



Nigeria Housing Finance Conference 2017

THEME: Financing Affordable Housing:
Realities, Necessities and Possibilities
28th & 29th November 2017, Abuja, NIGERIA



4P: Public-Private-People Partnerships *Inclusive Housing: Open Market, Affordable & Social*



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CONTEXT

What is 'Affordable' Housing?

80% of Nigeria's Adults earn less than N500k p.a.

Adult Population
93.5m (2014e)

Income Classification of Nigeria's Adult Population

Growth Rates
By Income Segment

0.8%

0.8%

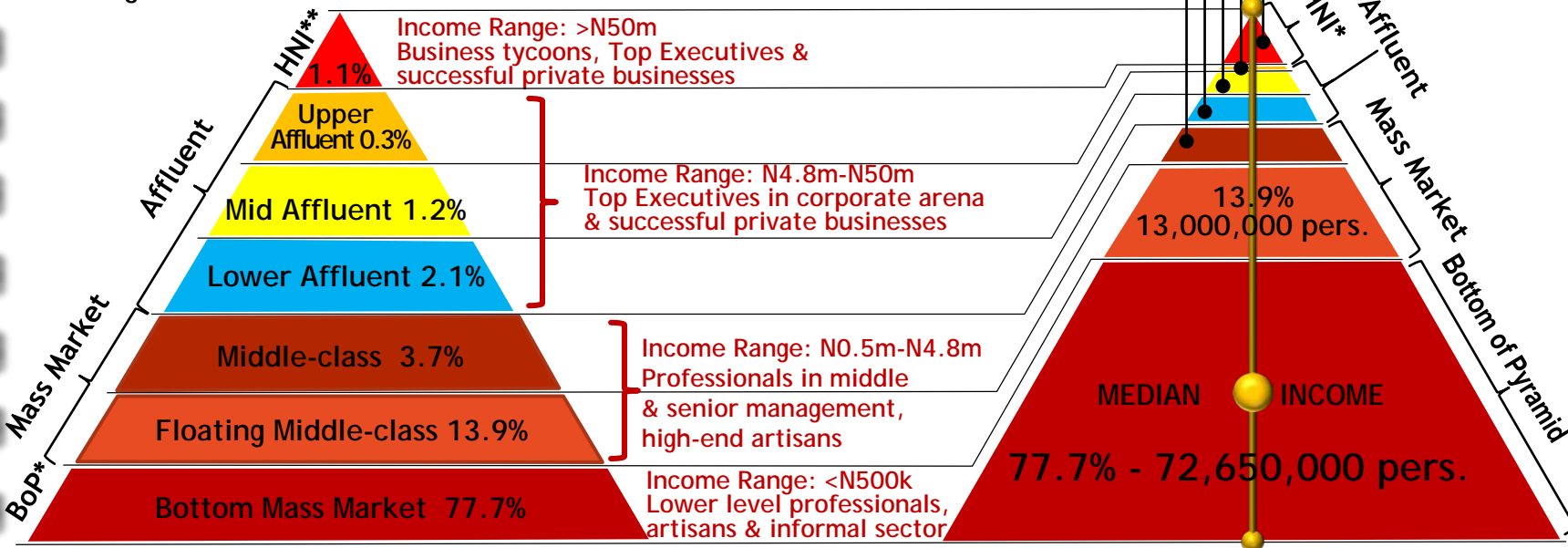
0.8%

0.8%

6.1%

6.1%

1.8%



** HNI - High Net-worth Individuals

* BoP - Bottom of Pyramid

Nominal (by name) Classification Pyramid

Data Source: KPMG, 2015. (Additional Analysis by SG)

Proportionate Classification Pyramid
(Illustrates the population numbers)

CONTEXT

Senior Civil Servants can barely *afford* housing.
Junior Civil Servants need support or 'Social Housing'.

