



## **ANALYSIS OF THE CONSTRAINTS TO HOUSING DEVELOPMENT IN MINNA URBAN**

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### **ABSTRACT**

*The complexity of constraints to private housing development vary from one nation to the other. Some countries have dealt with theirs in a pragmatic manner while other countries have backed off from looking at it objectively. In Nigeria, many factors have been identified as militating against effective participation of the corporate private real estate developers in real estate development. Housing inadequacy in Nigeria is rapidly growing urban centres has manifested in qualitative and quantitative terms. It is on this basis that study assess these constraints with view to recommend for lasting solution. The study utilized questionnaire survey to sample 300 private developers (both individual and corporate developers). The study utilized both descriptive and inferential method of analysis. The result of factor analysis revealed that the seven most high emphasized factors were loaded which constituted about 61.841% variance in the constraint factors to private housing development. such constraint factors includes Institutional and financial factors, economic factors, market and bureaucratic factor, land ownership factors, technical factor physical control and foreign exchange factor and infrastructure development factors. The study recommends that Government should address the economic and financial constraints to private housing development by granting subsidy, and lower interest rate on housing loan, and encouraged mortgage loans for private housing development.*

**Keywords:** *housing. Development, constraints*

### **INTRODUCTION**

Despite the complexity of constraints to housing development, the problems vary from one nation to the other. While some countries have dealt with theirs

in a pragmatic manner, other countries have backed off from looking at it objectively (Maruani & Amit 2011). In Nigeria, many factors have been identified as militating against effective participation of the corporate private real estate developers in real estate development. Also, many constraints to property development have been identified according to Mohd *et al.* (2009) to include lack of effective implementation strategies, poor promotion of security of tenure, inadequate supply of affordable land and infrastructure, inadequacy of housing development finance systems, poor utilisation of local building materials and technologies, lack of support to small-scale construction activities, inappropriate standards and legislation, inadequate participation of communities in shelter development process and support to self-help, lack of focused research and experimental projects, poor utilization of research findings, are amongst such major constraints.

Omirin (2003) has also identified increase in construction costs, high cost of capital, access to land, sharp depreciation of the Naira, access to housing finance facilities, cost of labour, poor infrastructural provision, extortion by government agents, cost of building materials, and government policies and guidelines as constraints to property development. The study further stated that, in this part of the world, access to acceptable land is a key challenge to development of real estate. This therefore affects grossly project schedules, cost of development and consequently, development prices (Windapo, 2007).

Access to developable sites has been a major constraint affecting diverse real estate development purposes, especially residential land uses. Issues like complex and costly acquisition procedures, insecurity of title/ownership and inadequate statutory protection continue to be major setbacks for many corporate real estate developers in the land market (Babade, 2003). According to Omirin (2003), access to land is a function of physical, economic, social, institutional, and contextual factors. Constraints to access developable sites emanate from any of these identified factors. The physical factors establish the quantity and quality of land available; economic factors influence the market conditions for acquisition, i.e. the demand and supply interface, price mechanism, extent of competition and availability of finance; and social factors influence the shaping of the land tenure system under which rights may be held and exercised. Institutional factors regulate the mechanisms for exchange, use and development (Babade, 2003).

Moreover, access to land fundamentally encompasses four elements and these include availability, affordability, security of tenure and ease of transaction. Availability is the ready supply of developable site; affordability is the ease with which the cost of the available land can be paid for devoid of unnecessary financial strain; security of tenure is the certainty of the right to the developable site, i.e. possessing, occupying, developing and using of the developable site without disturbance, conflicting claims and sudden loss while ease of transaction is acquiring site without facing unwarranted difficulties (Omirin, 2003; Nkyi, 2012). Housing inadequacy in Nigeria is rapidly growing urban centres has manifested in qualitative and quantitative terms. Government's efforts at mass delivery of houses have failed to achieve the desired result, hence the collaboration between the public and private sector inform private public partnership to bridge the wide housing gap has not yielded expected result. The problem of housing in Nigeria encompasses the quantitative inadequacy of housing, the normative and structural deficiency in quality of existing stocks (Olotuah, 2000). The study aims at assessing the constrains facing private housing development in Minna urban, and complexities of the associated factors constraining the effective housing development process, the problems vary from one state to the other but physical and economic posed a lot of constraints in most of the cities in Nigeria especially in a growing city like Minna.

