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Introduction

The Nigeria Integrated Social Housing Cooperative Society Limited held a 2-day **Nigeria Housing Finance Conference, 2017** on 28th - 29th November, 2017. The theme of the Conference was: **“Financing Affordable Housing: Realities, Necessities and Possibilities”**. The aim of the Conference was to examine existing housing finance system in Nigeria, review global best practices, proffer lasting solutions and chart implementation plan for financing affordable housing in Nigeria. The Conference was also to be used to launch the Nigeria Integrated Social Housing Cooperative Society Limited (NISH), aimed at mobilizing, profiling and empowering off-takers of affordable housing, especially retirees, political appointees, professionals, entrepreneurs, private sector employees, artisans and others in the informal sector.

2. The Conference was well attended by a cross section of participants from the public, private and informal sectors, the building industry, political, economic and

financial analysts, primary mortgage institutions, bankers, investors, development experts and international partners, off - takers and the general public.

3. A total number of 15 Papers were presented at the Conference covering the following sub-themes: (a) Nigeria Housing Finance, Structure and Processes; (b) Innovative and Affordable Housing Strategies; (c) Off-takers' Cooperatives and Housing Finance; (d) Affordable Housing Solutions.

Observations

4. The following resolutions were reached in the course of the deliberations at the Conference:

- a. The Conference agreed that housing deficit in Nigeria, especially in the low and medium income range must be addressed deliberately, systematically and collaboratively by all stakeholders if we are to make significant improvements.
- b. The conference highlighted some of the challenges inhibiting delivery of affordable housing in Nigeria including land, technology, expert knowledge and skilled manpower, building materials, infrastructure and finance. Other issues highlighted include insurance of mortgages and properties, estate maintenance and management, legal framework like

foreclosure laws and Affordable Housing Bill. Housing Finance was highlighted as one of the most critical factor in housing delivery.

- c. Maximizing affordable housing and housing finance is so vital that it cannot be discretionary, rather it requires creativity and the legal backing of an Affordable Housing Bill and the leadership of the Federal and State Governments. While the government should lead the way, all other housing stakeholders have individual and collective role to play in surmounting these challenges and in turning the challenges to opportunities.
- d. Low access to finance is the most critical challenge in the delivery of affordable housing finance in Nigeria.
- e. The emphasis given to financing the supply side (developers) of housing delivery has not yielded the expected result, even as the demand side(off-takers) has received paltry attention
- f. Traditional mortgage institutions suffer from poor capitalization, and therefore have poor reach and are focused more on developers rather than off-takers.
- g. Mortgages, commercial banks' lending and their associated interest rates have proved unsustainable in delivering affordable housing to low income groups in Nigeria.

- h. The focus on mortgages as the sole source of formal (organized) funding of housing delivery has overshadowed even more effective citizen organized approaches to delivery of affordable housing.
- i. Prospective off-takers in Nigeria are hardly networked and have no savings culture to enhance their collective chances of accessing affordable housing delivery.
- j. Providing affordable housing through cooperative schemes facilitates the mobilizing of social capital for the purpose, and thus helps in reducing interest rates in housing finance.
- k. There is need for coordinated and complementary Federal and State Government efforts to provide enabling environment for sustainable delivery of affordable housing, in particular, to the low income group in Nigeria.

Recommendations

- 5. In the light of the observations made by participants the following recommendations were arrived at:
 - a. Off-takers should unite and imbibe savings culture under cooperative structures to improve their collective chances of renting or owning affordable housing.

- b. Developers should be socially responsible with their margins and not-for-profit developers around the world should be encouraged to invest in the affordable housing segment in Nigeria by government providing bankable off-takers' guarantees required to secure Exim Bank and other foreign funding.
- c. Federal and State governments should provide enabling environment for sustainable development of affordable houses for Nigerians by providing land at subsidized prices to housing cooperatives and by providing adequate mortgage finance at single digit interest rate through mortgage banks and other incentives to attract foreign funds into affordable housing in Nigeria.
- d. Federal government should also provide bankable off-takers' guarantees to encourage domestic and international developers in obtaining low interest funds from overseas to invest in affordable housing projects in Nigeria.
- e. The conference also highlighted the need for government to provide infrastructure using government employed engineers, architects, surveyors, estate managers and other such professionals instead of contractors

