

# **Assessment of Public-Private Partnership in Affordable Housing Provision in Cross River State, Nigeria**

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**Keywords:** Public-private partnership, Affordable housing, Civil servants

## **ABSTRACT**

Housing is the second basic need of man after food. Throughout a man's life, securing a place to call his/her own greatly occupies man's thoughts. In recent years, the Cross River State Government has made efforts to assist its workforce in acquiring housing of their own at reduced price and through housing loan that runs over a long period of time. Recently, the state government through its partnership have been able to provide 450 affordable housing units to the State's Civil Servants through the Public-Private Partnerships (PPP) initiative. In order to assess the role played by PPP in the provision of housing units in Akpabuyo Local Government Area (Akapbuyo Housing Estate) to Civil Servants in the state, the study evaluated the perception of people that acquired the housing units on the nature of the Loan and the drive carried out by the PPP in housing provision. Snowball sampling technique was employed to sample 90 respondents. The result showed that all the respondents were pleased and satisfied with the role played by PPP in housing provision. It also showed that 89 per cent of the respondents were highly satisfied with the mode of selection and payment for the housing units, while 11 per cent were of the opinion that the process was characterised by irregularities such as favouritism. One-way analysis of variance showed that the mode of payment for the housing units varied by income ( $p < 0.05$ ); implying more housing stress to low-income earners. The study suggests that a more unified and progressive mode of payment should be implemented by the government to enable civil servants in the state access the loan for housing.

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## **INTRODUCTION**

Housing is one of the three basic needs of man; this is because after the provision of food, it is the most important factor for the physical survival of man. It is one of the best indicators of a person's standard of living and place in the society (Jiboye, 2009). Housing forms an indispensable part of ensuring human dignity. It fulfils deep-seated psychological needs for privacy and personal space, needs for security and protection from inclement weather among other necessities. Despite global recognition of the importance of housing to human welfare and survival, it is estimated that over one billion people live in inadequate housing and over 100 million people are homeless (UN Factsheet, 1996). This situation is made worse with the increasing number of people in urban areas and cities. The increase in the number of people in urban areas has increased housing demands as well as housing cost. This has made many households to live in inadequate housings, increase the problem of housing affordability and many do not have the financial ability to own their own houses (Salama and Sengupta, 2011; Lin (2011).

This indeed is the situation in Calabar Metropolis. The ever rising housing costs and house prices have called for concern as a result of its associated housing stress. Affordable housing entails among other things housing that is available at a cost which does not cause substantial hardship to the occupants. Housing affordability is therefore compromised when households in the bottom 40% of income distribution spend more than 30% of their household income on housing, adjusted for household size (Nwabueze, 2009; Yao 2011). In order to reduce the housing stress (housing affordability problem) faced by its workers, the Cross River State government has made several steps to provide housing units to the people at affordable rate and less stress (in terms of payment) across income levels. The mode of payment and choice of housing are orchestrated or planned in line with benefactors' income. The Cross River State Government has been able to assist a good number of its workforce in acquiring housing of their own at reduced price and through housing loan that runs over a long period of time.

This is made possible through the state government partnership with the private sector in the provision of housing units. This is apparent as government alone can no longer finance infrastructural development, as such a collaborative strategy became imperative and public-private partnership (PPP) has been adopted as the most appropriate approach in solving the grave housing challenge in the state. PPP is an agreement where private parties take part jointly to provide support for the provision of infrastructure. It describes a government service or private business venture which is founded and operated through a partnership between government and one or more private sector company (Ukwu, 2012). PPP is not the procurement of an asset but the payment of a stream of services under specified terms and conditions.

In achieving this, the Cross River State Government through its partnership has been able to provide 450 affordable housing units to the State's Civil Servants through the Public-Private Partnerships (PPP) initiative. The role of this joint venture and partnership is the provision of mortgage facilities to qualified Civil Servants to acquire the houses under a long-term mortgage arrangement (Millennium Investment Trust Limited Report, 2015). The present study therefore assesses the perception of benefactors on the role played by PPP in the provision of housing units in Akpabuyo Local Government Area (Akapubuyo Housing Estate) to Civil Servants in the state.

