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SOURCES OF FUNDS AVAILABLE TO PRIVATE INVESTORS FOR HOUSING DEVELOPMENT IN NIGERIA

Charles C. Egolum, Fidelis I. Emoh and Joseph C. Onyejiaka
Department of Estate Management, Nnamdi Azikiwe University, Awka, Nigeria

ABSTRACT: *Housing has been universally recognized as one of the most essential necessities of humans and is a major economic asset in every nation. Adequate housing provides the foundation for stable communities and social inclusion. There is a significant association between housing conditions and physical and mental health of an individual. People's right to shelter is thus a basic one and the provision of decent housing to all requiring it should be the hallmark of every civilized society and one of the criteria for assessing the extent of a nation's development. However, the provision of adequate housing in Nigeria and other developing nations alike still remains one of the most intractable challenges facing the nations. Previous attempts by all stakeholders, including government agencies, planners and developers to provide necessary recipe for solving the housing problem have yielded little or no success. Fund, a basic ingredient for housing development, has to be made easily accessible to investors in housing development if the problem of housing delivery is to be tackled at the root. This paper therefore exposes the various sources of funds available to private housing developers which can be harnessed to enhance housing supply in Nigeria.*

KEYWORDS: Housing Fund, Mortgage, Housing Supply, National Development, Nigeria.

INTRODUCTION

The housing situation in Nigeria is characterized by some inadequacies regardless of the efforts of the Nigerian government and other stakeholders since independence in 1960. According to a study by Enhancing Financial Innovation and Access (EFInA) and FinMark Trust in 2010, housing backlog in the country then was estimated at 14 million units requiring about N49 trillion to bridge at a estimated cost of N3.5 million per housing unit then. They also observed that about 85 percent of the urban population in Nigeria lived in rented accommodation, spending more than 40 percent of their income on rent; mainly due to lack of mortgage financing. Oladopo (2006) found that the housing problem in Nigeria could be classified into two in terms of quality and quantity. The quality problem presents in forms of unplanned residential settlements with poor and unhealthy living conditions, overcrowding and inadequate infrastructure associated with informal housing sector. Building construction in the informal sector takes as many as ten years to complete. The formal housing sector on the other hand, accounts for about 15 percent of the housing market and is thus insufficient to meet the housing demand. The few available stocks are targeted at high-income earners; the property market is essentially a supplier's market where rents are charged one or two years in advance.

The quantitative housing problem is mainly due to limited access to finance. The EFInA and FinMark study in 2010 revealed that mortgage industry in Nigeria was underdeveloped, generating less than 100,000 transactions between 1960 and 2009. The sector's aggregate loans to total assets, as stipulated by the Central Bank of Nigeria, were far below the best practices standard of at least 70%. Walley (2009) found the average mortgage to loanable funds for five

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years ending 2009 of 14.51% to be dismal. The contribution of mortgage finance to Nigeria's Gross domestic Product (GDP) was described as close to negligible by Word Bank Report in 2008. Real estate contributed less than 5%; and mortgage loans and advances 0.5% of GDP, compared to 77% in the US, 88% in the UK, 50% in Hong Kong and 33% in Malaysia within the same period.

Various other studies at different times by scholars such as Teufic and Ural (1978), Okpala and Onibokun (1986), Agbola (1987) and Ogundele (1989), recognized finance as a major cause of housing problems even though it then came after land and building materials. Their findings influenced government housing policies and subsequent establishment of some relevant programmes and institutions like the Site and Service Programme (SSP) and the National Building and Road Research Institute (NBRRI).

The drought of information and working knowledge of housing finance operation is a major problem today. In a tight money market, housing is the first area to suffer. This is because neither the developer/investor nor the consumer can readily obtain finance for housing. As a matter fact, developers/investors have difficulty obtaining capital for their projects even in normal times. The two prong issues with housing development finance are:

i. High interest rates (that contribute to the high cost of housing); and

ii. Difficulty in obtaining loan for housing development.