- f. The legislative arm of government should also consider enacting an Affordable Housing Bill and establishing Affordable Housing Fund for sustainability by mandating a percentage of the Consolidated Revenue Fund to be allocated to affordable housing fund annually. Ghost houses should also be taxed and proceeds be paid into the Affordable Housing Fund.
- g. The Central Bank of Nigeria should take the lead by creating a special window and intervention fund for mortgage finance at single digit interest rate for first time home buyers as it was done for the agricultural and other sectors and it was done in 2006 and 2007 during sale of government properties.
- h. The Federal Mortgage Bank and Federal Government Staff Housing Loans Board should be adequately funded to concentrate on mortgage financing rather than construction finance.
- i. The commercial and mortgage bankers should embark on financial innovations and reduce their margins and charges for processing mortgages and dedicate certain percentage of their portfolio to housing finance.
- j. Pension Commission of Nigeria (Pencom) should finalise the guidelines that will allow workers and retirees to utilize certain percentage of their

- pension contributions for either equity contribution or repayment of their mortgage. It should also create special purpose vehicle to invest a fraction of pension fund in affordable housing for pension contributors.
- k. Similarly, insurance companies should invest some insurance funds in affordable housing and indirectly create business for the industry in form of property and mortgage insurance. The insurance industry should also consider providing off-takers guarantees for developers interested in investing in affordable housing.
 - l. New building technologies for speedy and cost effective delivery of affordable housing should be encouraged through government incentives like pioneer status and tax holidays.
 - m. In addition to government sources of funding, other financing sources and options used globally should be explored including equity financing. Institutions like Shelter Afrique, Africa Development Bank and other Multilateral Institutions should be engaged to aggregate funding for affordable housing in Nigeria.
 - n. Nigeria Integrated Social Housing Cooperative Society Ltd was launched to provide a lead on how cooperative Societies can serve as Special Purpose Vehicle for investment and provision of housing for generality of their members at affordable prices and single digit interest. NISH is open

for individual and group memberships including from public private and informal sectors. Immediate effort should be made to secure land for NISH pilot project using SACCOS approach.

- o. Government Housing Finance Policies and Institutions should be streamlined and coordinated for maximum impact. Federal Mortgage Bank, Nigeria Mortgage Refinancing Company, Family Homes Fund, Nigeria Housing Finance Programme, Nigeria Housing Programme and other such Programmes should reconcile their role and policy thrust.
- p. Conference concluded that an urgent need exists for a paradigm shift in housing finance model from focusing on supply side (developers) to the demand side (off-takers).
- q. Database of off-takers in formal and informal sectors including their housing affordability should be developed so that housing provision could be tailored towards these data.
- r. Alternative strategies towards delivering affordable housing should be adopted including sites and services, public private partnership, public private people partnership, contractor financing, self-help among other strategies.

- s. Federal Housing Authority should live up to expectations by embarking on construction of affordable houses for the low and medium income brackets.
- t. Traditional mortgage institutions in the country should be better capitalized through government, local and foreign investors, to increase their reach and redirect their focus towards off-takers rather than developers.
- u. The rate at which citizens take up mortgages in Nigeria should be increased and focus should be shifted from the “dynamic middle class” that is non-existent to the “low income” group of Nigerians. All stakeholders, in particular, government and financial sector should focus on attaining a paradigm shift from financing the supply side (developers) to financing the demand side (off-takers).
- v. The Central Bank of Nigeria in collaboration with commercial banks should undertake deliberate policy and funding intervention to stabilize mortgage financing and emplace single digit interest rate in housing financing, especially for first time buyers.
- w. The important role of insurance in mortgage finance should be disseminated widely to all stakeholders, to ensure adequate enlightenment off-takers in particular.

- x. Off-takers must unite, network and embrace the savings and cooperative culture in order to improve their chances of renting or owning affordable housing. Viral mass housing should also be promoted through self-built social housing.
- y. In the long run, to reduce exclusive focus on mortgages and their associated high interest rates and tenor strictures, off-takers and other operators in the housing delivery sector should embrace the cooperative approach and the concept of “rent to own”.

Conclusion

6. The participants expressed their satisfaction at the efforts of the Federal Government to revamp the housing finance sector, as indicated in the proposed 2018 Federal Government Budget. They welcomed the call for networking and collaboration among operators in the sector, as well as the call for off-takers to embrace the cooperative approach. They agreed that NISH would play an essential role in bringing together housing cooperatives in Nigeria under one umbrella.

Done at Abuja, this 28th day of November, 2017.

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