### **Literature Review**

Various empirical studies have been carried out and most of their work on challenges and constraints on housing development were summarized as follows:

Adetokunboh, Aibinu and Agbato (2013) examined issues and challenges of site acquisition by private corporate real estate in Lagos, Nigeria. The study utilized self-administered questionnaires to sample the opinion of the selected Lagos-based corporate real estate development companies. The study adopted descriptive analysis, 24 distinctive site acquisition problems were identified and findings reveals that lack of basic infrastructure to selected sites, high cost of acquisition, cumbersome government allocation and high cost of titling perfection are the top-ranked site acquisition problems. Nonetheless, this study suggests that the corporate real estate development establishments and the public sector should work hand in hand especially in the availability and access

to suitable developable sites for real estate development. Elegbede, Olofa, and Olojede (2015) appraised the performance of private developers in housing provision in Nigeria. The study adopted simple random method of sampling method. Analysis of 220 questionnaires retrieved from selected member of Real Estate Developers' Association of Nigeria (REDAN) through mean scaling analysis. Findings revealed that incentives have not been well received by private developers through the government. Mustapha (2010) examines the constraints to private property developers encounter in Kano metropolitan area. The study 72 questionnaires were administered to 66 private individuals and 6 corporate developers. The study adopted simple percentage analysis to analyse the opinion of the respondents. The study discovered that high cost of land (16%), difficult access to land allocation from the state (16%) and exploitation by land dealers are the major constraints they faced in land development. Similarly, 27% of the respondents cited high interest rate as one of the major financial constraint they encountered.

Nkyi (2012) examined the strategies for financing real estate development in Ghana. The study adopted a questionnaire survey approach as its methodology. A total of 48 real estate firms were involved in the study. The data collected were then analyzed using both descriptive statistics and factor analysis which reduce the number of variables and detected the structure of relationships between them. The study revealed the major financial sources of real estate development in Ghana to be retained profits and advance deposits with former as the main finance acquisition strategy. Financial difficulties in the form of medium and long-term were also discovered to be prevalent in the financial lending system. The study concludes that inability of real estate firms to provide acceptable collateral and transaction cost were identified as some of the key constraints confronting developers. Gbadeyan (2011) examined private contribution to the development of Nigeria housing market using Lagos as case study. The study utilized a survey approach through the use of questionnaires, multi stage sampling technique were adopted for the study while the chi – square and mean score ranking were the statistical tools used for the analysis, the outcome revealed that Estate Surveyors appeared to be making tremendous contribution to the development of housing and one of the major obstacles confronting private developers was identified to be lack of finance, therefore proactive housing policy was recommended. Aliyu, Kasim and Martin (2011)

carried out an examination of factors affecting housing development in Makama, Bauchi metropolis, the study employed stratified random sampling for two hundred respondents, the use of descriptive statistics was adopted for the study, the analysis revealed that cost of building materials, low income and poor source of finance were considered to be the main limitations to housing development. The concludes that cost of housing finance were major constraint to housing development. The study recommends that government intervention by providing subsidy on the cost of building materials and to lower the cost borrowing to finance housing development. Ugonabo and Emoh (2013) examined the major challenges to housing development and delivery in Anambra, the study highlighted a diversity of factors hindering effective housing development and delivery in Anambra which include lack of secured access to land, limited access to finance, bureaucratic procedure, high cost of construction, high cost of land registration and titling, uncoordinated policies and implementation at State and Federal levels, youth harassment of developers, development control inefficiency, illegal title revocation and compensation process among others. The study also recommends for holistic approach to housing development.