According to Onabule (1996) 245 Primary Mortgage Institutions (PMIs) were established under the National Housing Programme (NHP) within 1991 to 1996. Unfortunately, the number still operating by end of 2014 in the country was not more than 42. Abiodun (1999) observed that the National Housing Trust Fund (NHTF) had accumulated about four (4) billion Naira from Mandatory Saving Scheme (MSS) since its inception in 1993; and that out of N300 million loans approved by FMBN, only N100million was advanced. Emoh (2017)went further to observe that the mobilization of funds under the NHTF scheme and the disbursement of same by the Federal Mortgage Bank of Nigeria (FMBN) through the Primary Mortgage Institutions (PMIs) had been a herculean task. Investigations revealed that as at 31st March, 2016, the sum of 191.9 billion naira has been pooled to the Fund. The money came from 4.14 million registered contributors under the National Housing Trust Fund. But according to the Federal Mortgage Bank of Nigeria Report, only N64 Billion Naira was approved for disbursement to 27,232 individual contributors of NHTF as mortgage loan facilities. In a country of over 170 million people, if only 27,232 individual contributors could access the NHF loans in twenty-one years, this shows that the Fund has not provided the required finance for housing development despite the huge amount already pooled into the Fund.

These are pointers to serious issues in our mortgage financing system.

Background of Nigerian Housing Finance

Overview of Nigeria's Macro Economy

To appreciate housing finance structure in Nigeria we need to have brief overview of the country's macroeconomic picture. The estimated GDPs and other economic indicators of the Nigerian economy over the past decade are given in the Table 1 below.

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Table 1: Key Economic Indicators (2007 - 2014)

Economic Indicator	2014	2013	2012	2011	2010	2009	2008	2007
GDP($bn)	563	510	461	414	369	319	212	167
Public debt ($bn)	60.25	54.07	48.03	42.37	34.87	56.78	28.40	4.80
Inflation rate (%)	8.1	8.5	12.2	10.9	13.8	12.00	11.60	10.80
Economic growth rate (%)	6.22	5.50	4.20	5.31	7.87	3.80	5.30	5.60
Unemployment rate (%)	7.8*	10.0*	10.6*	6.0	5.1	4.90	4.90	4.90
Incidence of poverty (% of population)	72.0	72.0	72.0	71.5	69.0	-	-	-
Exchange rate to USD (N)	158.55	157.31	157.50	153.86	150.30	150.40	117.80	127.46
Monetary policy rate (%)	13.00	12.00	12.00	12.00	6.25	6.00	9.75	9.00
Treasury bill rate (%)	10.77	11.42	11.82	15.67	9.10	4.48	2.96	3.15
Savings deposit rate (%)	3.38	2.17	1.78	1.43	2.20	3.35	2.96	3.15
Prime lending rate (%)	16.55	16.69	16.79	16.00	17.59	18.93	16.00	16.50
Maximum lending rate (%)	25.74	24.38	23.79	22.44	22.51	23.10	18.97	18.29

* Estimated

Source: CBN Annual Reports 2008 -2014

From the foregoing table a glimpse of the trends in the macroeconomic indicators of the Nigerian economy can be obtained. Though the GDP has been increasing over the years, the unemployment rate and incidence of poverty level have increased. The exchange rate has increased tremendously and today the rate is over two times the 2014 rate. The maximum lending rate has equally increased over the years. All these phenomena impact immensely on housing finance sources and availability.

Historic Overview of Housing Development Finance in Nigeria

According to Arilesere (1997), Abiodun (2000) and Okupe et al (2000), the history of housing finance in Nigeria had been an appalling one. The sudden leap of the Nigerian economy from agro-based to petro-Naira based did not help matters. The assertion that "money was not our problem but how to spend it" accredited to one of our Heads of state, is a summary of a nation that lacked focus and vision in the formative years. This unfortunate situation coupled with unprecedented population growth has remained unchecked ever since. During the colonial days formal housing development finance options were accessible only to the expatriates and a few indigenous senior civil servants and elites in the urban centres. Pursuant to the course of increasing housing supply led to the establishment of Lagos Executive Development Board (LEDB) in 1928; Nigeria Building Society (NBS) in 1956; National Council of Housing 1971, and Federal Mortgage Bank of Nigeria (FMBN) 1977 among others. The failure of these agencies to bring solution to the ever-increasing housing needs led to the promulgation of National Housing Policy of 1991 and other later policies of the government. All these notwithstanding, the issue of lack of housing development finance has remained one of the major obstacles militating against housing supply in the nation.

