

**EFFECT OF NATIONAL HOUSING POLICY THRUST ON SERVICE DELIVERY IN  
THE FEDERAL CAPITAL TERRITORY, ABUJA, NIGERIA:  
AN EMPIRICAL PERSPECTIVE**

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**ABSTRACT**

*This paper examined the drive of Housing Policy and its effect on service delivery in the Federal Capital Territory, Abuja with a view to ascertaining the import of the policy on provision of affordable housing. It further reviewed literature on housing, its delivery and drew relevance to the importance of housing as an economic tool for development. It discussed the success of countries that have utilised housing service delivery as an instrument of economic revival. Several studies have focused on housing adequacy as well as housing quality, most especially in literature, but this study focuses on an empirical analysis of key variables in housing service delivery. The paper revealed that National Housing Policy has significant effect on housing services delivery in the Federal Capital Territory (FCT), Abuja. It therefore suggests that government should embark on full implementation of the policy to fortify the housing sector as well as promote sustainable national development.*

**Keywords:** National Housing Policy, Housing Delivery, Housing, Federal Housing Authority, Organised Private Sector

**1.0 Introduction**

Housing is an important part of human existence and is a major economic asset all over the world. It is indeed a widely debated issue especially in developing economies like Nigeria. It is a basic need of man for shelter and it enhances healthy social well being (Aaron, 1972; Akeju, 2007; Bala and Bastani, 2012; UNCED, 1992; FGN, 2006). Housing provided by economically developing countries is typically low in quantity, inferior in quality and space to that provided in economically developed nations. Despite government's contribution to housing through formulation and implementation of policies, adequate supply has remained a mirage to all cadre of the society in Nigeria. The situation is evident to most developing countries where population increases geometrically and rapid urbanization becoming a norm,

and discrepancy in housing need and supply is high. Poor housing services delivery in underdeveloped or developing countries has been attributed to inadequate system for land allocation, funding, mortgage institutions and infrastructure. The existing inadequate housing situation in the country is no doubt reminiscent of previous government policies, programmes and strategies; likewise the geometric increase in population. Therefore, it is apparent that policies and programmes on the average have a low level of performance. Hence suggestion was made on the need for greater participation of the private sector in order to ensure sustainable development of the Nigerian housing sector (Agbola, 1998, Freedinson, 1969).

Despite various government policies, programmes and strategies to date, the housing deficit in Nigeria as at 2012 has attained an astronomic figure of 17 million which is about 250% increase from the estimated figure of 7 million housing deficit units in 1991. The situation has overwhelmingly reduced the supply of housing units (Moshood, 2016). It seems that only upper income group has their housing demand questions resolved. Also, the middle income group often has access by virtue of their position in government circles and through credit facilities from cooperative societies. In most cases, therefore, it is the poor (low income group) that do not have access to housing since their earning level is very low; the high cost of such housing units and because the housing problems are not adequately addressed. The high income earners tend to commandeer low income housing units (Agbola, 2004) and thus deprive the poor necessary access to housing. This study therefore seek to assess the import of housing policy thrust on its delivery in the Federal Housing Territory, Abuja with the aid of inferential statistics.

## **2.0 Literature Review**

The economic importance of housing was reflected in the definition of Jinadu (2004), where he affirmed that housing is a product of investment and means of income generation. It is a bedrock to economic development in any nation, for instance in developed countries like the United States of America, Canada and Great Britain, the housing sector contributes between 30% and 70% of their Gross Domestic Product (GDP); investment in housing worldwide is between 15% to 35% while housing in Nigeria contributes only 0.38% to the nation's GDP

(FGN, 2012). It is presumed that countries with great economies were able to achieve this feat through housing delivery services. Hence, housing can also be described as a critical component in social and economic development. Housing is important because it provides one of the basic needs of the society which is shelter in terms of planning, the quantity type and quality of housing built in each part of an urban area (Borne, 2007). Adequate housing is essential for human dignity and self fulfilment. It embraces all the social services and utilities that go to make a community or neighbourhood a liveable environment (FGN, 1991). Housing is bound up with concepts such as structure, privacy, location, environmental amenity and investment (Aribigbola, 2000).

