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ASSESSING PRIVATE SECTOR PARTICIPATION IN HOUSING DELIVERY IN NIGERIA: CASE STUDY OF LANDBRIDGE NIGERIA LIMITED

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Abstract

Housing has been universally accepted as the second most important essential human need after food. Housing is an essential tonic for the overall development of the economic life of any nation. The problem of housing in Nigeria is enormous and complex exhibiting apparent and marked regional differences. In most of our urban centres, the problem is not only restricted to quality but also to quantity of available housing units, and the environment. The result is manifested in the gross overcrowding in homes and increase pressure on infrastructure facilities and rapidly deteriorating environment. In view of this and in order to alleviate the problem in the country about housing provision, Government lay-out, various programmes or schemes so as to involve and mobilize private sector in provision of housing. The aim of this paper is to assess the role of Landbridge Nigeria Limited in housing provision in Lagos state. The company has contributed immensely in the provision of housing for people. They have been able to provide houses at Golden Park Estate, Sangotedo, in Ajah. They have also provided buildable plot to people through sand filling of Lekki-Lape express way, Victoria Island. They have also provided serviceable land for the people. They have been able to provide about 6.37 Hectares of land for building. The building ranges from 1 bedroom apartments to 4 bedroom semi-detached buildings. The total cost invested in the estate is in the range of N1.5 billion. The cost of building ranges also between N27 million for terrace houses to N47 million for duplex buildings. They have done this in collaboration with Union Bank Group. The company has able to contribute to housing stock in the country but the problem associated with private sector is that they are producing houses that are not for generality of Nigerians. The findings is that it is not the private sector as presently constituted and operated that would deliver the types of houses Nigerians need at the cost/price they could afford.

Keywords: Private, Participation, Housing, Delivery, Environment

Introduction

Housing is generally referred to as a shelter or lodging for human habitation. It is universally accepted as the second most important essential human need after food. It is structure design as an abode for one or more persons (Encyclopedia Americana, 1981). Oluwande (1983) sees it (housing) as a structure which human beings use for shelter. Housing is now conceptualized in various ways. It renders tremendous services to humanity, it therefore transcend the four walls and a roof meant to protect man from harsh weather (Jinadu, 1995)

Housing can also be seen as bundle of services or a basket of goods which include the physical itself, ancillary facilities and services within and around it, as well as general environmental quality and amenities that surround the buildings (Bourne, 1984). Accordingly, Agbola and Alabi (2000) agreed that occupancy of housing involves the consumption of neighbourhood services. Aroni (1978) conclude that for an individual or family, the house is shelter and symbol, physical protection and psychological identity of economic value, and a foundation for security and self respect.

Housing is been viewed as basic need and a right without which there would be no security or safety (Jinadu, 1995). Most nations in developing world still face serious qualitative and quantitative housing problems. The nature, scale and dimensions of housing problems differ across national boundaries. These problems as put forward by Agbola (1993) are not new in the world over "what keeps the issue alive....is the rising scale, enormity and complexity of these problems....." The Nigeria's housing situation was vividly captured in the Nigeria National Report to the Habitat II conference in Istanbul (UNCHS, 1996). The report noted among others that high deficit in the existing stock is creating the problem of homelessness. This is caused by many factors such as high cost of housing price which is beyond income level of most Nigerians.

The crises in the Nigeria housing sector have been fully established as far back as 1970s. the third National Development Plan (3rd NDP, 1975-1980) for instance, shows that the government confirmed the crises and observed that "there is no area of social services where the urban workers in Nigeria now need relief more desperately than Housing" (FMWH, 1975). The problem include qualitative and quantitative shortfall, housing finance, low housing investment, high cost of houses and rent, mismatch in housing goals and real achievement, building materials problem, inadequate access to buildable land, institutional problems, eviction and homelessness and problem of inadequate housing statistics for proper planning.

