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National Housing Trust Fund and Low-Income Housing Delivery in Nigeria: A Discourse

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Abstract

Housing is one of the basic needs for human existence, yet not many people can provide for themselves because of limited means. Difficulty in accessing credit facilities have resulted into the emergence of informal settlements through self-help approach which might have instigated the establishment of National Housing Trust Fund (NHTF) in Nigeria. This paper discusses the challenges of accessing NHTF credit facility, with a view to establishing or otherwise the workers' eligibility and affordability based on Federal Mortgage Bank of Nigeria's Repayment Plan and their income. Data were collected from literatures and complimented with reconnaissance survey on selected building types in Abeokuta, Ibadan and Jos metropolises and their relative cost of construction. The study is limited to workers in the civil/public services, using subsisting Consolidated Public Service Salary Structure in Nigeria as guide. The Average Basic Monthly Income- Repayment Plan was derived from prevailing FMBN affordability table (2008) on the National Housing Fund loan to ascertain workers' eligibility and affordability or otherwise. Information gathered was reviewed, discussed and descriptively presented. Findings are that NHTF is not easily accessible for low income housing delivery due to low income and savings; stiff pre-conditions for accessing land and credit facilities etc; and concludes that increase in workers' salary will stimulate more participation/contributions and improve upon investible fund that will in turn enhance accessibility to NHTF credit facility for low income housing delivery.

Keywords: low-income housing, credit, accessibility, affordability, eligibility.

INTRODUCTION

Housing is widely and globally regarded as one of the basic of human needs for human existence which transcend the provision of shelter but including infrastructures and other supporting facilities like schools, health, etc. Agbola (2005) posited that, the house is an institution created for a complex set of purposes beyond provision of shelter. He further opined that, it is a social unit of space where every human being resides, irrespective of age, sex and status differences. This fact had not been lost to government, according to Arayela (2005), under the third National Development Plan (1975-1980), the Federal Government of Nigeria proposed to build 202,000 housing units all over the country, comprising 8000 units in each of the then nineteen State capitals, with the exception of Kaduna and Lagos States which were allotted 4000 and 46000 additional units respectively, which were not realised. In spite of the intention, Agbola (1998 & 2005) noted that the period of third National Development Plan was when housing units became more scarce and costly, relative to income and as such described the period as abysmal failure. This implies that part of the reasons for the failure was that the houses were designed and built to completion through contractor, before being handed over to prospective users, without their respective inputs into the process thereby favouring the high and middle income groups. Accessing long-term credit facility for acquisition or development of personal homes has been a great challenge among the Nigerian low income earners. Available Long-term credit facility for home acquisition or developments for the low income group in Nigeria are basically from the NHTF and the Private Financial Institutions (PFIs). The NHTF operates on a depository arrangement whereby civil servants and self-employed persons contribute part of their monthly income into the Fund through their respective employers or by direct payment into the FMBN in order to access the appropriate credit/loan facility. Events have however, revealed that few contributors to the Fund have benefited from the mortgage loan, because the NHTF is inadequate in providing for the housing needs of its contributors (Ozili (2009). He further noted that the pre-conditions for accessing loans are not affordable to the low income group and the poor. This however led to the emergence of PFIs providing mortgage credit/loan facility to prospective home-owners and property developers. Kuroshi, Mallo, Mosaku and Anigbogu, (2008) observed that interest rates chargeable on credit facility provided by Private Financial Institutions are usually very high and on a very short repayment tenor. CBN (2009) revealed that the recent global financial crisis on the Nigerian financial system have also affected mortgage financing in Nigeria.

Thus, Nigerian banks have adjusted their respective interest rates against the financial crisis while the Central Bank of Nigeria has in turn adopted new policies for the Nigerian financial system as a result of the crisis. However, Kolapo and Amaefule (2009) and Spio-Garbrah (2009) are of the view that such policies may further create impediments to accessing credit for home acquisition and/or development by prospective home owners. The likely impediments identified included liquidity problems and the emergence of shadow banking. What had become obvious is that the goal of the National Housing Policy of 1991 at ensuring that all Nigerians own or have access to decent, safe and healthy housing accommodation at affordable cost or price has not been achieved. Perhaps, that was why Agbola (2005) states that there exists a yawning chasm between the magnitude of demand and the capacity of supply. This gap had resulted to individuals resorting into self-help approach. The self-help approach had been aided by personal equity/cooperative formations or whole/ part subsidy by employers of labour through loans or mortgage financing that is backed by securities and/or cooperative mechanism. Low income/wages, high lending rates, tax requirements, difficulties in land administration and mortgage transactions etc have been identified as the greatest impediments to credits/loan facility and that drift to the peri-urban areas are most of the time driven by lack of adequate fund to compete in main urban centres with all its implications for other supporting facilities or lack of them. This forms the basis for the research problem, taking into consideration, the conditions for accessing NHTF, contributor's/participant's affordability of credit or Loan facility based on one-third of Average Basic Monthly Income- Monthly Repayment Plan at a maximum tenor of 30 years. It is against this backdrop that the paper tries to examine the challenges of accessing the National Housing Trust Fund for low income housing delivery in Nigeria.