Table XX: BoM Incremental Prototype Mortgage Affordability

Unit Type	Unit Size (Sqm)	Unit Cost (₦)	Monthly Payments* (₦)	APR/WAIR**	Household Income Required/month (₦)
Katsina Studio	23	1,035,000	8,983.01	9.99%	29,943.37
Katsina 1-BR	33	1,475,000	12,801.87	9.99%	42,672.90
Katsina 2-BR	51	2,286,000	19,840.75	9.99%	66,135.83
Katsina 3-BR	67	3,005,000	28,414.29	11.27%	94,714.30
Abuja Studio	40	1,860,000	16,143.37	9.99%	53,811.23
Abuja 1-BR	54	3,270,000	31,985.74	11.08%	106,619.13
Abuja 3-BR	90	7,250,000	86,230.09	15.06%	287,433.63
Abuja 4-BR	108	10,290,000	127,856.21	15.86%	426,187.37

*Monthly Payments: based on, 10% Deposit, 20-Year Tenor

**WAIR: Weighted Average Interest Rate

KATSINA STATE CIVIL SERVICE STAFF HOUSING AFFORDABILITY MODEL

Grade Level	GL/Step GL	(A) 30% Housing	2.50% NHF	Annual Salary	(C.) Cumulative Housing Exp*		(B) Years Career Years			Peak Earning		
					Jnr Staff	Snr Staff	Per GL	Jnr	Snr	Potential	GL/Step	
JUNIOR STAFF	1	18,656.50	5,596.95	466.41	223,878.00	134,326.80		2	2		23,603.58	Step 15
	2	18,946.63	5,683.99	473.67	227,359.56	270,742.54		2	4		25,659.83	Step 15
	3	19,164.17	5,749.25	479.10	229,970.04	408,724.56		2	6		27,435.58	Step 15
	4	19,988.75	5,996.63	499.72	239,865.00	552,643.56		2	8		29,925.63	Step 15
	5	20,571.83	6,171.55	514.30	246,861.96	700,760.74		2	10		33,036.75	Step 15
	6	26,013.05	7,802.02	650.33	312,156.60	888,054.70		2	12		40,085.08	Step 15
SENIOR STAFF	7	35,394.25	10,618.28	884.86	424,731.00	1,270,312.60		3	15		53,334.17	Step 15
	8	45,522.50	13,656.75	1,138.06	546,270.00	1,761,955.60	491,643.00	3	18	3	66,875.23	Step 15
	9	53,347.75	16,004.33	1,333.69	640,173.00	2,338,111.30	1,067,798.70	3	21	6	76,767.57	Step 15
	10	62,491.58	18,747.47	1,562.29	749,898.96	3,013,020.36	1,742,707.76	3	24	9	90,445.33	Step 15
	12	71,959.17	21,587.75	1,798.98	863,510.04	3,790,179.40	2,519,866.80	3	27	12	102,943.67	Step 11
	MANAGE- MENT STAFF	13	80,135.25	24,040.58	2,003.38	961,623.00	4,655,640.10	3,385,327.50	3	30	15	113,327.58
14		86,547.50	25,964.25	2,163.69	1,038,570.00		4,320,040.50	3		18	123,501.05	Step 11
15		121,535.75	36,460.73	3,038.39	1,458,429.00		6,070,155.30	4		22	161,481.17	Step 9
16		150,174.50	45,052.37	3,754.36	1,802,094.60		8,232,668.82	4		26	198,175.42	Step 9
17		295,578.33	88,673.50	7,389.46	3,546,939.96		12,488,996.77	4		30	372,552.55	Step 9

* Cumulative Housing Expenditure (30% Salary), over 30-Year Mortgage: $30\% \text{ Salary} \times \text{GL Years (C.)} = [(A1) \times 12 \times (B1)] + [(A2) \times 12 \times (B2)] \dots \text{etc.}$

