

Challenges of Affordable Housing Development in Lagos State, Nigeria

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ABSTRACT

Affordable housing is a serious concern in Lagos State, Nigeria. This study was undertaken to evaluate the issues of affordable housing development, its effects and possible remedies. The study employed a quantitative research approach using a structured questionnaire on construction related professionals in the study area. Eighty completed questionnaires were used for analysis and data was evaluated using descriptive statistics and the Relative Importance Index (RII). The results showed that lack of funding was the most critical issue to the provision of affordable housing (RII = 0.910), followed by the high cost of building materials (RII = 0.898) and inadequacy of infrastructure (RII = 0.870). The most significant effect of these obstacles was abandonment of projects (RII = 0.930), followed by unemployment (RII = 0.908) and unaffordable dwellings (RII = 0.890). The highest-ranking proposed remedy was construction of low-cost housing (RII = 0.918) followed by rental assistance (RII = 0.915) and establishment of a livable environment (RII = 0.913). The report recommends improved access to housing finance, reduction in the cost of building, improved infrastructure and low-cost housing delivery to improve housing affordability in Lagos State.

Keywords: Housing, Affordable Housing, Housing Development, Lagos State, Construction, Relative Importance Index

Aims Research Journal Reference Format:

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1. INTRODUCTION

Housing is one of the basic human needs and a significant index of the condition of living. Thus, the sufficient and economical provision of housing is vital to social welfare, economic productivity and the development of sustainable communities. However, housing delivery in Nigeria still faces serious issues despite the introduction of policies and programs by both public and private sector actors. The situation is most acute in Lagos State where the pressures of fast urbanisation, population expansion, high land prices, rising construction costs and limited access to housing finance are all increasingly affecting the supply of affordable homes. Several constraints to housing delivery have been found in studies mentioned in the original research. These include housing finance, land accessibility, infrastructure, construction costs, taxation and regulatory processes.

Affordable housing is often defined as housing that can be obtained without undue impact on household income. The original study also highlights that poor households suffer constraints in terms of restricted purchasing power, limited access to finance, limited land and infrastructure, and limited supply of homes. These factors have ramifications for homelessness, informal settlements, project delivery, household welfare and the quality of the urban environment in general.

In view of this, the study examined the obstacles of affordable housing development in Lagos State, the impact of the challenges and alternative remedies. The study was carried out in Lagos Island Local Government Area. The relative importance of the identified parameters was ranked using replies of professionals in construction-related areas.

2. LITERATURE REVIEW

The research evaluated in the original study ties the affordable housing problem in Nigeria to rising urbanisation, economic pressures, land and infrastructure restrictions and shortcomings in housing finance and regulatory institutions. Lagos is a significant business hub and this creates a great demand for housing yet the supply of affordable housing is limited.

2.1 Challenges of Affordable Housing Development

Lack of Finance

Housing financing is one of the most important determinants of housing supply and urban policy. The original paper mentions that housing finance comes from formal and informal sources and that the absence of cheap long-term funding limits housing production.

Accessibility to Land and Land Use Act

The study found that the Land Use Act of 1978 and accompanying land administration processes were impediments to the creation of affordable homes. The land title and certificate of occupancy procedures are said to be time consuming and costly with ramifications for investment and supply of dwellings.

High Cost of Constructing Materials

The study reveals that high cost of construction materials is one of the primary factors leading to house unaffordability. It links material costs to energy costs, transportation constraints, currency pressures, taxation and other economic variables.

Infrastructural Deficiency

Poor roads, water supply, electricity and other basic infrastructure increase the cost of house development, as developers may have to provide infrastructure as part of project execution.

Rural-Urban Migration And Urbanisation

Rapid urbanisation places pressure on the existing housing stock and can encourage settlement in regions with poor housing and environmental services.

Nigeria's Tax System

The original study finds that a number of taxes and levies including property-related taxes, development levies, building approval charges, and land-related taxes can affect the cost of home development.

Bribery and Corruption

Corruption and bureaucratic processes in housing allocation, land acquisition and clearances are cited in the report as problems that may discourage investment and cause delays in housing development.

Poverty

Low household income constrains individuals' ability to obtain formal housing and pay for the cost of rent, land acquisition, building or mortgage finance.

Certificate of Occupancy Security Challenges

Delays and bureaucratic restrictions in getting certificates of occupancy are shown to be a constraint to land transactions and house development.

Construction Permit Problems

Investment decisions and project execution may be affected by factors such as complexity, cost and delays in acquiring construction permits.

Poor Stakeholder Engagement

Weak coordination between public authorities, developers, professionals, financiers and other stakeholders is identified as an obstacle to coordinated housing delivery.

2.2 Impacts of the Challenges of Affordable Housing Development

Project Cancellation

The paper notes that project abandonment is a prominent result of housing development obstacles especially where inflation, material cost hikes and funding difficulties disrupt project execution.