RESEARCH QUESTIONS

The research questions are:

Is the National Housing Trust Fund through FMBN accessible for low income housing delivery in Nigeria?

Is the average monthly income a hindrance to accessing the available credit facility for low income home-ownership?

AIM & OBJECTIVES

The aim of this paper is to appraise the challenges of accessing credit facility for low-income housing delivery in Nigeria. The objectives are to appraise the conditions for accessing credit facility for home-acquisition/housing delivery from Financial Institutions and to ascertain low income workers' affordability of credit or Loan facility based on one-third of Average Basic Monthly Income- Monthly Repayment Plan

SCOPE OF STUDY

The study is limited to low income workers in the civil/public service or in the self-employment whose source(s) of income is /are salary or wage oriented, with the view to ascertaining or otherwise whether monthly/annual incomes can guarantee credit for home acquisition or can conveniently pay off loans or credit facilities for home ownership/acquisition on one-third of Average Basic Monthly Income- Repayment Plan. The prevailing pre-conditions for accessing credit/loan facility from NHTF and PFIs through mortgage; as well as the affordability table on the NHTF Loan amount at six (6) percent interest rate as obtained from the Federal Mortgage Bank of Nigeria (2008) were put into consideration. Workers income is established from the subsisting Consolidated Public Service Salary Structure (CONPSS), by Ministries, Departments and Agencies in Nigeria.

Definition of Terms

Income implies the wages or monetary rewards/benefits in cash and/ or in kind realizable in exchange of goods and services and/or trading, businesses etc. **Low-income earners** are group of persons who averagely earn relatively small amount of money and/or kind as reward for their respective labour. Low-income group according to the National housing policy of 2002 are all employees or self employed persons whose annual income as at the year 2001 is N100, 000 or below (i.e. the equivalent of salary grade level 01-06 in Government employment)**.** In this context, Low income earners also include individuals (in civil/public and private employment services or self-employed) whose monthly/annual incomes cannot guarantee credit for home acquisition or whose monthly or annual income cannot conveniently pay off loans credit facilities for home ownership/acquisition. **Housing delivery** involves the production of new houses, renovation of existing ones and the distribution of new and old houses to all consumers. Its components include land and infrastructures, construction technology, labour and management, building materials, housing finance, distribution methods and monitoring evaluation. **National Housing Trust Fund** is a dedicated fund for housing finance established by the Federal Government of Nigeria as one of the key strategies towards the realisation of the goals of the National Housing Policies of 1991, 2001 & 2006. It started as contributory fund (NHF) established by decree 3, 1992 with Nigerian workers, banks, registered insurance companies and federal government of Nigeria as contributors. It later metamorphosed into NHTF sometime in 2005, due to labour union agitation arising from their inability to benefit from their respective contributions into the fund. The fund further made it mandatory for certain categories of workers to contribute certain percentage of their respective monthly income into the fund before they could benefit therefrom as participants to enable them build, buy, or improve or renovate their houses. **The Federal Mortgage Bank of Nigeria (FMBN)** is the financial institution established by Decree 7 of 1977, with a take-of capital of about ₦20 million, which was later increased to ₦150 million in 1979 and supported by the World Bank to attain a capital of about ₦600 million. This led to the construction of housing units in about eight States of the Federation of Nigeria during the 4th National Development Programme (1980-85). It is the custodian of NHTF and the highest financial authority charged with the responsibility of licensing, regulating and supervising PMIs (commercial/merchant banks, insurance, housing corporation, property development companies, etc) in Nigeria. It invests in and provides financial and technical assistance for the production of building materials aimed at improving the overall performances in the housing sector. Sources of funding the NHTF include the Nigerian workers, banks, registered insurance companies, and the Federal Government of Nigeria.