Olayiwola and Adedokun (2014) examined housing problem in Nigeria, the result of descriptive analysis revealed that that housing finance, lack of access to land, mismatch in housing goal and real achievement, building material problem, low housing investment, high cost of houses and rent were the major problem of housing delivery in Nigeria. The study recommends for the total overhauling of entire housing policy and land policy. Olatunde and Busari (2014) in the study titled overcoming the challenges of residential property development in the developing state capitals of Nigeria, Damaturu as a case study, the study adopted stratified random sampling to collect data using structured questionnaires, the result of descriptive analysis revealed that high interest rate, short repayment periods, bureaucracy in land acquisition, inadequate skilled labour and cost of building materials were identified as major constraints to residential development. The study recommends for new institutional framework for legal process and finance. Ogedengbe and Adesopo (2003) examined the problems that are associated with real property development finance in Nigeria. The study data collected from estate surveying -and valuation firms in Abuja, some selected financial institutions that fund

property development and developers through the use of structured questionnaires in order to identify some of the problems that confront real estate development in terms of fundings. The study made use of simple descriptive methods of analysis and result showed that problems of housing development ranges from high interest rates to that of the numerous requirements from applicants for loan, which in most cases they find difficult to meet, bedeviled the financing of real properties in Nigeria.

Olumuyiwa and Taiwo (2011) Contribution and challenges of the private sector's participation in housing in Nigeria: case study of Akure. The study identified institutional and socio-economic factors as major challenges affecting the bridging of housing gap in the city Akure. The result of descriptive analysis revealed that the macroeconomic environment, continued dominance of the public sector, bureaucratic bottlenecks, and socio-cultural issues were major challenges to active private housing development. The study concludes that institutional and socio-economic factors impacted on the projects negatively. It is affirmed that participation of the private sector has potential for improving housing delivery. Ibem, Anosike and Azuh(2011)study investigated the contextual and organizational challenges in public housing provision in Nigeria in the post independence era. Using data derived from a survey of fifteen public housing agencies in southern Nigeria, the study found that scarcity of housing finance, lack of consistency and continuity in housing policy formulation and poor implementation strategies, unfavorable political environment and declining population of tradesmen in the construction industry were key contextual challenges militating against public housing provision. Therefore this study looks into factors affecting private housing development in Minna, Niger state.

## **RESEARCH METHODOLOGY**

The population for this study comprised of both individual and corporate private real estate developers in Minna metropolis. The private corporate developers are the Private developers are those registered with Real Estate Developers Association of Nigeria (REDAN) and who have developed properties and who are still developing properties in Minna city. The study considered individual housing developers who are yet registered with REDAN in the state. Simple random sampling technique was applied to selected individual and corporate

developers and secondly simple random was selected due to limited number of experienced developers in the study areas.

**Sample Size**

The population of real estate developers in Minna is unknown. The number of questionnaires to be administered and the sample size for the study population was determined using Yamma’s formular model expressed as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n= Sample size

N= Sample population (projected household population in 2019 is 20,000)

e= confidence level (0.05)

sample size to be administered is 392

**Table 1:** Questionnaires Administration

Questionnaires	Minna	Analysis	Response rate
<b>Number of questionnaires not returned</b>	92	% not returned	23%
<b>Number of questionnaires returned</b>	300	% returned and analyzed	77%
<b>Total questionnaires administered</b>	392	% of Total questionnaires	100%

**Findings and Discussion**

Demographic information of respondents is presented table 2. the result showed 98% majority of sampled professional were male , 70% majority of sampled professional had first degree, 46% majority comprised of builders and 62% majority of sampled professional had between 6-10years of experience in construction industry.

