CONSTRAINTS TO AFFORDABLE PRIVATE SECTOR MORTGAGE FINANCE FOR URBAN LOW INCOME HOUSING IN NIGERIA: AN APPRAISAL

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Abstract
In a rapidly changing and urbanizing world, the provision of adequate and affordable housing remains a key priority for all governments as it is no longer only regarded as simply a roof over one's head but also, a reflection of the cultural, social and economic values of a society and one of the best historical evidences of the civilization of a country. Housing is one of those fundamental social variables that determine not only the quality of life and welfare of people but also of places and it is for this reason that the housing sector is described as a barometer for measuring the health or ill-health of a nation. The consideration given to shelter in the hierarchy of needs makes housing problem so unique in the lives of individuals and even governments. In Nigeria, finance systems for urban low income housing provision are generally underdeveloped despite having good policies. This is as a result of poor methods of implementation which often leads to loss of funds by the government and creates constraints to affordable financing in the country. The study appraises these constraining factors and their influence on the affordability of private sector financing for low income housing in the study area. Three hundred and fifty questionnaires (350) were administered to real estate and financial professionals using stratified random sampling and purposive sampling of which 317 were returned representing a response rate of 91%. Data was analyzed using mean scale, one sample T-test, and Pearson correlation analysis. The study reveals that accessibility of developers to long-term mortgage finance, high interest rates, macroeconomic volatility, lack of proper governance and inter-sectoral coordination are some of the constraints affecting the affordability of low income housing finance and recommends that affordable housing delivery schemes be incorporated into the formulation and implementation of housing policies and programmes for better low income housing provision.

Keywords: Housing, Private Sector, Mortgage Finance, Affordable, Constraints, Nigeria

Introduction

The concept of housing

Housing as a concept is inexhaustible and has profound influence on the health, efficiency, social behaviour, satisfaction and general welfare of the community as a unit of the environment. Many scholars have described it as a reflection of the cultural, social and economic values of a society and one of the best historical evidences of the civilization of a country (Hannu, 2017; Chime, 2016; Iwedi and Onuegbu, 2014; Alagbe, 2013; Haffner and Boumeester, 2010; Boleat and Walley, 2008; Olotuah, 2000). Ferguson and Navarret (2003) in Nwuba (2015) identified two relevant housing concepts, the product concept and the process concept. They argue that housing between the advanced and the developing countries are quite different stating that in the high-income industrialised countries,

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housing is a product purchased with the support of a sophisticated network of institutions including mortgage lenders. In contrast, in developing countries, the great bulk of families gain access to homeownership through the progressive housing process whereby they build their own homes gradually over a period largely unassisted by formal sector institutions. In this way, then, housing in the advanced countries is the 'product' approach while in the developing countries; it is the progressive building process approach. They further note however that the housing of the small, upper-middle and upper class in developing countries functions somewhat similar to the industrialised countries but at a much reduced sophistication and scale. Other researchers have also noted that all authorities in housing provision in developing countries agree that the vast majority of housing and shelter for the low and middle income groups is provided through the informal sector (Keivani & Werna, 2001). In the former case, which is prevalent in the advanced countries, households generally acquire their homes as finished products by purchase with the aid of formal credit facilities. Developers undertake housing development while households purchase the finished products. Thus, to households in these markets, housing is a product they purchase. In the latter case, which is widespread in developing countries, households generally access homeownership through a gradual building process financed through informal sources, primarily household incomes and savings. Households rather than developers undertake the development. Therefore, to households in these markets, housing is a process they undertake.

In Nigeria, like in many other developing nations of the world, housing problems are multi-dimensional. The problems of population explosion, continuous influx of people from the rural to the urban centres, and the lack of basic infrastructure required for good standard of living have compounded housing problems over the years. From a population of 45.1 million people in 1960 to over 200 million in 2021, Nigeria's population can be said to increasing in geometric progression while the resources to satisfy this growing population increase in arithmetic progression (Onyike, 2007). Olotuah (2009) observes that the disparity between the price and quantity of housing on the one hand, and the number of households and the money available to them to pay these prices on the other, constitutes the central problem of housing. Adedeji and Abiodun (2012) opine that the cost at which houses reach the market goes a long way to determine affordability. Where the unit cost of houses is abnormally high, only a few people are able to afford the houses.