## **2. MATERIALS AND METHODS**

### **2.1 Study area**

The study concentrated on the benefactors of the Akapubuyo housing scheme who are based in Calabar Metropolis. Calabar Metropolis comprises of both Calabar Municipality and Calabar South Local Government Areas of Cross River State, Nigeria. It is located between Latitude 4<sup>0</sup> 48' North and Longitude 8<sup>0</sup> 17' East (Ibor and Atomode, 2014). The National population commission revealed that there are about 74,580 households in the metropolis (Ibor and Atomode, 2014).

### **2.2 Data collection**

The study employed the descriptive cross sectional research design. This design enabled the benefits of public-private partnership in affordable housing provision to be assessed using the opinion of respondents from different socioeconomic backgrounds. Snowball sampling technique was used to identify and administer a page questionnaire to 90 benefactors of the housing scheme located in Akpabuyo Local Government Area. A structured questionnaire was used to gather data on mode of selection and payment for the housing units, mode of application, challenges encountered and household type.

### **2.3 Data analysis**

Data obtained from the questionnaire were analysed using tables, simple percentages and One-Way Analysis of Variance.

## **3. RESULTS AND DISCUSSION**

### **3.1 Socioeconomic characteristics of benefactors**

This study basically examined the sex, age educational status and monthly income of benefactors of the housing scheme. The sex of respondents showed that 76.7% of the benefactors were males, while 23.3% were females. This simply means that men benefitted more from the housing scheme than their female counterparts. The age pattern indicated that a larger percentage (45.6%) were within the ages of 31 - 40yrs, followed by those within the age interval of 41 – 50yrs (25.6%) and those above the ages of 50yrs (18.9%), while those below 30yrs had the lowest percentage 10%. From the observed pattern, it showed that a large percentage (71.1%) of the benefactors were young

adults within the ages of 31 – 50yrs. The educational qualification indicated that majority (50%) had tertiary education, followed closely by those with masters’ degrees (43.3%); while those with NCE and PhDs were 4.4 and 2.2% respectively. The income of respondents indicated the benefactors earned different amount monthly. It showed that majority (51.1%) of the benefactors of the Akpabuyo housing scheme earned between N50, 000 – N100, 000 monthly, followed by 30% that earned <N50, 0000 monthly and 14.4% that earned N100, 100 – N150, 000, while very few of the benefactors basically 4.4% earned above N150, 000 monthly. This means that the housing scheme is comparatively favourable to the low and medium income civil servants in the state.

### 3.2 Mode of acquisition of housing units

All the respondents (benefactors) alleged that Houses are therefore acquired by filling forms which are obtained from CROSPIL. The application is made directly to the state government via CROSPIL which is the agency saddled with the responsibility of screening and issuing forms to civil servants in the state. The mortgage department under the Ministry of Finance in the state manages the payment for the housing types. When forms are filled and submitted by the applicants, they are compiled and sent to the Cross River State Labour Union to ascertain that the applicants are civil servants. This checking is done to ensure that politicians do not hijack the process as they housing units are basically meant for civil servants in the state. CROSPIL supervises the housing estate.

### 3.3 Mode of selection for housing units

Benefactors of housing units by the Cross River State government were selected based on the following criteria listed in Table 1. It showed that a larger percentage of the benefactors believed that government and its agency looked into the entire conditions in their selections of beneficiaries of the housing scheme. They affirmed that benefactors must indicate their willingness to take part in the process by applying to the government through its agency called CROSPIL. The application they said carries the house type applied for and the salary level as well as other relevant information (such as department, staff number etc.). Also, the type of housing unit given to every applicant is dependent on their salary level. This mode of selection as discussed in the latter section of this study is to enable the benefactors pay the stipulated amount for the respective housing types within the duration of the housing loan. The restriction on housing type to income is also meant to solve the problem of housing affordability (to make sure civil servants are able to pay for the houses conveniently without jeopardizing and compromising other necessary household needs).