The private housing delivery system and its components

The housing delivery system is a combination of many interrelated processes influenced and affected by exogenous and endogenous variables. It is the 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. The housing delivery system is, therefore, a collection of production mechanism, regulatory and administrative devices by which housing services are provided to the consumers. The components of the housing delivery system are: land and infrastructure; construction technology; labour and management; building materials; housing finance; distribution methods and monitoring and evaluation. All of these seem to have been adequately captured in the 2002 National Housing Policy. All houses are delivered through the public and private methods but the ratio of production between the two is in order of 1 to 4, another factor reinforcing the clamour for private sector dominance of the sector. Thus the performance of the private sector which rallies heavily on the operations of market system in housing delivery is to be examined with particular references to Landbridge Nigeria Limited Lagos.

Aim

The aim of this paper is to assess the role of private sector participation in housing delivery in Nigeria with a case study of Landbridge Nigeria Limited.

Objectives

In other to achieve the stated aim, the following objectives are set thus, to;

- i. Assess the activities of private developer in housing provision in Nigeria.
- ii. Determine the effectiveness of their participation in housing delivery.
- iii. Identify the effort made by the government in motivating the private developers in housing provision.
- iv. Identify problems hindering the developers in their pursuit of housing provision.
- v. Proffers possible solutions and made recommendation that will help developers to provide accommodation to people of Nigeria.

Methodology

For the purpose of executing this study, data for analysis are based on two sources which are the primary and secondary data. The utilized data from these sources allows for ease of conceptualization and comprehensive review of literature to be able to identify various programmes for housing development.

The primary data include personal observation, oral interview and questionnaire administration. This provides the bases for the analysis the company. The questionnaire was able to determine the contribution of the company. The questionnaire company, the time it as established, and its future aspirations. The questionnaire shows the activities of the gotten from textbooks, journals, pamphlet, search of internets and other relevant materials. The secondary data were The analysis was done using statistical packages. This was able to provide the activities of company.

Literature Review

In most nations of the world, housing sector which is the portion of the economic system concerned with the production, management and distribution of housing is a blend of private enterprises and government activities. Although, the nature of the mix varies greatly from country to country but the role of government is substantial even in those countries where market place has the greatest freedom for economic decision. The public and private components of housing sector are generally so closely interdependent. Mandelker and Montgomery (1973) believed that private components of housing sector are heavily dependent upon the existence of a set of laws, institution and public agencies for efficient operation.

There seems to be an implicit understanding that government should take up the responsibility for housing low-income earners while market forces satisfy middle and upper demands. Experience has however shown that, if national goals are to be met, government should encourage orient and of necessary supervise the private housing sector (UN, 1996). While United Nation (1996) recommends an integration of both private and public resources as a policy framework for encouraging private sector participation. Freedman (1969) was of opinion that housing delivery should be left to the private sector to take care off. Agbola and Olatubara (2003), revealed that although private to public housing provision in Nigeria have been in ratio of 4:1, previous analysis have shown that the public sector has been the sole administrators of the housing delivery system, evolving and implementing policies in a perennial atmosphere of instability and uncertainty.

Nigeria does not lack housing policies or programmes, yet the nation's housing problems remain unresolved. These are manifested in acute housing shortage, overcrowding and unsanitary living condition. According to Egbedi (2004), the issue of adequate housing for Nigerians is of great concerned and one that government alone cannot tackled and therefore canvasses that the populace should not leave the provision of housing stock to the government alone. One of the surest ways to solve the problem to him is for the government to concentrate more on the provision of site and service schemes than outright housing provision.

Okechukwu (2002) argued that government is encouraging estate developers to take up the challenge of housing provision to Nigerians. Martins (2004) said that there has been a boom particularly in the building of new residential estates in many cities throughout the country. The increase is due to the direct response of property developers to the huge demand for housing units in many urban centres.

Dilemmas in the public-private housing delivery debate

One of the enduring debates of our time and one which may show any sign of dissipation soon is the argument as to who should best provide housing for generality of Nigerians.