LITERATURE REVIEW

Housing development is a vital economic activity, which provides substantial employment opportunities and one of the parameters for measuring the standard/quality of life, the level of technological advancement, culture and civilization within an environment. Provision of affordable housing for the citizenry has remained the principal focus of every successive government in Nigeria. This is because of the pivotal roles played by housing in national development and growth on one hand and its being a necessity in the life of the people, on the other. Omojinmi (2000: in Adedeji, 2005) observed that people who sleep outside the houses in the urban centres of Nigeria, out-number those that sleep inside the houses. Arayela (2002) also asserted that there is inadequate housing stock to cope with the ever-increasing population and the available housing facilities in Nigeria. Ajanlekoko (2001) reported that in Nigeria, housing is typically financed through a number of institutional sources: Budgetary appropriations, Commercial/Merchant Banks, Insurance Companies, State Housing Corporations and the FMBN. He further noted that the impact of informal institutions such as thrift and credit societies, and money lenders be properly quantified because they are largely uncoordinated, scattered and varied in scope and operational depth. This might have given rise to many informal residential /housing development activities largely embraced by the low-income households, where the 'sequential housing' development approach is adopted, which is based on affordability rather than need and provision of other supporting facilities. It is a system of building construction from micro to macro, subject to a time lag. Hence, the construction of housing structure through component parts or sub-units, which are often time dictated by available and affordable financial resources rather than the need (Jolaoso, Odebiyi, Musa 2008). Emeka (2010), reports that Nigeria requires about 15 trillion naira to solve its housing deficit estimated at 16 million units and noted that relying on the contributions from the NHTF would be counter-productive as there are about 40 million applications for mortgage from qualified Nigerians with about 2 billion naira monthly proceeds from NHTF. This suggests that the available fund from the NHTF is inadequate to meet up with the subsisting mass housing demand especially for the low income group. The inability of employers and/or collecting agencies to appropriately and timely remit (check-off dues from salary) contributions into the NHTF must have also contributed to the fund inadequacy. Dung-Gwom and Mallo (2008) also identify low income/wages, high lending rates, tax requirements, difficulties in land administration and mortgage transactions etc as the greatest impediments to accessing credits/loan facility. Erguden (2001) noted that poor promotion of security of tenure, inadequate infrastructures and housing finance systems, inadequate participation of communities in shelter development process and support to self-help and lack of effective implementation strategies are some of the constraints to achieving effective low income housing delivery in developing countries like Nigeria. He further revealed that the difficulty in having access to housing development elements like land, building materials, credit facilities have resulted in proliferation of informal settlements. These unsolved housing problems in most cases have prompted the poor urban dwellers to drift into the available low cost, low access or marginal land in the peri-urban areas compared to what is obtainable at the inner city or urban centres. Low-income groups in the developing countries tend to build their houses incrementally according to available financial possibilities, opting for relatively small amounts with a maximum of 5 years (Smets, 2005).

Housing represents not only the largest non-food household expenditure, but also the most valuable and main capital asset possessed by most low income households (Datta and Jones, 1999; Ferguson and Haider, 2000). A common belief is that one solution to poor housing is to increase the amount of income available to low income households. By so doing, it is expected that the means by which the poor are able to build more and better quality housing would be improved (Datta and Jones, 1999). Therefore, understanding the operation of and potential for housing finance is essential as argued by (Datta and Jones, 1999). Okpala (1994) maintains that the availability of formal housing finance systems is indispensable for effectively addressing the quantitative and qualitative housing problems in developing countries. Person's income power dictates the type of house, nature and level of his housing construction. Okupe (2000) posited that the bulk (over 90%) of Nigerian housing stocks are delivered by both the formal and informal private sector and that, majority of these are the low-income group. It is therefore expected that Government and non-governmental organisations need to synergise and ensure the formulation and development of policy at creating enabling strategy, whereby the low income households would be able to build or own houses at their convenience using available building materials and technology they could afford, but without jeopardizing their health and well being. Agbola (1998 & 2005) posited that the period of third National Development Plan was when housing units became more scarce and costly, relative to income and as such described the period as abysmal failure that met such programmes and projects with none of them exceeding 12% success rate. This implied that the Government housing programmes only favoured the high and middle income groups and were designed and built to completion through contractor, before being handed over to prospective users and without their respective inputs into the process. It therefore, suggests that the goal of the National Housing Policy of 1991 at ensuring that all Nigerians own or have access to decent, safe and healthy housing accommodation at affordable cost has not been achieved. Thus, implying that individuals had to resort into self-help approach and that, housing provision was achieved through either personal equity/cooperative formations or wholly/ partly subsidised by employers of labour through loans (mortgage financing and/or cooperative mechanism).