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Sources of Housing Finance in Nigeria

Investment in housing development requires huge amount of money to be achieved. Not many private housing developers/investors can conveniently accomplish their projects within expected economic time with only equity funds alone. For efficient operation of housing development in most economies debt funds are needed. The sources of housing finance open to private developers/investors in our country can be classified broadly into two; namely: traditional sources and modern or contemporary sources.

The traditional sources are in other words referred to as informal financial systems that evolved from the indigenous cultural and socio-economic practices of the people. These financial systems do not have nationalized regulations or standards of operation; they are more or less localized and restricted within certain group members. On the other hand, the modern sources are formal and standardized; internationally recognized and statutorily regulated within a country.

Traditional Sources

These sources include small credit rotary association (Esusu System), social clubs and associations and local money lenders. Low income individual homebuilders most often seek development funds from these microcredit organizations. Though these sources are convenient and accessible, they are nevertheless unsecure and hardly accumulate the magnitude of funds required for large-scale impact of housing development (Osamwanyi and Megbolugbe, 1987; and Nubi, 2006).

Small Credit Rotary Association (Esusu System)

This refers to association of small groups of people of like minds and mutually trusting integrity with primary objective of embarking on thrift and compulsory saving and contribution of a specified amount of money within certain interval of time, say weekly, monthly, etc most convenient to the group members. The periodic savings and contributions are handed over to members in turn until everyone has benefited and the cycle is continued. Esusu system operates smoothly where members have identical system of incomes such as salaried persons. It has survived up till today and is effective in assisting the operators to raise substantial investible funds.

Social Clubs and Associations

Social clubs or associations operate as insurance schemes for members. They raise substantial amount of money through periodic subscriptions, and donations and launchings which they can use to embark on housing development. Such associations include Age Grade Associations, Town Unions, Christian Men and Women Associations, professional (trade) associations, to name but a few.

Local Money Lenders

Though engaging in profit making money lending business without being formally registered as a financial institution is an illegal business, there are still few individuals who carried such endeavour forward from the traditional practice to the present. They lend money at cut throat terms and myths such that borrowers can hardly repay such money; and invariably they would take over the pledged properties of the borrower which most of the times far exceed the value

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of the loan received. People resort to such source as a last resort; they cannot in the contemporary time be considered as viable option for private housing investment funds.

Modern Sources

Egolum (2002) classified modern sources of housing investment funds into two broad categories namely: equity and debt finance sources. He further split the equity sources to include personal savings and consociate wealth, and sale and leaseback. According to Emoh (2017), equity fund sources could be private or public. Private equity may be drawn from individual or corporate savings i.e. retained earnings, asset stripping for cash or revenue reserves of companies over a period of time and accumulated savings of individuals from employment and/or profit from business enterprises. Other sources of private equity funds apart from savings include funds from Family Sources, Friends, Isusu System and Thrift System. Public equity on the other hand, is derived from invitation extended to the public to subscribe to the equities/ownership of a real estate (property) company set up for that purpose. Some examples of this are capital issues, equity warrant issues, securitization and unitization. Ope (2005) gave four sources of finance for use in the actualization of housing projects to include:

(a) Personal savings,

(b) Public or institutional capital budgetary allocations,

(c) Loans from financial institutions, and

(d) Donations.

The public or institutional capital budgetary allocations option is completely outside our focus in this discussion. We would therefore consider the other sources.

Personal Savings and Consociate Wealth

From prehistoric time, personal savings have been a very important source of housing development finance. Benton and Kolari (2005) defined personal savings as monies and other valuables that individuals and organizations entrust to licensed 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 it is customary for civil servants, business individuals and organizations to comply with employers request to open 'salary' and 'business' accounts to facilitate legitimate payments and financial transfers in favour of holders of the accounts.

In the light of prevalent poverty level in our economy today funding housing development from entirely personal savings can only be possible among very little proportion of the population. Okonkwo (2004) 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 financial assistance to do so. Atagher (2008) and Akinwunmi (2009) strongly agreed with this view. Akinwunmi observed that in countries where the citizens are sufficiently informed and mobilized 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 exerts influences on the financial forms that savings take.

