

Addressing the Problems of Low-Cost Housing in Nigeria in the 21st Century

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Abstract

The provision of affordable housing remains a pressing challenge in Nigeria, particularly in the face of rapid urbanization and population growth. With a housing deficit of approximately 28 million units and a real estate market valued at \$2.08 trillion as of 2024, access to decent and affordable shelter remains out of reach for millions, particularly those in the low- and middle-income brackets. This paper examines the historical evolution of low-cost housing in Nigeria, identifies critical barriers such as high construction costs, limited financing, bureaucratic hurdles, and insufficient government commitment, and evaluates global best practices in affordable housing programs. Leveraging conceptual frameworks, the study explores innovative solutions, including the use of cost-effective building materials, sustainable construction methods, public-private partnerships, and policy reforms to address the housing crisis. It underscores the need for comprehensive urban planning, community-led housing initiatives, and international collaboration to foster inclusivity and efficiency in housing delivery. This work concludes with actionable recommendations aimed at aligning government policies, private sector involvement, and community efforts to bridge the housing gap. By adopting a multifaceted approach, Nigeria can create a robust, sustainable housing market that ensures every citizen, regardless of income, has access to safe and affordable homes in the 21st century.

Keywords: Urbanization, Sustainable construction, Housing deficit, Public-private partnership

1.1 Introduction

In most 21st century economies, housing is a social, economic and psychological metric used to assess the status or well-being of the populace (Oyebode & Daniel 2023). The GDPs of the majority of developed and emerging nations include data on household purchases, housing development, mortgage financing, and other related indices in the evaluations of economic growth ratios.

However, in Nigeria, most people particularly those from the middle and lower income classes, still do not have access to affordable housing. Every administration since Nigeria gained its independence over 60 years ago has struggled with the housing shortage, which may be said to have even further deteriorated over time (CBN, 2019). With a population of about 234 Million people as at December 2024, the Nigerian housing section of the real estate market has a projected

market value of US\$2.08 trillion; and an estimated housing deficit of about 28 million housing units. In view of the country's population expected to continue to grow at an average rate of 2.2% with the potential to double the 2020 figures by 2050; the population bracket within the low and medium income class has the potential of significantly expanding thereby increasing the need for low-cost houses in the country's urban cities particularly.

The housing development techniques as it were in the past may need to adapt to the dynamic nature of the 21st century. According to Oyebode and Daniel (2023), without considerable advancements in construction methods, conventional traditional building techniques are inadequate to meet the volume, efficiency, and durability requirements expected of the present market. The huge housing gap in the low-cost housing sector would therefore require a lot of improved construction concepts that will impact positively on the cost of delivery, construction timeframe, environmental friendliness, standard quality etc. in order to close up the gap and gain the wide acceptability of the target populace.

Although, there has been divergent opinions on how the huge gap in the delivery of low-cost houses in Nigeria can be reduced if not eliminated; there appears to be a need for further studies to examine how this can be achieved timely as the gap seems to be getting wider by the day.

1.2 Statement of Problem

Housing is a fundamental human need and a critical determinant of an individual's quality of life. However, in Nigeria, the challenge of providing adequate, affordable, and sustainable low-cost housing remains a persistent issue. Rapid urbanization, coupled with population growth, has exacerbated the housing deficit, with millions of Nigerians unable to access decent and affordable homes. The inadequacy of housing provision is particularly pronounced among low-income earners, who often reside in overcrowded and poorly serviced environments. Several factors contribute to this housing crisis, including high construction costs, limited access to affordable land, bureaucratic bottlenecks in obtaining permits, and inadequate financial mechanisms to support low-income earners in home acquisition (Siyan, et al., 2019). Additionally, there is a significant disconnect between housing policies and implementation, often resulting in projects that fail to meet the needs of the target population.

