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PUBLIC PRIVATE PARTNERSHIP FOR EFFECTIVE AFFORDABLE HOUSING DELIVERY IN ABUJA, NIGERIA

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ABSTRACT

Purpose: The aim of this research is to evaluate the efficacy of public-private partnership arrangements for affordable housing delivery in Nigeria by investigating obstacles to PPP's efficacy in affordable housing supply, and examining variables that could enhance PPP's efficiency in affordable housing delivery in the research region.
Design/methodology/approach: Survey research design was used for the study. The population of the study was drawn from Architects, Quantity Surveyors, Civil Engineers, Contractors and Project Managers. A structured questionnaire was used to collect data for the study. The questionnaire was distributed to a total of 80 respondents of which 51 were returned. This reflects a 64 percent response rate. The Social Sciences Statistical Package (SPSS) was used for data analysis using descriptive statistics.
Findings: The results from the analysis revealed that the main variables influencing housing delivery through Public Private Partnership (PPP) were the issues of inaccessibility to land in good place and insufficient financing by the mortgage scheme. The assessment further disclosed factors that challenge PPP's efficiency in housing delivery, as government failure owing to absence of political will to reduce housing construction costs, lack of anti-corruption measures, absence of powerful legislative structure, and absence of adequate mortgage scheme for interested parties to acquire the housing units.
Originality/value: In conclusion, the government should prioritise the provision of land in attractive location for affordable housing projects. the research recommends that the government develop an enabling atmosphere for developers in the private sector by subsidising construction costs for affordable housing projects. The study ultimately adds to existing body of knowledge and provides an insight to strategies that could enhance affordable housing delivery through public private partnership in Abuja, Nigeria.

Keywords: Abuja, housing; land; Nigeria; public private partnership.

1. INTRODUCTION

A major challenge is the growing population in developing countries such as Nigeria, where the need for housing is growing. The Nigerian federal government estimates that there are 17 million families in Nigeria (Makinde, 2014). The government has used various approaches to improve the provision of affordable housing, but with few results.

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One recently adopted strategy was public-private partnership (PPP). This is a contract that uses public funds and the power of private entrepreneurship and governance to make the best use of public services in a low-resource environment. Since its introduction in 1992, this global purchasing approach has evolved rapidly to meet the requirements of global building and infrastructure services. (Ayeyemi, 2018). At the same time, the effectiveness of PPPs in providing affordable housing in Nigeria is being questioned and used by governments around the world as a magic tool to solve problems with equipment and infrastructure. PPPs are not effective in providing universal housing. Nigerian house. This is especially true for Abuja. Therefore, this study aims to elucidate the main reason for the slow supply of popular homes when buying PPPs.

2. Review of Related Literature

This section of the paper has attempted to provide insight into the concept of PPP in housing delivery, the concept affordable housing, challenges in the provision of affordable housing and the prospect of PPP in affordable housing delivery.

2.1. The concept of public-private partnership in housing delivery

The purpose of the PPP is to encourage governments to move away from the immediate provision of construction and infrastructure services, but primarily to provide a positive regulatory and economic environment. The goal is to improve the optimal performance of the private sector in various businesses. Abdel-Alqawi (2017) noted that PPPs around the world see a sustainable approach to addressing public service shortages in developing countries. The overall estimate given to PPPs as an alternative to the utility strategy is based on the idea that it encourages the involvement of multiple stakeholders in the provision of critical infrastructure, contributes to government spending and encourages the efficient use of funds and improve service delivery at an equal cost for all (World Bank, 2006).

Dabak (2014) argued that the following benefits could be obtained from PPP projects: (a) value for cash: project services are delivered effectively at low cost, using knowledge and technology to private investors, which improves the quality of the product or service at lower cost; (b) Quicker project delivery: with PPP, bureaucracy, if not eliminated, projects are carried out quickly and on time, funded and managed by the public sector; (c)Risk Transfer: the risks associated with the project, such as financing, schedules, planning permits and public consultations, are transferred, inter alia, to the site best prepared for dealing with them. PPPs also allow the private sector to gain access to long-term investment opportunities to reduce risk. Such agreements provide private capital inflows, provide investment potential, and strengthen the local sector and labor market.

Jamali (2004) reported that the obvious advantages of PPPs have put pressure on many developing countries to force important international financial institutions, such as the World Bank and the International Monetary Fund, to move from providing national infrastructure to focusing efforts on liberalization and privatization of services provision. This means encouraging PPPs to abandon the direct provision of services and infrastructure, focusing primarily on providing regulation and an economic environment that promotes optimum private sector performance under various growth factors (Mazouz et. al. 2008). With this knowledge, the main function of the PPP public sector organization is to remove key constraints that impede the optimum efficiency of the private sector in delivering infrastructure and services.