Consociate wealth, on the other hand, refers to ploughing back the funds raised from one's other ventures into housing development/investment.

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Sale and Leaseback

Sale and leaseback is an arrangement of raising equity fund particularly during hard economic times through the sale of a freehold or leasehold property by an owner-occupier to institutional investor/purchaser on the understanding that the property is granted back to the former owner on lease. The seller raises substantial sum of money that can be invested in another housing development while still retaining the occupation and use of the property he had sold. Even though this means of raising housing investment finance is not now common in our economic system, there is no doubt that with the trend of hardship in our economy it would not take much long to emerge. There are different types and versions of sale and leaseback transactions but the parties need to deal as they deemed best favourable.

Debt Finance

Debt finance here refers to different kinds of loan. The Encarta English Dictionary (2008) defined loans as money given out on conditions that it will be repaid at later date. The Microsoft Student Encyclopedia DVD (2008) identified three types of loans; namely:

(i) Credits,
(ii) Finance, and
(iii) Mortgage.

It goes on to define credits as loans issued to individuals; finance as loans granted to the Public or Private corporate organizations, and mortgage as loans issued for real estate development only. Grant of any kind of loan depends largely on the pledged security (collateral) for repayment of the loan, interest on the loan and time for repayment. Loans can therefore be classified as short-term, medium term and long-term loans. Short term loans are credit facilities repayable within less than one year. If the duration for repayment of the loan is less than one year, it is often described as a bridging finance. Commercial banks are primary lenders of short-term loans principally due to the sources of their funds and the nature of their business and services to their customers. Friends and social clubs can also lend short-term loans in the form of promissory notes (I.O.U.). Short –term loans according to Egolum (2002) may not always be in the form of cash; they may be in terms of credit purchases of building materials or labour services. However, short-term loans are not ideal for funding housing investments unless they are just bridging fund pending access to some more durable finance package(s).

Medium-term loans have repayment period spanning from three to ten years. Medium-term loans can be accessed from specialized financial institutions such as industrial and development banks, pension funds, mortgage banks, insurance companies and co-operative societies. This is kind of debt fund can be used to finance housing investment/development because it can afford the borrower ample opportunity to complete the housing development and possibly start earning returns there-from before the repayment of the loan date falls due.

Long-term loans refer to debt finance or facilities which repayment periods exceed ten (10) years and may be up to twenty-five (25) years or more. Such loans like medium-term loans are usually ideal for housing development or investments and are most often provided by specialized financial institutions which are obligated to do so. Sources of such funds include insurance companies, mortgage banks, building societies, pension funds, property bonds and unit trusts, co-operatives societies, among others. The Central Bank of Nigeria Governor, Mallam Sanusi Lamido Sanusi (as he then was), remarked that dearth of long-term deposits coupled with low level of capitalization of PMIs are factors militating against the drive to consistently finance long-term loans on a sustainable basis (EFInA and FinMark, 2010).

Mortgage Banks

Mortgage banking system in Nigeria comprises the Federal Mortgage Bank of Nigeria (FMBN) as the apex and regulatory institution with the primary mortgage institutions (PMIs) as the housing funds retailing institutions. By the provisions of the NHF Act No. 3 of 1992, the FMBN's mandate includes:

- Collection and administering the National Housing Trust Fund (NHTF) as provided by the Act.
- Encouraging the emergence and promotion of the growth of viable PMIs to service the need of housing delivery in all parts of the country.
- Mobilizing both domestic and offshore funds into housing sector.
- Linking the housing market to the capital market through establishing and operating a viable secondary market.

The NHTF loan windows that can be accessed for housing development are:

NHTF Mortgage Loans

FMBN grants this facility at 4% interest to accredited PMIs for on-lending at 6% to NHTF contributors over a maximum repayment period of 30 years. A contributor to the NHTF can obtain this facility through an accredited PMI to build, buy, improve or renovate own home after fulfilling the pre-qualification requirement of six months of continuous contributions. Yinusa (2011) remarked that the lending conditions attached to this window make it a paramount vehicle for affordable housing delivery in Nigeria.

