

## Effect of Infrastructure Provision on Self-Financed Housing Development in Akwaibom State, Nigeria.

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**Abstract:** Infrastructure provision plays a key role in the development of self-financed housing as well as other economic developments within an area. This research aims at examining the effect of infrastructure provision on self-financed housing development in Nigeria. Descriptive survey research design was adopted on a population of two thousand one hundred and sixty-five property developers. Statistical Mean and Pearson Product Moment Correlation Coefficient techniques were used in analyzing the data obtained. The result indicated that the provision of infrastructure has a strong positive effect on self-financed housing development; and that the development of self-financed housing is strongly affected by the provision of infrastructure with a coefficient of .99 using Pearson Product Moment Correlation Technique. Conclusions made are; that the provision of infrastructure enhances the value of self-financed houses; it opens up the hinterland and encourages self-financed housing; it leads to higher satisfaction on property owners as well as higher value on the property itself; and that infrastructural provision promotes housing delivery through self-financed housing developments.

**Keywords:** Effect, Infrastructure, Self-financed Housing and Development.

### 1.0 INTRODUCTION

Infrastructure is a wide term which encompasses every facet of the lives of the people from the physical structures to human development, service delivery and management of completed developments. It is the physical and organizational structures needed for the operation of a society or enterprise. Infrastructure is classified into 'Hard' and 'Soft' types. "Hard" infrastructure refers to the large physical networks necessary for the functioning of a modern industrial nation, whereas "soft" infrastructure refers to all the institutions which are required to maintain the economic, health, cultural and social standards of a country, such as the financial system, the education system, the health care system, the system of government, and law enforcement, as well as emergency services. Engineers generally limit the use of the term "infrastructure" to describe fixed assets that

are in the form of a large network, in other words, "hard" infrastructure. Recent efforts to devise more generic definitions of infrastructure have typically referred to the network aspects of most of the structures, and to the accumulated value of investments in the networks as assets. One such effort defines infrastructure as the network of assets "where the system as a whole is intended to be maintained indefinitely at a specified standard of service by the continuing replacement and refurbishment of its components"; while the military strategists use the term infrastructure to refer to all building and permanent installations necessary for the support of military forces, whether they are stationed in bases, being deployed or engaged in operations, such as barracks, headquarters, airfields, communications facilities, stores of military equipment, port installations, and maintenance stations. (D O D, 2001)



Infrastructure as a term can be described in different ways to convey different meanings. For example, critical infrastructure, urban infrastructure, green infrastructure, etc. Critical infrastructure has been widely adopted to distinguish those infrastructure elements that, if significantly damaged or destroyed, would cause serious disruption of the dependent system or organization. Storm, flood, or earthquake damage leading to loss of certain transportation routes in a city, for example bridges crossing a river, could make it impossible for people to evacuate, and for emergency services to operate; these routes would be deemed critical infrastructure. Urban or municipal infrastructure refers to hard infrastructure systems generally owned and operated by municipalities, such as streets, water distribution, and sewers. It may also include some of the facilities associated with soft infrastructure, such as parks, public pools and libraries. Green infrastructure is a concept that highlights the importance of the natural environment in decisions about land use planning. In particular there is an emphasis on the "life support" functions provided by a network of natural ecosystems, with an emphasis on interconnectivity to support long-term sustainability. Examples include clean water and healthy soils, as well as the more anthropocentric functions such as recreation and providing shade and shelter in and around towns and cities. The concept can be extended to apply to the management of storm water runoff at the local level through the use of natural systems, or engineered systems that mimic natural systems, to treat polluted runoff (U. S. EPA, 2007).

The term infrastructure, viewed functionally refers to those public provisions which facilitate the production of goods and services, and the distribution of finished products, as well as basic

social services such as schools and hospitals, roads, streets, bridges, etc. Infrastructure network is the very socio-economic climate created by the institutions, (public or private) which serves as conduit of trade and investment (Ajibola, Awodiran & Sule, 2013). The roles of infrastructure in the context of integration are transformative, helping to change resources into output or to enhance trade by removing barriers. Therefore, an improvement in a country's infrastructure is one of the key factors affecting long term growth of a country. Apart from the production and consumption of goods and services, infrastructure also creates other impacts which bother on the general life in a society like the development of self-financed housing.