DEFINITIONS

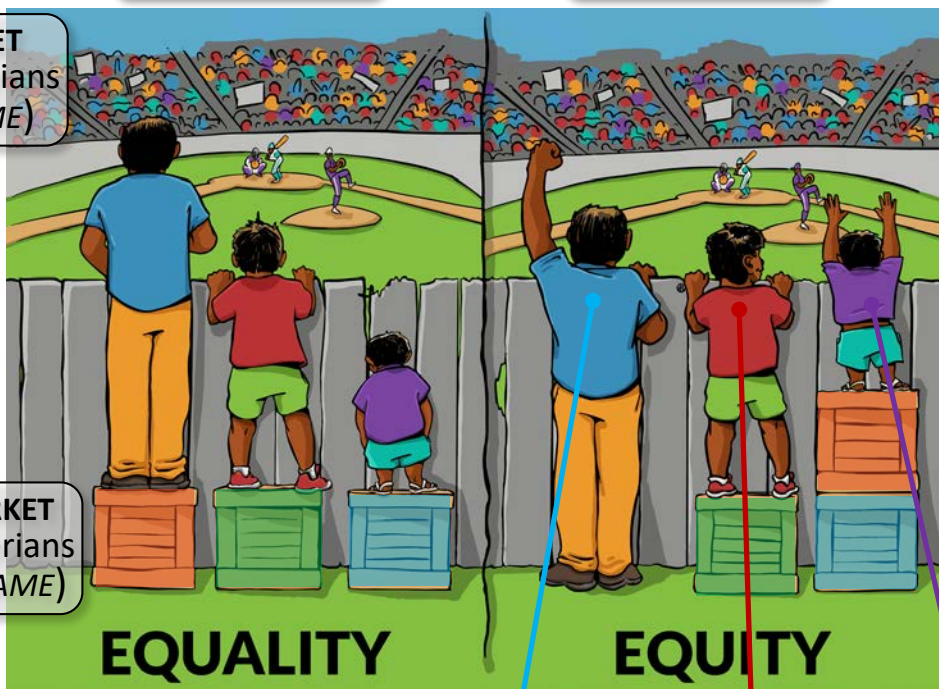
Towards an *Inclusive* Housing Approach:
i) Open Market, ii) *Affordable* & iii) *Social* Housing.

EXCLUSION

INCLUSION

FORMAL MARKET
10 to 20% of Nigerians
(INSIDE THE GAME)

INFORMAL MARKET
80 to 90% of Nigerians
(OUTSIDE THE GAME)