It's been observed that the ratio of public to private housing in Nigeria is 1:4 and probably more. This debate and observed advantages of the private over public housing delivery system is not strange in the housing analysis of the more developed world. The heart of the case for capitalism (or the market system on which the private sector housing delivery is predicted) is that it is more productive, more efficient, and more successful than government ownership and operation. Hence, the case against public housing could not be complete without the proposition that the private housing industry could provide housing for the poor more effectively than a government agency.

Indicators for Assessment or Evaluation

In assessing the performance of the private sector, there must be some benchmark against which the performance of the sector must be measured. These must be robust and carefully evolved criteria or indicator which must also be international standard. These criteria are found in the indicators programme of the World Bank. In the 1990s, the World Bank in collaborations with UN-Habitat launches the Housing Indicators Programme to provide a comprehensive conceptual and analytical framework for monitoring the performance of the housing sector and provide important new empirical information on the high stakes of policy making in the housing sector of societies and economies. It is the goal of the programme to use the information so derived to affect the formulation of national shelter strategies and attract international development assistance to the housing sector (Priemus, 1992)

There are 25 key Housing Indicators, 10 Alternative Indicators, 10 Regulatory Indicators and 10 Alternative Regulatory Indicators presented by World Bank. But in Nigeria, despite the versatility of these indicators, all of them could not be used to assess the performance of private sector in housing delivery; accordingly, 8 indicators are used for analysis. They are- Housing stock and deficit; Land Tenure; Cost; Affordability; Ownership; Rent; Financial/Fiscal performance; Interest rate and; Tax revenue.

The analysis in this paper would have been robust if we were able to get information and data on all these eight indicators. The emerging trends in the housing industry have introduced a lot of challenges in research, but for this paper, we have limited ourselves to three indicators. These are Costs, affordability and Financial/fiscal performance. In assessing the performance of private sector housing especially Landbridge Nigeria limited, it is only apt to look at their production cost structure, the affordability level of the populace whom they are producing for and the extent to which the financial and fiscal environment have affected their performance.

In the analysis of Landbridge Nigeria Limited, the cost is concerned with all categories of expenditure associated with bringing a house into existence. Thus, cost as used here refers to the construction cost which is defined by the indicators' programme as "the present replacement cost (Labour, materials, on-site infrastructure, management and contractor profits) per square metre of median-priced dwelling units." In this regard, it is assumed that it is the cost of structure of the various development agencies that will affect the eventual selling prices of the dwelling units they produced. But a necessary precursor of this cost analysis is appropriate pricing of all relevant elements of the structure, starting from the conception through design to construction and management. The ultimate object in realistic pricing and cost analysis is to ensure that the units are not sold below the profitable price that would allow for cost recovery and eventually, project replicability. Affordability level of the various households that constitute the housing consumers is determined by: Total earnings (principal and secondary); their savings and especially, their Marginal Propensity to Save their spending pattern and; importance attached to housing. Affordability is, therefore, defined as the ability and capability of households to meet their

periodic mortgage obligations without jeopardizing their health or reducing family nutrition intake. For housing to be affordable to low-income people, it must be tailored to their: total income level; housing characteristics; capacity to pay; employment needs and or circumstances and; purchasing power. Only when houses are affordable can cost recovery be successful.

Finance is the cornerstone of housing construction and housing consumption and this why the financial and fiscal performance is important. For example, how many households benefit from housing loans per year and what is the value of housing loan/total housing investment, value of housing loans/value of total loans by the private sector.

The Performance and Score Card of Landbridge Nigeria Limited

Landbridge Nigeria Limited is an indigenous private firm with multi dimensional interest and solid investments which also generate employment in diverse sectors of the Nigerian economy. This company is located at No 5 Landbridge Avenue, Oniru Private Estate, Victoria Island, Lagos. It is into many activities such as Estate development, Community Services, Consultancy, Commerce, Heliport, Housing Scheme, Hotel Development, Infrastructure Development, Joint Venture Project, Tourism Promotion, Beach Development Scheme, Education etc.