Urban infrastructure, aside being a major pointer of environmental quality, is a critical agent for the socio-economic development of an urban area as observed by Okusipe (1999). It is seen to play a significant role in the economic, social and environmental aspect of life of an urban setting (Ajibola et al, 2013).

In the words of Nubi (2002), infrastructure is described as the aggregate of all facilities which allows a city to function effectively. It is seen as a wide range of economic and social facilities, crucial to creating an enabling environment for economic growth and enhances quality of life. These include electricity, pipe borne water, drainage, waste disposal, roads, sewage, healthcare, education, telecommunication and institutional structures like police stations, firefighting stations, banks, post office, etc. in other words, infrastructure is the large scale public services or systems, services and facilities of a country or region that are necessary for economic activities, including power and water supplies, public transportation, telecommunication, roads and schools.



Borrowed from American Heritage Dictionary Editors (2000), infrastructure is defined as the basic facilities, services and installations needed for the functioning of a community or society, such as transportation and communication systems, water and power lines, and public institutions including schools, post offices and prisons, etc.

Donald, (1974) also explained the term infrastructure to mean physical structures and facilities that are developed or acquired by public agencies to enhance governmental functions and provides water, power, waste disposal, transportation or similar services to facilitate the achievement of common social and economic objectives. Fox (1994) brought up his own definition of the term to involve those services derived from a set of public works traditionally by the public sector to enhance the private sector production and to allow for household consumption. He sees it as the facilities with high fixed cost, long economic lives, strong links to economic development, and a tradition of public sector involvement; the services provided forms the underpinning of the nation's defense, a strong economy and our health and safety, which includes highways, streets, roads, and bridges; airports and railways; public transits; transportation, water supply, waste water treatment, water resources, solid waste, and hazardous waste services.

As presented above, the main characteristic in the definitions involve physical features, facilities or utilities which are usually put in place by public involvement and expenditure, and are aimed at facilitating the efficient functioning of a society. As society develops, the need to provide basic Infrastructure for the wellbeing of the inhabitants arises. Most of the Infrastructure are capital intensive to procure and perhaps also to maintain,

and these services are usually provided by the different levels of government in the federation, although private sector participation is now gradually becoming noticeable due to the liberalization policy of some aspect of the national economy by the present administration (Iseh, 2003).

Self-financed housing is direct opposite of public housing provision. It is a practical method of creating affordable housing, with the owner providing the requisite funds needed, and at the owners' convenience. This involves owners constructing on land for which they have legally recognized tenure. The outcome is a house that the owner can call a place of their own in which they have invested time, hard earned income, and which provide a source of pride (Smith, 2008), a sense of control missing in public housing. This type of housing could be for individual owner's occupation, or for letting in which the owner invests and have the overriding control. However, the owner or provider of funds needed in the development can as well contract out the project on site to a paid contractor who is experienced, and has the technical capability to deliver the job.

The main characteristic of this form of housing is that it is hardly abandoned. The reason is that the investor who provides the funds for the development, is quite aware of it opportunity cost and the losses that will arise in the event of an undue delay.

## 2.0 INFRASTRUCTURE PROVISION IN PRE-COLONIAL NIGERIA

The provision of infrastructure or what is sometimes referred to as social services began in the pre-colonial period among the various ethnic groups in Nigeria. Since social services are services rendered to individuals, groups or



communities either by government or voluntary agencies to cope with the social problem and to enhance the welfare of people individually and collectively (Sanda1981:8). This service requirement was at a very rudimentary stage in the pre-colonial era and was handled at the community level.

The advent of colonialism brought a new phase in the provision of local services. It must be pointed out that the two principal objectives that guided the British policy in West African dependencies (Okafor 1981:5), were associated with the idea of trusteeship and the welfare of the masses. The colonial administration also proposed that for self-government to be granted to Africans, they should be trained in the art of democracy. This necessitated Earl Grey in 1840s to advocate the creation of a system of municipal government and to use same to train the inhabitants of dependencies in civil responsibility. It was Grey's proposal that made Sir Cornelius Alfred Moloney, the administrator of Lagos colony from 1886-1890, to establish during his tenure, a Health Board in the colony. Specific social problems brought about new ordinances to combat them. For instance, new legislations were promulgated following the outbreak of post-world war I epidemics and the bubonic plague of 1924 in Lagos. Also the outbreak of fire in Lagos in 1877 led to the public ordinance which specified the space required between houses with thatched roofs. This was put at not less than seven feet apart. By 1877, the first "inspector of Nuisance" was appointed and by 1897, Lagos had both a sanitary and medical department. During Governor Clover's term, an organization called Lagos Ladies League operated as a health organ to combat the rate of malaria (Iseh, 2003).