According to Okupe and Windapo (2000) the gap between income and housing cost in Nigeria is very wide and has almost eliminated the low-income earners from the housing market. Mugambe (2009) reveals that high interest rates, unfavourable housing finance products, limited information on available housing products, complex loan approval process, the complexity of obtaining both a land title and a building plan approval are the major constraints towards obtaining housing finance by the low income group of the country.

The Nigerian Housing Finance System

UN Habitat refers to financing as the process of obtaining funds or capital generally for the purpose of supporting a development and / or investment by gaining control over assets (UN Habitat, 1984). According to Olotuah (2009), housing finance system is a superstructure of laws, institutions and relationships between institutional and non-institutional units that facilitate the process of financial intermediation and capital formation in the housing sector. Generally, finance is known to be a key factor in the success of housing projects since it can be used to acquire most other housing production resources such as: land, building materials, machinery and labour (Sanusi 2003). Popoola and Alamu (2016) posits that finance is an important aspect of any form of progressive development, unfortunately, if this is not well taken care of, it can also be a clog in the wheel of development. The methods adopted for housing finance have always been important factors in modern housing provision (Denis, 2011; Wapwera, Parsa and Egbu, 2011). Okpala (1994) attests that there certainly is considerable validity to the assertion that "the way cities are built reflects the way they are financed, because methods of financing dictates mode of construction" (Renaud, 1984).

Amao and Odunjo (2014), states that housing development in Nigeria is typically financed through a number of institutional sources. These include budgetary appropriations, Commercial/Merchant Banks, Insurance Companies, State Housing Corporations, the Federal Mortgage Bank of Nigeria (FMBN) and the newly established Mortgage Institutions. These constitute the formal institutions. There are also informal institutions such as thrift, credit societies and money lenders who have been contributing substantially to the finance of housing construction. However, the impact of these informal institutions as Agbola (2004) asserts, cannot be properly quantified because they are largely uncoordinated, scattered and varied in scope and operational depth. In Nigeria, housing finance systems are generally underdeveloped despite having good finance policies. Furthermore, as Wapwera, *et al* (2011), rightly states, the poor methods of implementation have often led to loss of funds by the government. This has made it difficult and prevents innovations in the way housing is provided in the country (Okoroafor, 2007). This problem of inadequate housing has been increased by the rapid rates of urbanization and economic growth and Adiukwu (2015) affirms that housing difficulties are more serious for the low income groups, where problems have been complicated by inflated real estate values, speculative activity, influx of poor immigrants and lack of planning.

Private Sector Involvement in Affordable Low Income Urban Housing Finance Provision in Nigeria

The need for the private sector in housing was brought to the fore in 1991 with the enactment of the new National Housing Policy (NHP) scheme. The NHP gave a boost to private developers to be responsible for providing housing in the country. This new paradigm shift involving the private sector in housing delivery, is as a result of the numerous and monumental problems that bedevilled the public sector. Prior to that, studies have shown that the problems of the previous government-provider policies were lack of political will, institutionalized policy and continuity, politicisation of the programmes, political corruption, poor funding and inadequacy of mortgage institutions as well as poor socio-economic structures, among others (Aribigbola, 2008; Ikejiofor, 1999a; Ndubueze, 2009). The failure of provider approach prompted the government to adopt a change in its housing policies beginning from the NHP 1991. The current policies embrace the private sector as the vehicle to address the severe shortages of houses in the country, while the government positions itself as enabler and facilitator of housing delivery in the country. Eni and Danson (2014) reveal that the role and contribution of the private sector in housing provision is vividly captured in the National Housing Policy (2004). This document spells out the functions of the private sector as follows:

I. Participate fully in housing delivery particularly in the area of compliance with the provisions of Employees Housing Scheme (Special Provisions) Act (Cap 107).

ii. Establish primary mortgage institutions or building societies, thrift and credit societies, etc.

iii. Participate in the development of estates, and houses for sale or for rent, or shared ownership.

iv. Co-operate either with Federal, State, Local Governments or any agency of Government in the provision of houses, and economic growth.