According to Curllingworth (1979) the major problem facing housing delivery is “the lack of general understanding about the nature of housing problems and their relationship to other problems”. Housing delivery system aids the allocation of housing to households in a given country irrespective of class and location. It comprises the production of new housing units; renovation of existing ones as well as the distribution of new and old houses to those in need. (Agbola, 2005). In 1991, there came the well acknowledged policy in terms of housing. This policy made amendments to failures that were recognised from past housing programmes and also proffered structures through which all the anomalies were intended to be corrected. The policy made reference to the difficulty in securing land and its accessibility. This policy helped in the restructuring of the Federal Mortgage Bank of Nigeria (FMBN), Primary Mortgage Institutions and commercial banks in mortgage business (EFInA, 2010). During this period, urbanisation received meaningful attention. The Federal Housing Authority initiated the Gwarinpa Housing Scheme in 1996 under the Abacha regime. This was meant to suffice for the housing inadequacy of housing in the FCT Abuja, due to the influx of people in to the territory for greener pastures. During this period the Federal Housing Authority in conjunction with the Federal Ministry of Works set out to build 121,000 houses through direct labour under the National Housing Programme and Prototype Housing Scheme in several States of the Federation, which made no difference in the nation’s housing sector (NHP, 2012). It is opined that there was neglect of government to the housing sector because successive government did not allocate money for the housing sector as well as poor planning

and implementation, attenuated public confidence, difficulty in assessing the National Housing Funding (NHF) and inflation.

### **3.0 Methodology**

This study utilised both primary and secondary sources of data. It covered the Federal Capital Territory, Abuja and it involved the Federal Housing Authority, officials of Real Estate Development Association of Nigeria (REDAN) and nine hundred and eighty three beneficiaries of constructed housing estates by government and private sector. The researcher utilised two stage sampling procedure for the collection of primary data. Copies of questionnaire were distributed randomly among nine hundred and eighty three beneficiaries of the public and private owned estates; Interview sessions were conducted with private developers, Director in charge of Federal Housing Authority (FHA) and Head of Department of Public Private Partnership (FHA). Focus Group Discussion was held which comprised eight workers who were non-beneficiaries of housing units from either the public or private sector.

### **4.0 Discussion of Findings**

Interviewees' (public officers and organized private developers) positions on appraisal of the housing policy affecting them concur with that of the respondents to the questionnaires in area of delivery of housing services to the populace. The interviewees agreed that housing units are being produced and handed down to the populace at reasonable or relatively affordable cost when compared with cost of construction. In the words of a member of REDAN, "housing service delivery has been effective right from the time of El-Rufai, when the market was practically handed over to professionals like us. We were able to improve on the state of housing and better the industry through sales of our constructed houses at affordable cost" (Andy, 2015). Also, in the area of creation of enabling environment for the private sector investment, government has made remarkable improvement as asserted by 66% of questionnaire respondents who acknowledged the political will of government in the implementation of the policy thrust. However, about 60% of the practitioners interviewed are of the opinion that the government have not done enough in creating a conducive environment for investors. The private developers agreed that government has shown poor commitment to housing service delivery due to the inadequate funding of the housing

projects. This was corroborated by Federal Housing Authority (FHA) stating that government has stopped given the agency subvention for construction of houses for over ten years which has drastically affected the productivity of the agency, thereby detrimental to the goal of the National Housing Policy. The submission of the public and private developers on housing finance is different to that opined by the beneficiaries of these constructed houses in the sense that 60.6% beneficiaries of housing units in the FCT avers that National Housing Policy has facilitated long term funding in delivery of housing services which contradicts the opinion of the developers. It implies that the beneficiaries of the constructed housing units have more access to funds through instituted authorities than the developers themselves which may be connected to the huge volume of houses produced by the developers.

**Table 1 Appraisal of National Housing Policy and its Impact on Housing Services Delivery in Abuja**

<b>Assertions</b>	<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
The policy has sustained the political will of government for the provision of housing for all Nigerians	Strongly Agree	428	43.5	43.5
	Agree	221	22.5	66.0
	Undecided	208	21.2	87.2
	Disagree	41	4.2	91.4
	Strongly Disagree	28	2.8	94.2
	No Response	57	5.8	<b>100.0</b>
	<b>Total</b>	<b>983</b>	<b>100.0</b>	
The development of national housing market has been promoted by the National Housing policy	Strongly Agree	224	22.8	22.8
	Agree	509	51.8	74.6
	Undecided	139	14.1	88.7
	Disagree	43	4.4	93.1
	Strongly Disagree	18	1.8	94.9
	No Response	50	5.1	<b>100.0</b>
	<b>Total</b>	<b>983</b>	<b>100.0</b>	