Source: <http://interactioninstitute.org>

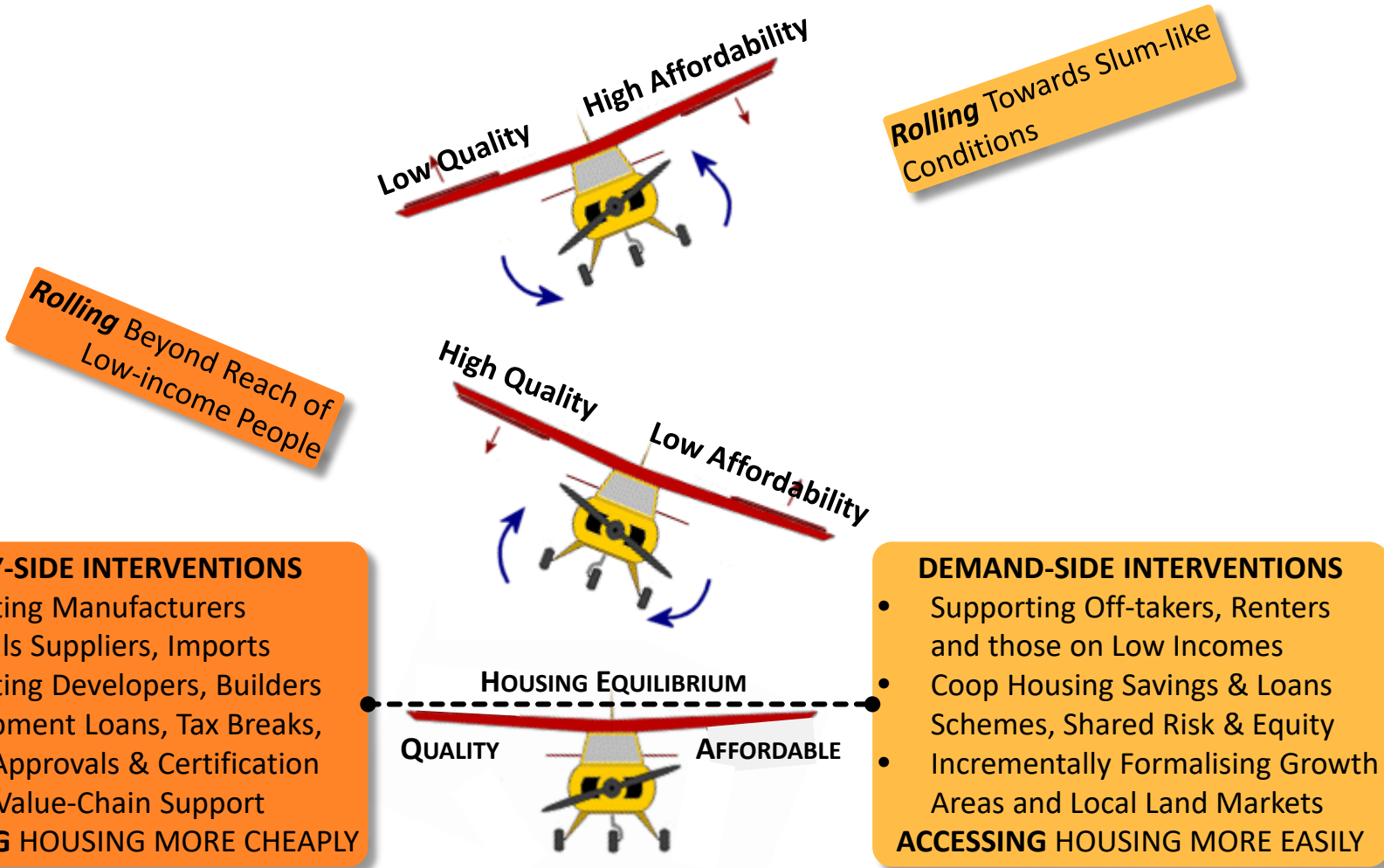
OPEN MARKET HOUSING
(Able to Pay Their way)

'AFFORDABLE' HOUSING
(Need Support To Rent or Buy)

'SOCIAL' HOUSING
(Long-term Rental)

CHALLENGE

Achieving *Housing Equilibrium*:
Via Supply-side & Demand-side Interventions.



Rolling Beyond Reach of Low-income People

Rolling Towards Slum-like Conditions

- SUPPLY-SIDE INTERVENTIONS**
- Supporting Manufacturers Materials Suppliers, Imports
 - Supporting Developers, Builders
 - Development Loans, Tax Breaks, Easing Approvals & Certification
 - Supply Value-Chain Support
- DELIVERING HOUSING MORE CHEAPLY**

- DEMAND-SIDE INTERVENTIONS**
- Supporting Off-takers, Renters and those on Low Incomes
 - Coop Housing Savings & Loans Schemes, Shared Risk & Equity
 - Incrementally Formalising Growth Areas and Local Land Markets
- ACCESSING HOUSING MORE EASILY**

INNOVATION

What New Approach(es), or Insight(s) Are Available, or Being Proposed?

***VIRAL* Mass Housing**



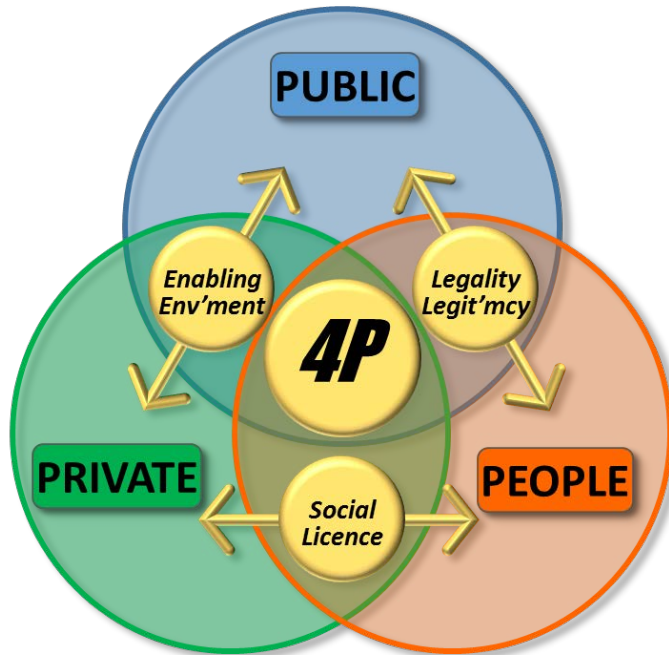
➤ ***VIRAL* Mass Housing**
(Informally-led Growth)

