IS [PUBLIC] HOUSING AN ESSENTIAL INFRASTRUCTURE IN NIGERIA?

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ABSTRACT

This paper interrogates the existing paradigm of housing in Nigeria and how they have helped to form and shape the multiplicity of housing programmes experimented in the country. The paper questions the efficacy of these government housing programmes in view of the rising anxiety and crises of shelterlessness among the teeming Nigerian population. The paper also attempts to provide healthy debate on the need to reconceptualise housing as essential social infrastructure in Nigeria, and how macro-economic investment in housing could change the narrative. The paper has established the fact that direct sectoral financing will help vulnerable families achieve self-sufficiency and improve life outcomes while significantly decreasing costs, given the numbers. It also confirmed that the commitment of substantial Federal investment in the mechanism of a functional National Housing Trust Fund would undoubtedly bring immeasurable benefits in the whole value chain. The paper concludes that the twin elements of a rigorous, costed business case in social housing as well as the human dimension of housing as an infrastructure of care are sufficient for governments in Nigeria to place it on a par with other critical development sectors.

Keywords: Housing; Housing Finance; Infrastructure; Social housing; Government; Nigeria

1.0 INTRODUCTION

It has been established that safe, adequate, affordable and appropriate housing is essential for the health, well-being and social and economic security of a population. However, despite many ‘programmes’ of governments to date, many Nigerians struggle to obtain the housing they need to be as healthy, well and secure as they should (Udoh, Atser and Etteh, 2019). Put more squarely, an unacceptable majority of both urban and rural populations have no such homes to function from.

How governments meet these housing challenges has changed from time to time and from programme to programme (Federal Government of Nigeria, 2012). Rising population, rapid urban migration and uncoordinated policy direction of the government are some of the factors deepening the housing gap. According to The World Bank (2018) extrapolations, the country’s housing deficit will rise to an estimated 30 million by mid-year 2020. Because of the scale of this deficit, innovative solutions are presently a matter of national urgency. Decades ago, direct investment in publicly owned housing was the core of the response but a
40-year national road map launched in 2014 condenses the responsibility of government to some industry regulator/ facilitator (FMLHUD, 2014; Udoh, Atser and Etteh, 2019).

In the same vein, public housing has been recast as a welfare service over time. Political support has dwindled with the few active ones shaped by political biases, class prejudices and outright upscaling beyond the reach of the objectivized needy targets. This is against the context that 53.5 percent is national poverty rate, 23.1 percent of the Nigerian labour force was unemployed and a further 20.21 percent was under-employed by the third quarter of 2018 despite the ambitious Economic Recovery and Growth Plan (ERGP) for the period 2017–2020 (Budget Office of the Federation, 2019).

But could change how we think about public housing in Nigeria serve as a starting point for a renaissance in the 2020s? This paper aims at examining whether changing how we think about social housing to see it as infrastructure might provide a pathway to increased investment. It argues that social housing is actually a form of essential infrastructure. This is because it supports economic productivity and a range of other non-shelter outcomes. The premise is that if the core policy outlines and drivers are right at the macroeconomic level, then the significant downstream market failures impacting the supply and demand for housing among which is access to land due to lengthy and expensive verification and transfer processes as well as high cost of development finance vis-à-vis the lack of disposable income for housing in majority of the population can be addressed.

Whereas some may contend that housing is so fundamental to our quality of life that it should not be considered as basic as infrastructure that is managed by bean counters and statisticians alongside roads, bridges and tunnels, it must be stated that plumping for the label of infrastructure should help the Federal Government to reconsider the implications of strong and proactive housing policy enablers on the wider economy, while allowing social landlords and local authorities to retain their oversight of the more social aspects of what housing should be.