National Housing policy has improved the quality of housing, infrastructure and environment	Strongly Agree	210	21.4	21.4
	Agree	528	53.7	75.1
	Undecided	109	11.1	86.2
	Disagree	66	6.7	92.9
	Strongly Disagree	22	2.2	95.1
	No Response	48	4.9	<b>100.0</b>
	<b>Total</b>	<b>983</b>	<b>100.0</b>	
National Housing policy has facilitated measures to mobilize long term and affordable funding for the housing sector	Strongly Agree	229	23.3	23.3
	Agree	367	37.3	60.6
	Undecided	140	14.2	74.9
	Disagree	177	18.0	92.9
	Strongly Disagree	19	1.9	94.8
	No Response	51	5.2	<b>100.0</b>
	<b>Total</b>	<b>983</b>	<b>100.0</b>	
National Housing policy ensures effective housing services delivery	Strongly Agree	253	25.7	25.7
	Agree	250	25.4	51.2
	Undecided	300	30.5	81.7
	Disagree	95	9.7	91.4
	Strongly Disagree	44	4.5	95.8
	No Response	41	4.2	<b>100.0</b>
	<b>Total</b>	<b>983</b>	<b>100.0</b>	

**Source:** Alamu (Unpublished Ph.D. Dissertation) 2017

The responses to the five assertions are summarized in Table 3. As shown in the table, an average of 27.4% of the respondents strongly agreed with the five assertions, just as another 38.1% agreed ordinarily with the assertions, making a total of 65.5% agreement level. On the other hand, an average of 8.6% ordinarily disagreed just as another 2.6% strongly disagreed with the assertions, making a total of 11.2%. Also, an average 18.2% of the respondents were indecisive and 5.1% did not respond. A possible conclusion from this is that National Housing Policy has Impact on Housing Services Delivery in Abuja, consequent upon 65.5% agreement level.

However, this claim is further subjected to a hypothesis test on whether or not a significant impact exist between National Housing policy and housing services delivery in Abuja, denoted as hypothesis 1.

**Table 2: Appraisal of National Housing Policy and its Impact on Housing Services Delivery in Abuja (Summary)**

	Strongly Agree (%)	Agree (%)	Undecided (%)	Disagree (%)	Strongly Disagree (%)	No Response	Total (%)
The policy has sustained the political will of government for the provision of housing for all Nigerians	43.5	22.5	21.2	4.2	2.8	5.8	<b>100</b>
The development of a national housing market has been promoted by National Housing policy	22.8	51.8	14.1	4.4	1.8	5.1	<b>100</b>
National Housing policy has improved the quality of housing, infrastructure and environment	21.4	53.7	11.1	6.7	2.2	4.9	<b>100</b>
National Housing policy has facilitated measures to mobilise long term and affordable funding for housing sector	23.3	37.3	14.2	18.0	1.9	5.2	<b>100</b>
National Housing policy ensures effective housing service delivery	25.7	25.4	30.5	9.7	4.5	4.2	<b>100</b>
<b>Average</b>	27.4	38.1	18.2	8.6	2.6	5.1	<b>100</b>
<b>Observed Frequency</b>	<b>65.5</b>		<b>18.2</b>	<b>11.2</b>		<b>5.1</b>	<b>100</b>

Source: Fieldwork, 2017

#### 4.1 Hypothesis 1

H<sub>0</sub>: National Housing policy has no significant effect on housing services delivery in



Abuja

H<sub>i</sub> National Housing Policy has significant effect on housing services delivery in Abuja.

