

Challenges of Public-Private Partnerships in Low-Income Housing Provision in Nigeria

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Abstract

Low-income housing provisions through a public-private partnership with a quality facility, good services, and access to social amenities, among others, encountered different challenges through its process. This study considered the major challenges of Public-Private Partnerships (PPPs) in low-income housing provisions in Nigeria. A field survey was carried out among professionals involved in the provisions of low-income housing within Lagos state Nigeria to determine major challenges they encounter in the delivery of PPPs housing for low-income earners. A systematic random sampling method was used, and 84 questionnaires were retrieved from professionals that participated in the PPPs housing delivery system for low-income housing. The result shows that inadequate project funding, high cost of building material, faulty design, access to land, and problems of land grabbers were some of the challenges encountered by PPPs in low-income housing provision. The study, therefore, suggested that funding, existing land laws, and users' financial capacity need to be considered in the planning stage of PPPs low-income housing to avoid challenges that could create neglect of the project.

Keywords

Nigeria, Public-Private Partnership, Security of Tenure

1. Introduction

Housing is a major economic asset recognized universally (Olatubara, 2007). Housing is a right because it embraces other utilities and social services that make a community livable (Ebie, 2009; Ogunbayo & Aigbavboa, 2021). It determines the general well-being of society at large (Ajanlekoko, 2002; Ogunbayo & Aigbavboa, 2019). Kabir (2004) opined that the major challenges faced by most developing countries are provisions of housing that are affordable for low-income earners. Adedeji and Olotuah (2012) and Ogunbayo et al. (2022) postulated that housing provision in most developing countries, especially Nigeria is fraught with an excess of problems for low-income earners who constitute most of the country's population. Nigeria, as a developing country, needs over fifty-six trillion naira (₦56 trillion) to support its housing deficit, projected to be around sixteen (16) million housing units; this excludes the cost of the provision of land (Mabogunje, 2007; World Bank 2013). On average, this shows that about 3.5 million (₦3,500,000) is required for the provisions of housing units. The World Bank (2013) concluded that 75% of this housing deficit is needed by low-income earners minimum wage within the poverty range.

Despite the contribution of PPPs to housing development, the level of accessibility of low-income earners to housing in Nigeria is still very low (Adedeji et al., 2012). Olotuah and Aiyetan (2006) observed that the cost at which housing provided through PPPs reaches the market goes a long way to determining its affordability, which is abnormally high such that only few can afford it (Olotuah et al. 2006; Adedeji et al. 2012). This has widened the gap between income and housing in Nigeria, especially among low-income earners (Okupe, & Windapo, 2000). Low-income earners have more or less disappeared from the housing market because of this in Nigeria. Cairo, the Egyptian capital, with an estimated population of 12 million low-income earners and as many as 20.5 million people in the wider metropolitan area, has been struggling with a lack of affordable housing for several years (Oxford Business Group, 2018). Across the country, the housing deficit stands at approximately 3 million units, with Cairo, the capital city, responsible for the largest share of this shortfall (UN-HABITAT, 2006/7; Oxford Business Group, 2018).

However, Ibem (2010) posited that the strategic means of solving low-income earner housing challenges is through the engagement of the private sector in addressing housing inadequacies together with its affordability (Ibem, 2010; Akinradewo, Oke, Aigbavboa & Mashangoane, 2018). Ogunbayo et al. (2018) stated that proper design and good planning, based on established governments and professionals' laws and regulations, are essential in the planning stage of PPPs housing to avoid errors during the project's execution. However, PPPs in housing projects provide an

efficient and productive platform for housing provisions (Ibem, 2010; Ogunbayo et al., 2021). Olotuah and Bobadaye (2009) observed that there are managerial and logistic challenges with PPPs housing provision, especially in its planning and production process. The study of Ogunbayo et al. (2016) showed that change in design, non-financial visibility, and unstable economy were challenges in PPP housing. In their study, Osei-Kyei, and Chan (2017) concluded that in bidding for PPPs low-income housing projects, an elaborate risk management plan and proper legislation should be provided to avoid challenges during the execution of the PPPs housing project. This challenge includes access to housing input together with access to land and funding (Ibem & Amole 2014). Olotuah et al. (2009) further stated that the lack of standard assessment of public housing programs, policies, and proper monitoring is a challenge that affects the success of PPPs low-income housing provision. Ibem et al. (2014) observed that funding, access to land, government policy, and others have an adverse effect on the perfect execution of PPPs housing production and provision.

