Fund operation from 2006-2009

Table 4.29 presents the National Housing Funds operation showing that employer registration increases steadily from 2006-2009. Employee registration increases from 2006-2007 but dropped in 2008 and later picked up in 2009. NHF collection increases from 2006-2007, also dropping in 2008 and later picking up in 2009. Loans approved (PMI) increases steadily between 2006-2009, with 2009 showing the largest loan approval. For the loan disbursed (PMI) also shows a steady increase between 2006-2007 but a slight drop in 2008. Loan distributed (PMI) later picked up showing an astronomical increase in 2009. Loans approved (EDL) increase between 2006-2007 but drastically dropped in 2008 and later rose in 2009. Loans disbursed (EDL) also increased between 2006-2007 but also dropped between 2008-2009 having the lowest. It shows that there is an increase in the loan disbursed to Private Estate Developers, thereby increasing their ability to produce affordable housing for the increasing population.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

The study has examined the availability of Housing Financing Funds for Private Estate Developers in Abuja, Nigeria. Data were sourced from Private Estate Developers who are members of Real Estate Developers Association of Nigeria (REDAN), Financial Institutions who are members of the Mortgage Bankers Association of Nigeria (MBAN) and The Federal Mortgage Bank of Nigeria (FMBN).

The study revealed the various sources of finance available to Private Estate Developers, the constraints affecting the availability of Housing Financing Funds for Private Estate Developers and the level of significance of such constraints and thus summarised that;

i. On the major sources of finance used by private estate developers, mortgage bank have a mean value of 4.02 which indicates “frequently used”.
ii. On the ways of enhancing sources of finance, a grand mean of 2.73 was obtained. This shows that private estate developers only on occasional bases seek for ways to enhance their finance base.
iii. Most of the respondents affirmed that they are not granted more than 60% of their total loan application.
iv. Interest rate charged by financial institution is very high which is between 16% - 25%.
v. Majority of the respondents (80%) indicated that the duration given to private estate developers on loan repayment is above seven years.

vi. Moratorium duration on loan given to private estate developers on loan repayment is adequate (above four months).

vii. Percentage allocated as loan-able funds to housing sector by financial institution is line with the directive of the central bank of Nigeria.

viii. Good credit fundamentals (character, capacity, conditions, capital, and collateral) are important conditions considered by financial institutions for the disbursement loans.

ix. Majority of the financial institution responded that they have cases of non- remittance of loan disbursed to private estate developers which made them sanction such erring customers.

x. The details required by financial institutions from private estate developers (certificate of occupancy, approved building plan, resume of developers team and major consultants, bill of quantity, feasibility and viability study, evidence of past performance, environmental impact assessment, tax clearance, profit potential, commitment of presale/ pre-lease of the property, percentage committed to presale/ prelease of the property, equity contribution and development levy receipt), have mean response in the range of 4.60 to 5.00 which implies "highly important". It shows that stringent details are attached as a condition to the disbursement of loan.

xi. There is an increase in the loan disbursed from 2006- 2009 and also in 2011.

xii. Majority of the private estate developers indicated that they are not satisfied with the duration taken to process their loan application.

xiii. Finance and land are least available housing construction inputs with means of 3.0 which indicates "fairly available".

xiv. On the level of significance of the factors militating against the availability of funds, all of the militating factors investigated (excessive protocol and bureaucracy, collateral security, restriction of government policies, high interest rate, loan ceiling and duration) have a mean value ranging from 3.80 to 4.31 which falls in the range of "highly significant". This confirms that the militating factors will affect the level of progress of work on housing development negatively.

xv. Majority of the constraints to private estate developers are (funds shortage/ high cost of fund, high cost of construction, delay in certificate of occupancy and building plan approval, land acquisition, high cost of building materials, government policy, route of infrastructure) have mean value ranging from 3.63 to 4.51 which indicates "highly significant".

xvi. Provision of social benefit, professionalism and profit are the main reason for the participation of private developers in housing development.

xvii. Bungalows and duplexes are the most frequently constructed housing types.

xviii. Private estate developers' level of participation in the housing sector is high.

xix. Only very few of the private estate developers have been able to deliver above one hundred (100) housing units.

xx. The housing developments by private estate developers are only addressing 10% of the entire population (high income groups).

xxi. Three bedrooms apartment is the most common development carried out by private estate developers.

xxii. The bulk of patronage of the houses constructed by private estate developers comes from the high and middle income class.

5.2 CONCLUSIONS

Based on the results obtained in this research, the following conclusions were drawn.

i. Funding from mortgage bank in the most frequently used source of finance by private estate developers.

ii. The findings reveal that private estate developers only on occasional bases seek for ways to enhance their finance base, this will affect the housing sector negatively.

iii. On the issue of a very high Interest rate charged by financial institution the implication is that the final cost of housing will be high.

iv. Most of the respondents affirmed that they are not granted more than sixty percent of their total loan applications; this means that little funds will only be available for housing development.

v. With regards to the duration of processing loans, the implication is that only few applications for loans can only be processed, meaning few numbers of private estate developers will be granted loan.

vi. Finance and land are least available housing construction inputs available to private estate developers in Abuja, Nigeria.

xxiii. The militating factors against fund availability will affect the level of progress of work on housing development negatively.