The problem is further compounded by insufficient government commitment to housing development, reliance on conventional building materials and methods, and a lack of private sector participation in affordable housing initiatives. Environmental factors, such as flooding and poor urban planning, also exacerbate the problem, leading to deteriorated living conditions in existing low-cost housing schemes. This study seeks to address these multifaceted issues by exploring the underlying causes of the low-cost housing crisis in Nigeria and proposing sustainable and innovative solutions that align with the realities of the 21st century. By doing so, it aims to bridge the gap between housing demand and supply, ensuring that every Nigerian, regardless of income, has access to decent and affordable housing.

2.1 Literature Review

2.1.1 Definition of Low-Cost Housing

Low-cost housing refers to residential units that are developed and offered at a price affordable to individuals or families with limited financial resources (Waziri & Roosli, 2013). These housing units are designed to meet the basic shelter needs of low- and middle-income groups, prioritizing functionality, safety, and sustainability while minimizing construction and maintenance costs. Typically, low-cost housing projects leverage cost-efficient materials, innovative building techniques, and economies of scale to reduce expenses without compromising on quality and livability.

In the context of Nigeria, low-cost housing encompasses government-sponsored, privately developed, or community-driven housing initiatives targeted at alleviating the nation's housing deficit. Such housing program is critical to addressing the shelter needs of millions living below the poverty line or in substandard conditions, especially in rapidly urbanizing area.

2.1.2 Historical perspective of Low-Cost housing in Nigeria

The history of low-cost housing in Nigeria is deeply intertwined with the country's socio-economic development and urbanization trends. Before the 1960s, housing efforts were primarily informal, with individuals building homes based on personal resources and traditional methods. The colonial government played a limited role, focusing mainly on housing for expatriates and government employees (Moore, 2019).

The post-independence era marked a shift, with successive governments recognizing the need for systematic housing policies. The National Housing Policy of 1972 was a landmark initiative aimed at addressing the burgeoning housing needs of urban dwellers. However, despite its ambitious goals, implementation challenges, such as funding gaps and bureaucratic inefficiencies, hindered its success. During the 1980s and 1990s, Nigeria experienced rapid urbanization, leading to an unprecedented demand for affordable housing. Programs such as the Low-Cost Housing Scheme introduced by state governments sought to bridge this gap. Unfortunately, issues like corruption, mismanagement, and poor maintenance plagued these efforts, resulting in substandard housing projects and unmet targets.

2.1.3 Global Approaches to Low-Cost Housing: Lessons and Insights

The challenge of providing affordable housing is a global issue, with many nations implementing diverse programs to address the needs of their low-income populations. These initiatives vary widely in terms of funding models, target beneficiaries, and execution strategies but share a common objective: ensuring access to decent and affordable shelter. Below are some notable examples of impactful low-cost housing programs worldwide:

i. Pradhan Mantri Awas Yojana (PMAY): PMAY was launched in 2015. It is a flagship initiative aimed at providing affordable housing to urban and rural poor families in India. The plan's objective is to build 20 million affordable homes by 2022.

Key Features: The program features include - financial assistance for construction, rehabilitation, or purchase of homes; use of technology for cost-efficient construction (e.g., prefabricated homes); interest subsidies for home loans.

Impact: The program is one of the largest in the world, aiming to eradicate homelessness and slum housing.

ii. INFONAVIT (Instituto del Fondo Nacional de la Vivienda para los Trabajadores): INFONAVIT was established in 1972 in Mexico. It is a government-sponsored program that provides affordable housing and home loans for workers. It is the largest housing lending scheme in Latin America.

Key Features: The scheme entails – the provision of mortgage loans with favorable terms for low - income workers; it is funded through workers' mandatory contributions, which can be used for home purchase, repairs, or improvements; the scheme's housing developments are often built in affordable, organized communities.

Impact: As at 2023, INFONAVIT has helped over 11 million Mexicans to access homeownership since its inception.

iii. Minha Casa, Minha Vida (My House, My Life): MHML was launched in 2009, as a program aimed at reducing Brazil's large housing deficit by providing affordable homes for families with low incomes.

Key Features: The program focuses on subsidized mortgages and government-financed housing construction; mass housing development in both urban and rural areas; collaboration with private developers to ensure quick delivery of homes.