These challenges deprive PPPs housing providers in Nigeria of meeting the demand for housing by low-income earners. Given the importance of PPPs in affordable low-income housing provision (Olotuah et al., 2009; Ibem et al., 2014; Ogunbayo et al., 2018). Therefore, it is a rewarding research goal to appraise the challenges of PPPs in low-income housing provision.

2. Research Methodology

This study was carried out among professionals who have previously participated in the PPPs housing delivery system for low-income housing projects. They include government officials, registered quantity surveyors, builders, architects, civil engineers, and consultants involved in different government PPPs projects within Lagos state and its environs. The respondents for the study were selected for this study because of their experience and involvement in PPPs projects. The study was limited to Lagos because it has many PPPs low-income housing completed or ongoing in the Nigeria housing provisions. Through a systematic random sampling method, 100 copies of structured questionnaires were administered to the respondents, and eighty-four (84) were retrieved from the respondents. The systematic random sampling method was used for this study because it is easier and more direct and tends to eliminate the possibility of clustering that could occur when the random sampling is adopted. The method also tends to cover all the elements evenly. The questionnaire was designed on a 5-point Likert scale, and it recorded an 84% response rate. This helped this study identify challenges encountered during the planning and execution stages of PPPs low-income housing provisions within the study area. Data were analysed using frequency and percentage and presented using charts.

3. Result and Findings

Figure 1 shows the respondent's profession as a PPPs contributor. The result shows that 22.62% (19) of the respondent are builders, 15.48% (13) of the respondents are quantity surveyors, 17.86% (15) are Architect, 14.29% (12) are consultants, while 16.66% (14) are government official and 13.09% (11) are civil engineers.

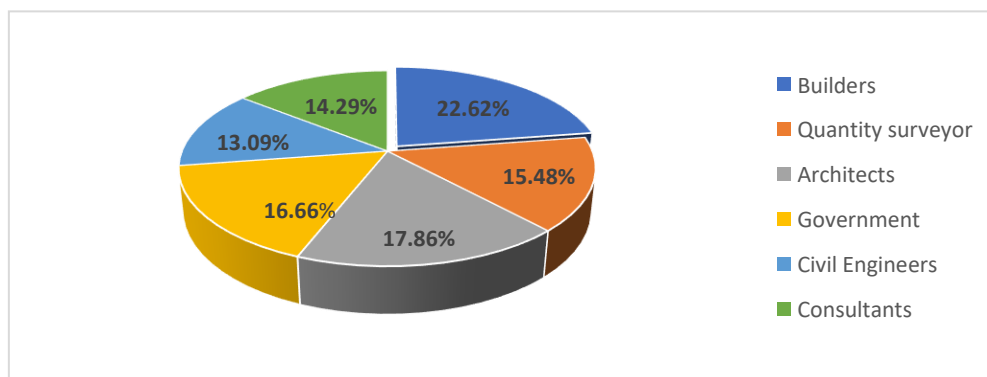


Figure 1. Respondents' profession

Figure 2 revealed respondents' years of experience in PPPs low-income housing provision. The result shows that 9.53% (8) of respondents have 0-5years of experience, 27.38% (23) have 6-10 years of experience, 46.43% (39) have 11-25years of experience, while 16.66% (14) of the respondents have above 25 years of experience.