2.0 HOUSING AS SOCIAL INFRASTRUCTURE: THEORETICAL PERSPECTIVES

It has been established that housing signifies not just a roof over one’s head but the conjunction of the dwelling, the home, the immediate environment and the community as well as the dynamic process of providing and improving them; and as one of the 3 basic needs of man - others being food and clothing – it offers a combination of services, the first and most essential of which is shelter and allied environmental services like water supply, sewage and solid waste disposal, and energy use (Udoh, Atser and Etteh, 2019). In Nigeria, the home is also the workplace for a significant section of the population and provides locational advantages like household wealth, health, education and recreation resulting in improved life quality.

By definition, public housing or social housing in this context is any rental housing that may be owned and managed by the state, by non-profit organizations, or by a combination of the two, usually with the aim of providing affordable housing. While it is a form of housing that is generally rationed by some form of means testing or administrative measures of housing
need, it has great potential as a remedy to the growing housing inequality in the country (Oni-Jimoh and Liyanage, 2018).

According to a 2005 National Aboriginal Capital Corporation Association policy paper, housing is the largest single investment for most families and the driver of demand in enormous sectors of the economy, hence its role in the economies of nations (NACCA, 2005). Investment in public housing help low-income/ no-income/ vulnerable families achieve self-sufficiency and improve life outcomes, as well as generate economic growth, bolster productivity, and positively impact support services while significantly decreasing costs. These benefits, however, manifest only when it provides services that respond to effective demand and does so efficiently. Consequently, a sound approach to the formulation and implementation of housing cannot be over-whipped (Arku, 2006; Gopalan and Venkataraman, 2015; World Bank Group, 2015).

The word “infra” was derived from Latin language and it means “below” while “structure” implies the overall form or organization of something or a cohesive whole built up of distinct parts. Whether basic or supportive, infrastructure can be explained as the facilities, structures, equipment and similar physical assets that are important for people to thrive as individuals and participate in the economic, political, civic, household, and other roles in ways critical to their own well-being and that of their society (Zakout, 2006; Beeferman & Wain, 2016). Kessides (1993) calls it the “unpaid factor of production” while the World Development Report in 1994 stated that a one per cent increase in infrastructure stock correlates with a one percent increase in gross domestic product across all countries (The World Bank, 1994).

Conceptually, there is a link between social housing and infrastructure. Social scientists describe infrastructures as “dynamic patterns that are the foundation of social organization” (Power & Mee, 2019). According to them, there are identifiable values that are selectively coded into infrastructures, re-producing social difference through use and thus patterning social life. Public housing, therefore, is particularly an infrastructure of care as it conveys welfare through materialities, markets and governance. This connection is as clear as the fact that both subjects operate as forms of spatially fixed, durable capital that enables economies and societies to work better.

Furthermore, Section 36 of the Infrastructure Concession Regulatory Commission (Establishment) Act, (2005) of Nigeria, infrastructure include development projects which, before the commencement of the Act, were financed, constructed, operated or maintained by the government and which, after the commencement of the Act may be wholly or partly implemented by the private sector under an agreement pursuant to the Act including but not limited to power plants, highways, seaports, airports, canals, dams, hydroelectric power projects, water supply, irrigation, telecommunications, railways, interstate transport systems land reclamation projects, environmental remediation and clean-up projects, industrial estates or township development, housing, government buildings, tourism development projects, trade fair complexes, warehouses, solid wastes management, satellite and ground receiving stations, information technology networks and database infrastructure, education and health facilities, sewerage, drainage, dredging, and other infrastructure and development projects as may be approved, from to time, by the Federal Executive Council (FRN, 2005).

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Responsible governments are seemingly preoccupied with providing infrastructure to realize its set objectives and such known benefits (Budget Office of the Federation, 2019; Lawson, J. et. al, 2019). In other words, governments get involved in infrastructure development because of the scale of investment needed and because its resultant effects are spread across the entire community. In quite the same way, realizing the benefits of social housing requires government involvement.

Historically, there is compelling evidence for this. For example, during Nigeria’s post-independence public housing construction boom till the year 2000, governments recognized their investment whether in direct construction or the provision of site and services as necessary to enhance economic productivity, lower wages, improve public health, and support families to thrive (Ajibola and Sanmi, 2015).