Using chi-square test to test Hypothesis 1

Chi-Square ( $\chi^2$ )<sub>calculated</sub> is given as

$$\frac{(o_i - e_i)^2}{e_i}$$

Where  $o_i$  is the observed frequency and  $e_i$  is the expected frequency

**Table 2.1 Chi-square table 1**

RESPONSES	OBSERVED FREQUENCY ( $o_i$ )	EXPECTED FREQUENCY ( $e_i$ )	$(o_i - e_i)^2$	$\frac{(o_i - e_i)^2}{e_i}$
Strongly Agree/Agree	65.5	25	1640.3	65.6
Strongly Disagree/Disagree	11.2	25	190.4	7.6
Undecided	18.2	25	46.2	1.8
No Response	5.1	25	396.1	15.8
Total	100.0	100		90.8

**Source:** Statistically generated from table 2

$$\chi^2_{calculated} = 90.8$$

$$\text{Degree of freedom} = 4 - 1 = 3$$

$$\chi^2_{tab} \text{ at } 0.05 \text{ significance level} = 7.81$$

Since  $\chi^2_{calculated} > \chi^2_{tab}$ , we reject  $H_0$  and accept its alternative

Therefore, this study concluded that National Housing policy has significant effect on housing services delivery in Abuja. Also, interviewees' (public officers and organized private developer) positions on appraisal of the housing policy affecting them concur with that of the

respondents to the questionnaires in area of delivery of housing services to the populace as shown in Table 1. The interviewees agreed that housing units are being produced one handed down to the populace at reasonable or relatively affordable cost when compared with cost of construction. In the words of a member of REDAN, housing services delivery has been effective right from the time of El-Rufai, when the market was practically handed over to professional like us. We were able to improve on the state of housing and better the industry through sales of our constructed houses at affordable cost.

However, members of the Focused Group Discussion (FGD) frankly disagreed with the assertion of the member of REDAN, stating that the constructed housing units are not meant for the poor. The Focused Group Discussions further stated that instead of building house for the masses, Real Estate Developers are building for the elites. More than 80% of the discussants aver that the cost of owning a descent house is beyond their reach.

When a Director in FHA was asked to respond to the allegation, she said;

“Presently we are not building for the poor. We are in business. And in business profit making is the aim. You cannot blame us because we (the agency) is left to source for funds. Unfortunately we do not have any building to sell now because there is no money”.

The assertion here is strong. Nonetheless the decision of government in withdrawing funds from the agency may not be unconnected with the National Housing Policy Section 2 which is a major policy shift in housing delivery, which withdraws Government and its agencies from involvement in direct construction of houses for sale to creating an enabling environment for private participation in the housing sector. The 2012 Housing Policy gave two provisos to this:

- i. physical construction and provision of houses and their disposal shall be private driven with Government creating and sustaining the enabling environment.
- ii. in the provision of special low-income and rural-housing in all states of the federation and Federal Capital Tertiary, funds shall be provided by the Federal Government and other sources.

In view of item (ii) it opines that the refusal of Federal Government to provide funds for Federal Housing Authority (FHA) infers that the federal government is not interested in providing houses for low-income consumers.

In the area of creation of enabling environment for the private sector investment government has made remarkable improvement as asserted by 66% of questionnaire respondents who acknowledged the political will of government in the implementation of the policy thrust. However, about 60% of the practitioners interviewed are of the opinion that the government have not done enough in creating a conducive environment for investors. One of the private investors said:

The commitment of government to housing production differed distinctly from administration to administration. Under Abacha, there seemed to be no room for private investors. But Obasanjo tried in this area though there were still flaws here and there due to a few corrupt exercises on part of some government officials. Even at that, it did not stop influx of private developers into the industry. Everything went into comatose when the administration changed. It is now in a state of confusion and redundancy with this present government because we cannot do much without having an appointed minister in office. (Caleb, 2015)

However, the stance of the Federal Housing Authority is a little different from this. Though it agreed that government may not be willing to jump into any sovereign agreement with foreign private investors due to what it entails. Yet, the agency is of the opinion that government has tried a lot to prepare a level playing ground for the private investors but quoting the Director of FHA Public Private Partnership, “these private people do not have money to do business”. This indicates that it is not just providing an enabling environment that is void or financial backing also there is need to put in place a veritable financial base for investors.

Land matters are a key factor in housing delivery services as identified by various National Housing Policies and the United Nations. These accounts for the provision in National Housing Policy of 2012 which states that there will be undertaking of land reforms to

facilitate private sector investment in housing and another provision that calls for the harmonization and standardization of land administration process nationwide. The implication is that there should be reforms in the industry to facilitate acquisition of lands for direct investment in housing. In view of the policy thrust, 100% of the interviews which includes officers from Federal Housing Authority call for a review of the Land Use Act of 1977 which vested all lands under the authority of the Governor in the case of states and Honourable Minister of the Federal Capital Territory, Abuja for Abuja territory. The Act is intended to make lands easily accessible for public use however, recent events have proved otherwise.