The activities of the missionaries in the provision of infrastructure or social services cannot be left

out here. Such activities complemented that of the British government who actually restricted her own social services in Nigeria because, it believed that each dependency must be self-supporting (Okafor, 1981:38). The missionaries placed much emphasis on education and strove frantically to train the Africans under their care. One Mr. Henry Vern, the famous CMS secretary brought into existence the "Native Agency Committee" which was dedicated to training out European artisans to work in African alongside the missionaries (Olusanya, 1975:2), but as the northern Nigeria was closed to the missionaries because of the fear by the British government that they might pollute and consequently poison the minds of the northern against the British government, the impact of the missionaries became greatly felt in the south (Bangbose, 2003); especially in the provision of infrastructure/social services. These were all in attempt to provide the people with basic infrastructure, or what is called social services.

### **2.1 Infrastructure Development in Nigeria Today**

As stated by Iseh in his book titled, "Urban Finance and Infrastructural Development in Nigeria", pages 35-40; 'urban infrastructure propels the socio-economic growth of a city. To be able to do this, not only should the physical structures be put in place, they must also be properly maintained. Also, they must always be seen to be in good performance conditions'. Key among urban infrastructure are electricity supply, water supply, road networks, communication, drainage, sewage disposal, among others.

### **2.2 Electricity Supply**

Nationally, the supply of electricity has been the sole responsibility of the Power Holding Companies of Nigeria. Regular supply of electricity is very necessary for the all-round development of any nation. Aside domestic uses,



commercial and industrial concerns need constant supply of electricity for their businesses. However, electricity supply here is characterized by frequent cuts; sometimes some communities may remain without electric power supply for hours, weeks and even months (Iseh, 2003).

Owing to the 'epileptic' electricity supply, many consumers have resorted to using alternatives such as lantern, kerosene stove, gas lamps, and generators. The irregular supply of electricity has caused many industries or some other commercial concerns to produce below capacities and, in some extreme cases, fold up, thereby forcing many employees into the labour market. Also the use of these alternative sources of power supply are very expensive, inefficient and insecure as they have sometimes caused explosions resulting in loss of lives and properties.

### **2.3 Water Supply**

One of the foremost needs of man for his daily survival is water. Realizing man's need for water, governments over the years have created one agency or the other to ensure adequate supply of potable water to the people. The agencies include several state water boards and corporations. In the past water supply from public taps was free. According to Nubi (2002), government's inability to sustain the free water supply led to commercialization of water corporations, thus restricting water supply to people that could afford it at the commercial rate. Consumers who cannot afford the commercial rate have their supplies cut off. Irregular electric power supply has often been blamed by the water corporations for irregular water supply. He maintained that despite the commercialization of the water corporation, supply is still irregular and purchase of water and long queues at public taps (where any is found) and drawing of water from wells are common sight in many parts of Nigeria. Even where

provision is made for public water supply, private arrangement are still made for boreholes and deep wells.

However, drinking of water from these untreated supply sources have been blamed for frequent occurrence of typhoid fever, cholera and other associated diseases.

### **2.4 Road Networks**

These refers to the system arterial road networks used for conveyance of people, goods and services from one place to the other. In almost all urban centers, the road is the commonest means of transport. For the economic, social and political development of the urban centre, there is need for efficient and effective urban transport network. Towards the end of the military administration in the country in the 1990s, many of the intra-and inter-city road networks built during the oil boom of the 1970ss had fallen into unimaginable state of disrepair. Hence, traffic congestion and accidents have become common sight in most urban centers, especially during the peak hours, thereby threatening their economic lives.

### **2.5 Communication**

According to Iseh (2003), the importance of effective communication in the economy cannot be over emphasized. It is a means of interaction between individuals, groups and even nations. Through effective communication, information, messages and ideas are conveyed from one place to another. Effective postal and telecommunications systems, including the telephone, telegraph, telex, cellular phones, postal services, and others will reduce the burden on the urban roads as many urban dwellers would be able to transact their businesses through the available communication systems rather than face the congested roads. In such a situation, commercial and industrial lives can operate more efficiently.