In keeping with the foregoing functions and expectations, the private sector has been consistently providing over 90% of the housing stock in Nigeria as housing in the country is now basically private sector driven. Contemporary developments worldwide favour the private sector driven housing development. The argument in favour of private sector according to Ibem and Amole (2013) is hinged on the efficiency and effectiveness of the private sector as well as the corruption and inefficiency of the public sector. The Nigerian government has identified with this view, and has in recent times introduced a number of reforms aimed at stimulating and assisting. The reforms are in the establishment of Real Estate Developers Association of Nigeria (REDAN), Building Materials Producers Association of Nigeria (BUMPAN), the reduction of interest rates on national housing fund loan to members of REDAN and restructuring of the housing finance sub-sector to include the introduction of secondary mortgage market.

The private sector's participation in housing in Nigeria comprises both the formal and informal segments. The informal segment, which could be referred to as the popular sector, has produced 70 – 90% of the houses in the country, as posited by Daramola, Aduwo, and Ogbiye (2005), and Federal Republic of Nigeria (1994). Small-scale private landlords in rental housing dominate the informal-sector supply of urban housing, as noted by Ikejiofor (1999) while the formal segment of the private sector consists of corporate institutions that are involved in the direct large-scale production and delivery of housing units. They have until recently only been involved in the provision of staff quarters for employees and, when otherwise engaged, the supply is targeted towards high-income groups. Olatubara (2007), Agbola & Adegoke (2007) observe that the housing units produced by the private sector are usually out of reach of the low income families. Corporate Private Housing Developers spend a huge amount of funds in housing development beginning from:

1. Paying for cost of land and other sundry charges
2. Complying with building and planning regulations in the design and construction of the projects
3. Undertaking the design and physical construction of housing units
4. Funding of the construction work of the housing projects
5. Creating awareness (advertising) on the projects
6. Marketing and allocation of completed housing
7. Management of housing estates agreed

charges on residents

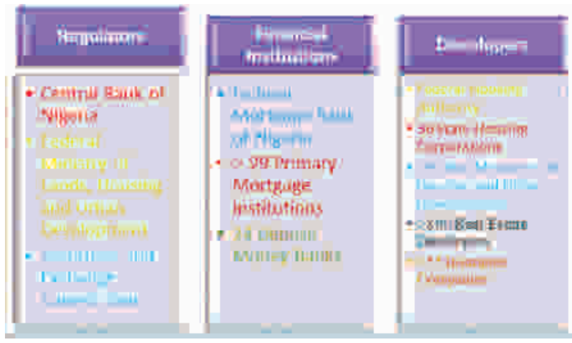
8. Set the prices of housing units. (Ibem and Amole, 2013).

These processes in housing development require finances and since there is always the profit motive by private real estate developers, the burden is thus shifted to the low income group.

Figure 1: Classification of the Nigerian Housing Sector

Housing provision as Morakinyo, Okunola, Ogunrayewa, and Dada (2015) corroborates, is enormously costly and the private sector, which is essentially profit-driven, cannot be expected to produce a socially optimum output with adequacy in quantity and standards, neither can it allocate housing resources equitably. Although the history of housing development in the country is that of the private sector driven, Henshaw (2010) opines that it has also failed to provide affordable housing to the public. According to him, one of the key elements lacking in the private sector initiatives is that of affordability. Existing literature suggests that primarily, the reasons for the Nigerian housing deficit include: lack of access to finance, poor capital and budgetary allocation, poor monitoring of mortgage institutions, an inefficient land market, a disproportionate number of speculators, poor infrastructure (i.e. roads, electricity, water, and and telecommunication), and tedious and often conflicting legal requirements (Olanrewaju, Anavhe, Hai, (2016). Despite the improvements in the financial and capital markets, less than 1% of Nigerians have mortgage to finance their homes.