Impact: Over 4 million homes have been built through this program, with continued efforts to address housing shortages.

iv. Breaking New Ground (BNG): Breaking New Ground, introduced in 2004, is South Africa's flagship housing policy aimed at providing sustainable and affordable housing to low-income households.

Key Features: The program emphasizes the development of integrated and sustainable communities, not just homes; it considers the construction of homes, as well as social infrastructure like schools, clinics, and recreational areas; upgrading and turning around informal settlements and slums into decent living communities.

Impact: Over 3 million housing units have been built, though challenges remain, particularly around the rapid urbanization of cities.

v. The New Rural Housing Program: The program which was launched in 2006, aims to improve living conditions for rural populations, particularly in central and western regions of China.

Key Features: It provides subsidies to low-income families for building or renovating homes; prioritizes the construction of homes with sustainable materials and methods; focuses on reducing rural-to-urban migration by improving rural infrastructure.

Impact: The program has led to a significant reduction in rural poverty and improved living standards in remote areas with over 10 million houses already delivered as at 2024.

vi. Affordable Housing Program (AHP): As part of Kenya's "Big Four Agenda" initiated in 2017, the Affordable Housing Program aims to provide affordable homes to the growing urban population. The AHP is different from other housing schemes in Kenya, by being the first comprehensive program in which the Government of Kenya seeks to use private sector funding to facilitate the provision of homes to Kenyans in the lower- and middle-income brackets.

Key Features: AHP is targeting the construction of 500,000 affordable homes by 2022; its financing options include low-interest mortgages and partnerships with private developers; the main focus is on reducing the high cost of urban living.

Impact: The program seeks to ease the strain on Kenya's rapidly urbanizing population by offering affordable housing options.

vii. Housing and Development Board (HDB): Singapore's HDB has been a leader in affordable housing since the 1960s, with over 80% of Singapore's population living in HDB flats.

Key Features: The program involves creating public housing development with high standards of living and affordability; providing government subsidies for low - and middle - income families; establishing a robust resale market for flats with long-term planning for sustainable communities.

Impact: Singapore's public housing system is often cited as one of the most successful in the world, offering high-quality, affordable housing options for its citizens.

viii. Pag-IBIG Fund (Home Development Mutual Fund): The Pag-IBIG Fund, established in 1978, helps Filipino workers buy homes through affordable housing loans.

Key Features: It offers affordable interest rates on home loans for members who make regular contributions to the program; provides housing programs for different income levels with most attention on low-income families.

- **Impact:** It is one of the largest housing finance programs in the Philippines, helping millions of Filipinos access homeownership.

ix. Rumah Susun – “Simple Rented Apartment” (Public Flats): This program provides affordable housing in the form of high-rise apartments for the urban poor in Indonesia. As the name suggests, Rusunawa units are primarily available for rent, providing temporary housing solutions for low-income families, urban dwellers unable to afford traditional homes, and individuals seeking short-term accommodations.

Key Features: This arrangement always involves low-cost apartments for families with low to moderate incomes; the flat apartments are normally designed to be more efficient in terms of space and cost.

Impact: It is a solution for addressing overcrowding in major cities like Jakarta.

2.1.4 The Nigeria Housing Program:

It had been argued that a much larger proportion of households than necessary have had to finance housing from savings or build incrementally and at a low standard because upfront finance that would allow them to purchase a higher quality home and pay for it over a longer period is not affordable or accessible. This situation had made housing not to have been adequately provided in most urban centers in Nigeria let alone the rural areas. The provision of housing at an affordable price for accommodation for individuals and family of right size, type, and tenure with all appropriate internal and external facilities in a suitable location is of great concern for individuals, organizations, and the government (Wapwera, et al., 2011).