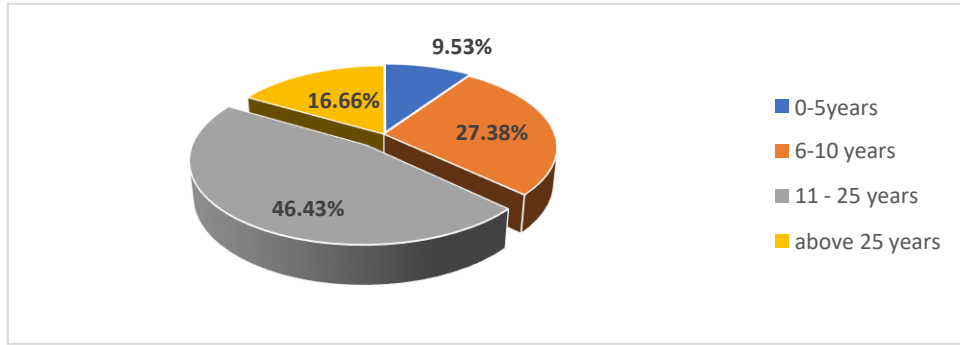


Figure 2. Respondents' years of experience

Figure 3 revealed respondents' opinions on challenges faced in accessing land for the PPPs project. The result indicated that 48.81% (41) of the respondents stated that the challenges of accessing land for PPPs low-income housing are very high, 32.14% (27) indicated that it is high, while 13.1% (11) said that it is of average and 5.95% (5) stated that challenges of accessing land for low-income housing projects are on a very low trend.

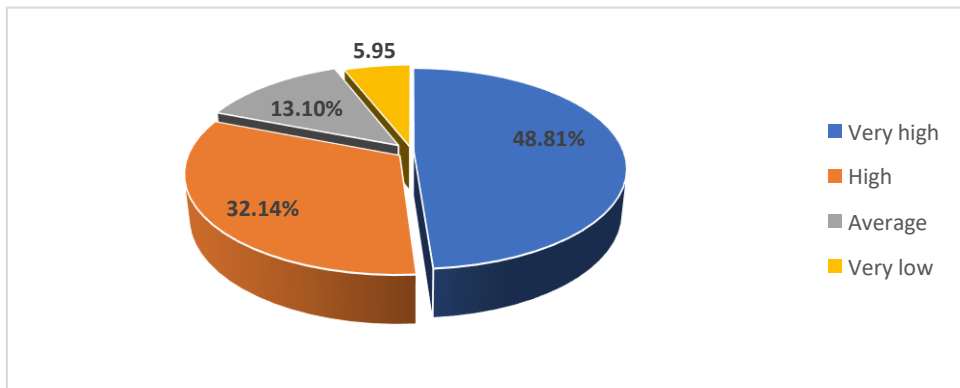


Figure 3. Response to challenges in accessing land for PPPs low-income housing provision

Figure 4 shows the challenges in the security of title and tenure documents required for PPPs' low-income housing project documentation. Respondents with 22.62% (19) stated that the challenges of the process are very high, 45.24% (38) of the respondents noted that the challenges of processing the document are high, 17.86% (15) stated that it is, on average, while 14.28% (12) said that the challenges of processing the security of title and for low-income housing project are on a very low side.

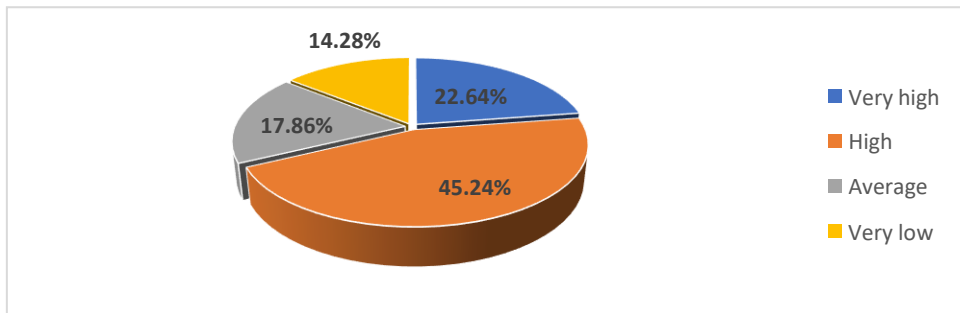


Figure 4. Response on challenges in the process of security of title and tenure

Figure 5 shows challenges due to faulty design in PPPs' low-income housing provision. The result indicated that respondents with 50% (42) agreed that the challenges of faulty design are very high, 27.38% (23) stated that the

challenges of error in design for PPPs low-income housing are high, while 13.10% (11) said the challenges of faulty design are on the average level and 9.52% (8) of the respondents believed that challenges are very low.