Lack of affordable housing acts as a blockade that prevents the population in the vulnerable bracket from moving to communities with more economic opportunities. Without the burden of higher housing costs, families would be better able to move to areas with growing local economies where their wages and employment prospects could improve. Empirically, high housing costs constrain opportunities for families to increase earnings, thereby causing slower Gross Domestic Product (GDP) growth. Researchers in the United States estimate that their growth in GDP between 1964 and 2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a $1.7 trillion increase in income or $8,775 in additional wages per worker (Hsieh & Moretti, 2019). The follow-on millions of dollars in local tax revenue as well as the leverage of overwhelming support for construction jobs creation and retention along the whole value chain can only be imagined.

In many countries of the world including the United States, Brazil, Canada, Mexico, Puerto Rico, China, Hong Kong, Indonesia, Japan, Singapore, Europe, Austria, Belgium, Denmark, Finland, France, Germany, Hungary, Slovakia, Ireland, Netherlands, Romania, Former Soviet Union, Spain, Sweden, United Kingdom, Australia, New Zealand, South Africa, Namibia, Ghana, Uganda and Cameroun, public housing investments are undertaken in support of energy sustainability, economic stability and social cohesion (Hong Kong Housing Bureau, 2002; Republic of Namibia, 2009; Government of Ghana, 2015; Republic of Namibia, 2018; Republic of South Africa, 1995; The Republic of Uganda, 2016; Republic of Rwanda, 2015; Doling and Ronald, 2010; Hotououm, 2015; The World Bank Group, 2018; Udoh, After and Etteh, 2019).

Unlike countries in the developed world, contemporary Nigerian policymakers and expediters are not considering housing to be part of its national infrastructure brief. This means that there is little national oversight of our housing needs and no realistic national plan for new developments. Painting this picture more glaringly, funding at as low as N124 billion was earmarked for the sector from 2015 to 2019 despite the country’s prevalent housing deficit. Similarly, housing is given a modest N60.87 billion in the 2020 budget compared to works/roads & bridges [N201.13 billion], power/electricity & others [N127 billion] and transportation [N123 billion], since it is still not included in government’s ‘critical infrastructure’ bracket (National Bureau of Statistics, 2020; Budget Office of the Federation, 2019).
3.0 INFRASTRUCTURE FINANCING MODELS IN NIGERIA: PUBLIC VERSUS PRIVATE

An even more fundamental challenge arises from prevailing ideas about how infrastructure should be financed and funded. In infrastructure-speak, “financing” is the provision of money to build and maintain an infrastructure asset while “funding” is the means of paying the costs of the finance. Even as governments give some level of attention to housing policy, the prevailing view is that it should be privately financed by institutional investors like banks or super funds (Federal Government of Nigeria, 2012). The role of governments, according to this view, should be limited to providing breathers to investments where user charges won’t deliver enough returns to the investor. This prevailing view comes from a deep-seated belief within successive governments and the wider community that governments are always naturally and inevitably fiscally constrained.

Nevertheless, the 2020 budget document, for instance, highlights her drive to invest in critical infrastructure (excluding housing), to incentivize private sector investment that will complement the level of government involvement and to literally enhance the impact of social investment programmes on both the marginalized and vulnerable Nigerians (Budget Office of the Federation, 2019). It must be noted that critical infrastructure describes the inter-dependent physical and other assets and people that are vital to a territory to such an extent that their incapacity or obliteration would have a debilitating impact on the physical or economic security or public health or safety of the population (U.S. Department of Homeland Security, 2020). A nation’s critical infrastructure thus provides the essential services that underpin its society including housing.

It is also important to highlight that Nigeria has been operating a social housing model represented by planned mass production of housing units under Public-Private Partnership (PPP) framework with the attendant result of 108 million unsheltered citizens since 2012 (World Bank, 2015). Taking into cognizance the fact that other infrastructure accounts for at least thirty per cent of housing cost in housing development, it implies that the PPP approach has ordinarily failed to resolve the country’s huge housing deficit in the urban sector and to also fix the peculiar problem of inadequate and substandard housing in the rural sector (Akeju, 2007; Abdullahi, 2010).