## 2.6 Drainage

A major problem which confronts many urban centers today in Nigeria is yearly flooding after every down pour. This is caused by drainage canals which have been blocked purposefully by people carrying out unauthorized construction or by sheer negligence of the urban dwellers to clear the drainages of debris as well as dumping of refuse and sachets of water in the drainages; or total abuse of drainages in the consigned neighborhood. Uncoordinated physical planning, especially in some slums and new development centers within the suburban areas is another important contributor to flooding.

## 2.7 Sewage (Solid) Disposal

The incessant accumulation of solid waste along the roads in towns and cities in Nigeria is alarming. Waste deposit, especially along streets and even along highways has become an environmental hazard. In some urban centers, there may be no designated spots to deposit the wastes for their onward disposal; therefore, people throw them about indiscriminately, even into the drainage canals, hoping that the flood water will carry the waste away when the rain falls. Unfortunately, some of these waste deposits end up clogging the drainage channels and turning the flooding of our roads into permanent scenery in the environment.

## 3.0 MEANING OF HOUSING

Different authors see the term 'housing' differently at different times. The term refers to the provision of shelter, whether by a public or private entity, to enhance habitation. Oyenuga (2009) sees housing comprising immediate accommodation, environment and facilities like roads, water, electricity and a host of other

facilities that make living comfortable to the dweller(s).

According to Mabogunje (1978), housing acts in a physical sense as an intermediary between man and nature, and in a social sense between man and society; it is a refuge for the tired, symbol of prestige and status in most society reflecting his personality, technology, environment and handicaps.

Borne (1980) explained housing as a shelter, a physical entity, a capital stock and a symbol. He said that housing can be defined as the physical structure including all necessary services, facilities, equipment and devices needed or desired for physical and mental health, and social wellbeing of the family and the individual. Housing therefore represents the most basic of human need and has a profound impact on health, welfare and productivity of individuals (Olujimi & Bello, 2009).

## 4.0 THE CONCEPTS OF HOUSING

Housing as a concept is so diametrical in nature. This comes as time changes, advances in Science and technology, value change especially in education, social exposure, and so forth. According to Igwe-Kalu (2006), "... at one time, housing meant only shelter and from this humble initial conception, the term housing has continued to imply much more than shelter. Housing now is seen as a product or commodity; it is a shelter, a neighborhood, a process, an investment, a social good, etc."

### 4.1 Housing as a Shelter:

Under this conceptualization, housing is taken as anything which gives protection against the element of weather, enemy, as well as other sources of insecurity. This notion gave rise to the



proportionate high ranking of housing as second to food in the hierarchy of needs to man. This conception has made the understanding of having to include trees, rocks, projections, caves, shades, and whatever thing which provides protection in any form since the primitive era till date. However, there is erroneous reasoning that housing means only shelter. This is false, as shelter is only a part of housing. Housing encompasses other services as infrastructure including water provision, health care facilities, roads, energy source, educational facilities, etc.

#### **4.2 Housing as a product or commodity:**

A house can be a product as it is derived from the combination of land, labour, capital and other essential services/facilities which makes a given place or neighborhood livable and trade able in the market. According to Igwe-Kalu (2006), a product includes the shell or structure, its facilities as well as the neighborhood. The neighborhood consists of walkways, utilities, school, shops and other neighborhood facilities too numerous to list here.

#### **4.4 Housing as a process:**

A process involves a group of related activities which end up at achieving a goal. Housing as a process according to Igwe-Kalu (2006), therefore goes beyond the construction of building on land, but includes the building design, neighborhood, materials procurement, infrastructure and distribution, mortgage finance, town planning and public control, maintenance, repairs, remodeling and neighborhood conservation, which requires technical and social research decisions. It could be seen from the explanation above that the complex activities involved in housing makes the same livable at any point which makes it a process.

#### **4.5 Housing as Privacy:**

Privacy means being secured from public observation or a situation one is free from

undesired intrusion or disturbances. Housing through the combination of wall which provide demarcation in shelter, provides much needed by man for rest, worship, meditation, healing, sleep, etc.

#### **4.6 Housing as a social good:**

Housing provision is so capital intensive that in most cases may not be afforded by all. This makes it imperative for the public to intervention in its provision for the benefit of the citizens of the country. Government of almost all countries of the world at one time or the other have attempted in the provision of this essential commodity, with Nigeria not in exception. This is often done through various ways such as – undergoing actual construction; subsidizing the cost/purchases of housing construction; provision of loan to intending housing developers; provision of sites and service schemes; and the provision of other infrastructure.