A borrower can access a maximum of N15million, depending on affordability, repayable over a maximum period of 30 years (depending on age/ length of service). Equity contribution requirement is based on the loan amounts as follows:

Between N10million to N15million	-	30%
Between N5.1million to N10million	-	20%
Between N.1million to N5million	-	10%

A contributor can only obtain NHTF loan facility once in a life time.

Table 2 below portrays NHTF loan amount and monthly repayment requirement.

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Table 2: NHTF Amount and Monthly Repayment Requirement

Loan Period in Yrs / Loan Amount in N	5	10	15	20	25	30
	Monthly Amt in N	**Monthly Amt in N**	**Monthly Amt in N**	**Monthly Amt in N**	**Monthly Amt in N**	**Monthly Amt in N**
2,000,000	38,665.60	22,204.10	16,877.14	14,328.62	12,886.03	11,991.01
3,000,000	57,998.40	33,306.15	25,315.70	21,492.92	19,329.04	17,986.52
4,000,000	77,331.21	44,508.20	33,754.27	28,657.24	25,772.06	23,982.02
5,000,000	96,664.01	55,510.25	42,192.84	35,821.55	32,215.07	29,977.53
10,000,000	193,328.02	111,020.50	84,385.68	71,643.11	64,430.14	99,955.05
15,000,000	289,992.02	166,530.75	126,578.52	107,464.66	96,645.21	89,932.58

Some of the determinants of the amount of loan that can be advanced are as follows:

- A maximum loan-to-value (LTV) ratio of 90%, 80% or 70%.
- A maximum repayment-to-income (RTI) ratio of 33.33% (Affordability Test)
- Repayment duration of the loan shall not be more than 30 years but the applicant's age plus the loan repayment period must be less than or equal to 60 years.

Estate Development Loan (EDL)

The EDL is granted by FMBN to Private Developers, State Housing Corporations and Housing Cooperatives at 10% interest and repayable within 24 months, subject to revision, for residential housing estate development only, for ownership by NHTF contributors on mortgage basis. The price of such houses must not be more than ₦15million.

Cooperative Housing Development Loan (CHDL)

The CHDL can be accessed by a Cooperative Society that has acquired a parcel of land to develop houses for allocation to its members. It carries the same conditions as the EDL.

Co-operative National Housing Fund Loan (CNL)

This window is available to individual co-operative member to access mortgage loan to buy a housing unit developed through the CHDL or to renovate an existing house. The conditions are same as in EDL.

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Ural (2006) and Gomez (2006) noted that mortgage finance is one of the four universal sources of funds for Housing; but warned that people access this source of funds for housing with caution. This is because any act of mismanagement of the loan by the borrower would spell very distasteful consequences.

Development Finance Institutions (DFIs)

Development banks such as Bank of Industry and Urban Development Bank of Nigeria Plc., can supply loans on long-term basis of up to 25 years for housing development among other purposes. However, their operations focused more on industrial, commercial, agricultural and infrastructural loans financing than housing finance.

Nigerian Mortgage Refinance Company (NMRC)

Federal Government of Nigeria established this company in 2014 as a special mortgage refinancing vehicle to bridge the gap for mortgages and to promote the availability and affordability of housing to Nigerians. The company started operations in mid July 2014 with an authorized capital of N13.2 billion. The World Bank approved a concessional US$300 million, 40 year International Development Association (IDA) loan at 0.75% interest rate to facilitate the execution of the housing finance programmes. The loan would be disbursed in two bits, namely: US$250 million to NMRC as a Tier 2 capital and retained on the Company's balance sheet to provide credit support for its bond issuance. The balance of US$50 million would be allocated to other components of housing finance programme as follows:

- US$25 million for establishment of mortgage guarantee facility for low income borrowers, and
- US$25 million to support the development and piloting of Housing Microfinance Products.

NMRC has the mandate to address the inherent mismatch between the short-term deposit liabilities and the long-term nature of mortgage assets by raising long-term funds from capital market and other debt instruments to re-finance eligible mortgages originated by PMIs and commercial banks which conform to NMRC underwriting standards. The Company has just commenced operations and its impact is being awaited by all interested parties.

