

Housing Finance Conference 2017

- ▶ **The Nigeria Housing Sector**
 - ▶ (The Need for a Paradigm Shift)

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- We have heard from the Regulators, the Government and the Financial Institutions.
- I speak from the Housing Sector – YOUR SECTOR
- I have originated housing transactions every day for the last 21 + years
 - ▶ If I point a finger at you, 3 point back to me.

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- ▶ This paper will discuss the following questions:
 - Why do we need a “paradigm shift”?
 - What are the benefits?
 - What do we need to do to effect this shift?

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- Question: What do we expect of the Government in the area of Housing?
- 1. Funding Intervention
- 2. Funding Subsidies
- 3. Land allocation
- 4. Repeal/Amend the Land Use Act/Processes
- 5. Help with product/underwriting guideline development and marketing

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- **Paradigm Shift:**
 - It is NOT the Government's duty to give money.
 - It is not the Government's duty to teach us how to make money.
 - It is the Government's duty to facilitate an enabling environment for its citizenry to own homes, not for us to make profit.

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- **Major Issue with the Housing Sector on the industry side:**
- Not funding
- Not legal framework
- Not lack of land
- Major issue is...

Mismatch of Housing Supply to Housing Demand

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“If we build it they will come”:

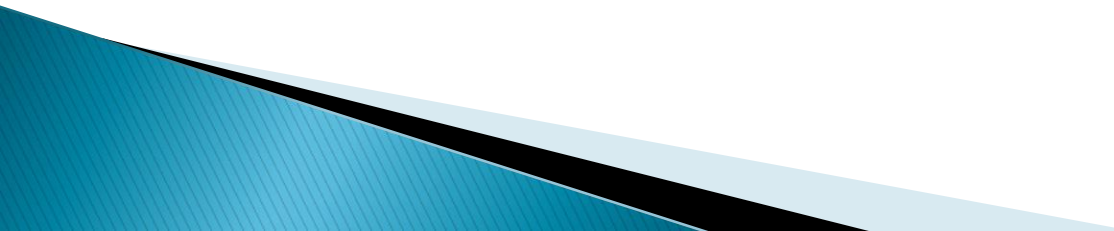
May have worked in the past, but obviously is not working now. EFCC is our best friend.

If we are building and no one is buying, is it that they can not get financing at all, or is it that they can not get financing to qualify for what we want to sell to them?

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Paradigm Shift as a

POSSIBLE SOLUTION



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- ▶ **1. Go Demand-based:**
- ▶ Financing Provider to prequalify Buyer first, before the go shopping for a home means:
 - ▶ i. Peace of mind for the Demand – Buyer (knows capacity)
 - ▶ ii. Peace of mind for the Supply – Builder no longer needs guesswork – build for a ready, willing and able Buyer.
- ▶ Investors will stop funding unmatched construction.

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2. Drive Policy:

Industry should be a driver of policy, and not wait for policy to be handed down to us.

We must support our Trade Groups. If we can't sign up to do a job, let us support those who step forward.

Vote and campaign in industry interest.

Do our part to facilitate government efforts to move the industry forward (e.g by providing data when requested, in true and clear form).

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3. **Speak the same Language:**

- “Tower of Babel Syndrome”
- (Perfect example of Standardization vs. Non-standardization)
- When we speak the same language, we create clarity, transparency and sustainability.

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- **4. Work with what you have:**
 - Sell monthly payment instead of just interest rate. (Effective MFB strategy)
 - Use the “Rent vs. Buy” analogy
 - Learn about programs that benefit your buyers (and educate them about all possible options)
 - Look for ways to actively reduce your costs

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NMRC Refinance Scenario: Mr. Obi

Loan Amount: 10,000,000.00 Naira

Interest Rate: 24% (Commercial Bank)

Term: 15 years (180 months)

Monthly payment: 205,827.36 Naira

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Refinance with NMRC:

Loan Amount: 10,000,000.00 Naira

Interest Rate: 19%

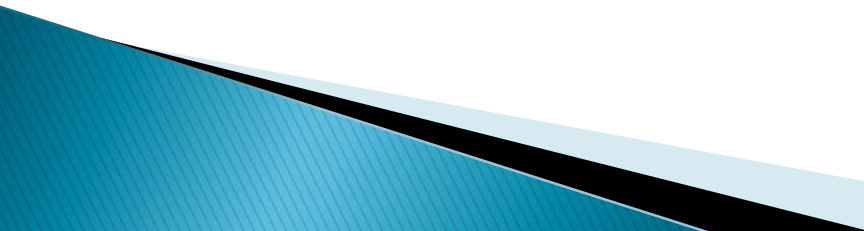
Term: 15 years (180 months)

Monthly Payment: 168,287.60 Naira

**Monthly Savings: 37,539.76 Naira

** Savings over 180 months: 6,757,156.80
Naira

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- ▶ 100 unit estate refinanced with NMRC if all terms remained the same would release
 - ▶ 675,715,680.00 into our economy.
 - ▶ I get this math (and I didn't even do well in School Cert math, which is why I became a Lawyer)
 - ▶ I hope this helps make my point
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THE END

Thank you for listening

QUESTIONS??