Mainstream economic theory regards private sector markets rather than direct government control as the preferred method of efficiently allocating goods and services. But that it accepts government intervention as necessary and appropriate in cases of obvious market failure provides another dimension to the discourse. According to Winston (2006), market failure arises when circumstances prevent, distort or inhibit the efficient operation of markets in forms like the provision of public or partly public (mixed or ‘merit’) goods, which once provided are used by everyone regardless of market signals (for example, defence, the police or public roads), and those which will be systemically under-provided by the market, all else being equal (for example, education—or social housing); the costs and benefits of particular products that are not incorporated into the price of the product and therefore are excluded from the price signal (for example, pollution or immunization—or the public health gains of decent housing); monopoly where one provider controls the entire market and can, therefore, set prices irrespective of costs (for example, water or electricity infrastructure); and
information asymmetries, where consumers lack the information they need to make a rational decision about a product (for example, because the cost of obtaining the information is too high or is perceived to be too high, or because the information is deliberately withheld).

It is instructive to note that the remedies for market failure vary depending on the context, but can include regulation, subsidies or the direct funding of services with strict financial discipline. Even though the notion of ‘market failure’ itself can sometimes constrain government action rather than promote it, inherent within conventional understandings of market failure is the idea of ‘government failure’. The inevitable result is a preference for doing nothing - although inaction means a bad situation will subsist and any miscalculated action risks making it even worse (Mazzucato, 2016).

The commitment of substantial federal investment toward public and affordable housing in the mechanism of a functional National Housing Trust Fund would undoubtedly revitalize communities, create new jobs, and help break the cycle of abject poverty. Simply put: housing is infrastructure (FRN, 2005). And just like roads and bridges, affordable housing is a long-term asset that provides a safe, quality living environment for whole families and connects them to a broad range of communities of opportunity. Data across the United States, for instance, show that public housing provides 1.2 million units of housing to over 2.2 million people, including 800,000 children, and more than half the population in public housing is elderly and disabled (McCarty, 2014). It is the position of this paper that beyond the effect of a rigorous, costed business case establishing the value of investment in social housing, the humanity dimension of housing as an infrastructure of care is sufficient for governments in Nigeria to accord it the necessary priority with matching levels of funding at par with other core sectors.

4.0 NEED FOR FURTHER INVESTIGATION

Public housing as infrastructure require more studies on the practices and policies that should sustain it as an infrastructure investment. This includes developing credible arguments to demonstrate its benefits relative to its cost. The task will nonetheless be difficult because applicable tools or frameworks aside from inadequate sectoral resources may implicitly limit the scope of intervention since a dependable analysis should not confine itself to the limited range of outcomes achievable by a residualized, highly underfunded system. The fact is that the purpose of social housing and the people who live in it are not easily quantifiable or monetizable, and any methodology for adoption by policymakers should have taken into account the different development contexts of discrete site-specific public housing projects and dispersed public housing production as well as tenants’ perspectives on values and life’s aspirations.

5.0 CONCLUDING REMARKS

The prevailing narratives of housing provision on a national scale that have produced mounting debt and inequality benefits very small but powerful interest groups. Hence, the politics of housing must be met head-on. There is also the need to draw on the historical precedents of policies that created public wealth through public investment in rental housing which expanded opportunities even to ownership. Governments should endeavour to take a
stronger, more direct role in infrastructure investment by embracing its role as a patient investor and a deliberate co-creator and shaper of markets for specified public purposes. Direct public investment, trust fund-style, is also the cheapest, most effective way to generate affordable housing supply that meets community needs and delivers vital economic and social benefits. Engaging with this vision, and what it implies about the role of the government of the Federal Republic of Nigeria in the 2020s offers all genuine stakeholders the chance to think differently enough about social housing to make not properly investing in it unthinkable.

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