Insurance Companies

Life Assurance companies are authorized by the enabling act to invest their life funds in long-term capital assets like real estate (housing) and mortgage. The regulation requires that life assurance companies should invest a minimum of 25% of their business funds in real estate; either directly or indirectly as loans to real estate developers and building societies on mortgage basis. Total insurance business investment in real estate and mortgage between 2002 and 2006 was put at N45.18 billion amounting to 20.8% of their total business investment portfolio within the period (EFInA and FinMark, 2010).

Pension Fund Administrators (PFAs)

Pension Fund Administrators (PFAs) are empowered to collect and manage funds from employers and employees towards their retirement; hence they have access to long-term funds which can be put to housing development. PFAs offer loans to mortgage institutions and

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building societies. Investors in housing development may access mortgage loans from PFAs through mortgage institutions. Table 3 below gives portfolio of pension assets under management. With the instability in the stock market, they may increase their investment in real estate.

Table 3: Portfolio of Pension Assets under Management

ASSET CLASSES	3rd Qrtr 30/6/12	%	Year 2011	%	Year 2010	%	Year 2009	%	Year 2008	%	Year 2007	%
	N' Billion		N' Billion		N' Billion		N' Billion		N' Billion		N' Billion	
Domestic Ordinary Shares	380	10	320	13	358	18	221	15	221	20	240	30
Foreign Ordinary Shares	36	1	33	1	24	1	3	0	2	0	3	0
FGN Securities	1729	64	1361	56	829	41	499	33	351	32	280	34
State Govt Securities	114	4	110	5	70	3	34	2	Nil	0	Nil	0
Corporate Debt Securities	83	3	75	3	51	2	31	2	15	1	Nil	0
Local Money Market Secs	418	10	319	13	489	24	542	35	332	30	160	20
Foreign Money Market Secs	5	0	1	0	7	0	18	1	17	2	26	3
Open /Close End Funds	11	0	11	0	9	0	6	0	9	1	5	1
Real Estate Property	**182**	**7**	**188**	**8**	**171**	**8**	**143**	**10**	**125**	**11**	**79**	**10**
Supranational Bonds	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
Private Equity Funds	13	0	10	0	8	0	6	0	7	1	4	0
Infrastructure Funds	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
Cash & Other Assets	34	1	23	1	14	1	28	2	19	2	18	2
Total Pension Fund Assets	2739	100	2450	100	2030	100	1530	100	1099	100	815	100

Source: Ezugwu, and Itodo (2014)

Co-operative Societies

Co-operative societies are very important source of housing finance in the contemporary economic situation in Nigeria. Some of the numerous co-operative societies today are purely housing co-operatives while others are multi-purpose societies engaging in many different economic activities including granting of loans to members for housing investments and acquiring plots of land for members which they are allowed to pay for in installments over a period of time. Housing co-operatives may also buy properties and lease to their members at highly subsidized rates.

Capital Market Options

There are capital market devices that can be availed to mobilize fund housing investments. They include property bonds, property unit trusts, loan stock and debenture stocks.

Property Bonds (PB)

Property bond is a device through which a developer raises fund for development of a prime property via the capital market from small investors, individuals or companies, who ordinarily cannot contemplate investing in such property due to insufficient funds to buy such property. The individuals or small investors buy bond units in a fund offered in the capital market which deploys the accumulated funds in the purchase or development of first-class properties in big cities. Abbey Life is one the largest property bonds in United Kingdom which invested in offices, shops and industrial properties in Britain, Belgium, The Netherlands, France and Germany.

Property Unit Trusts (PUT)

This is an investment means for small financial institutions to harness their resources for investments in prime properties which none could dare to venture into. Property units are like shares in the holding which is evidenced by ***trust deed;*** holders can sell their holdings but only to the Trust management Committee (Trustee) which also determines the selling price at any point in time.

The property bond and unit trusts are forms of securitization of real estate investment funding. In the mid 1980s, unitized property market developed in the Britain and popularized by the Royal Institute of Chartered Surveyors (RICS). The unitized property market has three vehicles; namely:

- Single Property Unit Trusts (SPUTs)
- Single Asset Property Company (SAPCOs)
- Property Income Certificates (PINCs)

Loan Stock

This is a means of raising housing development finance through the stock exchange market by governments or their agencies. The loan stock offer is usually advertised in the mass media; showing the minimum size of loan accepted; the fixed rate of interest payable, and the loan period. Investors in the loan stock usually consider it to be secure as the belief is that government or its agency can always repay the loan.