➤ **Micro-Homes/Plots**
(i.e. 1/4 Plot, 1/2 Plot)

➤ **Self-Build Delivery**
(Contractor/Developer)

INNOVATION

**How Will the New Approach(es) Bridge the Poverty Gap?
To Help Deliver Critical, Affordable Services?**

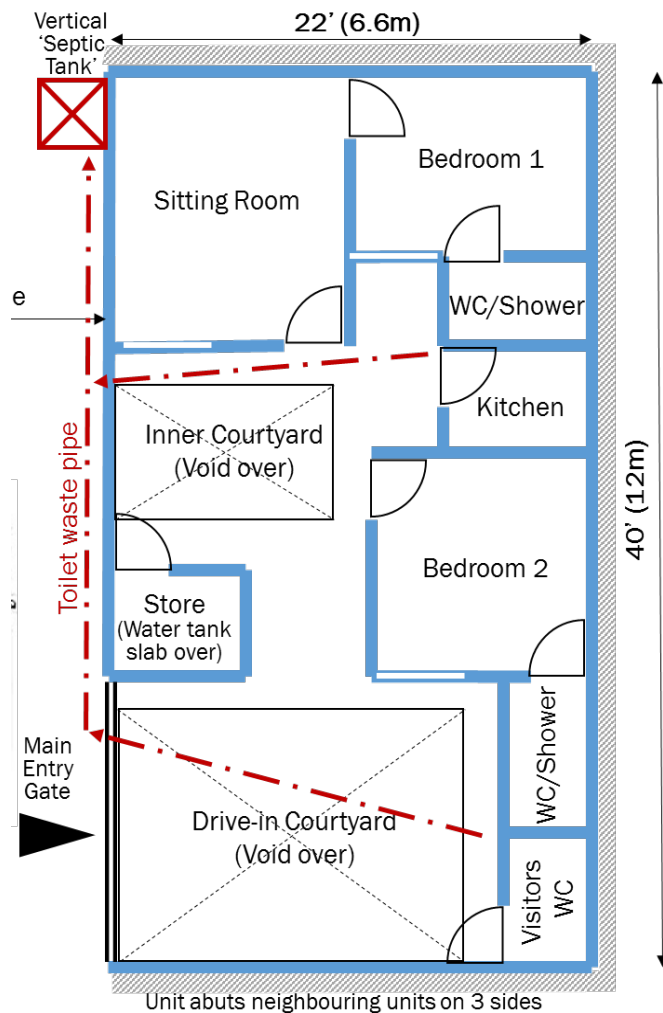
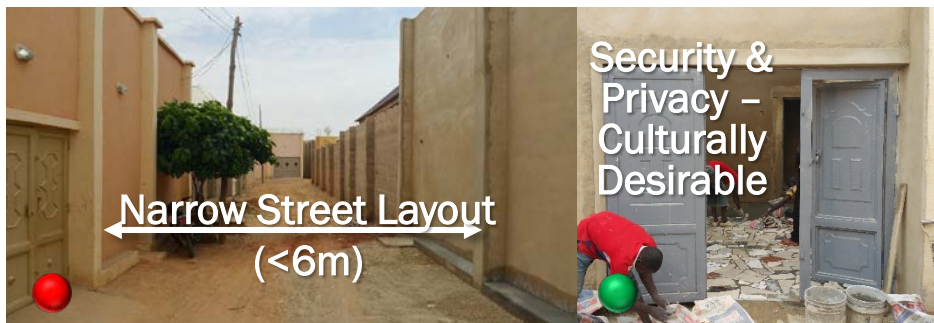