2.2. The concept of affordable housing

Housing is an important right that everyone can have. But, there is some confusion and debate about what makes a home affordable. The definitions of housing policy land use planning, differ across government discourse. (UN-Habitat, 2008; Milligan, 2009). Australia's Minister of Housing, Planning and Local Government describes affordable housing as "housing that is affordable to low- and moderate-income families across home ownership, personal rent, and government rent" (HLGPM, 2005).

This concept of affordable housing is not limited to a specific housing model or financial model, but recognizes traditional social housing for rent through personal housing for renting and buying houses. The UN says affordable housing is good quality and in a good location, that people are not paying enough to prevent other basic living expenses or to threaten the enjoyment of basic human rights. (UN-Habitat, 2011). According to UN projections, Nigeria's population will reach 289 million by 2050, and more than 40% of the population will live in cities, which may increase pressure on housing demand for urban residents (Enisan & Ogundiran, 2013).

In addition, the current trend of countries investing in affordable housing for those who are not for low-income groups, for profit in the first place, but for those who have private developers disadvantaged, to significantly increase domestic housing resources need to change. (Adedeji and Olotuah, 2012).

2.3. Challenges in affordable housing delivery

Affordable housing investment is not a priority for local planning policies, so it is a short term to collect budget resources. In addition, one of the main problems for home developers is funding for development and funding sources for those who want to buy an apartment. Especially the emerging low-income class. Failure of long-term PPP loans due to the size of Nigerian banks is a problem to be solved. If the loan is not available, the interest rate is very high (Dabak, 2014).

Moreover, land development is one of the challenges facing housing development in Nigeria. According to the Nigerian Land Use Act of 1978, land ownership is granted to governors of different states. The bill was aimed at introducing new land reforms in Nigeria, but over the years, land and infrastructure costs represent about 25 to 30% of housing costs and in most cases attract entrepreneurs, housing project costs will always go up and housing costs will be higher due to the need to provide land infrastructure distributed in each place (Mabogunje, 2011; Ayedun and Oluwatobi, 2011).

Cheap housing can be obtained, but the government should continue to review import restrictions for cement and other building materials to reduce construction costs and further develop housing. The second challenge is that large complex residential properties always involve massive investments that require multiple guarantees to prevent use by contractors. For PPP to work with private developers, there must be credible dispute resolution departments to resolve disputes between the contracting parties. (Roberts, 2013).

2.4. The prospect of PPP in affordable housing delivery

The potential of PPP as an alternative to effective housing delivery is very high and it is difficult to assess the importance of housing in a country. Housing is usually the single largest item in the household budget and therefore has fundamental effects on household consumption (Majale, 2004). Living has a profound impact on our lives, which are often underestimated and provide privacy and safety against unwanted physical and emotional robberies (Stone, 2004). It directly affects our quality of life, health and well-being; it determines our transportation requirements and often our decision to work; this affects our family members and our friendship networks (Majale, 2004).

Housing affects our local economic well-being, growth rate and well-being. This affects the distribution of resources between regions, people and generations (Parker, 2003). Developing low-income housing under a PPP contract can increase employment, but if the supply of low-income housing is inadequate, low-income people seek other low-income housing You can move to a reasonable location. Therefore, the need to develop PPP can be emphasized in the development of social housing.

3. Research Methodology

Research methods are the different processes, systems and algorithms used in study, while research methodology is a science of how to conduct studies, research design involves scientific research methods and processes. (Bishop & Herron, 2015). The study is a research survey involving the use of cross-sectional survey design. The data used in the study was made up of variables of the same sample observed at one point in time in Abuja. The population of this study includes in particular, the Architects, Quantity Surveyors, Contractors, Project Managers, Estate Surveyors, Civil Engineers and Builders. The sampling techniques used in this research is purposive methods of sampling. This technique was used as participants were chosen among professionals with expertise in PPP projects. Saunders, Lewis, and Thornhill, (2009) recommend the use of such technique when a researcher wishes to select respondents that have particular information in fulfilling the research objective. A total of 80 copies of questionnaire were distributed and 51 were returned. This reflects a 64 percent response rate. With the help of Statistical Packages for Social Science (SPSS), data collected from the administration of the research tool were analysed using descriptive statistics where the mean was used as a basis to rank the factors studied. This data analysis technique is informed by the works of (Bishop & Herron, 2015).