**Table 2:** Demographic Information of Developers in Minna

Demographic Information	Frequency	Percent
Gender Male	294	98.0

	Female	6	2.0
	Total	300	100.0
Education	ND/NCE	12	4.0
	HND	60	20.0
	B.sc/B.tech	210	70.0
	M.tech/M.sc	18	6.0
	Total	300	100.0
Profession	Architecture	48	16.0
	Building	138	46.0
	Quantity surveying	84	28.0
	Civil Engineer	18	6.0
	Estate Surveying	12	4.0
	Total	300	100.0
	Year of Experience	1 – 5 yrs	18
6-10yrs		186	62.0
11-15yrs		72	24.0
16-20yrs		18	6.0
21yrs and Above		6	2.0
Total		300	100.0

Source: Field Survey, 2019

The source of financing housing development is presented in Figure 1. 46% majority of the source of finance to housing development among the developers was sought from cooperative loans. 32% was sought directly from personal saving, 12% was sought directly from specialized bank and relatives.

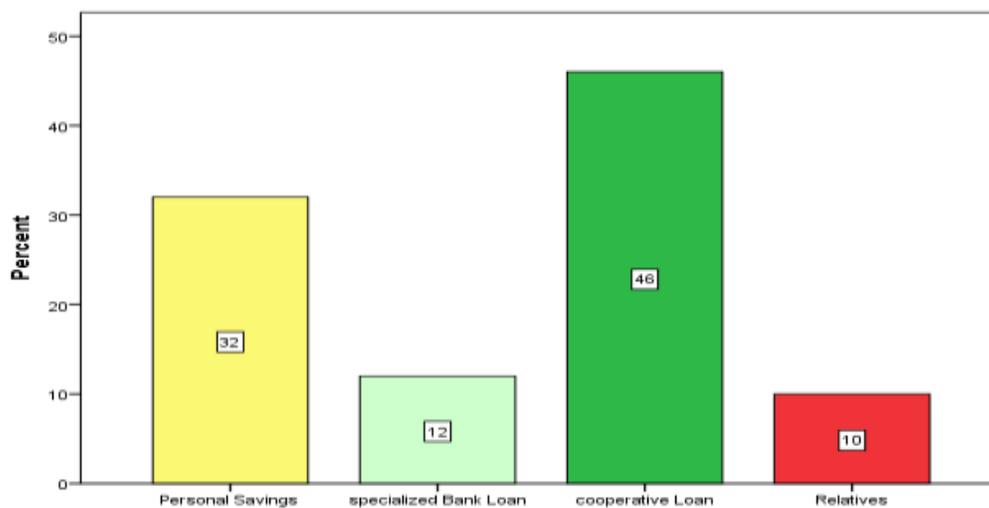
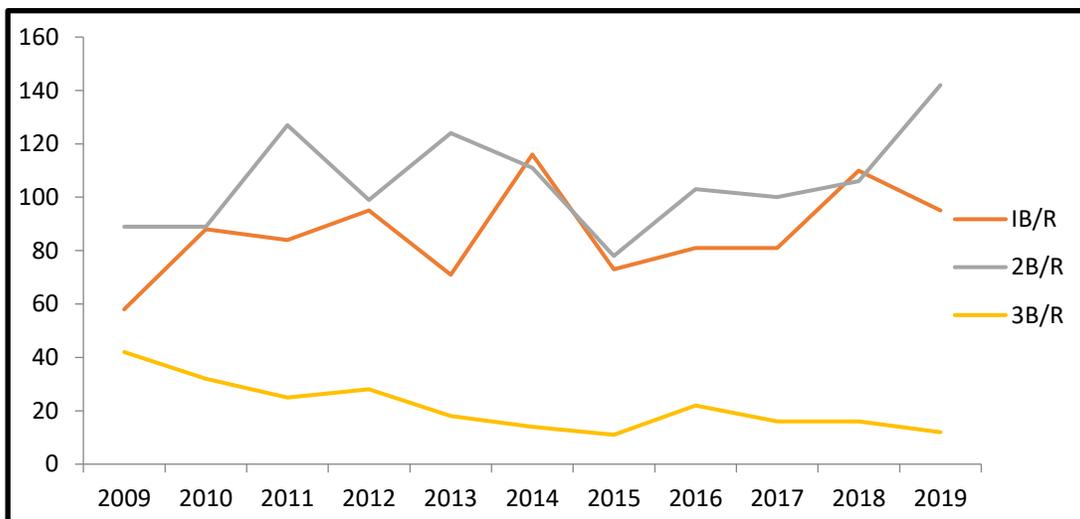