It was established in 1994 by the Oniru royal family and, ever since its establishment Landbridge Nigeria Limited has contributed immensely toward the housing provision to people of Lagos state. There has been an increased tempo in the interest and production of housing units by private sector, and Landbridge Nigeria Limited has contributed its own fair share. It would seem that after much vacillation and monumental failures from public housing programmes and projects, the government has provided a window opportunity which seems appealing to the private sector. Some of the landmark achievements of Landbridge Nigeria Limited include

Banana Island Development Scheme Ikoyi: Landbridge Nigeria Limited contributed immensely to the actualization of Banana Island and Ikoyi foreshore estate. It participated in the conception, planning hydraulic sand filling and construction of 100 units of buildings of different types.

Oniru Private Estate: Landbridge Nigeria Limited conserved, planned and executes a total transformation of the 720 acres of swampy land into a unique modern residential and commercial estate of excellence.

Olumegbon Estate (Ajah Model City): This estate is located along Lekki-Epe expressway. This estate consists of over 2,000 housing units to be executed in phases and situated on over 40 acres of land. Phase one has been completed, about 250 units are ready for occupation while another 250 plots have been prepared for site and service scheme. Landbridge Nigeria Limited is providing this in partnership with Union Bank group and Royal Service Limited.

Millennium Home Project: A 32 gated estate with aquatic splendor, security and serenity, Millennium Home Project is a joint venture of Landbridge Nigeria Limited, Royal service Limited and Union Bank Group. The estate is in phases. Phase one consists of 106 Terrace houses which has been sold out while phase two consists of 100 Terrace houses; 20 units semi-detached house and 50 units detached duplexes which are selling fast. The last phase will contain 50 Duplexes and 22 units of detached buildings which are still in construction stage.

Biscourt Apartment: This is a building of twelve units residential apartments along Admiralty way, first round about, Lekki Peninsular. Others are Leisure Plaza, Palm Shopping Mall, British International School, Bis Tower, Bis Primary School, Special Petrol Station, Mini Shopping Complex, Private Fire Station, Shopping Complex, and New Oniru Palace etc.

Table 1: Summary of Project carried out by Landbridge Nigeria Limited

Name of Estate	Total Area	Type of Development	Type of Building	Total Cost (N)	Cost per Plot/Unit of Building	Financier	Payment Schedule
Banana Island Development Scheme	100 hectares	Houses	2,3,4 Bedroom Bungalow	16 Billion	25.0 Million	Union Bank, Royal Service Limited	8 Years
Oniru private Estate, Lckki	720 acres	Houses and Service Plots	4 and 5 Bedroom Detached				10 Years
Olumegbon Estate (Ajah Model City)	40 acres	Houses (250 units sold) and 250 Service Plots ready.	Terrace Duplexes	1.5 Billion	42.0 Million	Union Bank, Royal Service Limited	10 years
Millennium Home project		Houses (106 Terrace duplex, sold, 100 Terrace, 20 Semi-Detached and 50 Detached units.)	Terrace Duplexes, Detached, Semi-Detached	2.8 Billion	Terrace 52.0 Million Detached 35.0 Million Semi-detached 22.0 Million	Union Bank, Royal Service Limited	
Biscourt Apartment	0.60 Hectar es	Houses and Shopping Complex		680 Million		Union Bank, Royal Service Limited	Lease for 10 years with annual review

Source: Field survey 2006; Profile and Prospectus of Landbridge Nigeria limited, 2005

In term of cost, a cursory look at Table 1 shows the various cost profiles of the various houses developed by Landbridge Nigeria Limited. The mini survey reflects the engagement of this company in housing development and the cost of different structures. For example, the site and service plots in Olumegbon Estate (Ajah Model City) for housing and commercial development are put for sale at

- (a) Regular Standard Plot (900m²) N11.25 Million
- (b) Commercial Plot size (1,500m²) N24.50 Million
- (c) Commercial Conner piece (500m²) N12.00 Million

Virtually all the types of house produced by this company are unequivocally shows targeted customers. None of these houses are tenement housing, the type an average Nigerians would readily rent and the locations are also not in their favour. The major houses types are detached, semi-detached, maisonette, cluster unit flats, duplex, twin duplex or terraced houses. Another look of the table shows that the cost structure is fit for only those in the upper middle to the high-income category of Nigerians.