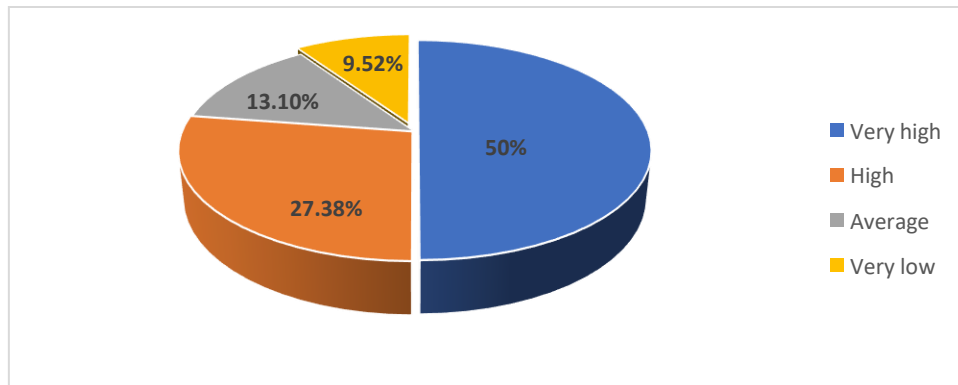


Figure 5. Response to challenges due to faulty design in PPPs low-income housing project

Figure 6 revealed the challenges of scarce and high building material costs in PPPs' low-income housing provision. Respondents with 48.81% (41) stated that the challenges of the scarce and high price of building materials required for low-income housing production are very high, 34.52% (29) of the respondents stated that the challenges are very high, 13.1% (11) indicated that it is of average, while 3.57% (12) said that the scares and high cost of building material challenges for low-income housing project are on a very low side.

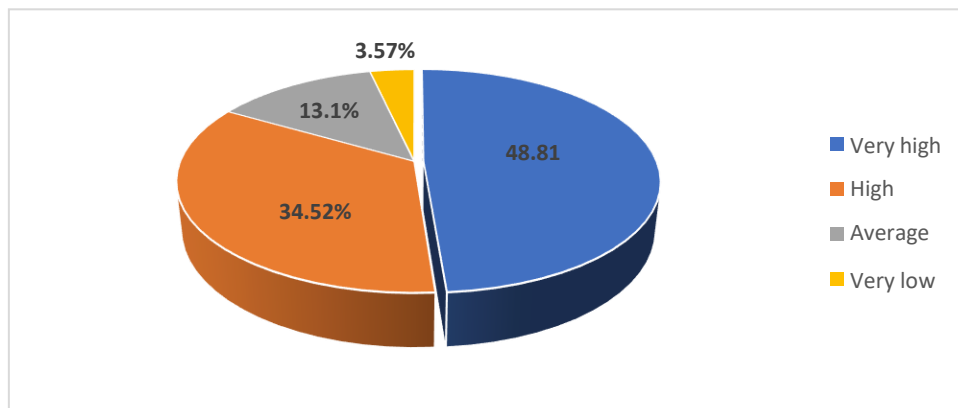


Figure 6. Response to challenges on scarcity and high cost of material for PPPs low-income housing provision

Figure 7 revealed the challenges of skilled labour required in the execution of PPPs low-income housing provision. The result showed that respondents with 22.62% (19) agreed that the challenges of skilled labour required for low-income housing production are very high, 32.14% (27) stated that the challenges are high, while 23.81% (20) said the challenges are of average and 21.43% (8) of the respondents said that the challenge is very low.