Figure 2: Key Players in the Nigerian Housing Finance System



Source: Pison (2010)

Challenge of Access to Affordable Private Housing Financing by Nigerian Urban Low Income Households

Housing affordability has been described as the capacity of households or individuals to meet housing costs while maintaining the ability to meet other basic costs of living without any problem. This explains the extent to which the household or individuals are able to pay for housing. Adedeji and Abiodun (2012) assert that the pooled effect of high population upsurge and urbanisation in a declining economy has thrown Nigeria into serious housing problems. Ironically, the low-income groups who constitute the majority in the Nigerian society are the most affected. The provision of finance and facilities by lower/ middle class groups for construction in the country as Mukhija (2004) and Denis (2011) note, is through informal methods (self-help). A large proportion of the households have to finance housing from savings or build incrementally and at a low standard because up front finance that would allow them to purchase a higher quality home and to pay for it over a long period is either not affordable or is inaccessible (Okoroafor, 2007; Denis, 2011). Formal sources of finance are not accessible to 80-90% of households in developing countries like Nigeria. Alternative sources of housing finance are sought by individuals and groups to meet the need of their shelter. Wapwera, Parsa and Egbu (2011) state that it has been estimated that in Africa, 70% of the urban population live in slums (informal settlements). Inhabitants of informal settlements form informal groups and do things in informal ways to meet their legitimate needs, considering the fact that by law, every individual has a right to housing/shelter.

In housing studies, the terms formal and informal are used in a variety of ways to distinguish between activities occurring within the ambit of the regulatory framework and those occurring outside it. The terms are used in relation to land transactions, settlements, housing developments, housing finance and housing transactions. Thus, attempts have been made to distinguish between formal and informal housing. Formal or conventional housing represents housing produced through the official channels of recognised institutions such as banks, planning authorities and land developers and observing formal legal practices and planning regulations (Keivani & Werna, 2001). On the other hand, informal housing is housing that does not conform to regulations on land ownership, zoning and land use, and building construction (Arnott, 2008). Research evidence has shown that much of the housing provision in developing countries is through informal settlements. However, such housing is not recognized formally through proper title and ownership (Durand-Lasserve, 2003; Parsa et al., 2010; Alaghbari, 2010). This is further manifested in the resultant insecurity that has been experienced by low-income earners and inhabitants of informal settlements as financial financial institutions require title deeds as collateral for loans (Payne, 2003 in Parsa et al., 2010). Parsa et al. (2010) further argued that though the inhabitants and people living in informal settlements own properties, these properties are termed "dead capital" as they are not recognized and do not have formal property rights which can be used as collateral to raise cash, thus these people remain poor due to the lack of formal ownership title. Hence, housing finance becomes a major barrier to the poor-low-moderate income earners even as they spend above 30 percent of their meager income on housing (Finkel, 2005; Agbola et al., 2007; Denis, 2011).

Affordable housing in Nigeria has thus become a serious and considerable challenge especially for low income urban households which resulted from continued growth and expansion of the urban centre (Akinyode, 2017). Not only is the country experiencing one of the fastest rates of urbanization in the world, its experience has also been unique in scale, pervasiveness and historical antecedents. This process has resulted in a very dense network of urban centres. The proportion of the Nigerian population living in urban centres has therefore increased phenomenally over the years; while only 7% of Nigerians lived in urban centres in the 1930s, and 10% in 1950, by 1970, 1980 and 1990, 20%, 27% and 35% lived in the cities respectively. Over 40% of Nigerians now live in urban centres of varying sizes (Olotuah and Bobadoye, 2009). Urban housing crisis in Nigeria have manifested in homelessness and poor living conditions such as overcrowding, inadequate dwellings, deplorable urban environment, degrading public infrastructure, and to an extreme, "outright homelessness" in most of the city centres. Just as (Ibem, 2011) rightly asserts, the state of the housing crises in the country poses two main challenges for the government. First, is how to improve the housing situation of people living in urban slums; and second is how to assist low-income earners to gain access to decent housing at affordable cost (affordable housing finance). In the face of these challenges, governments in Nigeria have since the 1920s engaged in mass housing delivery with the aim of meeting the housing needs of a majority of the citizens but none have yielded expected result over the years as a result of poor policy implementation (Ikejiofor, 1999; Ademiluyi, 2010). Housing deficit keeps skyrocketing and is currently over 30 million (Olanrewaju, Anavhe and Hai, 2016).

Constraints to Affordable Private Sector Mortgage Finance in Nigeria and the Need for Long Term Funding.