Debenture Stock

This is loan stock issued by companies as against governments or their agencies to raise money from willing members of the public. Like in the loan stock the minimum amount, the fixed rate

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of interest and the loan duration are specified in the advertisement. Holders of debentures rank first before the ordinary share holders in settlement but they are not however part of the ownership of the company. The Nigerian Institution of Estate Surveyors and Valuers (NIESV) used this source of fund in the late 1980s to finance the development of the NIESV Building at Victoria Island, Lagos.

Development Finance Donations

There are numerous national and international organizations (governmental agencies and non-governmental organizations) that offer various forms of donations 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, such donations should be weighed carefully before acceptance to ascertain the genuineness of the donor; that is the intentions of the donor, channel of receipt of the donation, and the nature of diplomatic ties between the donor and the recipient organizations/ countries (Goldthroupe, 2006). For example, the Netherlands Development Bank (FMO) in 2010 provided US$10 million convertible facility to Abbey Building Society Plc, a mortgage institution in Nigeria; which convertible debt was to be deployed to support co-operative housing developments, provide construction loans for small developers as well as mortgage finance for co-operative members. Other such international donors include the United states Agency for International Development (USAID) and UN-HABITAT Ideal Co-operative Housing Initiatives. These donors target low- and medium-income earners in their programmes.

Factors Militating Against Housing Finance Accessibility

The major causes of acute shortage of housing supply in Nigeria lie in the problem of land accessibility, stunted financial and mortgage system, exorbitant prices of building materials and disproportional capacity building in the sector. The inaccessibility of land in Nigeria to many citizens on account of the provisions in the Land Use Act, Cap L.5, LFN 2004 coupled with unavailability of land title documents for some that have land seriously limit access to housing finance especially debt funds.

High levels of unemployment and poverty (about 72% of the population live below the poverty line) are another limiting factor. Most of the available sources of funds for housing development/investment envisage an economically average person who can take care of his/her basic needs. A person living below poverty line as a result of unemployment or ungainful employment cannot meet the minimum conditions associated with smooth operations of the systems involved in the sourcing of funds for housing development.

Housing finance and mortgage system is faulty in Nigeria. Generally, there is no credit or finance structure available to the low-income groups in Nigeria. The only window for all Nigerians to access financial facility for housing development is the National Housing Trust Fund [NHTF]. As at December 2010, available records showed that a total sum of N50.68 billion was approved for National Housing Loan applicants but only N23.89 billion representing 47% was disbursed to 16,468 applicants through 57 PMIs. The average amount approved is equivalent to N1,450,692 per beneficiary. Many applicants, who were mainly in the informal sector of the economy, were denied benefiting from the scheme because of low

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deposit mobilization, inability to track their monthly income and lack of formal titles to their land holdings.

Our hyper inflationary economy makes savings to accumulate fund for housing development meaningless. The rate at which prices of building materials change upwards discourages a low-income earner from saving because by the time he accumulates a target amount for his intended housing development the value of the money would have been seriously eroded.

Ignorance is also a major factor militating against accessibility to funds for housing development. Due to the low literacy level of the citizens, majority of prospective investors in housing development are not aware of the available sources of funds they can access to actualize their dreams.

CONCLUSION

In conclusion we wish to categorically state that without the backing of our national desire and dream to boost housing supplies particularly in our urban cities it cannot be realistic if there are no veritable and robust sources of funds for housing investment. The foregoing sources of funds have their respective problems and clogs in their wheels as vehicles for effective mobilization of funds for housing investments. Professional bodies should work in collaboration with the regulators of operations of the capital market to harness the huge potentials of securitization and unitization devices in the capital market to access housing investment funds by real estate investors in Nigeria. We equally call on the necessary authorities and agents of the government to review the conditions and requirements for granting of loans to contributors/applicants for the NHTF loans to buy or build houses. Extension of such loans to capable real estate investors on properly worked out terms can go a long way to engender enhanced housing supply in the country.

Finally, we advocate that more workshops/seminars should be frequently organized by the various stakeholders in the housing and real estate finance sector to address the housing issues in our country for pragmatic exit from the contemporary unfortunate quagmire the national housing sector is into.

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