Social view of housing also relates to a situation in which all citizens have access to housing without limitations as to one's socio economic background or status in society. The relevance of this view to housing accessibility is in ensuring that housing provision is not focused on some 'chosen' segments of the society but all members of the community have equal opportunity to choose their own accommodation according to their means or affordability level (Okewole and Aribigbola 2006)

### **5.0 HOUSING PROVISION AND POLICIES IN NIGERIA:**

Public intervention in housing in Nigeria began in the colonial period following the outbreak of bubonic plague in Lagos in the 1920s. During the period 1900 to 1960, government involvement was centred essentially on the provision of



quarters for expatriate staff and for selected indigenous senior staff members of the civil service. In this period, conscious effort was not made to construct houses for the general public by the government. Thereafter, successive governments in Nigeria sought to confront the nagging problem of accommodating an increasing number of Nigerians. According to CASSAD (1993), the Federal Government of Nigeria has been involved in housing delivery in two areas, namely:

- (1) The Federal Low-Cost Housing Project (1972- 1979, and 1975-1983); and
- (2) The Site and Services Programme (1984 – 1988).

The post-independence government in the country did not fare better than the colonial government in terms of housing for the public. The concepts of Government Residential Areas (GRAs) were not only retained but were embraced and promoted with greater zeal. Those who took over government saw in them a mark of distinction to stay in the GRA (Aribigbola 2000). After independence, aside from the creation of Federal Mortgage Bank of Nigeria (FMBN), the Federal Government did little in the area of housing intervention until 1980 when it embarked on an elaborate National Housing Programme based on the concept of affordability and citizen participation. In order to address the growing housing shortages and affordability problems in Nigeria, a number of policy initiatives were articulated and introduced. Thus, the components of the main policy packages are briefly highlighted in this section of the study. The National Housing Policy launched in 1991 had as its ultimate goal, ensuring that all Nigerians owned or had access to decent housing accommodation at affordable cost by the year

2000AD. The main objective of the policy was to make the private sector the main vehicle for the organization and delivery of housing products and services (Yakubu 2004). Towards the achievement of the goal of the policy, a two-tier institutional financial structure, with Primary Mortgage Institutions (PMIs) as primary lenders and Federal Mortgage Bank of Nigeria (FMBN), as the apex institution with a supervisory role over a network of the Primary Mortgage Institutions was established. The Federal Mortgage Bank of Nigeria later ceded the supervisory function over Primary Mortgage Institutions to the Central Bank of Nigeria (CBN) in 1997 (Yakubu 2004). The Federal Mortgage Bank of Nigeria as deconsolidated by Decree No. 82 of 1993 was empowered, among other functions, to collect, manage and administer contributions to the National Housing Fund (N.H.F) from registered individuals and companies. The Federal Mortgage Bank of Nigeria is, however, a wholesale mortgage institution and only disburses the proceeds of the National Housing Fund through Primary Mortgage Institutions licensed to do so. Prospective borrowers who must be contributors to the fund thus make application to the Primary Mortgage Institutions who in turn resort to the National Housing Fund through the Federal Mortgage Bank of Nigeria. Funds on lent by the Primary Mortgage Institutions must be underwritten by them while they must be participants in the loan making to the tune of 20 per cent. Under the programme, workers earning above N3, 000.00 per annum, are compelled to save 2.5 per cent of their monthly income into the National Housing Fund as contributions. Commercial, as well as Merchant Banks were expected to offer to Federal Mortgage Bank of Nigeria 10 per cent of its non-life funds and 40 per cent of its life funds in real property development