The study concludes that finance is not readily available to private estate developers in Abuja, Nigeria. Funding and land are the major challenges in the Nigerian housing market. The high interest rate, not granting the total amount of loans requested are the characteristics of the market, which are a reflection of the source of funds which is predominantly short tenured. The inadequate capital base of most primary lenders limits their ability to provide needed finance to meet market demand. For a

sustainable development to be achieved there is the need for a responsive housing financing policy which must therefore concur with the existing national and socio-economic realities of the country. For this, relevant urban and housing development strategies should be formulated and integrated to form part of existing housing policy.

5.3 Recommendations

The following recommendations are proffered on the account of the research findings:

i. The Federal Mortgage Bank of Nigeria (FMBN) should concentrate only on its wholesale functions and operate in the secondary mortgage market by providing mortgage banking services to the primary mortgage institutions (PMIs), housing financial institutions (Mortgage Bankers of Nigeria) and construction companies/associations in the country. This will guarantee the large-scale securitization of mortgage portfolios, a mechanism that has remained the primary engine of growth in the housing finance systems in developed countries such as United States, Germany, France and Italy.

ii. The Central Bank in Nigeria should ensure that interest rate charged on loans by financial institutions should be reduced, amortization period of loans should also be lengthened and the duration of loan repayment is within the confines of what the statute mandates and also closely monitor their activities.

iii. Private estate developers should seek from the other numerous sources of funding available to boost their capital base.

iv. Financial institutions should slack their stringent lending requirements/rules for granting loans.

5.4 contribution to knowledge

1. The research has established that finance and land are the least available construction inputs for private estate developers.

2. The research has also revealed that private estate developers hardily utilise available channels for enhancing their housing finance base (attract foreign investment, attract local investment, coming together in stronger co operative e.t.c).

3. The research has shown that finance availability constraints to private estate developers are high.

5.5 proposal for further studies

1. A study on the availability of housing construction inputs for private estate developers.

2. A comparison of the methods of housing delivery between public and private estate developers in Nigeria.

3. A study on the method of housing financing by commercial banks in Nigeria.

REFERENCES

Ademiluyi, I. A. (2010). Public housing delivery strategies in Nigeria: a historical perspective of Policies and Programmes. *Journal of Sustainable Development in Africa Clarion University of Pennsylvania, Clarion, Pennsylvania. Volume 12(6)*

Ademoroti, A. C. M. and Ozo A. O. (1992). Environment Problems in the Construction Industry with Particular Reference to the Housing Sector. The Professional Builder, Journal of the Nigeria Institute of Building, Lagos, Nigeria. June/ July, Pp 21-24

Abdulai, S. (2007) Nigeria: Mortgage system-FMBN needs N150b. Retrieved September 22, 2008, from http://allafrica.com/stories/200710190422.html

Agbola, T. (2000).Housing, Poverty and Environment, the Nigerian Situation. National Seminar of the Nigeria Institute of Building. Ibadan, Nigeria.

Agbola, T. (2004). Achieving and sustaining the potentials of Housing in the National Poverty Alleviation Programme. A paper presented at the 2nd Abuja International Housing Summit on the theme "*Affordable and sustainable Housing Delivery in Nigeria*" organised by the House of Representatives Committee on Housing and Urban Development and held at the Le Meridien Hotel between April 27-29.

Aliyu.A. and David.M. (2011). "*Problems of Finance for Home Acquisition By Private Residential Property Developers In Bauchi Metropolis, Nigeria*". International conference on management proceeding,Faculty of Technology Management, Business and Entrepreneurships Universiti Tun. Hussein Onn Malaysia

Aibinu, A. and Jagboro, G. (2002)." *The Effect of Construction Delays on Projects delivery in Nigeria Construction Industry*, International Journal of Project Management Vol. 20 Pp 593

Ajanlekoko J. S. (2001). Sustainable Housing Development in Nigeria- The Financial and Infrastructural Implication, *International Conference on spatial Information for Sustainable Development, Nairobi, Kenya.*16 September.

Akeju, A.A., 2007. *Challenges to providing affordable housing in Nigeria.* A Paper presented at the 2nd Africa International Conference on Housing Finance in Nigeria held at ShehuYaradua Center Abuja, 17 to19 October.

Akoema.S. (2005).“Mortgage markets in Middle East and North African countries: Market development, poverty reduction, and growth” *Journal of Housing Economics,* Vol. **14,** Pp. 212–241.

Akomolade, K. (2006). “**The role of banks in the provision of low-income housing finance in South Africa: can they play a different role”** *International Journal of Strategic Property Management* Vol. 10, Iss. 1, Pp. 23-49.

Akinwunmi, A.A. (2009). An Investigation into Factors Affecting Housing Finance Supply in Emerging Economics: A Case Study of Nigeria. An unpublished Ph. D. (Banking and Finance) dissertation submitted to The School of Postgraduate Studies, University of Wolverhampton, Wolverhampton (United Kingdom).

Alhashimi, H. and W. Dwyer (2004). *Is there such an entity as a housing market*. Paper presented at the 10th Annual Pacific Rim Real Estate Conference – Bangkok, Jan. 2004

Anosike, N.M. (2004). Credit Facilities in the Financial Institutions for Financing Construction Projects in Nigeria.Unpublished Msc. Thesis, Department of Building, Faculty of Environmental Design, Ahmadu Bello University, Zaria, Nigeria.