The officer in FHA identified issue of land as a factor affecting housing delivery services in Abuja and all parts of the federation. She stated that governors do not want to release their lands to the housing agency and peradventure they do, such lands are outskirts of the towns. Further adding that it accounts for why most government housing estates are situated at the entrance of cities. In her words:

These developments are adversely affecting the housing market. Quite a number of our houses are not inhabited initially due to locations of lands allocated by states to the agency. At times the housing authority is deprived access to lands. (Director, 2015)

The position of over 90% of private developers interviewed is not farfetched from that of the Federation Housing Authority. The two parties see assessing of vast undeveloped lands as difficult, the view of the private developers are that lands are not given to the main people in business. Rather lands are allocated to political figures in the Federation Capital Territory, Abuja. The situation obtained is an unlikely position that calls for the evaluation of land administration in Abuja and Nigeria as a whole.

The area of utilization of locally made building materials is downplayed in practice. On paper, the government calls for the promotion of utilizing local materials for construction in all parts of the country including the Federal Capital Territory, Abuja. Nonetheless, both the public and organized private sector is yet to implement this policy thrust in the FCT. The

organized private sector believes that it will not be marketable in a country like Nigeria where people love articles of ostentation and not comfort alone. The only government housing authority that implemented the policy drive was Ekiti Housing Corporation in the construction of 500 housing units after which nothing is heard of them again (Alamu, 2012).

In Abuja, the Federal Ministry of Abuja has encouraged both the private and Federal Housing Authority through provision of lands for would-be-investors. These lands are allocated to them free when applied for, the only payment made are for the acquisition of certificate of occupancy for such lands. Nonetheless, there are complaints from developers especially private developers on who gets these lands.

A member of REDAN stated that the lands are indeed free for developers, but we the real developers do not get these lands directly. We have to buy these supposed free lands from the friends of the Minister who were allocated land for no reason. They get these lands and sell at exorbitant prices to us. How then do you expect us to sell our houses the way you think? Its implication is that getting lands for construction in Abuja has become difficult due to stringent measures obtained in securing it.

On issue of social housing construction, in the Federal Capital Territory, the Director of Private Public Partnership in Federal Housing Authority stated:

Presently we have not started anything on social housing. Though there are plans by government to go into it in the nearest future just as Brazil and some other countries have done. The interviewees in the private sector do not see social housing as what they can be involved in. This is affirmed in section 8(1) of the National Housing Policy where it is stated that: Social housing is the response by GOVERNMENT to the housing challenges of 'No and Low' income earners. (Ene, 2015)

The interviewees in the private sector asserted that they are into business to make profits and not to do what government is expected to do. In summary, 65.5% of respondents from the beneficiaries agree that the National Housing Policy has ensured effective housing services delivery based on indices such as improved infrastructure, sustained political will and

environment for housing construction. Thereby, affirming the rejection of the null hypothesis which states that there is no significant effect on housing services delivery in Abuja.

## **5.0 Conclusion**

The paper shows that Housing Policy has resulted into better housing service delivery in the study area. Besides it has promoted housing market in the Federal Capital Territory, Abuja. The paper concludes in achieving the aim of provision of affordable houses for Nigerians, government should work towards full implementation of the National Housing Policy at all levels such as the adoption of the use of local materials like red bricks for the construction of housing units in both cities and rural areas. This will help reduce the incessant rising cost of housing units especially in the Federal Capital Territory, Abuja. The Federal Housing Authority should be the first to embark on mass construction of red brick houses in Nigeria which will stand as a yardstick for organised private sector under the auspices of REDAN to follow suit. Adapting this recommendation will promote the economic value of housing sector through provision of employment as well as drawing revenue to the National economy through sales of constructed housing units.

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**Interviews**

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Caleb, \_ Private Housing Developer conducted on 14<sup>th</sup> of October, 2015

Director, Federal Housing Authority, Abuja conducted on 15<sup>th</sup> October, 2015.

Ene, C. Head of Public Private Partnership conducted on 15<sup>th</sup> October, 2015