out of which not less than 50 per cent must be paid to the Federal Mortgage Bank of Nigeria. The recognition of the growing housing problems in both the rural and urban areas of Nigeria and the acceptance of the failure of the expired 1991 National Housing Policy prompted the federal government of Nigeria to set up a 15-Man Committee to review existing housing policy and articulate the New National Housing Policy (NNHP) of 2002. The 2002 New National Housing Policy has as its primary goal of ensuring that all Nigerians own or have access to decent, safe and sanitary housing accommodation at affordable cost with secure tenure through private initiative, which are real estate developers on the basis of mortgage financing. The most significant innovations or change is the transition from government-built to privately developed (self-financed) housing (Mabogunje, 2003). As a consequence, many of the estates built in the 1950s and 1960s are now being sold to private individuals and organizations through competitive bidding. In summary, there is disengagement of public sector in housing provision to that of private. Another major innovation introduced by the New National Housing Policy is the emergence of Real Estate Developers Association of Nigeria whose formation was initiated by the Presidential Technical Committee on Housing and Urban Development. Beside the above, the New National Housing Policy introduced a range of measures to ensure easier accessibility to mortgage loans by contributors to National Housing Fund, Primary Mortgage Institutions and Real Estate Developers. Under the new policy, amortization period for National Housing Fund loan repayment has been increased from 25 to 30 years, while the loan repayment period for developers is 24 months. Interest rates charged on National Housing Fund loans to Primary

Mortgage Institutions has also been brought down to 4 per cent from 5 per cent while loan lending rates to contributors is now reduced to 6 percent from the previous 9 per cent it used to attract in the 1991 housing policy. The policy permits a graduated withdrawal of contributors who may not obtain loan under the scheme. Such contributors may withdraw 30 percent of contributions after 10 years of contribution; 50 percent after 15 years; 70 percent after 20 years and the balance at 60 years of age. The policy also makes contribution to the scheme optional for persons earning less than the national minimum wage. The reason for this is that such a person is not likely to be able to bear the burden of loan (Yakubu, 2004) In addition to the above, and in recognition of the acute shortage of residential accommodation in some major cities in the country such as Lagos and Abuja, and in order to facilitate actualization of the policy, the federal government introduced some intervention measures commencing with a pilot project that involve the construction of new forty thousand (40,000) housing units per annum nationwide with at least 1,000 units in each state of the federation, 1,500 units in Kano and River states, 2,000 units in Lagos State and 3,000 units in Abuja (Afolabi, 2011). But it is quite unfortunate these policies have not yielded the needed benefit to Nigerian.

## 6.0 HOUSING PROVISION IN AKWA IBOM STATE

Akwa Ibom State is a state in the South-South region of Nigeria, and therefore have benefitted in the housing provision and policies initiated by the Federal Government at various times since its creation in 1987. But the more spectacular effort made by the state in recent past is the initiation of the Security Village Projects in all the thirty-one local government areas of the state between 2007 and 2011. These projects were initiated to take



care of the housing needs of staff members of the various local councils. The Security Village Projects went a long way to complementing an earlier housing project embarked upon between 1999 and 2007, targeted at the low-income members of staff at the local government areas of AkwaIbom State. It would be observed that though the state governments have tried severally to provide housing for her employees, many of these efforts failed to meet expected results, thereby making self-financed housing an imperative for sustainable housing delivery in the state.

#### 7.0 EFFECT OF INFRASTRUCTURAL PROVISION ON SELF-FINANCED HOUSING

Reiterating the definition of infrastructure as given by fox (1994), it is said to be “those services desired from a set of public works traditionally by the public sector production and to allow for household consumption...”, it is apparent that the provision of infrastructure generally affects housing development enormously. This could be witnessed in many circumstances where housing developments are hardly carried out where infrastructure is not provided. This claim corroborated Ajibola et al (2013), “...where urban infrastructure is adequately provided and efficiently managed, productive and profitable land uses are usually attracted toward such areas. The uses of these infrastructural facilities compete less with productive uses through better rent offer”. These land uses include self-financed housing.

#### 8.0 ALTERNATIVE SOURCES OF HOUSING FINANCE

There are other sources of financing real estate development. These include:

##### (a) *Short term loans:*

This refers to loans of very limited duration. It usually refers to a period between one to five years. Short term finance is mainly provided by the commercial banks. The commercial banks earn their income by managing customer’s money (Nwanakezie, 1996). The customers that put their money in commercial banks may however wish to withdraw same at very short notice, thereby constraining commercial bank’s loan duration. So loans through this source are usually for limited durations in order to guaranty liquidity.

Some of the major financial institutions such as insurance companies, pension fund and mortgage banks, or building societies provide short term loans. They also provide or supply long term finance. When borrowing from mortgage banks for example, they may not supply the entire loan at once, they supply the loan in tranches. At every stage of the development they give the borrower the amount he requires until the maximum amount is received (Nwanakezie, 1996). In this situation, the borrower may not start paying interest immediately. In the case of the mortgage banks, they may give the borrower a moratorium period of about three months for short term loan, one and two years for medium and long term loans respectively. It does not mean that the borrower will not pay interest for the periods; it is only suspended to be paid when he starts paying interest on the loan. Short term finance can equally be provided through borrowing from the bank by the developer with the loan guaranteed by another institution who will acquire the developed property on completion.