Question was also asked about whether the situation of cost has changed since we live in dynamic world. The cost of construction of housing or the cost of land for housing, but there has been no change since 2003. The mode of access is against the poor. For this company, one has to pay N10, 000 non-refundable fee for application, 60% as initial

payment to show one's seriousness and 40% when the houses are completed, if one does not go for outright purchase.

It is true that more houses are being produced perhaps more than in the past by Landbridge Nigeria Limited and other private developers but the types of houses being produced are also changing. Can Nigerians afford the types of houses being produced? Indeed, what is affordability level of Nigerians? The lowest paid government worker earns about N12, 000 and this could be used as the benchmark for poverty level. It is apparent from the location and cost structure that the houses being produced presently by Landbridge Nigeria Limited and others are not for generality of Nigerians. It means that the houses being produced may have at best cosmetic effect on the housing situation of Nigerians especially in reducing their rent burden.

The authors' considered opinion from above analysis is that it is not the private sectors, as presently constituted and operated, that would deliver the types of houses Nigerians need at the cost/price they could afford. Building for poor does not offer the same profit margins to be found higher up the income scale and that is why many Nigerian may die as renters. The poor has no friend in a competitive housing market. They cannot buy, they cannot build and they cannot borrow. In any field, production for the low-income market only becomes possible through large volume and small per unit profit.

Recommendations

The cost of elements of housing is already known as consisting principally of land, finance, labour, and building materials. It is in meeting the poor midway in these elements that the government could provide succour to them and rekindle their hopes for decent housing. Some of the ways in which this could be done are through:

- 1) The assisted land purchase option:- one of the ways to assist the poor in this regard is to facilitate access to land and provide the means to pay for same. As currently operated, it would seem that the government has made access to land and cheap fund to develop them possible for the developers.
- 2) Housing finance:-the existing finance apparatus seems to work especially with the access to the National Housing Fund through Primary Mortgage Institutions. The major problem as they affect the average Nigerians is non-inclusion. An average Nigerians is likely to be an informal sector worker and by inference may not be involved in the National Housing Fund benefits.
- 3) Building materials:- the establishment of BUPMAN is a welcome development and when fully functional, it may bring down the prices of the core of building materials. But how does these benefit the average Nigerians since the most acceptable, orchestrated and deterministic building material now is cement. The use and polarization of mud and mud bricks for the Nigerian populace.
- 4) Labour for the building industry:- One of the concern of National Housing Policy is its assumption about the availability of labour for the building industry in Nigeria. Even if private sector was to build the many houses, labour, which takes about 40% of total cost, may not be available as was found in the oil boom period. Master bricklayers, carpenters and the like do not have apprentices, as the young men do not want to do arduous tasks. Similarly, the supplies of labour to the industry through the trade and vocational schools have not been successful.
- 5) Private Builders and Tenement Housing:- Many Nigerians must first be renters before they can become home owners. There is therefore, the urgent need for the provision of tenement housing which Nigerians can rent and which the present system is not providing. Once land, labour, finance and building materials, as mid-

wifed by the government presently, it should be possible for the private developers to engage in the construction and management of tenement houses.

Conclusion

From the above analysis, shows that it is not the private sector as presently constituted and operated, that would deliver the types of houses Nigerians need at the cost/price they could afford. In candid opinion, the present housing delivery arrangements have accentuated vertical and horizontal inequality and gap between the rich and poor widened. Since the private sector is profit oriented sector and since there is a supposed advantage in their mode of operation, then it would seem that the government would have to be involved in the private sector delivered houses for the generality of Nigerians.

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