Lukman (2009) opines that the activities of the Federal Mortgage Bank of Nigeria have been marred by administrative bottlenecks, political and economic (in terms of low-income, inflation, recession) instability. Other impediments identified by him are inadequate fund allocation, poor implementation of related policies and stringent pre-requisites/conditions for accessing credit/loan facility for home-ownership. He further reveals that primary mortgage institutions are not even better because they are more interested in providing short-term credit market/facility, due to relative slow rate of returns, inflation, interest rates, eligibility and affordability levels of the prospective beneficiaries and/or inherent risks on long-term lending vis-a-vis ability to meet up with the repayment conditions. These unsolved housing problems in most cases have therefore prompted the poor urban dwellers to drift into the available low cost land in the peri-urban areas compared to what is obtainable at the inner city or urban centres. This forms the basis for the research problem.

Table 1: Funding Of National Housing Trust Fund

Source	Contribution to NHF and now NHTF
NIGERIAN WORKERS	Workers earning N3000.00 and above per annum whether paid employee or self-employed are mandated by Decree No 3 of 1992 to contribute 2.5 percent of their monthly salaries to the Fund as a means to ensuring their access to loan from the Fund
BANKS	Contribute to the Fund 10% of their loans and advances at an interest rate of 1% above interest payable on current accounts.
REGISTERED INSURANCE COMPANIES	Insurance companies are required to invest a minimum of 20% of their non-life funds and 40% of their life funds in real property development of which not less than 50% shall be paid to the NHTF through FMBN at an interest not exceeding 4%
FEDERAL GOVERNMENT OF NIGERIA	To make contributions both in local and foreign currencies to NHTF from time to time.

Source: FMBN (2006), Dung-Gwom (2009)

Table I reveals the sources of funding the NHTF which include the Nigerian workers, banks, registered insurance companies, and the Federal Government of Nigeria. Other information includes 10% Interest on estate loan; 6% per annum interest on loan to individual contributor; a repayment period of 30 years and that contributors could access loan through PMIs or housing corporations , while housing cooperatives could access loans from the National Housing Trust Fund for the provision of mass housing.

Pre- Conditions for Accessing Credit/Loan Facility from the National Housing Trust Fund (NHTF)

The pre-conditions for accessing NHTF require that prospective Individual must be a contributor to the Fund and must have contributed for a minimum period of six (6) months. Such applicant must disclose his/her current age and salary (income level), his/her years left in service (if employed); evidence of possession of valid title to land (Certificate of Occupancy) and the property to be mortgaged as collateral/security, which must be in conformity with the extant planning laws and regulations. The condition further require the loan to be granted to an individual shall not exceed 90 percent of the cost or value of the property, whichever is lower; and of that loan amount, 80 percent shall be provided by the Fund while the PMI, through which the application is made shall provide 20 percent. Applicants is/are expected to obtain and complete the FMBN standard Application Form for NHF Loan required by the PMI (in case of corporate organisations, cooperative formations etc), PMI's financial reports (annual audited accounts and returns for three months preceding application), current tax clearance certificate and Board Resolution supporting loan application; Fidelity Bond, Errors and Omission Insurance Policy; while in case of individual application, he/she is expected to complete and submit the standard PMIs Application Form for NHF loan alongside with current tax clearance certificate, evidence of contribution into the fund is/are required by individual applicants. Fulfilling these conditions qualifies Contributors access to credit/loan facility and to enable beneficiary build, buy, or renovate his/her house. The prevailing credit/loan ceiling facility for a contributor is ₦5million. The fund (NHTF) provides access to similar facility to Estate developers, housing corporations and the Federal Housing Authority (FHA) for housing development or building houses at affordable target price not exceeding ₦5million for sale to contributors through the Private Mortgage Institutions. Such credit/loan facility is granted on the basis of the contributor's ability to pay off within his/her 30 percent of his/her average monthly income and repayment plan of a maximum 30years tenor.

Ozili (2009) posits that the NHTF is inadequate in meeting up with the housing needs of its contributors. He further notes that the pre-conditions earlier stated for accessing loans are not affordable to the low income group and the poor. This however led to the emergence of Private Financial Institutions providing mortgage credit/loan facility to prospective home-owners and property developers. These Private Financial Institutions undertake savings and loans activities as well as, finance construction project, property brokerage and Local Purchase Order financing.