Alternatively, short term finance can be sourced from a large development company which may act as a lending company to a small developer or property company in such a way as to obtain financial control and voting right over a joint stock company. In this method, the small developer or property company could find the land for the proposed development, while the larger company provides the needed funds, but equity will be shared in such a way that the larger company will have equity control (Nwanakezie, 1996).

**(b) *Medium Term Finance:***

This refers to the situation where the loan period is extended to not more than ten years. This form of finance can come from any source, though mostly from merchant banks, development banks, pension funds, saving and loans companies, insurance companies, building societies, real estate investment trusts, and other specialized financial institutions.

**(c) *Long Term Finance:***

Where loan finance has a maturity date exceeding ten years, it is referred to as long term finance. The merchant banks are under obligation to provide long term finance, as well as the specialized institutions.

The ways in which funds could be raised in the long term for investment or development include mortgage, sale and leaseback arrangement, property bond, property unit trust, development companies, partnership, co-operative society, contractor financing, etc. (Nwanakezie, 1996).

## 9.0 HISTORY OF SELF-FINANCED HOUSING IN NIGERIA

Self-financed housing has been the fundamental way by which people get housing accommodation

for themselves and their families. However, with the development of modern systems of governance and the notion of housing as a social good to be provided by governments at levels, there had been a paradigm shift towards public housing in Nigeria. Unfortunately, all effort towards public housing provision and distribution failed to measure up to expectation, hence the recourse to self-financed housing. But the concept was recommended and emphasized to complement housing delivery in Nigeria starting from the early 1990s after the National Housing policies of the 2<sup>nd</sup> and 3<sup>rd</sup> republics had failed to provide housing for the citizens of the country (Aribigbola, 2011).

## 10.0 THE REASON PEOPLE UNDERTAKE SELF-FINANCE HOUSING

Experience shows that self-financed housing has reasonable amplitude for flexibility, convenience and cost minimization that endears it to most private developers. Also, it is noticed that most financial houses normally give 'unattainable requirements' as pre conditions for accessing loan facilities, such as the requirement of collaterals, Certificate of Occupancy which some of the developers may not afford. These situations make it imperative for most private developers to depend on personal savings and some consociate capital to finance their housing projects.

## 11.0 MOTIVATION FOR SELF-FINANCED HOUSING

Certain factors create the motivational force behind adoption of self-financed housing development against other options of housing finance in most cases. These factors according to Smith, Whitehead & Williams (2013) are as



follows: Self-financed housing offers complementary approach that could ease affordability, reduce volatility and add to macroeconomic stability. The fact that housing is man's third most important need after food and clothing, drives most intending developers to embrace self-financed housing development head long with total disregard to public housing schemes and/or housing development through borrowed funds which, are usually abandoned half way or not completed on schedule. But by adding to the product range, self-financed housing promotes welcome diversity at a time when debt funding is under strain and public expenditure profile unbearably blotted.

There is also the promise of greater financial inclusion- in that renters could have a stake in the housing market too, and easing of tensions generated by restricted access to home ownership. Self-financed housing brings a new dimension to risk sharing in housing markets, potentially changing how household think about housing assets in relation to their overall household financial planning.

Self-financed housing policy is primarily driven by concerns with easing access to house ownership rather than by comprehensive risk reduction or any attempt to reform the underlying structure of the housing system.

## 12.0 ADVANTAGES AND DISADVANTAGES OF SELF-FINANCED HOUSING

### **Development:**

The advantages of self-financed housing are numerous. Ward (1982) analyzed them to include cost saving through development gains by cutting out the financial institutions/interest repayments, thereby ensuring savings in time and effort. Reducing people's reliance on mortgage/other

companies for basic human needs is a positive step in this direction. The sense of achievement and pride, confidence and empowerment in determining one's own life, expressed by many self-financed developments, should not be underestimated.

In the same vein, Westendorff (2011) explained that the disadvantages associated with self-financed housing always results in the reluctance to venture into it by some individual households due to the risk involved. The complexity of the building process may be too daunting. Coordination and direct involvement may require too much time. Adverse circumstances during the project can mean stress and wasted money.