4. Results and Discussion of Findings

The result arising from the data analysis and the discussion of findings are presented in this section.

4.1. Results

Table 1 shows the professional affiliations of various professionals constituting the respondents of the study. The result from Table 1 indicates that 26% of the respondents are Builders, 29% are Architect, 8% are Quantity Surveyors, 31% are Civil Engineers, while the remaining 6% are Project Managers. This by implication means that the built environment professionals, which is well trained in subjects related to the focus of the study participated in the study.

Also, the years of professional experience of the respondents was sought. The result of this is presented in Table 2. From Table 2, it is crystal clear that 20% of the respondents have 1-5years of requisite work experience, 25% have 5-10years of experience, while 55% have above 10years experience. It can be deduced from the result that about 80% of the respondents have work experience of more than five years. The implication of this result is that the respondents have requisite knowledge to participate in the study.

Table 1: Profession of respondents

S/N	Professional cadre of Respondents	No of Respondents	Percentage
1	Architect	15	29
2	Builders	13	26
3	Civil Engineers	16	31
4	Quantity Surveyor	04	08
5	Project Manager	03	06
	Total	**51**	**100**

Table 2: Respondents years of experience

Years of Experience	Respondents population	Percentage
1-5yrs	10	20
5-10yrs	13	25
Above 10yrs	28	55
Total	51	100

Table 3: Factors challenging PPP in housing delivery

FACTORS	Mean Score	Rank
High cost of construction	4.58	3
Developmental control	2.34	10
Accessibility of land in attractive location	4.62	1
Funding and mortgage system	4.62	1
Government failure due to lack of political will	3.54	6
High cost of building materials	2.88	8
High population growth	3.54	6
Development of infrastructural facilities	3.64	5
Functional legal regulatory framework	2.47	9
Level of Poverty	4.58	3

Table 3 shows the factors affecting housing delivery as ranked by the respondents. It is evident from the result in Table 3 that the most ranked important factors were problem of land accessibility in attractive location and funding and mortgage system and high cost of construction with a mean score of 4.62 each. This was closely followed by the level of poverty and high cost of construction with a mean score of 4.58 each. The least ranked important factors were Functional legal regulatory framework and developmental control.

Table 4: Enabling factors for PPP in affordable housing delivery

Enabling factors	Mean	Rank
Government financial support to Private sector	4.62	1
Accessibility to land	4.62	2
Strong legal framework to reduce uncertainty	4.58	3
Monetary policies to reduce inflation	4.58	3
Government subsidy to increase affordability	3.64	5
Creation of viable secondary mortgage market	3.54	6
Appropriate sharing of risk	3.54	7
Promoting Competitive Bidding	2.88	7
Monitoring and proper evaluation of projects	2.47	9
Transparency	2.34	10

Table 4 presents the enablers to PPP in affordable housing development. From the table, the most ranked important enabling factors are: Government financial support to private sector with mean score 4.62; Accessibility to land in attractive location was ranked second with mean score 4.62; Strong regulatory framework was ranked third with mean score 4.58; and monetary policies to reduce inflation with mean score 4.58. The least enabler for PPP in affordable housing were appropriate sharing of risk, monitoring, proper evaluation of projects, and transparency.

4.2. Discussion of findings

For the national development of each country, the government must be able to provide housing, food and clothing, which are important necessities. Through this study, land accessibility in attractive locations, inefficient mortgage and financing systems, and high construction costs are reported as the main factors affecting housing delivery. This result is consistent with Mabogunje (2011) and Ayedun and Oluwatobi (2011), which report that in most cases, developers must provide infrastructure to land allocated to unattractive locations, which constantly increases the cost of the housing projects, and makes cost of houses expensive. As respondents have shown, the factors enabling PPP to provide affordable housing are government financial support for the private sector, land accessibility in attractive locations, and a solid legal framework. Providing these factors creates an environment that allows PPP contracts to thrive in affordable home delivery.

5. CONCLUSION AND RECOMMENDATIONS

As a result of people relocating from rural to urban areas, limited availability of lands is available to accommodate the increased population of urbanisation especially Abuja, thus the government and the private sectors need to strategize to meet the increasing demand for housing. The PPP challenges are linked to the economic and political context, to the high construction costs and to the allocation of the land in unattractive conditions. To solve this problem, the government must create a real environment through collaboration with the private sector. The environment, as mentioned above, must include reducing interest rates and creating a viable secondary mortgage industry to meet the needs of interested mortgage applicants.

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