Ibuoye (2009) observes that the Private Financial Institutions often generate a net return of between 20 – 25% annually and are mostly conglomerates of commercial banks in Nigeria servings as channel for National Housing Trust Fund contributors. A survey of conditions for accessing credit for home acquisition was carried out by Dung-Gwom, et al (2009) on five Private Financial Institutions reveals that identified conditions attached to accessing credit for home acquisition by private financial institutions indicated denial of low income earners access to credit/loan facility; that there are instances where employers have refused to guarantee employees for loan even when they have satisfied other requirements; That the provision of 2.5% down payment presents a great challenge to low income earners who often finds it difficult to raise; and the Interest rates charged by private financial institutions are on the higher side. Consequently, cost of loan became very high.

Dung-Gwom, et al (2009) further revealed that the private financial institutions have always stated in principle that the tenor of repayment of credit/loan facility as 20 years but in reality are usually less than 20 years. Central Bank of Nigeria's report (2009), reflects that the ratio of banks to people in urban area is 1:33,000 while for rural area it is 1:57,000, and that about 35% of Nigerians have access to banks while 65% do not have access to it and are the poor/low income earners. This of course, will constitute a great limitation/impediment to accessing credit/loan facility for home-acquisition in Nigeria. These limitations/impediments include the contributor's requirement to provide evidence of land ownership in the form of certificate of ownership/title in which its procedure is very cumbersome and takes a long period of time to secure. It involves too many levies, taxes and fees for securing title, governor's consents and development permit. The Nigeria Land Use Decree/Act (LUD) which was promulgated in March 1978 provides that, all land were brought under the control of the State government and the rural land being controlled by the Local government. Its provision and its implementation appeared to have mopped out available pieces of land that could be used for other developments like houses for the masses by the people themselves. This policy action was expected to enhance the transformation of the Nation's property rights from a mixed private property rights to a collectivist framework (Iwarere 1994; Arimah 1997).

Iwarere & Megbolugbe (2008 p.205) posits that the contractual process precipitated by the re-assignment of property rights inherent in the leasehold estate to replace the freehold becomes more tedious and adversarial; that the property rights regime ushered in by the Landuse Decree/Act is less efficient and does not promote growth and conclude that the issue of land registration in the emerging economies have negatively affected the willingness of the supplier of housing finance to provide funds for housing acquisitions. Hence, in consideration of proper banking procedures, funds are not disbursed to borrowers until all lending conditions are met. Therefore, applications for funds to acquire houses are kept in abeyance until the land registration procedures are completed and the documentations submitted to the suppliers of housing finance, while the cost of building kept rising. The implication is that, where the funds are available, they are inadequate for the extant market price. This have in turn contributed to the impediments and as such, needs to be reviewed because it has not achieved its aim of equitable distribution of land.

RESEARCH METHODOLOGY

The methodology involves the collection of data from primary sources, relevant published and unpublished materials as well as sundry information. The study was complimented with reconnaissance survey on some selected housing units development in

Abeokuta, Ibadan and Jos metropolises on building types and their respective relative cost of construction. The study is limited to workers in the civil/public service or in the self-employment whose source of income is salary or wage oriented. Workers' income was established from the subsisting Consolidated Public Service Salary Structure (CONPSS) in use by Ministries, Departments and Agencies in Nigeria. The Average Basic Monthly Income- Repayment Plan and with respect to the prevailing pre-conditions for accessing credit/loan facility from National Housing Trust Fund and Private Financial Institutions through mortgage and the affordability table on the National Housing Fund (NHF) Loan were used to ascertain workers' eligibility or otherwise to access credit/loan facility. The information gathered is reviewed, discussed and descriptively presented.

DATA PRESENTATION AND DISCUSSION

Table 2: Determination of Workers Affordability and Eligibiltiy for Loan Monthly Repayment Plan and Average Cost of House Type

House Types & Loan Amount Required	Number Of Years Required For The Repayment On The Basis Of Subsisting 1/3 Average Basic Monthly Income/Salary Vis-A-Vis Grade Levels And At The Required 6% Interest/Annum															
(₦) grade level	**01**	**02**	**03**	**04**	**05**	**06**	**07**	**08**	**09**	**10**	**12**	**13**	**14**	**15**	**16**	**17**
Maximum of 2.0 million	83	78	74	69	64	49	37	**29**	**25**	**21**	**18**	**17**	**15**	**14**	**13**	**12**
Maximum of 3.0 million	124	117	112	104	96	74	55	44	37	32	**28**	**25**	**23**	**22**	**19**	**18**
Maximum of 4.0 million	165	157	149	139	128	98	74	58	49	43	37	34	**30**	**29**	**26**	**24**
Maximum of 5.0 million	207	196	187	174	160	123	92	73	62	53	46	42	38	36	32	**30**

Source: Author's Computation (2010).