Ogedengbe (2004) asserts that any system of housing finance is sustainable only if it is relevant to the economic, social, political and regulatory environment of the country concerned. The experience of mortgage banking in Nigeria can simply be summarized as utter failure as observed by Nubi (2003) as Nigeria's present housing finance system is severely underdeveloped and ill- equipped to mobilize and channel savings to the housing sector. He posits that without a well-organized and efficient housing finance system, it is difficult to mobilize substantial financial resources for channeling funds into the housing sector. The Nigerian mortgage finance, like many developing countries, is dominated by primary mortgage market without a viable secondary mortgage market which makes it underdeveloped (Ojo, 2007; Johnson, 2008). Although the Federal Mortgage Bank of Nigeria (FMBN) was created to essentially serve as a wholesale and apex institution, other institutional components of the finance market in terms of primary mortgage institutions have not developed. It is generally accepted that despite high demand for mortgage loans, the Federal mortgage bank has not been able to meet up with such demand and for it to make any meaningful impact on the housing sector; other sources of funds must be developed (Ogedengbe, 2004). The present scenario for funding housing delivery in Nigeria shows that the primary mortgage institutions are faced with inadequate funds to finance long-term loans. Their financial base can only cater for a few people, so once loans are disbursed to a set of people on a long term, the needs of other sets of people who require loans for house construction are not met by these primary mortgage institutions simply because the little amount of money at their disposal is tied down in the hands of the few beneficiaries, hence they appear ineffective. Kama et al (2013) attest that many initiatives have been put in place by both the government and the organized private sector to provide affordable housing for the average Nigerian. However, the development and impact of the Nigerian mortgage market is minimal because of many constraining factors which they listed as follows:

1. Macroeconomic Volatility: A cross-country study by Warnock and Warnock (2007) established that housing finance of every country depends, among other factors, on the macroeconomic stability. An unstable macroeconomic condition jeopardizes mortgage finance system. Nigeria is a mono-economy depending on oil which exposes the country to volatility. It has been observed that the Nigerian economy's exposure to volatility poses a significant constraint on mortgage financing (Ojo, 2007; Ezimuo *et al.*, 2014).

2. High interest rate: Interest rate pose serious problem to mortgage financing in Nigeria. This is because the high interest rate makes the mortgage beyond the reach of majority of Nigerians. Several studies attributed the paucity of mortgage financing in Nigeria to exorbitant interest rate (Emoh and Nwachukwu, 2011; Johnson, 2014). Ayere (2013) compared the official interest rate in Nigeria of 12 per cent with other countries such as UK, USA, Russia, India, South Africa and Brazil, which have interest rates of 0.5, 0.25, 8.25, 7.5, 5.0 and 7.25 per cent, respectively. However, the 12.0 per cent interest rate is the monetary rate which is far below the actual interest rate charged by banks. Official data from central bank of Nigeria show that the weighted average interest rate charged by banks ranged from the prime lending rate of 16.72 to the maximum of 24.69 in 2013 (CBN, 2014a, 2014b). However, this rate is exclusive of bank charges and insurance fees that are also charged by banks (Aliyu *et al.*, 2017).

***3*. Inaccessibility of long-term mortgage funding:** Inaccessibility of mortgage funding is another factor militating against the progress of mortgage financing in Nigeria. Several studies revealed that mortgage financing is not accessible to majority of Nigerians, and where it is available; it is mostly on short-term tenure (EFInA, 2010; Ezimuo *et al.*, 2014). This is because financial institutions in Nigeria rely on deposit to fund their mortgage assets. This poses maturity mismatch between the short-time liability they have to meet on demand and the long-term asset (Anayochukwu, 2011). Similarly, potential interest rate risk prevents institutions from offering long-term mortgage finance. To minimize the risk, they offer only variable rate short-term mortgages of mostly three to five years (Johnson, 2008).

4. Unaffordability of mortgage to borrowers: Affordability is the ability of borrowers' income to repay mortgage debt within the stipulated tenure without exerting undue constraint on the borrowers' consumption. In Nigeria, mortgage financing is not affordable to majority of Nigerians because of low income level and high incidence of poverty, which is above 50 per cent (Ogunba, 2009; NBS, 2012b). Borrowers are required to make down payment of about 20-30 per cent and pay interest rate of between 17% to 25% using not more than 33.3% of income in repayment which is directly deducted from source (Johnson, 2008).

