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PRESENTATION ON **AFFORDABLE HOUSING FINANCE:** *THE ROLE OF GOVERNMENT*

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OUTLINE OF PRESENTATION

- Appreciation
- Background Information
- The Four Issues of Concern:
 - (i) How housing and housing finance fit into poverty reduction and the shared prosperity agenda;
 - (ii) The progress being made;
 - (iii) Some of the most innovative new initiatives being undertaken; and
 - (iv) How to meet the growing needs of urban cities in emerging markets.

BACKGROUND INFORMATION

- With a population of 167 million people (2011), Nigeria is one of the most rapidly urbanizing countries in Africa.
- From 56 cities in 1953, currently Nigeria is estimated to have over 1,000 urban areas, with no fewer than 19 cities having a population of 1 million people and above.



Lagos, Nigeria

BACKGROUND INFORMATION..CONT'D

- Housing deficit in the country is estimated at **about 17 million units.**
- About one (1) million housing units per annum are required to achieve significant reduction in the **national deficit, and eventually eliminate it by the year 2043, at a unit cost of USD10,000 .**
- An investment of at least **US\$300 billion (minimum)** is required over the next 30 years for housing construction costs alone.

HOW HOUSING AND HOUSING FINANCE FIT INTO THE POVERTY REDUCTION AND SHARED PROSPERITY AGENDA

- Housing is universally accepted as the second most important human need after food;
- The 1999 Constitution enjoins the Nigerian Government to provide suitable and adequate shelter for all citizens, to guarantee the well-being and productivity of the Nigerian people.
- The most important constraints to inadequate housing or homelessness is **lack of access to serviced/ titled land and sustainable long-term housing finance**. Accordingly, *the removal of these two barriers is one of the most effective strategies for reducing poverty and achieving sustainable development*
- The **shared prosperity agenda is about removing imbalances, ensuring equal opportunities, equitable and inclusive growth and enhanced security for improved quality of life and reduction of human misery.**
- **provision of affordable housing and urban basic services is a veritable policy instrument for ensuring that the prosperity of the society is shared more rationally and beneficially by the citizenry.**

PROGRESS BEING MADE

- On the whole, through the approved **National Policy on Housing** and the **National Policy on Urban Development (2012)** progress has been made but a great deal still needs to be done.
- Provision of a favourable macro-economic, political and social environment for both local investment and foreign direct investment, including incentives for cost recovery and repatriation of fund and profits, etc,
- Assistance to developers in the supply of unencumbered land and promotion of the use of alternative building materials and new technologies in housing delivery.
- Partnering with strong and competent non-government actors for community mobilization in the delivery of mass housing projects and ensuring amicable resolution of conflicts.
- Creating institutional interventions, including: the **Infrastructure Concession Regulatory Commission (ICRC)** for the promotion of Public-Private Partnerships (PPPs);
- Strengthening the Federal Mortgage Bank of Nigeria for enhanced mortgage penetration;
- Launch of the Nigeria Mortgage Refinance Company, in January 2014, with a target to grow the mortgage portfolio ten-fold over the next five years;
- Undertaking reforms to strengthen and reposition the Federal Housing Authority, including the on-going process of commercializing the Authority; and
- Development of a Social Housing Bill, awaiting passage in the National Assembly.

MOST INNOVATIVE NEW INITIATIVES

- Launch of the Nigeria Mortgage Refinance Company (NMRC) (**off-take guarantee for the FGN 10, 000 new housing units for low and middle income, earners, to be delivered by the end of 2014**).
- Transforming the Primary Mortgage Institutions (PMIs) into Primary Mortgage Banks (PMBs) through recapitalization and strengthening. (*license fee for State operation is N2.5 billion Naira; at the national level, it is N5 billion. Currently, there are about 40 strong PMBs in the country*).
- Development of Regulations for the Effective Implementation of Section 46 of the Land Use Act, Cap L5 Laws of the Federation of Nigeria 2004.
- Implementation of Land Swap Policy.
- Development of a National Integrated Infrastructure Master Plan (NIIMP) 2013-2043, with a strong Housing and Urban Development Component.
- Development of a Roadmap for the Housing and Urban Development Sector; and
- Adoption of the Public-Private Partnership (PPP) for the delivery of affordable mass housing.

MEETING THE GROWING NEEDS OF URBAN CITIES IN EMERGING MARKETS WITH INCLUSIVE HOUSING SOLUTIONS

- provision of affordable housing on a sustainable and unprecedented scale through a variety of schemes including the **development of new towns, cooperative housing, rental housing, social housing, slum upgrading, regeneration and completion of abandoned houses.**
- Utilizing planning approvals to mandate the private housing developers and Government to set aside a stipulated percentage (20%) of their developments for social housing to meet the needs of low-income earners.
- Sustaining the concept of funding of site and services to improve access of the low-income group to serviced plots at affordable prices.
- Providing long-term mortgage finance for No-income and low-income groups under housing delivery schemes in order to address the supply side.
- Addressing the supply side through provision of construction finance and sovereign guarantees.

MEETING THE GROWING NEEDS OF URBAN CITIES IN EMERGING MARKETS WITH INCLUSIVE HOUSING SOLUTIONS

- Promoting the concept of inclusive planning and people-centered approach in housing development, including enhanced provision of mixes of housing and job creating commercial business sites.
- Paying particular attention to the needs of the youth, women, the aged and people living with disabilities in home design and delivery.
- Increasing investment, especially in basic infrastructure and services.
- Increased provision of more multi-storey/high rise buildings in place of bungalows and one-storey housing units for more efficient use of urban space, less spending on infrastructure and for compact cities.
- Increased deployment of new technological solutions for mass housing development.

CONCLUSION

- ▶ Once again, my appreciation and thanks.
- ▶ I believe I have shed some light on the four questions.
- ▶ I thank you all for your kind attention.