**Table 1: Mode of selection**

Options	Frequency	Percent
Indication of willingness	8	8.9
Type of housing unit applied for	10	11.1
Salary level	13	14.4
All of the above	59	65.6
<b>Total</b>	<b>90</b>	<b>100.0</b>

### 3.4 Mode of payment for housing units

The result in Table 2 shows the modes of payment for housing units into government's account. The benefactors were had varied options and they were advised to make use of the mode that was most suitable to them. The result showed that a good number (86.7%) of the benefactors chose monthly salary deduction method. This means that an agreed amount of money is deducted from their salaries on monthly bases until payment is completed. This mode of payment is chosen by the benefactors because they do not have other sources of income and it shows that a good number of them depend greatly on their monthly salary. Government also chose this mode because it is the safest and surest way of getting the money meant for the housing units from the benefactors. Another mode of payment used by the benefactors was cheque and it showed that 13.3 per cent of the benefactors made payment for the housing unit via cheque. At the end of every month, this group of benefactors would issue cheque containing the agreed amount payable to the government's account. The result indicated that cash payment was not used by the benefactors as majority paid directly through their account.

**Table 2: Mode of payment**

Options	Frequency	Percent
Monthly salary deduction	78	86.7
Cheque	12	13.3
Cash	0	0
<b>Total</b>	<b>90</b>	<b>100.0</b>

### 3.5 Level of satisfaction with PPP initiative, mode of selection and payment

The level of satisfaction of benefactors (respondents) on the role played by PPP in housing provision, mode of selection and payment was assessed (Table 3). The result showed that all the respondents were pleased and satisfied with the role played by PPP in housing provision. All the benefactors praised the initiative entered by the state government and wished the initiative was sustained for a long time to enable a good number of civil servants who had not been able to build houses of their own to have houses. They alleged that it is a thing of pride to them to have houses where they can live comfortably with their respective families without facing unnecessary embarrassment from landlords and landladies. The result in the Table also showed that 90 per cent of the respondents were highly satisfied with the mode of selection, while 10 per cent were of the opinion that the process was characterised by irregularities such as favouritism. This group of unsatisfied benefactors alleged that they were made to undergo several stress that some of their colleagues did not go through.

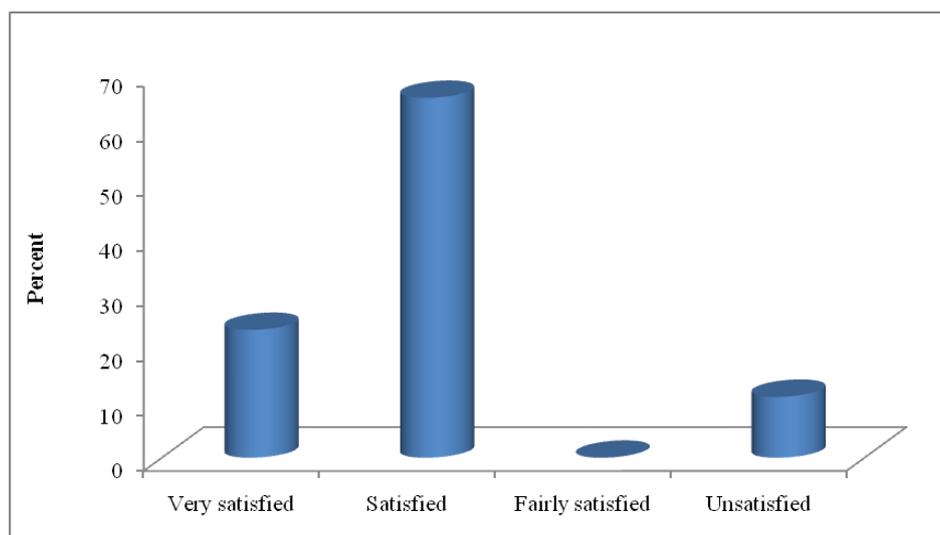


Figure 1: Level of satisfaction with mode of payment

Despite this, a good number of the benefactors were pleased with the mode of selection. In addition, on the mode of payment (Figure 1) which has been explained above, the result showed that 89 per cent were satisfied with the mode of payment for the housing units, while 11 per cent were not satisfied with the mode of payment mostly the percentage that was deducted from their salary. This group felt that the percentage and the years of payment (duration of payment) was somehow unfair to low income civil servants in the state. The duration of two years given to all civil servants irrespective of their salary level was queried by this group of benefactors because of the unequal housing stress it put on them. Since, the housing loan run for about two years and it is deducted monthly from the benefactors' salaries, majority of them were happy with the process. This group of benefactors feel it is less burdensome on them considering the number of months or years required for them to pay for their housing units. The amount of money deducted varies depending on the type of housing units. Benefactors with 1-bedroom flat pay less compared to those with 2-bedroom flat; and those with 2-bedroom flat pay differently from their counterparts with 3-bedroom flat and so on.