Anthonio, J. B. (2003). “*The Federal Housing Authority (FHA) and State Housing Corporations/ Authority: Collaborative Efforts and Joint-Ventures-Crucial Issues in Housing Development”*.Housing Today – A Journal of the Association of Housing Corporation of Nigeria (AHCN).Vol. 9; No 1.

Appiagyei, N.B. and Dansoh, A. (2011).”*Constraints in Real Estate Development finance in Ghana”*.In: Proceeding of the Third West Africa Built Environment Research Conference (WABER). Accra, Ghana. Pp 261-271.

Atagher, M. I. (2008). “*Effective Mortgage Financing for Nigeria Workers under the National Housing Fund (NHF)*”. A paper presented by the Acting Managing Director/CEO Federal Mortgage Bank of Nigeria (FMBN) in collaboration with the Nigeria Labour Congress (NLC) on April 7th and 8th, at Zaranda Hotel Bauchi State, Nigeria.

Babajide E. S. (1994). "*Housing for All by the Year 2000AD"*: a case for the Establishment of Accelerated Housing Commission, The Journal of the Federation of Building and Civil Engineering Contractors in Nigeria 10 (3) Pp 10-17

Bala K; Kado K. and Kehinde J.O. (2002). "*The Obsolesce in Public Housing: An Appraisal of Katsina State"*. Journal of Environmental Technology, AbubakarTafawaBalewa University, Bauchi. Pp 1-3

Bassett, K and Short, J. (2007). Housing and Residential Structure: Alternative Approaches. (6th Ed).Routledge&Kegan Paul, London.

Bates, T. 1991 Commercial bank financing of white and black-owned small business start-ups,

Quarterly Review of Economics and Business.31 (1). Spring: Pp 64-80.

Bhatia, H. L. (2008). Public Finance.(3rd Ed).Vikas Publishing Housing- PVT Ltd, New Delhi (India).

Beitel, P., Schiereck, D. and Wahrenburg, M. (2004).*Explaining the M&A success in*

European Bank Mergers and Acquisitions. European Financial Management, Vol. 10,

Pp 109-40.

Benton, E. G. and Kolari, J. W. (2005).Commercial Banking- The Management of Risks.(3rd Ed). John Wiley and Sons, Inc. (Asia), Singapore (Singapore). Pp 2 - 14.

Berger, A. N., and Black, L. K., (2011), Banking and Finance Pp 724-735

Binks M and Vale P (1990) Entrepreneurship and Economic Change. McGraw-Hill Book

Buckley (1993).*"Private Sector Participation, Structural Adjustment and Nigeria's new national housing policy: Lessons from foreign experience"*. TWURD Working Papers.TheWorld Bank, Washington D.C.

Burnett, J. (2006). A Social History of Housing 1815-1970. (5th Ed). Methuen and Co Ltd, London (UK). Pp 1-2.

Cranston, R. (2002) Principles of Banking Law.(2ndEd). N.Y: Oxford University Press, London

Crosby, N., French, N. and Oughton (2000). "*Bank lending valuations on Commercial*

Property": Does European mortgage lending value add anything to the process, Journal of Property Investment & Finance Vol.18 No 1, Pp 66-83.

Curtis, S. (2006). The Geography of Public Welfare Provision.(8th Ed).Pergamon press, New York (USA).

Cybo-Ottone, A. and Murgia, M. (2000). "*Mergers and shareholder wealth in European banking||"*, Journal of Banking and Finance, Vol. 24, Pp 31-59.

Daramola, S.A (2009). "*Private Public participation in Housing delivery in Nigeria*", paper

presented at a business luncheon organised the Royal Institute of Surveyors (RIS) in Chinese restaurant, Palm-groove, Lagos. 15th April.

Diogu J. O. (1989). Housing problem in Nigeria Low Income Housing Survey, Housing

Today. Ibadan: Nigeria

Diogu J. O. (2002). A Survey of the Characteristics of High Income Housing In Owerri

and Port Harcourt Urban Areas, *Proceedings of the Millennium Conference, Building in the 21st Century, Department of Building, Ahmadu Bello University, Zaria, Nigeria*.

Dwyer, D. J. (1990). People and Housing in third World Cities- Perspective on the problems of spontaneous settlement. Longman, London (UK). Pp 12 - 45

Economist (1994). "*Briefing Inflation in Emerging Economies*", The Economist, May 24th

-30th, Vol. 387 No 858, PP 101-104. National Housing Policy. Abuja.

Edwards, J and K. Fischer (1994). Banks, Finance and Investment in Germany, Centre for Economic Policy Research, Cambridge University Press.

Encarta, (2008).The Encarta Encyclopedia. Microsoft Corporation, New York (USA).

Eziyi, O.I. (2010)."*An Assessment of the Role of Government Agencies in Public-Private Partnerships in Housing Delivery in Nigeria*". Journal of Construction in Developing Countries, Vol. 15(2), Pp 23–48

Federal Government of Nigeria.(1992). National Housing Policy. Lagos: Federal Ministry of Housing and Urban Development.

FMBN (2007).“*Mortgage Finance; The Stakeholders` view points*”. News Journal of the Federal Mortgage Bank of Nigeria Vol.1 No. (2), January 2007.

FMBN (2006). ‘*Mortgage Finance in Nigeria; Ironing out the distortions and Thorny Issues’,* News Journal of the Federal Mortgage Bank of Nigeria Vol.1 No. (1), October 2006

Fellows, R. F. and liu, A. (1997).Research Methodology for Construction. Blackwell Science Ltd. Oxford.