## 13.0 CHALLENGES TO SELF-FINANCED HOUSING:

Though self-financed housing ensures house ownership actualization, there are inherent challenges which in most cases seems to cause setbacks to property developers or investors involved. According to Westendorff(2011) these challenges include:

- i. **Provision of Other Infrastructure:** The provision of other infrastructure such as roads, electricity, water supply, waste disposal system, schools, hospitals, etc. are very important for self-financed housing development to be initiated and sustained, as these elements would contribute a great deal in making the final product (self-financed housing) having enhanced value to pay for the risk taken by the developer in embarking on the project.
- ii. **Affordability** is principally determined by the cost of accessing land on which buildings are made, acquiring building materials and tools, hiring labour/



technology if needed, etc. This, to a great extent post a challenge to self-financed housing.

- iii. Available time needed for monitoring and supervision of the housing project is another challenge.

14.0 METHOD AND PROCEDURES

The descriptive survey design method was adopted in this research. The purpose of this design was to describe what exists with respect to variables and their conditions. The population for the study comprises of two thousand one hundred sixty-five property owners in the three senatorial zones of Akwa Ibom State who had their land titles registered with the land registry in the Office at Uya as at the date of the survey, between 2010 and 2014. Three Local Government Areas -Eket, Ikot Ekpene and Uyo were randomly selected from the three senatorial districts. One hundred

and fifty property owners were randomly selected from each of the Local Government Areas. Structured questionnaires were administered to the respondents from each of the Local Government Areas. Pearson Product Moment Correlation Coefficient and Statistical Mean techniques were applied. Questionnaire items were accepted only if they have coefficient (r) equal to ± 0.5 for indicating strong/weak correlation and/or effect. In addition the frequency tables and statistical mean were used to present and analyze responses to the questionnaire. An item was only accepted if it had a minimum mean score of 2.5 and above.

15.0 DATA ANALYSIS

15.1 The analysis of data on the correlation between infrastructure provision and self-financed housing development in Akwa Ibom State is as shown below

Table with 7 columns: X, (X-X̄), (X-X̄)², Y, (Y-Ȳ), (Y-Ȳ)², (X-X̄)(Y-Ȳ). Rows contain numerical data for X values 290, 280, 295, 865 and corresponding Y values 10, 20, 5, 35.

X = (sum of X) / N = 865 / 3 = 288.3333
Y = (sum of Y) / N = 35 / 3 = 11.6667

Hence,

r = (sum of (X-X̄)(Y-Ȳ)) / (sqrt(sum of (X-X̄)²) \* sqrt(sum of (Y-Ȳ)²))
= 116.6667 / (sqrt(116.6667) \* sqrt(116.6667))



$$= \frac{116.6667}{10.80 \times 10.80}$$

$$= \frac{116.6667}{116.6667}$$

$$= 1.00$$

15.2 The analysis of data on the factors that militate against self-financed housing development in Akwa Ibom State.

**Table 1**

S/N	Statement	5 SA	4 A	3 U	2 D	1 SD	$\sum fx$	$\bar{X}$	Remarks
5	The general security situation in the neighbourhood/state influences self-financed housing decisions	150	90	10	30	20	1220	4.07	
6	Unhealthy economic atmosphere in a state militate against self-financed housing development negatively.	160	80	10	50	-	1250	4.17	
7	Political instability in a state and the development of self-financed housing are negatively related	180	100	-	10	10	1330	4.43	

Note:

A = Agreed

SA = Strongly Agreed

U = Undecided

D = Disagreed

SD = Strongly Disagreed

## 16.0 RESULT

From the analysis above, it was observed that the provision of infrastructure has a strong positive effect on the development of self-financed housing with a coefficient ( $r$ ) of +1.0. Also, the analysis on factors that militate against self-financed housing indicated scores  $\leq 2.50$  implying

that inadequate provision of infrastructure, socio-political and economic factors affect the development of self-financed houses.

## 17.0 CONCLUSION

The research analyzed the effect of infrastructure provision on self-financed housing development in Akwa Ibom State using Pearson Product Moment Correlation and statistical mean techniques. The effect of the provision of infrastructure on self-financed housing development was found to be positive as it enhances property values, which in turn attract investors including self-financed housing



developers. Availability of infrastructures also creates high levels of housing satisfaction for owners and occupiers. Finally, economic, socio-political and security factors also affect the development of self-financed housing.

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