Therefore, in more recent times, the Nigeria housing initiatives are designed to both alleviate the nation's severe housing shortage and offer accessible and reasonably priced housing options to its growing population. The government works in this area through a number of laws and programs aimed at encouraging the building of affordable homes, enhancing infrastructure, and making home ownership easier (Adedeji, et al., 2023). The modern methods of housing finance in Nigeria include; Federal Mortgage Bank of Nigeria, Universal Banks, Family Homes Fund, Specialized Development Banks, Insurance Companies, Pension Funds, Corporate Bodies, Developers / Contractors Financed and National Housing Fund amongst others (Wapwera, et.al., 2011).

i. National Housing Fund (NHF): The NHF was established in 1992 through the NHF Act 3 [1992], to provide a pool of funds for the development of affordable housing in Nigeria. It is managed by the Federal Mortgage Bank of Nigeria (FMBN). The NHF aims to assist Nigerian workers in obtaining affordable housing through long-term loans. Contributions to the fund are mandatory for the public sector workers, while private-sector contribution is now optional courtesy of the Business Facilitation Act of 2023 (Elias, 2023).

Features: The details include - workers contribute 2.5% of their monthly salaries to the fund; the FMBN provides loans to contributors to facilitate homeownership at affordable rates; it also supports the development of housing infrastructure and the construction of low-cost homes.

ii. The Nigerian Mortgage Refinance Company (NMRC): The NMRC was established in 2013, to provide mortgage refinancing. This is done by raising long-term funds from the capital market to refinance conforming mortgage portfolios of mortgage and commercial banks in Nigeria; thereby making housing finance more accessible to Nigerians.

Features: NMRC window provides long-term financing to banks and other lenders to increase the availability of mortgages for individuals; it aims reducing the cost of borrowing for potential homeowners; and encourages affordable mortgage rates by promoting the securitization of mortgages.

iii. Federal Government's Housing Scheme (Affordable Housing Program): This program which has been in existence since the 1970s, is aimed at providing affordable housing to Nigerians, especially low- and middle-income earners. The Federal Government through the Federal Ministry of Works and Housing develops housing projects across the country.

Features: The program entails large-scale construction of housing estates in various cities particularly Lagos, Abuja and other commercial / administrative centres, including public-private partnerships; the goal is to build thousands of affordable homes for Nigerians, which are either sold or rented to eligible citizens.

However, despite other various initiatives like National Housing Strategy (NHS), National Housing and Urban Development Policy, State Government Housing Corporation Programs, Family Homes Fund, Development Financial Institutions, and Private Sector Involvement & Public-Private Partnerships; the Nigeria's housing deficit has been growing from bad to worse and successive governments from the time of independence 59 years ago have been grappling with this problem (Moore, 2019).

Key Challenges:

However, given the myriad of economic challenges the country had faced over years, housing has not been high on the political agenda (Moore, 2019). While some of the programs have struggled to make some noticeable impact in providing affordable housing; substantially, there are significant ongoing challenges with most of the initiatives which have made the issue of affordable mass housing development a mirage. The challenges include the following

- **Rapid Urbanization:** Rapid urbanization and migration to cities continue to outpace the development of affordable housing.
- **Cheap Funding:** Financing large-scale housing programs often requires government subsidies or partnerships with the private sector; but apart from the lack of large-scale finances, the cost of the available funds is mostly exorbitant due to the level of inflationary trend of the economy.

- **Quality:** Maintaining quality standards while keeping costs low is a frequent challenge, particularly with the issue of the frequent migration of the skilled and unskilled manpower in search of greener pastures.
- **Sustainability:** Ensuring that housing solutions are environmentally sustainable and resilient to climate change.

3.1 Conclusion

Addressing the low-cost housing challenge in Nigeria requires a collaborative and multifaceted approach. The government, private sector, and local communities must work together to develop sustainable solutions that prioritize affordability, quality, and accessibility. Leveraging innovative construction technologies and fostering financial mechanisms tailored for low-income families are critical steps in bridging the housing gap. Sustainable progress hinges on long-term planning, adequate resource allocation, and a steadfast commitment from all stakeholders. By aligning policies with practical implementation strategies and fostering partnerships, Nigeria can create an inclusive housing market that caters to its diverse population. With concerted effort, it is possible to transform the low-cost housing sector, ensuring every Nigerian has access to safe and affordable shelter.