URBAN SECTOR CASE:

- **4P: Public-Private-People Partnerships**
- **UnSlumming Cities**
(Unwinding Informality)
- **Internal Gentrification**
(Socially Inclusive)

CASE STUDY

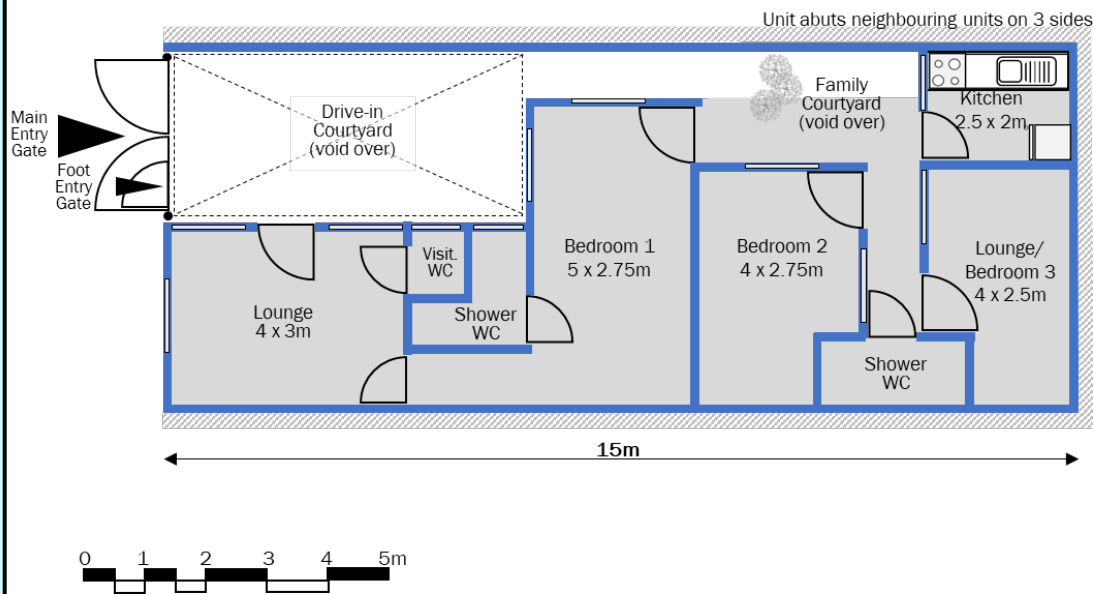
Kwado Community-Planned (Informal) District: The Emirate Land Tenure System in Katsina City.



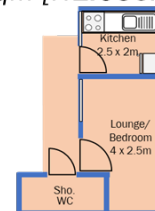
ADAPTATION

Katsina-Styled Affordable Housing: Incremental, Micro-Home, Formal-Informal Hybrid.

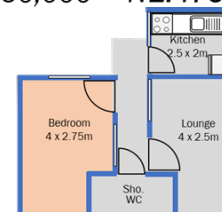
Phase 4: 3BR (2BR+1BR+Lounge+Extl. Wks.), 90sqm [+N1.20m] **N3.6m**



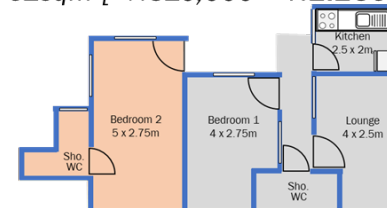
Phase 1: Studio (Base Unit) - 23sqm [N1.035m]



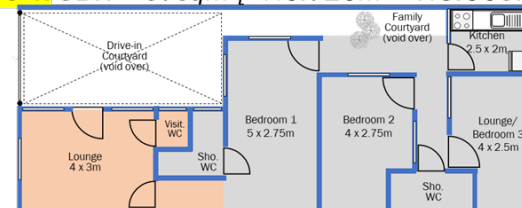
Phase 2: 1BR - 33sqm [+N450,000 = N1.475m]



Phase 3: 2BR - 51sqm [+N810,000 = N2.285m]