Financial System Strategy 2020 (2008).*Mortgage.*FSS 2020 International Conference.RetrievedNovember 24, 2008 from FinMark. (2009). scoping the demand for Housing Microfinance in Africa: Status, Opportunitiesand Challenges.

FinMark Trust (2009) “*Scoping the demand for Housing Microfinance in Africa: Status, Opportunities and Challenges*.” A lecture delivered on Housing to the Federal Civil Service in April 12, Abuja.

Gbadeyan.R.A. (2011).*Private Sector’s Contributions to the Development of the Nigerian Housing Market*.Journal of Social Sciences, 3(2): Pp 104-113

Goldthroupe, J. E. (2006). The Sociology of the Third World Disparity and Development.(5th Ed).The Cambridge University Press, Cambridge (UK). PP 269 – 279.

Gomez, W. (2006).Special focus on changing the face of the Mortgage Industry in A Developing Economy. Top Shakers and Movers in Nigeria`s Housing/ Building Industry Directory. Eniola, T. and Alabi, K. (Eds.); Energizer and Mulab Search Wisdom in conjuction with OluwoleOyedeji. Lagos. Pp 6- 10

Gumel H. S. (2000). Strategies for Sustainable and Affordable Housing Delivery in Nigeria. *The Professional Builder, Journal of the Nigerian Institute of Building;* Lagos, Nigeria.

Hankinson, A. Bartlett, D. and Ducheneaut, D. (1997).“*The key factors in the small profiles of small medium enterprise owner-managers that influence business performance*”.

International Journal of Entrepreneurial Behaviour and research, Vol. 3 (4) Pp 168-

175.

Heffernan, S. (2003) - Modern Banking in Theory and Practice, N. Y: John Wiley

Jensen, M.C. and Meckling, W.H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure, Journal of Financial Economics 3, PP 305-360

Jinadu, A.M. (2008) Understanding the Basic Issues of Housing. Jos University Press Limited. Jos

Karley, N. K (2002).Alternative Options to Mortgages in Ghana in Housing Finance

International 2 Vol. 17

Kuroshi, P. A., Mallo, D. M., Mosaku, T. O. &Anigbogu, N. A. (2008).“*Determining Housing Finance Potentials of Cooperative Societies Using Fuzzy Decision Theory”.*Proceedings of the 38th World Congress on Housing Science Kolkata, India.

Lawal, M.I. (2002) Principle and Practice of Housing Management. EnvironmentalDesign and Management Series. ILCO Books and Publishers Taofik (Nig.) Ltd, Lagos.

Mabogunje A. (2006*).* Foundation for Urban Development in Africa, First Edition, the

City Alliance, Washington, USA.

Mabogunje, A.L. (2003). *“The New Mass Housing and Urban Development Policy: Social and Economic Impact”.* Being text of a Public Service Lecture delivered to the Top Echelons of the Federal Civil Service on September 30th Abuja.

Mabogunje, A. (2002,). “*National Import of the Establishment of the Real Estate Developers Association of Nigeria (REDAN)”.* A Paper Presented at the Inauguration of REDAN, Abuja.

Malpezzi, S. and Ball, G. (1991).“*Rent control in developing countries*”, World Bank Discussion Papers, No. 129 (Washington D.C.).

Microsoft (2008).Definition and History of the House-A World Survey. The Microsoft Corporation, New York (USA).

Miles, M. E., Berens, G. and Weiss, M. A. (2008) (4th Ed.).Real Estate Development Principles and Process. Washington D. C., Urban Land Institute.

Mosaku T.O. (2000). "*The logistic of Adequate Housing Provision in Nigeria*", *Habitat-*

Afrique, International Conference and Exposition, Faculty of Environmental Design, Ahmadu Bello University, Zaria.

Moss, V. (2003). Preview of Housing Finance Systems in Four Different African Countries: South Africa, Nigeria, Ghana and Tanzania Unpublished Report. www.housingfinance.org./pdfstorage/ Africa- Preview of Housing Finance systems in Four African Countries.pdf (Accessed May 2007).

Mu`azu, A. A. (1983). An Investigation of some major sources of funding for Nigeria Housing Delivery System. An unpublished M.Sc. (Const. Mgt.) thesis submitted to the school of postgraduate studies, Ahmadu Bello University, Zaria (Nigeria).

National Pension Commission (2008). Annual Report and Financial Statements for the year ended 31st December, 2008

Ndasu, L. (2007). The chequered history of Nigerian housing policies. In I.O. Albert, J. Adisa, T. Agbola, and G. Herault (Eds.) *Urban Management and Urban Violence in Africa* Vol. 1 Pp 169-178.

New National Housing Policy (NNHP) of Federal Republic of Nigeria, 2006. Pp 1-17

NNPC (Nigeria National Population Commision) (2006).Population Data Sheet 1 of 2006 and Summary of Sensitive Tables Vol.The National Secretariat of the National Population and Housing Commission of Nigeria (NPHC), Abuja (Nigeria).

Nubi, O.T.(2008): Affordable Housing Delivery in Nigeria. The South African Foundation Internationalconference and exhibition.Cape town, October, Pp1-18.

Nubi (2007). Housing finance between social needs and economic realities: The dilemma of policy transfer under neo-liberalism. Retrieved 12 September 2010.