3.2 Considerations and Recommendations:

The solution to the problems around affordable low-cost housing in Nigeria may require multifaceted strategy that includes creative solutions, private sector involvement, and government interventions. Therefore, several tactics that can assist in resolving the housing issues may include the following:

a. Policy and Regulatory Reforms:

- **Streamlined Land Acquisition:** Simplifying the process of land title registration and ensuring transparency will go a long way in making the purchase of land to be less expensive, and investment in low-cost housing developments will increase.
- **Affordable Housing Policies:** Governments at federal, state, and local levels must prioritize affordable housing in their development plans. This includes setting clear targets for the provision of low-cost homes with clearly spelt-out deliverables and the timeframe for same.
- **Tax Incentives and Subsidies:** Governments can offer tax breaks and subsidies for developers building low-cost housing or financing for low-income buyers which will serve as incentive for the sector and encourage more players to partake in low-cost housing development.

b. Private Sector Engagement

- **Public-Private Partnerships (PPP):** Encouraging partnerships between the government and private real estate developers can help reduce costs, improve project financing, and increase the scale of housing projects.
- **Affordable Housing Finance Models:** The government should provide adequate capital for low-cost housing financing institutions like the Federal Mortgage Bank of Nigeria, Family Homes Fund, and Federal Housing Authority. This will enable the institutions to cater for low-income earners by granting low-interest mortgages or create special government-backed loan schemes for affordable housing development.

c. Sustainable and Cost-Effective Building Materials

- **Promote Local Materials:** Encouraging developers to use locally sourced building materials, such as compressed earth blocks, which are cheaper and environmentally sustainable compared to conventional building materials will have positive impact on the cost of delivery of the low-cost houses and the quantity; thereby reducing the housing stock deficit.
- **Innovative Construction Methods:** Adopting other cost-effective construction techniques like modular homes, 3D printing, or prefabricated housing, can significantly reduce the time and cost of construction (Adedeji, et al., 2023).

d. Land Use and Urban Planning

- **Land Zoning and Urban Expansion:** Planning of the cities and urban areas to include zones for affordable housing development, prohibiting encroachment on lands designated for housing, and addressing informal settlements (slums) through urban renewal programs; are all avenues of expanding the mass-housing program in Nigeria.
- **Mixed-Use Development:** Building low-cost housing and high-end properties for residents to encourage mixed-use development and increase the density of housing while preserving land, is another method that can be adopted in increasing the low-cost housing in Nigeria.

e. Access to Affordable Financing

- **Government-Backed Housing Schemes:** Expanding the access to cheap financing through government schemes such as the National Housing Fund (NHF) or other subsidized loan programs designed to support low-income housing as is done in other climes like the Infonavit in Mexico and Pag-IBIG in Phillipines, will further enhanced the current impacts of the various housing programs in the country.

f. Community and Rural Housing

- **Promote Rural Housing Development:** Many Nigerians live in rural areas, and addressing housing issues there can prevent rural-to-urban migration, which adds pressure to city

housing markets. Incentivizing rural housing development with appropriate technologies and funding can ease the pressure on urban areas.

- **Community-Led Housing Initiatives:** Empowering local communities to organize and construct their own affordable housing through cooperative efforts, with support from the government or NGOs is another great initiative that has worked greatly in countries like India, Bangladesh, and Pakistan.

g. Addressing Corruption and Mismanagement

- **Transparency and Accountability:** Housing projects often face issues of corruption, misallocation of funds, and inefficiency. Strengthening transparency, accountability, and monitoring of housing projects at all levels of government can help ensure resources are effectively used to guarantee quality of houses being developed as well as the sustainability of the housing programs.

h. Population and Demographic Considerations

- **Urbanization and Population Growth:** With Nigeria's population growth and urbanization, careful planning is essential to ensure that housing development keeps up with demand (population growth).

i. International Cooperation and Aid

- **Collaboration with Development Partners:** Collaboration with international organizations, such as the World Bank, UN-Habitat, and other NGOs, to provide special funding like green financing, expertise, and technical assistance to help Nigeria scale up affordable housing development can also help in reducing the huge deficit in its affordable housing market.

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