Phase 4: 3BR - 67sqm [+N0.720m = N3.005m]

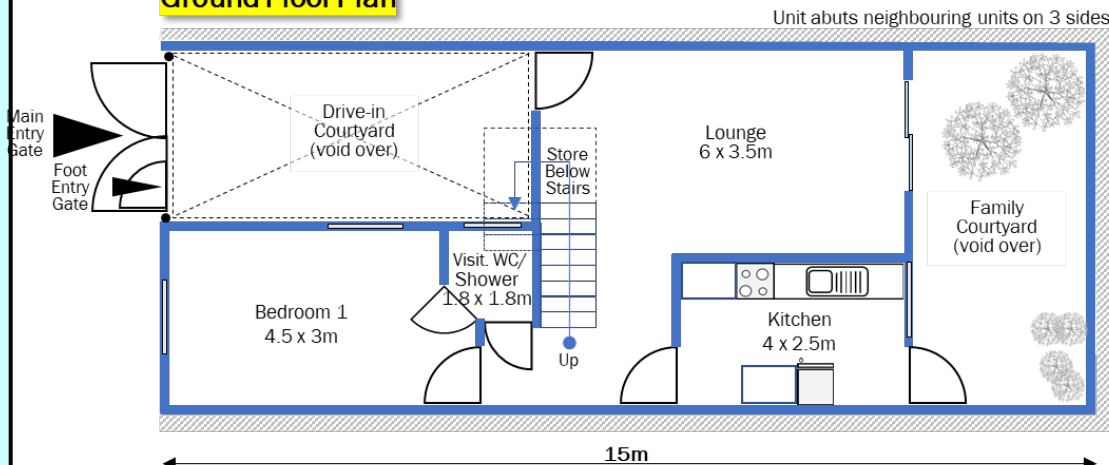


ADAPTATION

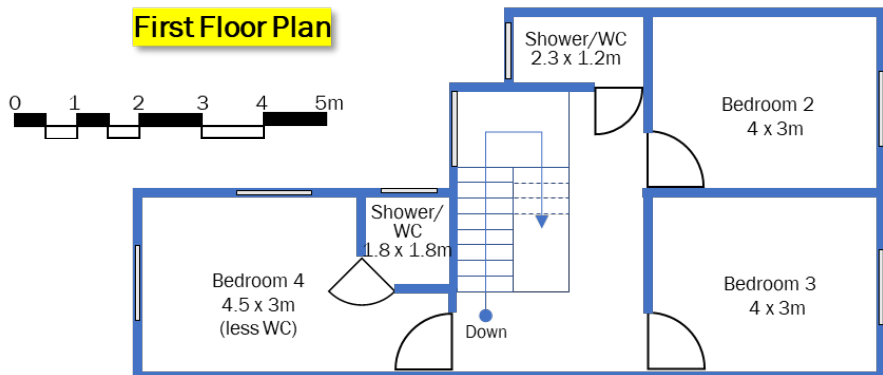
Abuja-Styled Affordable Housing: Incremental, Micro-Home, Formal-Informal Hybrid.

Phase 4: 4BR (3BR Unit + 1BR) – 108sqm [+N3.04m] **N10.28m**

Ground Floor Plan



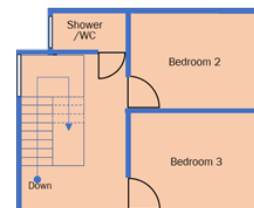
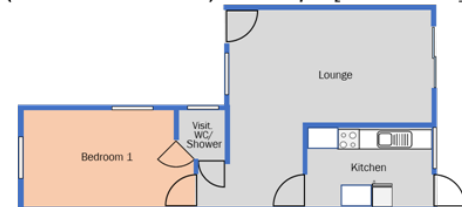
First Floor Plan



Phase 1: Studio (Base Unit) – 40sqm [N1.86m]



Phase 2: 1BR (Base Unit + 1BR) – 54sqm [+N1.40m]



Phase 4: 4BR (3BR Unit + 1BR) – 108sqm [+N3.04m]