Unemployment

Rising project costs and uncertainty may make it more difficult for contractors to predict project profitability, and may lead to staff cuts or dissolution of the firm.

Unaffordable Houses

Land, finance, infrastructure and building costs constrain the ability of developers to deliver housing at prices affordable to low- and middle-income households.

Loss of Money

Cost overruns and low productivity of the project might result in financial losses to the contractor and investors.

Housing Areas Depreciation

The research connects deteriorating quality and value of residential environments with poor housing availability and declining housing conditions.

Homelessness

When families cannot afford the housing that is available, some become unhoused or unsheltered.

Development Of Slums

The high cost of housing may push households toward less expensive areas with worse housing and environmental conditions, thereby promoting the expansion of informal settlements.

Contamination

Poor waste management and environmental deterioration can be aggravated by high population pressure combined with inadequate infrastructure.

Unhygienic Atmosphere

Unhealthy living conditions can result from poor housing conditions and inadequate sanitation.

Medical Problems

Poor and dangerous housing can pose physical and mental health problems, particularly when poor indoor environmental conditions and other hazards are present, the report says.

2.3 Solutions to the Problems of Affordable Housing Development

Creating a Habitat

The study proposes improved environmental conditions and public knowledge on health repercussions of inadequate living circumstances.

Rent Help

Rental support and affordable housing finance mechanisms are highlighted as a means to assist low-income households unable to afford suitable homes right away.

Campaigning for City Revitalisation

It is suggested to carry out urban renovation and regeneration in poorly serviced areas to improve housing and environmental conditions.

Affordable Housing Construction

The study finds low-cost housing delivery as the highest-ranking solution, and contends that it can increase access for low- and middle-income households.

Better Access to Funding

The report suggests that there should be better access to long-term credit for housing and more avenues for raising housing finance.

Job Creation

Employment possibilities and higher salaries might strengthen a household's ability to afford suitable housing.

Review of Housing Policy

The report proposes that the housing policy be evaluated to remedy the highlighted deficiencies and advance the goal of housing for all.

Supporting Local Building Materials

The promotion of locally manufactured, quality, cost-effective, energy-efficient, and ecologically friendly materials may reduce construction expenses.

Land Use Act and Land Administration Processes Amendment

The research offers improvements that could speed up delays in land titling and documentation. Employers' loans for construction. Another strategy for assistance of housing ownership is offered – employer-assisted building loans.

3. METHODOLOGY

A quantitative research design was employed in this study. The primary data were acquired using structured close-ended questionnaires for construction-relevant experts. The responses targeted include architects, builders, site engineers, project managers, quantity surveyors, contractors, site managers and site workers. The original study employed basic random sampling. The sample size of 80 respondents was derived from the given population of 100 by applying the formula $n = N / (1 + N(e)^2)$, where n = sample size, N = population size, and e = Allowable error 0.05 In the original document, 80 surveys were distributed and returned.

The questionnaire was prepared based on the three objectives of the study, which are the problems of affordable housing construction, the effects of the challenges and viable solutions. Data were evaluated via descriptive statistics including frequencies, percentages and Relative Importance Index (RII).

3.1 Relative Importance Index

The Relative Importance Index was used to rank the factors measured on a five-point Likert scale. The method employed weighted responses to the five response categories and divided the result by the maximum possible weighted score.

$RII = (5 n_5 + 4 n_4 + 3 n_3 + 2 n_2 + n_1) / (5 (n_1 + n_2 + n_3 + n_4 + n_5))$
where n1, n2, n3, n4 and n5 are the number of respondents selecting strongly disagree, disagree, average, agree and highly agree correspondingly.

4. DATAANALYSIS AND DISCUSSION

The aim of this study was to investigate challenges of affordable housing development with a view of proffering solutions to the unidentified challenges.

Table 1: Challenges of affordable housing development.

S/N	Variables	5	4	3	2	1	RII	Rank
1	Lack of finance	59	13	3	3	2	0.910	1
2	High cost of building materials	47	28	3	1	1	0.898	2
3	Infrastructual inadequacy	41	29	8	1	1	0.870	3
4	Poverty	42	26	9	2	1	0.865	4
5	Nigeria taxation system	38	30	9	2	1	0.855	5
6	Land use act	41	25	9	3	2	0.850	6
7	Difficulties in obtaining certificate of occupancy	36	34	6	3	1	0.850	6
8	Inadequate collaboration among stakeholders	39	26	12	2	1	0.850	6
9	Construction permit issue	33	32	13	2	0	0.840	7
10	Bribery and corruption	37	25	15	2	1	0.838	8
11	Rural-urban migration/urbanization	33	31	12	2	2	0.828	9

From table 1, lack of finance was ranked first among the 11 variables of challenges of affordable housing development in Lagos State with (0.910) relative importance index, followed by high cost of building materials with (0.898) relative importance index and rural _urban migration/urbanization which was ranked last with (0.828) relative importance index.