Nubi, O.T. (2005): "Housing finance in Nigeria. Need for Re-engineering " Ideal Habitat Cooperative Housing Initiative.

Nubi, O.T. (2005), Towards a Sustainable Housing Finance in Nigeria: the challenges of Developing Adequate Housing Stock and a Road Map. *International Union for Housing Finance*.Vol. 24(4).

Oladapo M. A. (2001). A Framework for Cost Management of Low Cost Housing, Proceedings of International Conference on Spatial information on Sustainable Developement, Nairobi, Kenya.

Ogayemi, O., 1997. Cooperative housing in Nigeria.Housing Today.Nigeria.

Ogu, V.I. (1999). Housing enablement in a developing world city: The case study of Benin City, Nigeria. Habitat International, 23(2): Pp 231–248.

Okehielem N; Georgakis P; Chinyio E.And Nwagboso C. (2007). Affordable housing: Obstacles of Delivery Through Off-Site Construction. Proceedings of the Third Scottish Conference for Postgraduate Researchers of the Built and Environment, Glassglow Caledonian University, Scotland, UK. November 20-22 Pp 381-390

Okonkwo, M.M. (2004). Housing Finance Systems in Nigeria: The Implications of Housing Development Paradigm.The AACHES Journal vol. 3, No 1. Pp 30 to 36 .

Okotie, A. J (2012). An Appraisal of the Effect of Globalization on Building Practice in Nigeria. An unpublished M.Sc. (Const. Mgt.), Building Department, Ahmadu Bello University Zaria, Nigeria.

Okpala (1986). "*Housing Tenure in Nigeria Housing Policy, of need for Rethinking of current emphasis*". Publication of Nigerian Association of Housing Corporation Vol. 2 No.1

Okupe, L. 2000, The Role of the Private Sector in Housing Delivery in Nigeria. In Proceedings

of a 2-Day National Seminar of the Nigerian Institute Of Building, Ibadan, Pp 14 - 29

Olokesusi, F. and O.J. Okunfulure, 2000.Strategic Issues in Housing. In: Ajakaiye, O. and A. Akinbinu, (Eds.),Strategic Issues in Nigeria Development, Ibadan, NISER

Ope, K. M. (2005). Analysis of the Financial Allocation by State Government to Housing Construction in Nigeria. An unpublished M. Tech. (Const. Mgt) thesis submitted to the school of postgraduate studies, F.U.T. Minna, Nigeria.

Olotuah, A.O. and A.O. Aiyetan (2006) – Sustainable low-cost housing provision in Nigeria: A bottom-up participatory approach – in Boyd, D. (ed) Proceeds of 22nd Annual ARCOM Conference, 4-6 September 2006, Birmingham – UK, Association of Researchers in Construction Management, Pp 633-639.

Olotuah, A. O. (2006) Cooperative Housing for Sustainable Low-Income Housing Development in Nigeria. Kuwait City: In online proceedings of Gulf First Urban Planning and Development Conference & Exhibition. Current Issues in Urban Planning, 20-22 February, http://www.kfupm.edu.sa/crp/kuwaitconference (Acccessed 2007 October 7)

Olotuah A. O. (2000) "The Challenge of Housing in Nigeria". Effective Housing in the 21st Century in Nigeria. *The Environmental Forum, Federal University of Technology Akure*, Nigeria.Pp. 16-21.

Omirin.M and Nubi. T. G (2007). September 1, Housing Finance International; The Role of Primary Mortgage Institutions in Housing Delivery.

Onibokun, A.G. (1990). "*The public housing programme in Nigeria: An examination of the sharing of functions and responsibilities by the three levels of Government*". Paper presented at the 3rd International Conference on Housing, Kaduna. 27- 29th August.

Onibokun, A.G. (1986). Housing in Nigeria: A book of Reading. Nigeria Institute of Social and Economic Research (NISER), Nigeria.

Onyegiri I. and Okonkwo M. M. (2002). "*Sustainable Housing and Urban Development in Nigeria Some financial Implications";* Proceedings of the Millennium Conference: Building in 21st Century, Ahmadu Bello University, Zaria.

Oshisami, K. (2007). Government Accounting and Financial Control.(3rd Ed). Spectrum Books Ltd.

Onyike J. A. (2007). "*An assessment of the affordability of housing by public servants in*

Owerri, Nigeria". In Journal of Land Use and Development Studies, 3(1), Dept of Estate Management, Federal University of Technology, Akure.

Poole, W. (2003) Housing in the Macro Economy, Federal Reserve Bank of St Louis May/June 2003, Pp 1-8.

Popola, J. O. (1984). Responsive Housing: The Spatial Formation of the Housing Environment in Hausa-land, Nigeria, and the Implications for Public Housing Strategy. An unpublished Ph. D. Thesis submitted to the University of Nottingham (UK).

Raji, O. (2008) *"Public and private developers as agents in Urban Housing delivery in sub- Saharan Africa. The situation in lagos state."* Humanity of social sciences Journal, Vol.3, No.2: Pp 143-150.

Salau, A. T. (1990). The Environmental context of urban housing-public services and infrastructural facilities in Nigerian urban centres. In: Onibokun P. (ed.). Urban Housing in Nigeria. Ibadan: NISER. Pp 58-88.

Sanusi, J.O. (2003) Mortgage Finance in Nigeria: Issues and Challenges, Paper presented at the 9th John Ekpenyong Memorial Lecture organized by NIESV, 29th January.