5. Lack of sound legal framework: One of the considerations of lenders is the ability to foreclose the mortgage property in case of default. Warnock and Warnock (2008) established that a country with strong legal right for both the lender and borrower tend to have a deep housing finance system. However, lack of it jeopardizes the housing finance system. Donkor-Hyiaman and Owusu-Manu (2016) observe that lack of sound legal system that provides for easy foreclosure and liquidation of collateral constrained collateral efficiency, which is required for effective mortgage system. Nigeria does not have foreclosure laws. What is obtainable is only judicial foreclosure (Ayere, 2013). In case of default, lengthy litigation procedure is followed before the lender could claim the title to the property. The defaulters utilize the weakness of the foreclosure system by securing court injunction restraining the lender from commencing any foreclosure against the property, thereby hampering the process for years. This exposes lenders to credit risk.

6. Bottlenecks in the Land Use Act of 1978: Mortgage market in developing countries, particularly Africa, is hampered by property title insecurity. This impairs the capacity of property owners to secure loans using their property as security collateral (Asabere *et al.*, 2016). Donkor-Hyiaman and Owusu-Manu (2016) similarly notes that property title insecurity in Africa encourages weak property right, which hampers mortgage lending because it depends on security collateral. Nigeria is not an exception in this regard. The Land Use Act of 1978 vested all land within the territory of each state on the governor of that state. This implies state ownership of all land. Section 22 of the act requires any person who wishes to mortgage his property to obtain governor's consent for same. This follows bureaucratic processes that are costly and time-consuming. One of the requirements of mortgage institution is a security collateral for loan which must be certified by Certificate of Occupancy (C of O). The process of obtaining this C of O is very expensive, difficult and cumbersome (EFInA, 2010). Access to land and proper legal documentation of title has been considered as a great impediment to mortgage financing in

Nigeria (Folurunso *et al.*, 2012; Johnson, 2008; Ezimuo *et al.*, 2014).

7. Socio-cultural factors: Some of the social behavior and culture of Nigerians do not encourage mortgage financing. Nigerians typically have poor savings culture and lack credit culture (Johnson, 2008). This denies the mortgage institutions from having the needed deposits to fund their mortgages. Similarly, some Nigerians are debt averse and may consider mortgage as inferiority. There is also the problem of mistrust and lack of confidence on the mortgage institutions by Nigerians (Ojo, 2009), which discourages them from patronizing the institutions. Mortgages have some elements that are contrary to religious principles. This makes some Nigerians to boycott the products. Similarly, the attitude of Nigerians toward mortgage financing is poor. The level of awareness among Nigerians on mortgage financing is also low (Ezimuo *et al.*, 2014). These borrowers' specific factors affect mortgage financing in Nigeria.

Methodology

Survey design/field research was adopted for this research. The use of survey research method for this research made the data generated directly from respondents to be more distinct and finite. The groups that made up the population for this research were; the private sector housing development companies under the Real Estate Developers Association of Nigeria (REDAN), practicing Estate Surveyors and Valuers involved in housing development in the research areas, financial institutions involved in mortgage financing both in the primary market and secondary market, Government regulatory institutions and parastatals in housing financing such as Ministry of Finance, Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Federal Mortgage Bank of Nigeria (FMBN) under the study area. The sampling techniques adopted for this study were stratified random sampling for administration of the questionnaire and purposive sampling technique for the selection of respondents.

The use of stratified random sampling technique is justifiable because it reduces sampling error. A total of 350 questionnaires were distributed and 317 were returned. This represents a response rate of 91%.