Table 2: Effects of the challenges of affordable housing development .

S/N	Variables	5	4	3	2	1	RII	Rank
1	Project abandonment	61	14	3	0	2	0.930	1
2	Unemployment	52	23	2	2	1	0.908	2
3	Unaffordable houses	43	31	5	1	0	0.890	3
4	Unhygienic conditions	45	27	6	1	1	0.885	4
5	Homelessness	39	35	6	0	0	0.883	5
6	Loss of money	38	34	7	1	0	0.873	6
7	Health problems	45	25	7	0	3	0.873	6
8	Pollution	38	35	4	3	0	0.870	7
9	Depreciate housing area	37	27	13	2	1	0.843	8
10	Development of slums	33	32	14	1	0	0.843	8

There are several effects of challenges of affordable housing development but according to this study as shown in table 4.4, projects abandonment was ranked first among the 10 variables of the effect of affordable housing development with (0.930) relative important index, followed by unemployment which was ranked second among the 11 variables with (0.908) relative important index and development of slums was ranked last with (0.843) relative important index.

Table 3. Solutions to the challenges of affordable housing development.

S/N	Variables	5	4	3	2	1	RII	Rank
1	Building low cost housing	56	19	2	2	1	0.918	1
2	Provide rental assistance	53	24	1	0	2	0.915	2
3	Creating a livable environment	56	19	2	0	3	0.913	3
4	Creation of job opportunities	48	28	4	0	0	0.910	4
5	Access to finance	42	31	5	0	2	0.878	5
6	Awarding of building loans by employers	39	28	12	0	1	0.860	6
7	Encouraging of local building material	43	23	10	1	3	0.855	7
8	Encouraging urban renewal	34	30	13	2	1	0.840	8
9	Reviewing of housing policy	32	31	15	0	2	0.828	9
10	Amendment of land use act	36	22	18	2	2	0.820	10

From table 3 the study reveals that the most effective solutions to the challenges of affordable housing development is building low cost housing which was ranked first among the 10 variables with (0.918) relative important index, followed by providing rental assistance which was ranked second among the 10 variables with (0.915) relative important index and amendment of land use act was ranked last with (0.820) relative important index. The study of the findings in objective one reveals that lack of finance was ranked as the highest challenge in the development of affordable housing development with the relative importance index of 0.910. Thus, similar to the survey conducted by (Okonjo,2014), which stated that Housing finance is one the most important factors influencing housing supply and urban policy. Some authors assert that establishing an appropriate financing system can improve housing in any society.

The findings of objective two reveal that project abandonment was ranked as the highest effect of the challenges of affordable housing development with the relative importance index of 0.930. Aligned with the effect of challenges of affordable housing development highlighted by (Gbahabo and Samuel, 2017) , project abandonment will have a multiple effect on the industry and may also lead to fluctuation in the project cost. In addition, from the findings in objective three, solutions to the challenges of affordable housing development, building low-cost housing was ranked as the highest solution to the challenges of affordable housing development with the relative importance index of 0.918. In accordance with the research conducted by (Igwe, Okeke, Omowurah, Nwafor, Umeh, 2017), which stated that the Lagos State Government should build low-cost houses which will help in catering for a large number of people who, due to their low-income earnings, could not afford a decent home.

5. RESULTS AND DISCUSSION

The finding that lack of finance is the highest is consistent with the emphasis on housing finance in the literature analysed in the original study. Limited access to appropriate funding can constrain the ability of developers to construct housing and the ability of people to acquire or rent available units. The high rated effect of project abandonment is a reflection of the practical effects of funding and cost demands on construction projects. But if the costs of a project are more than the available funds, the project may be delayed or even abandoned, with ramifications for the contractors, workers, investors and intended tenants. The top answer was low-cost housing, which suggests that the respondents highly valued the expansion of the availability of affordable housing for low- and middle-income groups. This is in line with the original study's discussion on the need for government and other stakeholders to increase the availability of affordable housing while enhancing access to finance and supporting urban and environmental improvements.

6. CONCLUSIONS

This study examined the issues of affordable housing development in Lagos State, Nigeria with specific reference to the challenges, consequences and possible solutions mentioned by respondents. The results indicate that the most ranking problem was lack of financing followed by high cost of building materials and infrastructural deficiency. The greatest ranking effect was project abandonment, followed by unemployment and overpriced dwellings. Of the answers offered, construction of low-cost housing was placed highest, followed by rental assistance and creation of a livable environment. The study accordingly finds that enhancing access to housing finance, reducing cost of building, boosting availability of affordable housing and strengthening the institutional environment for housing delivery are critical approaches to address affordable housing difficulties in Lagos State.

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