Shutt, R. C. (2005). Economics for the Construction Industry.(5th Ed.) Longman Scientific and Technical Books, London (UK). Pp 141

Soyingbe O; Lawal A. A. and Ajayi O. (2007)."*Assessment of Risks in Housing Projects in Nigeria*". Proceedings of the third Scottish Conference for Post Graduate Researchers of the Built and Natural Environment, Glassgow Caledonian University, Scotland UK. Pp 421-429.

Struyk, R.J. (1989). "*Who gets formal housing finance in Jordan".*Review of Urban and Regional Development Studies, No. 1, Pp. 23–36.

The Federal Ministry of Works and Housing (2002).). Nigeria's Agenda 21. Federal Environment Protection Agency. Abuja.

Tirole, J. (2006) – The theory of Corporate Finance, New Jersey: Princeton University Press.

Vagale L. R. (1978). Housing in Nigeria, Search for a Policy Framework and an Action Programme. Course paper No 12. University if Ibadan, Nigeria. Pp. 11-17

United Nations. (1994). Promoting Sustainable Human Settlement Development. In Earth Summit Agenda 21, The United Nations Programmes of Action from Rio. UN Department of Public Information, New York.

Ural, O. (Ed) (2006).Construction of Lowering-Cost Housing.(5th Ed).John Willey and Sons, New York (USA).

Williamson, O.E. (1988) Corporate Finance and Corporate Governance, Journal of Finance, Vol.43 Issue 3 Pp 567-591.

Yakubu, M.O. (1980) Low-Cost Housing and Housing for Low-Income Groups, Proceedings of the 3rd International Conference on Housing, Kaduna-Nigeria Pp 218-223.

Zaki, B. M. (2003). Salvaging Nigerian Economy: An Unauthorised Memo to the President.Hadiza-Giwa press, Kano (Nigeria).

Zubairu M. (2005), The Role of housing and Infrastructure in Urban Development in Nigeria. *Journal of Environmental studies,International Research and Development Institute, Uyo,* AkwaIbom State, Nigeria. Vol.1(1).

Appendix A1

Questionnaire

Department of Building,
Faculty of Environmental Design,
Ahmadu Bello University,
Zaria.

QUESTIONNAIRE SURVEY

Dear Respondent,

AVAILABILITY OF HOUSING FINANCING FUNDS FOR PRIVATE ESTATE DEVELOPERS IN ABUJA, NIGERIA.

This questionnaire is a part of an M.SC (Construction Management) degree research work in the Ahmadu Bello University, Zaria, Nigeria. It is designed to obtain relevant information on the above mentioned research work. The topic is being studied as an academic work and also as a contribution to Housing Development.

The questionnaire consists of two sections:

Section A: Respondent's profile

Section B: Housing Financing

Your response will be treated with utmost confidentiality and shall be used strictly for academic purpose only.

Yours Faithfully,

Ibrahim Kabir

ibrokb@yahoo.com:07039666945

QUESTIONNAIRE

Section A: Personal Data

Pleas tick (√) as appropriate.

1. Your profession?

   Architecture [ ] Land Surveying [ ] Building [ ]

   Planning [ ] Quantity Surveying [ ] Engineering [ ]

   Estate Surveying [ ] Others, please specify [ ]…….....

2. Average years of experience of respondent.

0 – 5 years [ ] 6 – 10 years [ ] 11 – 15 years[ ] 16 – 20 years [ ] Over 20 years[ ]

3. Highest level of educational qualification attained.

Ordinary National Diploma (OND) [ ] Higher National Diploma (HND) [ ]

Post Graduate Diploma (PGD) [ ] First Degree [ ] Master Degree [ ]

Doctorate Degree [ ] Others, (please specify) [ ] …….....

4. Highest level of professional qualification attained

Fellow [ ] Corporate [ ] Graduate [ ] Associate [ ]

Others, (please specify) [ ] …….....

5. Rank/ Designation/Position in the organisation

Managing Director [ ]

General Manager [ ]

Project Manager [ ]

Public Relation Officer [ ]

Others, (please specify) [ ] …….....

SECTION B: THE PRIVATE DEVELOPER'S ORGANISATION AND FUNDING FOR HOUSING

1. Name of your organisation …….....

   ……..……..

2. Address of the organisation ..... ……..……..

   ……..……..……

3. Is your organisation registered with the Real Estate Developers' Association of Nigeria (REDAN)?

Yes [ ] No [ ]

4. Kindly indicate the type of ownership structure in your Organisation

Sole proprietor [ ] Partnership [ ] Corporation [ ] Public Limited [ ]

Public unlimited [ ]

5. How long have you been involved in housing delivery?

0 - 5 years [ ] 6 – 10 years [ ] 11- 20 years [ ] Over 20 years [ ]

6. Please state the size of your organisation

5 – 10 employees [ ] 11 – 20 employees [ ] 21 – 50 employees [ ]

51 – 100 employees [ ] Over 100 employees [ ]

7. Indicate the number of your company personnel in these professions

S/No	Profession	Number of personnel
A	Architect	
B	Quantity Surveyor	
C	Builder	
D	Estate Surveyor	
E	Engineer	
F	Town planner	
G	Land Surveyor	

8. What category of developer is your organisation?

Land developer [ ] On-site developer [ ] Merchant developer [ ]

Developer Investor [ ] Prefabricated housing producer [ ]

Others (please specify) [ ].....