Table 2 considered and applied subsisting Average Basic Monthly Income of workers with maximum tenor of repayment at 30 years in determining their affordability and eligibility for accessing NHTF credit/loan facility. It reveals that none of the workers on grade levels 01 -07 (low income group) can neither afford nor eligible to access the NHTF credit/loan facility and that workers on grade levels 08 -09 could afford and are eligible to access a maximum of ₦ 2.0 million credit/loan facility; while the most senior workers on grade levels 10 and above could afford and are eligible to access between ₦ 2.0- 4.0 million credit/loan facility and that only the workers on grade level 17 could only afford and are eligible to access up to a maximum of ₦ 5.0 million credit/loan facility through the NHTF, provided that their respective remaining period in service/employment is not less than twenty years.

Table 3: Determination Of Workers Affordability And Eligibiltiy For Loan Monthly Repayment Plan And Average Cost Of House Type

House Types & Loan Amount Required	Number Of Years Required For The Repayment On The Basis Of 1/3 Average Basic Monthly Income/Salary Vis-A-Vis Grade Levels, **Anticipated New Minimum Monthly Wage Of ₦18,000.00** Bench Mark Or 300% Increase Across Board And At The Required 6% Interest/Annum															
(₦) grade level	**01**	**02**	**03**	**04**	**05**	**06**	**07**	**08**	**09**	**10**	**12**	**13**	**14**	**15**	**16**	**17**
Maximum of 2.0 million	**27**	**26**	**25**	**23**	**21**	**16**	**12**	**10**	**8**	**7**	**6**	**6**	**5**	**5**	**4**	**3**
Maximum of 3.0 million	41	39	37	34	32	**25**	**18**	**15**	**12**	**11**	**9**	**8**	**8**	**7**	**6**	**5**
Maximum of 4.0 million	55	52	49	46	42	33	**25**	**19**	**16**	**14**	**12**	**11**	**10**	**10**	**9**	**8**
Maximum of 5.0 million	69	65	62	58	53	41	**30**	**24**	**21**	**18**	**15**	**14**	**13**	**12**	**11**	**10**

Source: Author's Computation applying anticipated increase in Average Basic Monthly Income

Table 3 considered and applied anticipated increase in Average Basic Monthly Income of workers (at minimum bench mark of ₦18,000.00 or 300% wage-increase across board) with a maximum tenor of repayment at 30 years in determining their affordability and eligibility for accessing NHTF credit/loan facility. It reveals that all workers on grade levels 01 -17 would be able to afford and be eligible to access the NHTF credit/loan facility up to the tune of ₦ 2.0 million and that workers on grade levels 07 -17 could afford and are eligible to access up to a maximum of ₦ 5.0 million credit/loan facility; while workers on grade level 06- 07 could still afford and be eligible to access up to a maximum of ₦ 3.0

million credit/loan facility through the NHTF. The table ordinarily assumed that participating workers on each level are at their first year of employment. But considering change in status (i.e. rise from one level to another, like GL.06 – 12 or 14) by promotion or appointment or any other similar adjustment vis-a-vis length of service, it implies that the determination of contributors' affordability and eligibility to access NHTF credit facility will also depend on their respective years-left- in- service or in active employment, which must not less than twenty years.

FINDINGS

The summary of findings is as follows:

- That contributors must be gainfully employed and/or have a reasonable means of regular income. He/she must have contributed for a minimum period of six (6) months into a designated bank account and must have not less than a period twenty years left in service (if employed), irrespective of their entry, rise and current salary grade level; and/or 2.5% down payment of the total value of credit/loan required.
- Contributors in public and organised private sectors must domicile their salary account with the designated banks providing fund to the PMIs, while their respective employers would suffice as guarantor(s).
- That contributors must provide evidence of possession of valid title to land (Certificate of Occupancy) and/or the building acquired with the loan as collateral security and that affordability and eligibility of the contributors' access to NHTF for home-acquisition is determined on a repayment plan and a maximum tenor of thirty years based on the contributors' 1/3 average basic monthly income and at 6% interest/annum.
- That accessing credit/loan facility for home acquisition by low income earners directly from Private Mortgage Institutions whose source of funding comes from commercial banks is expensive due to low savings rate, rising interest and inflation rates. Consequently, an average investor would rather prefer to invest in the informal sector, where return on investment would be above the inflation.
- The number of potential home-owners or applicants for accessing NHTF credit/loan facility is more than investible funds available for housing finance supply.
- Workers on grade levels 01 -07 (low income group) can neither afford nor be eligible to access the NHTF credit/loan facility for even the least of the house types (i.e. one-bedroom bungalow); while workers on grade levels 08 -09 can only afford and are eligible to access a maximum of ₦ 2.0 million credit/loan facility for only one-bedroom bungalow;
- Most senior workers on grade levels 10 and above can afford and are eligible to access between ₦2.0 - 4.0 million credit/loan facility for one-bedroom to three bedroom bungalow and that only the workers on grade level 17 can afford and are eligible to access up to a maximum of ₦ 5.0 million credit/loan facility through the NHTF for home-ownership and within the allowable tenor of repayment plan (i.e. one-bedroom to four bedroom bungalow) depending on the finishing taste.
- Most of the contributors lack capacity to afford loan amount that can acquire houses for themselves as a result of the subsisting low income, but with wage increase by about 300% (i.e. ₦18,000.00 as minimum monthly wage/income) as illustrated in table 3, all categories of workers (G.L. 01 -17) would be able to afford and be eligible to access the NHTF credit/loan facility up to a minimum of ₦ 2.0 million (an equivalent of average cost of one-bedroom bungalow) through the NHTF.
- And that housing deficits especially for the low income earner keeps increasing and that self-help approach might have instigated the establishment of National Housing Trust Fund
- for low income housing delivery in Nigeria.

RECOMMENDATIONS

Based on the findings stated above there is need for upward review of salaries for workers (especially the low income earners) to enhance contributors' affordability and eligibility status in order to facilitate their access to credit/loan facility for home acquisition/ownership through NHTF or mortgage. Group acquisition, ownership and documentation of land by employers or cooperative societies for and on behalf of individual members of such formations need to be encouraged by the government apart from the need to review the landuse act such that the process of registering land titles, obtaining governor's consent etc are not cumbersome but made faster and less burdened with taxes, levies and fees. The Government needs to provide a regulatory mechanism on lending rates that is pro-poor or low income earner-friendly. Cooperative formations for self-help contribution, in which Jolaoso, Odebiyi and Musa (2008a) had noted to be viable sources of mobilising substantial capital for financing low income housing delivery as an informal financial mechanism should be integrated into the formal sector under the supervision of the mortgage institutions. It is also recommended that the emerging sequential housing development approach be further encouraged for mobilising funds and construction of house units at affordable cost without jeopardising quality and safety. This of course must be carried out in collaboration with relevant professional bodies, construction development banks and Private Mortgage Institutions in an inclusive manner and as an investor-guided development that could include the investment of the pensions fund in housing delivery on a long-term lending basis.

CONCLUSION

The paper noted there has been a rise in the housing deficit and identified low income, low savings rate, high interest and inflation rates as factors delimiting low income earners' access to the NHTF for home-acquisition/ownership. It also reveals that there are more applications from eligible contributors over and above the investible funds available for housing finance supply. Most contributors lack capacity or chance to access credit/loan facility for home acquisition. The paper therefore concludes that the National Housing Trust Fund through FMBN is not easily accessible for low income housing delivery in Nigeria due to the subsisting low average monthly income. It is hoped that the enunciated recommendations, if and when adopted as complimentary strategy will encourage more participation, stimulate more contribution and improve upon fund mobilisation that will in turn enhance low income earners' access to NHTF credit/loan facility for home acquisition or ownership and low income housing delivery.

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APPENDIX

Table 4: Average Cost of Housing Types

Housing Types	**Average Cost**					
	Year 2006-2008			**Year 2008-2010**		
	Jos	**Ibadan**	**Abeokuta**	**Jos**	**Ibadan**	**Abeokuta**
One-bedroom bungalow	N1.5m *	1.8m	1.55m	1.65m	2.25m	1.75
Two-bedroom bungalow	N2.5m *	3.5m	3.4m	2.75m	4.65m	4.5m
Three-bedroom bungalow	N3.5m *	4.0m	4.0m	3.8m	6.0m	5.5m
Four-bedroom bungalow	N4.5m *	5.5m	4.5m	5.0m	7.2m	6.5m

Source: Dung-Gwom (2008)*; Author's field survey (2010).