Results and Discussion

The appraisal tested the significance of the relationship between factors constraining affordability of private housing finance and its dependence on income level of the respondents. Data was analysed using mean scale, one sample T-test, and Pearson correlation analysis. **The result is presented and discussed as follows:**

Table 1: Factors constraining private housing provision in Nigeria
SA = Strongly Agree; A = Agree; N = Neutral; SD = Strongly Disagree; D = Disagree

ĭɗ	ITEM	SA	A	N	D	SD	Mean Score
A	Poor banking management and weak supervisory/regulatory practices	74	166	5	42	30	3.67
B	Fluctuating exchange rate	178	82	0	44	13	4.16
C	Decline in economic activity and increase in nominal interest rates	196	88	2	26	5	4.40
D	Macroeconomic volatility and unstable microeconomic environment	159	121	1	27	9	4.24
E	Increased interest rate and narrowing public sector borrowing	148	103	7	42	17	4.02
F	Inaccessibility of long term mortgage financing	152	118	2	32	13	4.15
G	Lack of financial sustainability (public and private) to decrease housing deficit	137	125	4	46	5	4.08
H	Unaffordability of mortgage to borrowers	112	181	1	20	3	4.20
I	Lack of sound legal framework	129	135	4	38	11	4.05
J	Lack of proper governance and inter-sectoral coordination	172	109	0	29	7	4.29
K	Bottlenecks in the Land Use Act, 1978	77	123	3	96	18	3.46
L	Poor government minimum wages to workers constrain private housing provision in Southeast	126	147	2	35	7	4.10
m	Building materials is not affordable for Low income housing plan	179	112	3	22	1	4.41

Table 1 above shows the factors constraining private housing provision for low income urban housing in Nigeria. The mean score test was used to rank the system having a decision rule that mean score of 4.0 and above will reject the null hypothesis while mean score below 4.0 will

will accept the null hypothesis. The results of mean scores developed in the analysis shows that bottlenecks in the Land Use Act, 1978 had a mean score of 3.46. Poor banking management and weak supervisory/regulatory practices had a mean score of 3.67. Increased interest rate and narrowing public sector borrowing has a mean score of 4.02. Lack of sound legal framework had a mean score of 4.05. Lack of financial sustainability (public and private) to decrease housing deficit has a mean score of 4.08. Poor government minimum wages to private individuals constrain private housing provision in Southeast had a mean score of 4.10. Inaccessibility of long term mortgage financing had a mean score of 4.15. Fluctuating exchange rate had a mean score of 4.16. Non-affordability of mortgage to borrowers had a mean score of 4.20. Macroeconomic volatility and unstable microeconomic environment had a mean score of 4.24. Lack of proper governance and inter-sectoral coordination had a mean score of 4.29. Decline in economic activity and increase in nominal interest rates had a mean score of 4.40. Building materials is not affordable for Low income housing plan had a mean score of 4.41.

The result from this presentation shows that bottlenecks in the Land Use Act, 1978 and poor banking management and weak supervisory/regulatory practices are insignificant to the relationship of low income urban housing and affordability of private sector financing in Nigeria. However, fluctuating exchange rate, decline in economic activity and increase in nominal interest rates, macroeconomic volatility and unstable microeconomic environment, increased interest rate and narrowing public sector borrowing, inaccessibility of long term mortgage financing, lack of financial sustainability (public and private) to decrease housing deficit, non-affordability of mortgage to borrowers, lack of sound legal framework, lack of proper governance and inter-sectoral coordination, poor government minimum wages to private individuals constrain private housing provision and, building materials are not affordable for Low income housing plan are significant to the relationship of low income urban housing and affordability of private sector financial institutions'/intermediaries' mortgage loans. Since the majority are significant, the null hypothesis is rejected and the alternative accepted. The decision rule is that there is significant relationship between factors constraining affordability of private housing finance and its dependence on income level of developers in Nigeria.

Table 2: One-Sample Test Analysis

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Strongly Agree	13.511	12	.000	141.46154	118.6491	164.2740
Agree	15.804	12	.000	123.84615	106.7722	140.9201
Neutral	4.663	12	.001	2.61538	1.3933	3.8375
Disagree	7.175	12	.000	38.38462	26.7280	50.0412
Strongly Disagree	4.961	12	.000	10.69231	5.9960	15.3886

Table 2 above is the application of one sample test analysis to understand the significant influence of the univariate variables. Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis. The one sample test analysis shows the mean difference, univariate significant level, degree of freedom, t-critical and confidence interval of the variables. The statistical t-critical is used for the calculation of the significant level in the univariate data. The variables strongly agree, agree, neutral, disagree and strongly disagree have t-critical values of 13.511, 15.804, 4.663, 7.175 and 4.961 respectively. The degrees of freedom for the variables are all twelve (12). The significant level of the univariate variables, strongly agree, agree, neutral, disagree and strongly disagree are 0.000, 0.000, 0.001, 0.000 and 0.000 respectively. The variables strongly agree, agree, neutral, disagree and strongly disagree have mean difference value of 141.46, 123.85, 2.615, 38.385 and 10.692 respectively. The confidence interval of the mean difference shows ninety-five percent (95%) confidence level.