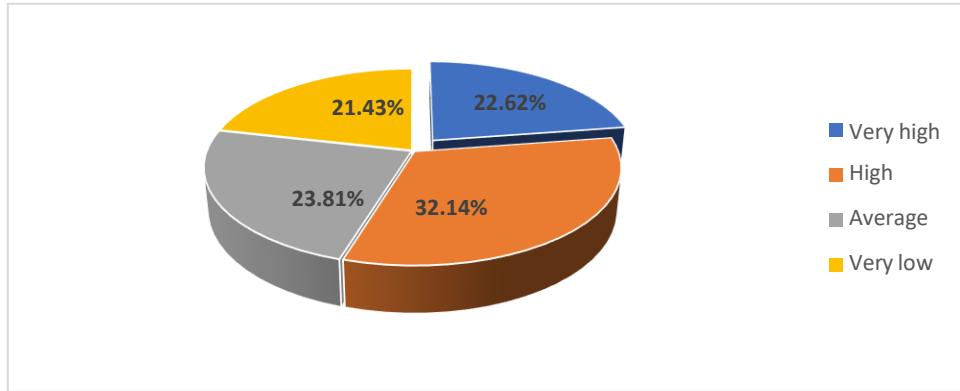


Figure 7. Response on challenges of skilled labour required for PPPs low-income housing provision

Figure 8 shows the challenges of accessing low-interest funds for PPPs' low-income housing provision. The result indicated that respondents with 55.95% (47) agreed that the challenges of accessing low-interest funds are very high, 25% (21) said that the challenges are high, while 16.67% (14) stated that the challenges of the low-interest fund are of an average and 2.38% (2) of the respondents believed that challenges are very low.

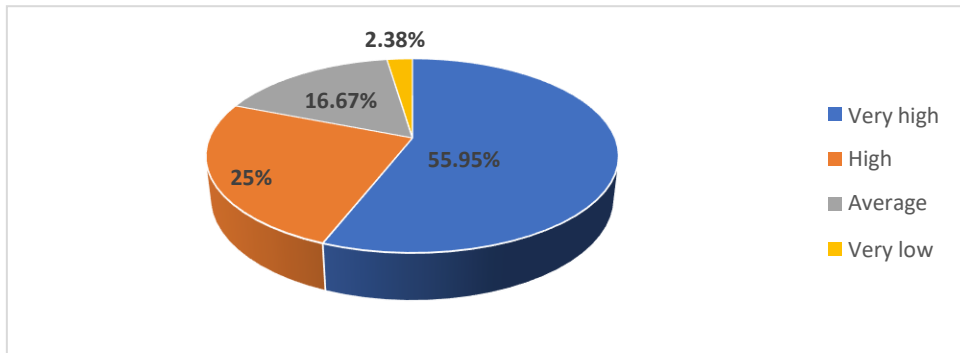


Figure 8. Response to challenges of accessing funds with low interest for PPPs low-income housing project

Figure 9 revealed the method of recouping invested funds in case of unanticipated challenges during the planning or execution of the PPPs low-income housing project. 42.86% (36) of the respondent stated that re-negotiation is the best method of recouping the investment in case of unanticipated challenges, 36.9% (31) said that resorting to arbitration is the best method, while 20.24% (17) stated that going to the court of law is the best method of recouping of an investment fund in PPPs low-income housing Project in case of unexpected challenges.