**Table 3: Satisfaction with PPP initiative, mode of selection and payment**

Variables	Frequency	Percent
<b>Satisfaction with PPP initiative</b>		
Very satisfied	50	55.6
Satisfied	40	44.4
Fairly satisfied	0	0
Unsatisfied	0	0
<b>Satisfaction with mode of selection</b>		
Very satisfied	42	46.7
Satisfied	39	43.3
Fairly satisfied	0	0
Unsatisfied	9	10.0

<b>Satisfaction with mode of payment</b>		
Very satisfied	21	23.3
Satisfied	59	65.6
Fairly satisfied	0	0
Unsatisfied	10	11.1

### 3.6 Types of housing units

Benefactors were asked to indicate the types of housing units found in Akpabuyo housing estate. The result showed that all the three types of housing units listed in Table 4 were found in the area. This means that the benefactors are fully informed and are knowledgeable of the types of housing units in the area. The houses are built to enable civil servants of different salary levels to be able or have the capacity to acquire a unit. The type of housing unit given or approved to a civil servant by the government is dependent on his or her monthly income and the ability to pay within the stipulated time period. Civil servants within the low income range are restricted from applying for 3bedroom flats because government believe it would be more of a housing stress for them to meet up with the payment. This group of people are thus restricted to 1 or 2 bedroom flats.

**Table 4: Types of housing units**

<b>Options</b>	<b>Frequency</b>	<b>Percent</b>
1 bed room flat	0	0
2 bed room flat	0	0
3 bedroom flat	0	0
All of the above	90	100.0
<b>Total</b>	<b>90</b>	<b>100.0</b>

### 3.7 Challenges faced in the acquisition of housing units

The benefactors of the Akpabuyo housing estate are faced with some challenges in the process of making payment to assume full ownership of their respective houses. The result in Table 5 showed that majority of the benefactors though were happy and pleased with the housing scheme but were not very satisfied with the time given to pay for the housing units. Some of the benefactors asserted that the payment duration of at least 5 years would have been more appropriate to enable them pay for the houses with little stress and this would also enable them to take proper care of other household needs. As it is now, some household needs would have to be placed on hold until payment for the housing unit is completed. Another issue that remains troublesome to the benefactors is the condition of payment. The condition of payment of based salary level and monthly deduction seemed not to go well with some of the benefactors. These people felt that government should make the payment process open rather than based on salary. They felt benefactors should be allowed to make payment via other sources once they were able to assess money to quicken the payment process. Cash availability to conveniently pay for the housing unit is another challenge faced by the benefactors. They alleged that if other sources of income were

available to them, they would not be bothered by the 2 years given by government on the completion of payment. These three challenges are believed affect benefactors' ability to conveniently pay for their respective housing units.

**Table 5: Challenges encountered**

Options	Frequency	Percent
Condition of payment	27	30
Time frame	53	58.9
Cash availability	10	11.1
<b>Total</b>	<b>90</b>	<b>100.0</b>

## CONCLUSION

The study has shown the government's ability to partner with the private sector in the provision of affordable housing is deeply appreciated by its workforce because it has enabled them to own houses which gives them the opportunity to pay over a given time period. However, the percentage of payment (deduction from salaries) as well as duration of payment should be revisited and should vary among income groups. Civil servants with lower incomes should be given extended time period to enable them to pay for the housing units without compromising other household needs such as food, payment of children school fees and other necessities. If this is looked into, it will solve the rising problem of housing stress (housing unaffordability) as well as dowse the motives and essence of public-private partnership.

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