9. How would you rank the reasons for private developer`s participation in housing provision; on a scale of 1 to 5? where

1= Not Important 2= Slightly Important 3= Fairly Important 4= Important 5= Very Important

S/No	Reasons For Private Developers Housing Participation	Rank					∑f	∑fx	Mean
		1	2	3	4	5			
A	Profit								
B	Speculation								
C	Political Prestige								
D	Provision of social benefit								
E	Lack of other options								
F	Professionalism								

10. What is your assessment of the level of participation of the Private Estate Developers in housing delivery in Abuja, Nigeria?

5. Very high (≥ 70% of housing) [ ] 4. High (60-69%) [ ] 3. Average (45-59%)

[ ] 2. Low (30-44%) [ ] 1. Very low (<30%) [ ]

11. How would you rank the reasons for present level of participation of the Private Estate Developers in housing provision in Abuja, Nigerian on a scale of 1 to 5? where

1= Not Important 2= Slightly Important 3= Fairly Important 4= Important

5. Very Important

S/No	Reason for Present Level of Participation	Rank				
		1	2	3	4	5
A	Huge returns on investment					
B	Normal business operation					
C	Incentives from the government					
D	Financial issues					
E	Land acquisition					
F	Inadequate returns on investment					

12. Kindly rank the availability of Housing construction inputs as follows:

1=Not available 2= Poorly available 3= Fair available 4= Available

5= Readily available

S/No	HOUSING CONSTRUCTION INPUTS	RANK				
		1	2	3	4	5
A	Labour					
B	Material					
C	Market					
D	Profit					
E	Finance					
F	Land					
G	Equipment					

13. How would you rate or describe the performance of construction personnel in your company?

a. Excellent [ ] b. Good [ ] c. Average [ ] d. Poor [ ] e. Very poor [ ]

14. Rank the following housing types in order of frequency of construction by your company

1. Very infrequent (<30% of construction) [ ] 2. infrequently (30-39% of construction) [ ] 3. Fairly frequently (40-49% of construction) [ ] 4. frequently (50-69% of construction) [ ]

5. Very frequently (≥70% of construction) [ ]

S/No	**Housing Type**	**Rank**				
		1	2	3	4	5
A	Bungalows					
B	Semi detached duplexes					
C	Detached duplexes					
D	Terrace houses					
E	Block of flats					

15. What is your average annual housing unit development?

1 – 40 units [ ] 41 – 70 units [ ] 71 – 100 units [ ] Over 100 units [ ]

16. Each housing unit is made of how many bedroom(s)? Distribute your development(s) in Percentage (%) of the total delivery.

S/No	**Housing Unit**	**Percentage (%)**
A	One bedroom	

B	Two bedrooms	
C	Three bedrooms	
D	Four Bedrooms	
E	Five Bedrooms	

17. Which of these Housing units has the greatest demand? .....

18. What section of the population patronizes your housing development most?

High income earners [ ] Medium income earners [ ]

Low income earners [ ]

19. How would you describe the market for the housing development?

Excellent [ ] Good [ ] Average [ ] Poor [ ]

20. Rank the major sources of finance used for real estate development?

1. Very infrequently used (<30%) 2. Infrequently used (30-39%) 3. Fairly frequently used (40-49%) 4. Frequently used (50-69%) 5. Very frequently used (≥70%)

	Sources of Finance for Real Estate Development	**Rank**				
		1	2	3	4	5
1	Internal funds					
2	Loans from thrift and credit society					
3	Commercial banks					
4	Merchant banks					
5	Mortgage banks					
6	Insurance and pension funds					
7	Government bonds					
8	Foreign Direct Investment (FDI)					
9.	Shares					

21. How would you rate your level of satisfactory with the time taken to process application for loan by the financial institutions?

1= Very unsatisfactory [ ] 2= unsatisfactory [ ] 3= fairly satisfactory [ ]

4= Satisfactory [ ] 5= Very satisfactory [ ]

22. At what Interest rate where you given the loan

a. 1-5% [ ] b. 6-10% [ ] c. 11-15% [ ] d. 16-20 [ ] e. 21-25% [ ]

f. Above 25 % [ ]

23. On loan application, what percentage of the loan requested do you usually obtain?

a. 50% [ ] b. 60% [ ] c. 75% [ ] d. 100% [ ]

e. Others [ ] (Please specify)…….....

24. How will you describe the relationship between Estate Developers and Primary Mortgage Institutions?

a. Excellent [ ] b. Good [ ] c. Average [ ] d. Poor [ ] e. Very poor [ ]

25. Kindly scale in percentages how lands are acquired for housing development by your organization?

S/No	Land Acquisition	Percentage (%)
A	Government allocation	
B	Outright purchase from the land owner	
C	District heads/ Traditional rulers	
D	Others	

26. How would you rank the level of significance of each of the following factors militating against the availability of funds for housing development?