Figure 1: Sources of Finance to Housing Development By Private Developer  
 The annual trend in number of unit types of residential private development is presented in figure 4.4. This trend revealed that the number of 2B/R private development overlapped both 1B/R and 3B/R over the period. This indicates that 2B/R private housing development is the most demanded housing product in Minna and is the most developed private residential housing unit type. The trend in 1B/R property also moved upwardly to 2009 from 2013 to 2018, there was fluctuation in development and 1B/R overlapped that of 3B/R. this further indicates 1B/R is more demanded than 3B/R.



**Figure 2:** Trend in annual Number of Private Housing Development in Minna  
 The descriptive analysis of the constraint factors to private housing development on five-point likert scale is presented in Table 3 (strongly agree-5 Agree-4, indifferent-3 disagree-2 and strongly disagree-1). The average benchmark at 3.00 ( $5+4+3+2+1=15/5=3.00$ ) is minimum consideration for the each of the item to be considered as constraint factors. Therefore all the constraint factors were strongly considered as constraints to private housing development.

Table 3 Constraints to Private Housing Development

	N	Sum	Mean
Lack of Access to Land	300	1364.00	4.5467
Cumbersome land acquisition process	300	1323.00	4.4100
Insecurity of tenure	300	1240.00	4.1333

Difficulty in Obtaining land title	300	1386.00	4.6200
Inadequate Finance	300	1402.00	4.6733
High interest rate	300	1339.00	4.4633
Development Control Issues	300	1352.00	4.5067
Lack of Incentive	300	1482.00	4.9400
Poor Infrastructure and services	300	1271.00	4.2367
High Cost of Building Materials	300	1362.00	4.5400
Inadequate supply of affordable land	300	1443.00	4.8100
Inadequate indigenous building materials	300	1382.00	4.6067
Delay in processing Building permission	300	1418.00	4.7267
Poor Government policies	300	1487.00	4.9567
Poor Capital Market	300	1368.00	4.5600
Poor Mortgage /housing Institutions	300	1286.00	4.2867
The overall economy	300	1326.00	4.4200
Lack of vital statistics	300	1395.00	4.6500
Poor PPP arrangement	300	1521.00	5.0700
Poor housing market development	300	1463.00	4.8767
Poor planning control	300	1349.00	4.4967
Lack technology in building	300	1292.00	4.3067
High exchange rate	300	1015.00	3.3833
Valid N (listwise)	300		

**Source:** field survey, 2019

The result of total variance of factor analysis presented in Table 4 showed the result of total variance of extraction loading after rotation. The cumulative variance of the seven the most correlated constraint factors to private housing development in Minna is presented in Table 4.8. The eigen value in the table, and the total eigen value revealed the amount of total variance in the original variable accounted for by each of the components. The variance which is simply the ratio of variance accounted for by each of the component to the total variance of the variables. The analysis required the first seven components to be extracted from extracted solution and the most highly emphasized constraints factors were the seven the most correlated constraints private housing development in Minna. The extraction of sum of the square loadings in the second section explained the variability in original 28 variables. The extracted components explained 61.841% variability in the original variables. therefore this study considerably reduce the data by selecting the extracted components

as the most emphasized factors or components with the minimum of 38.159% loss of information