Table 3: Pearson Correlations Analysis

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strongly Agree	Pearson Correlation	1	-.750**	-.385	-.273*	-.306*
	Sig. (1-tailed)		.002	.097	.062	.064
	N	13	13	13	13	13
Agree	Pearson Correlation	-.750**	1	.136	-.074	.158
	Sig. (1-tailed)	.002		.329	.405	.303
	N	13	13	13	13	13
Neutral	Pearson Correlation	-.385	.136	1	.260	.469
	Sig. (1-tailed)	.097	.329		.195	.053
	N	13	13	13	13	13
Disagree	Pearson Correlation	-.273*	-.074	.260	1	.103*
	Sig. (1-tailed)	.062	.405	.195		.480
	N	13	13	13	13	13
Strongly Disagree	Pearson Correlation	-.306*	.158	.469	.103*	1
	Sig. (1-tailed)	.064	.303	.053	.480	
	N	13	13	13	13	13

Table 3 above shows the parametric correlation analysis. The type of parametric correlation applied is Pearson correlation method. The correlation result shows that there is a strong significant relationship between strongly agree and agree variables with significant value of 0.002 and a strong negative correlation of -0.750. However, the correlation result of variables, strongly disagree and disagree are insignificant with weak insignificant value of 0.480 and a very weak positive correlation of 0.103. Strongly agree and disagree variables are insignificant with weak insignificant value of 0.062 and a negative correlation of 0.273. Strongly agree and neutral variables are highly insignificant with weak insignificant value of 0.097 and a weak negative correlation of -0.385. Strongly agree and strongly disagree variables are insignificant with weak insignificant value of 0.64 and a weak negative correlation of -0.306. Agree and neutral variables are insignificant with insignificant value of 0.329 and a weak positive correlation of 0.136. Strongly disagree and neutral variables are highly insignificant with weak insignificant value of 0.053 and a weak positive correlation of 0.469. Disagree and neutral variables are insignificant value of 0.195 and a weak positive correlation of 0.260. Agree and disagree variables are insignificant with insignificant value of 0.405 and a very weak negative correlation of -0.074. Having observed that strongly agree and agree variables are highly significant, it shows that there is a significant relationship between factors constraining affordability of private housing finance and its dependence on income level of developers in Nigeria.

Conclusion

The study has revealed that accessibility of developers to long-term mortgage finance, high interest rates, macroeconomic volatility, lack of proper governance and inter-sectoral coordination are some of the constraints affecting the affordability of low income housing finance. Government doesn't usually provide infrastructural facilities such as roads, water, drainage and electricity that will aid the housing supply process. More so, it has become challenging for private financial institutions to grant loans to individuals and developers. Low per capita earnings and the absence of job security has made these financial institutions either unwilling or not able to grant long term credit facilities to accelerate the development of the urban owner-occupied sector (Dung-Gwon and Mallo, 2011).

The need for housing in Nigeria is enormous and its delivery depends on the active participation of both the public and private sectors. To increase housing stock in Nigeria, there is the need to incorporate affordable housing delivery scheme into the formulation and implementation of housing policies and programmes, which should not be an exclusive preserve of the Federal Government to the exclusion of governments at both state local government levels. State governments should make administrative amendments to the Land Use Act to delegate endorsement of consent to Commissioners and at the national level, the Director of Lands. There is need to simplify land title registration through the revision of procedures and cost structure. The private sector is a key partner to governments and non-profits in scaling up the provision of affordable housing. Essentially, the private sector should be at the forefront of developing, innovating, and financing affordable housing solutions in Nigeria.

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