1 = Very insignificant 2= insignificant 3= fairly significant 4=significant 5= Very significant

S/No	Factors Militating against the availability of Fund	Rank				
		1	2	3	4	5
1	Excessive protocol and bureaucracy					
2	Collateral security					
3	Restriction of government policies					
4	High interest rate					
5	Loan ceiling and duration					

27. Kindly Rank the level of significance of each of the following constraints to estate developers?

1 = Very insignificant 2= insignificant 3= fairly significant 4= significant 5= Very significant

S/No	Constraints	Rank				
		1	2	3	4	5
1	Fund shortage/high cost of fund					
2	High cost of construction					
3	Delay in certificate of Occupancy and building plan approval					
4	High cost of building materials					
5	Land acquisition problem					
6	Route of infrastructure					
7	Manpower shortage					
8	Government Policy					

9	Poor demand					

28. Which of the following enable you acquire finance for Housing Development?

    a. Equity funding [ ] b. Debt funding [ ]

29. Kindly Rank the ways explored to enhance your funding sources?

    5 = Always 4= often 3= occasionally 2= rarely 1= never

S/No	**Ways of enhancing sources of finance**	**Rank**				
		1	2	3	4	5
1.	Liaising with interested foreigners in both private and public sector					
2.	Pulling resources from all potential investors, both local and foreign					
3.	Providing united front in making recommendation to Government on ways in seeking solutions to the property market					
4.	Joining resources with other Estate Developers to produce houses in mass					

Appendix A2

Department of Building,
Faculty of Environmental Design,
Ahmadu Bello University,
Zaria.

QUESTIONNAIRE SURVEY

Dear Respondent,

AVAILABILITY OF HOUSING FINANCING FUNDS FOR PRIVATE ESTATE DEVELOPERS IN ABUJA, NIGERIA.

This questionnaire is a part of an M.SC (Construction Management) degree research work in the Ahmadu Bello University, Zaria, Nigeria. It is designed to obtain relevant information on the above mentioned research work. The topic is being studied as an academic work and also as a contribution to Housing Development.

The questionnaire consists of two sections:

Section A: Respondent's profile

Section B: Housing Financing

Your response will be treated with utmost confidentiality and shall be used strictly for academic purpose only.

Yours Faithfully,

Ibrahim Kabir

ibrokb@yahoo.com:07039666945

QUESTIONNAIRE

Section A: Personal Data

Kindly tick (√) as appropriate.

6. Average years of experience of respondent.

0 – 5 years [ ] 6 – 10 years [ ] 11 – 15 years [ ] 16 – 20 years [ ] Over 20 years [ ]

7. Highest level of educational qualification attained.

Ordinary National Diploma (OND) [ ] Higher National Diploma (HND) [ ]

Post Graduate Diploma (PGD) [ ] First Degree [ ] Master Degree [ ]

Doctorate Degree [ ] Others, (please specify) [ ]…….....

8. Highest level of professional qualification attained

Fellow [ ] Corporate [ ] Graduate [ ] Associate [ ]

Others, (please specify) [ ] …….....

9. Rank/ Designation/Position in the organisation

Managing Director [ ] General Manager [ ] Project Manager [ ]

Public Relation Officer [ ] Others, (please specify) [ ] …….....

SECTION B: HOUSING FUNDING BY BANKS

QUESTIONNAIRE

Section A: Personal Data

Kindly tick (√) as appropriate.

1. Average years of experience of respondent.

0 – 5 years [ ] 6 – 10 years [ ] 11 – 15 years [ ] 16 – 20 years [ ]

Over 20 years [ ]

2. Highest level of educational qualification attained.

Ordinary National Diploma (OND) [ ] Higher National Diploma (HND) [ ]

Post Graduate Diploma (PGD) [ ] First Degree [ ] Master Degree [ ]

Doctorate Degree [ ] Others, (please specify) [ ]…….....

3. Highest level of professional qualification attained

Fellow [ ] Corporate [ ] Graduate [ ] Associate [ ]

Others, (please specify) [ ] ……..

4. Rank/ Designation/Position in the organisation

Managing Director [ ] General Manager [ ] Project Manager [ ]

Public Relation Officer [ ] Others, (please specify) [ ] ……..

5. How would you rank the good fundamentals required by your organization for granting loan to Estate Developers? On a scale of 1 to 5, Where:

1= Not Important 2= Slightly Important 3= Fairly Important 4= Important

5= Very Important

S/No	**Fundamentals of good credit**	**Rank**				
		1	2	3	4	5
1.	Character					

2.	Capacity					
3.	Conditions					
4.	Capital					
5.	Collateral					

6. What is the maximum amount of loan that can be granted to an Estate developer after fulfilling the basic requirements for lending? ……

7. How would you rank the details required when applying for loans by an Estate Developer? On a scale of 1 to 5. Where

1= Not Important 2= Slightly Important 3= Fairly Important 4= Important
5= Very Important

S/No	Required details	Rank				
		1	2	3	4	5
a.	Certificate of occupancy					
b.	Location					
c.	Approved building plan					
d.	Resume of developer team and major consultants					
e.	Bill of quantity					
f.	Feasibility and viability study					
h.	Evidence of past performance					
i.	Environmental impact assessment					
k.	Tax clearance					
m.	Profit Potential					
o.	Commitment of presale/ pre-lease of the property					
p.	Percentage Committed to presale/ pre-lease of the property					
q.	Equity contribution					
r.	Development levy receipt					

8. Were there instances that require prosecution or sanctioning of Private Estate Developers who go against the law for non-payment, non-remittance of loan obtained?
   a. Yes [ ] b. [ ]
9. What percentage of your funds is allocated to the Housing sector as loan able fund?
   a. 1-5 % [ ] b. 6-10 % [ ] c. 11- 15 % [ ] d. 16-20 % [ ] e. 21-24 % [ ] f. Above 24 % [ ]