**Table 4:** Explained Variance of Constraint Factors to Private Housing Development

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.759	20.692	20.692	4.759	20.692	20.692	3.013	13.099	13.099
2	2.453	10.665	31.357	2.453	10.665	31.357	2.505	10.892	23.991
3	2.009	8.737	40.094	2.009	8.737	40.094	2.158	9.381	33.372
4	1.457	6.335	46.429	1.457	6.335	46.429	2.145	9.326	42.698
5	1.315	5.719	52.148	1.315	5.719	52.148	1.567	6.814	49.512
6	1.170	5.087	57.235	1.170	5.087	57.235	1.552	6.747	56.260
7	1.060	4.607	61.841	1.060	4.607	61.841	1.284	5.582	61.841
8	.981	4.264	66.106						
9	.959	4.170	70.276						
10	.848	3.686	73.962						
11	.813	3.535	77.498						
12	.773	3.360	80.857						
13	.639	2.780	83.637						
14	.592	2.576	86.213						
15	.536	2.331	88.544						
16	.503	2.185	90.729						
17	.420	1.826	92.556						
18	.366	1.592	94.148						
19	.362	1.574	95.722						
20	.333	1.446	97.168						
21	.293	1.272	98.440						
22	.250	1.085	99.525						
23	.109	.475	100.000						

Extraction Method: Principal Component Analysis.

.The result of factor loading analysis of constraint factors to private housing development is presented in table 5 revealed that the seven the most high

emphasized factors were loaded which constituted about 61.841% variance in the constraint factors to private housing development. The cut-off point for this study is taken 0.5 and above as general rule of thumb applied. The most important factor one (1) is Institutional and financial factors and it explained about 13.099% variance in the determination of constraint to private housing development. The factor (2) is Economic factors and it explained 10.89% variance in the constraint to private housing development. Factor (3) is named as Market and Bureaucratic factor and it explained 9.38% variance in the determination of constraint to private housing development. Factor four (4) is named as Land ownership factors, and it explained 9.326% variance in the determining the constraint to private housing development. Factor (5) is named as Technical factor, and it explained 6.814% variance in the determination of constraint to private housing development. Factor (6) is named as physical control and foreign exchange factor, and it explained 6.747% variance in the determination of constraint to private housing development. Factor (7) is named as infrastructure development factors, and it explained 5.582% variance in the determination of constraint to private housing development.

**Table 5:** Factor Loading Analysis of Constraints Factors to Private Housing development

Factors	Factor loading	Eigen value	% of variance
Factor 1: Institutional and financial factors		4.759	13.099
Difficulty in Obtaining land title	.824		
Inadequate Finance	.723		
High interest rate	.756		
Development Control Issues	.762		
Factor 2: Economic factors		2.453	10.892
Poor Capital Market	.711		
Poor Mortgage /housing Institutions	.630		
The overall economy	.775		
Poor housing market development	.646		
Factor 3: Market and Bureaucratic factor		2.009	9.381

Inadequate supply of affordable land	.663		
Inadequate supply of indigenous building materials	.746		
Delay in processing Building permission	.825		
<b>Factor 4: Land ownership factors</b>			
		1.457	9.326
Lack of Access to Land	.708		
Cumbersome land acquisition process	.830		
Insecurity of tenure	.850		
<b>Factor 5: Technical factor</b>			
		1.315	6.814
Lack technology in building	.637		
Lack of incentives	-.773		
<b>Factor 6: physical control and foreign exchange factor</b>			
		1.170	6.747
Poor planning control	.720		
High exchange rate	.550		
<b>Factor 7: infrastructure development factors</b>			
		1.060	5.582
Poor Infrastructure and services	.608		
Poor PPP arrangement	-.633		

Source: field survey, 2019

## **CONCLUSION AND FURTHER RESEARCH**

The study found that a progressive upward movement in especially in 2B/R over and above 1B/R and 3B/R. The study revealed that 2B/R units of residential housing type is most developed unit housing developed by private developers, and followed by 1B/R and 3B/R is the least developed housing unit type. The overall private housing development index showed a gentle upward and fluctuated development from 2009 to 2014, after which there was sudden drop due to many constraints. Data reduction analysis technique (Factor Analysis) employed to determine the Eigenvalues of the various constraints identified seven (7) the most emphasized constraints factors, which includes Institutional and financial factors, economic factors, market and bureaucratic factor, land ownership factors, technical factor physical control and foreign exchange factor and infrastructure development factors. Therefore these aforementioned factor must addressed for sustainable private housing development in Minna, Nigeria. the area of further research is premised on institutional challenges to primary mortgage institution in Nigeria.

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