Table 4 indicates an average of 10-15% increase in the average cost of housing types over the stipulated periods and metropolises.

Table 5: Average Monthly Income of Public Sector Workers in Nigeria

Grade Levels	Average Basic Income /Month	1/3 Of Average Basic Income/ Month	Computation/Projections based on anticipated new minimum monthly wage of ₦18,000.00 as bench mark	
			Average Basic Income /Month	1/3 Of Average Basic Income/ Month
01	6030:95	2010.31	18,092.85	6030:95
02	6361.64	2120.54	19,084.92	6361.64
03	6680.64	2226.88	20,041.64	6680.64
04	7184.08	2394.69	21,552.24	7184.08
05	7805.18	2601.72	23,415.54	7805.18
06	10,196.56	3398.88	30,589.68	10,196.56
07	13,528.79	4509.59	40,586.37	13,528.79
08	17,198.76	5732.92	51,596.28	17,198.76
09	20,255.61	6751.87	60,766.83	20,255.61
10	23,484.99	7828.33	70,454.97	23,484.99
12	26,891.94	8963.98	80,675.82	26,891.94
13	29,731.27	9910.42	89,193.81	29,731.27
14	32,696.44	10,898.81	98,089.32	32,696.44
15	34,810.65	11,603.55	104,431.95	34,810.65
16	38,614.40	12,871.46	115,843.20	38,614.40
17	41,802.99	13,934.33	125,408.97	41,802.99

Source: National Salaries and Wages Commission, Abuja. Nigeria (2008) & Author's computation (2010).

The computation/projection columns reflect possible increase in volume (about 300%) contribution into the National Housing Trust Fund over the subsisting situation.

Table 6: Federal Mortgage Bank of Nigeria Affordability Table (2008) on the National Housing Trust Fund (NHTF) With Loan Amount At Six (6) Percent Interest Rate/Annum

Tenor (Years / Loan amount	5	10	15	20	25	30
	Monthly loan repayment (₦)	Monthly loan repayment (₦)	Monthly loan repayment (₦)	Monthly loan repayment (₦)	Monthly loan repayment (₦)	Monthly loan repayment (₦)
50,000.00	966.64	555.10	421.93	358.22	322.15	299.78
100,000.00	1,933.28	1,110.21	843.86	716.43	644.30	599.55
250,000.00	4,833.20	2,775.51	2,109.64	1,791.08	1,610.75	1,498.88
500,000.00	9,666.40	5,551.03	4,219.28	3,582.16	3,221.51	2,997.75
750,000.00	14,499.60	8,326.54	6328.93	5,372.23	4,832.26	4,496.63
1,000,000.00	19,332.80	11,102.05	8,436.57	7,164.31	6,443.01	5,995.51
1,250,000.00	24,166.00	13,877.56	10,548.21	8,955.39	8,053.77	7,494.38
1,500,000.00	28,999.20	16,653.08	12,657.85	10,746.47	9,664.52	8,993.26
1,750,000.00	33,832.40	19,428.59	14,767.49	12,537.54	11,275.27	10,492.13
2,000,000.00	38,665.60	22,204.10	16,877.14	14,328.62	12,886.03	11,991.01
2,250,000.00	43,498.80	24,979.61	18,986.78	16,119.70	14,496.78	13,489.89
2,500,000.00	48,332.00	27,755.13	21,096.42	17,910.78	16,107,54	13,988.76
2,750,000.00	53,165.20	30,530.64	23,206.06	19,701.85	17,718.29	16,487.64
3,000,000.00	57,998.40	33,306.15	25,315.70	21,492.93	19,329.04	17,986.52
3,250,000.00	62,831.60	36,081.66	27,425.35	23,284.01	20,939.80	19,485.39
3,500,000.00	67,664.81	38,857.18	29,534.99	25,075.01	22,550.55	20,984.27
3,750,000.00	72,498.01	41,632.69	31,644.63	26,866.16	24,161.30	22,483.14
4,000,000.00	77,331.21	44,408.20	33,754.27	28,657.24	25,772.06	23,982.02
4,250,000.00	82,164.41	47,183.71	35,863.92	30,448.32	27,382.81	25,480.90
4,500,000.00	86,997.61	49,959.23	37,973.56	32,239.40	28,993.56	26,979.77
4,750,000.00	91,830.81	52,734.74	40,083.20	34,030.48	30,604.32	28,478.65
5,000,000.00	96,664.01	55,510.25	42,192.84	35,821.55	32,215.07	29,977.53