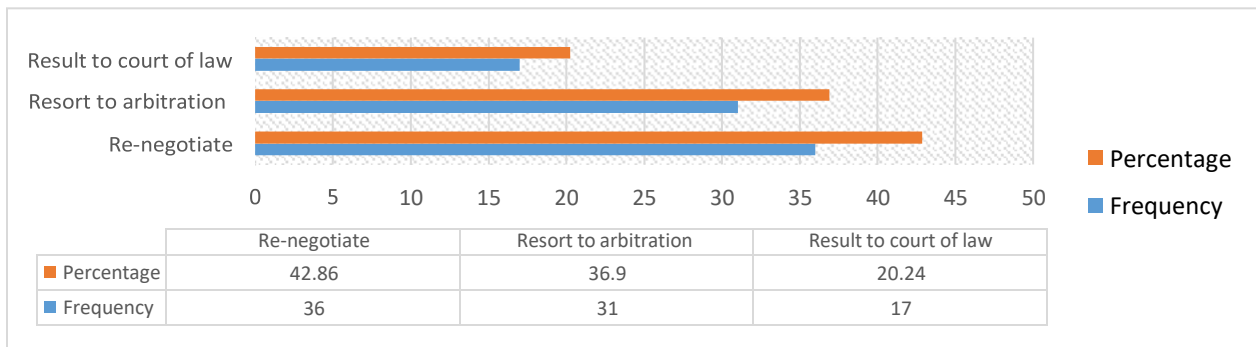


Figure 9. Response on the method of recouping the investment in case of unanticipated challenges

4. Discussion of Findings

The study examined the major challenges of PPPs in low-income housing provision in Nigeria. The result of the study indicated that access to land is a serious challenge to PPPs' low-income housing provision because the government

controls the land and the process of accessing it is cumbersome. With another menace of land grabbers that violently attacked most PPPs sites claiming to be the landowners. This affirms the finding of Kabir (2004), Ibem (2010), and Ogunbayo et al. (2018) that factors such as funding, access to land, government policy, and others have an adverse effect on the perfect execution of PPPs housing production and provision. The study also showed that the security of title and tenure is another challenge hindering PPPs' low-income housing provision. This supports Olotuah et al. (2010) and Osei-Kyei et al. (2017) that processing of security of title and tenure documents is a challenge because it involves different processes that usually delay the collection of necessary documents required for low-income housing project documentation. This finding also aligned with Ajanlekoko (2002) and Ogunbayo et al. (2016) that there are managerial and logistical challenges with PPPs' low-income housing provision, especially in its planning and production process. Another major challenge in PPPs' low-income housing provision, as discovered through the finding of this study, was the issue of faulty building designs, which is part of the challenges thwarting PPPs' low-income housing provision. The finding aligned with Ibem (2010) and Akinradewo et al. (2018).

Additionally, the result of the study affirmed Ebie (2009), Kabir (2004), and Mabogunje (2007), which showed that scarce and unstable prices of building materials are part of the major threats to the success and execution of PPPs low-income housing provisions. This study's finding is also similar to Ogunbayo et al. (2016), and Ibem et al. (2014), that change in design, non-financial visibility, and unstable economy were challenges in PPP low-income housing provision. This study also showed that the skilled labour required for the PPPs low-income housing project is challenging to its execution. The finding of the study conforms with Mabogunje (2007), Osei-Kyei et al. (2017), and Akinradewo et al. (2018), which states that the lack of skilled and trained professionals in the built environment is a challenge that is hindering the process of PPPs low-income housing production. Based on the finding of this work, the result further shows that accessing low-interest funding for PPPs low-income housing is an enormous challenge, which most times leads to abandonment and delays in delivery schedules for its provisions. The result is similar to Ibem (2010) and Osei-Kyei (2016) finding that the lack of standard assessment of public housing programs, financial policies, and proper monitoring is a challenge that affects PPPs' successful housing provisions. Finally, the study result also conforms with UN-HABITAT (2006/7), Kabir (2004), and Olotuah et al. (2009) that invested funds in PPPs low-income housing in case of unanticipated challenges during its planning or execution were recouped through neither re-negotiation, resort to arbitration nor through a court of law.

5. Conclusion and Recommendation

The study appraises the challenges of PPPs in low-income housing provisions in Nigeria. The study identified access to land, faulty design, the security of title and tenure, the high cost of building materials, and access to funding with low interest as major challenges that affect the low-income housing process and eventual provisions. The study, therefore, suggested that funding, existing land laws, and users' financial capacity need to be considered in the planning stage of PPPs low-income housing to avoid challenges that could create neglect of the provided low-income housing projects. Finally, the study concluded that housing provision for low-income earners should not be based on political gain but the political will of both the public and private sectors involved. A proper administrative housing system should guide this to meet low-income housing needs and reduce homelessness. The study contributes to the body of knowledge by making the government and private institutions involved in the PPPs project identify challenges anticipated in providing affordable PPPs low-income housing toward reducing homelessness.

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