

**HOUSING AFFORDABILITY FOR PUBLIC SERVANTS IN BAUCHI
STATE, NIGERIA**

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Dedication

To the Ekpoki's Family

My Beloved Mother

My Siblings And

My Loving

Friends

AKNOWLEDGEMENT

First of all, I am grateful to Almighty Allah for establishing me to complete this dissertation through the help of my honourable supervisor PN. HJ. Rosadah Binti Mahmud. Her advice has rendered a great assistance towards the completion of this research and I therefore, place on record my sincere thanks to her for her constant encouragement.

Above and beyond, I wish to express my sincere thanks to my entire family for their enthusiasm has been a great source of inspiration to me, especially my siblings for providing me with all the necessary facilities for the success of this research. I pray to Allah to reward them abundantly.

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Abstract

Housing is a vital part of human expenditure that accomplishes the basic need and a deep impact on the quality of life and the output of man. In spite of the generally known importance of housing and various efforts shown towards making sure that there is affordable housing made available to majority of the people in Nigeria, a large percentage of public servants in the country still do not have access to decent housing at affordable cost. As a result, most public servants in the county live in housing conditions that constitute disrespect to human dignity and with social and economic implications. Many researchers have been battling with the problems of housing affordability and it was recorded that the concept of affordable housing is mainly based on three concepts such as income, purchase and repayment affordability. This prompted the researcher to identify the level of housing affordability as the first objective of these findings for public servants in the study area and the second objective was to study the influence of demographic factors on housing affordability among public servant using the federal polytechnic Bauchi staff as a case study. A survey was carried out in the institution using a questionnaire distributed among 250 respondents in the study area of which 200 were returned but only 196 were valid. The Residual Income Method was used to examine the level of housing affordability among public servants in relation to their income/salary while the cross tabulation analysis, Pearson chi square analysis and CRAMER'S V was used to determine the influence of the demographics factors on housing affordability. Due to the observation and information gathered from the study area, the results from the first objective shows that quite a high number of the respondents cannot afford the kind of houses available in the study area due to the low rate of house hold income, while data for the second objective shows that out of all variable tested, the household income, grade level, age and the educational qualification are having a very strong influence on housing affordability in the study area except the Number of children and Years of service that holds a weak influence on their ability to own a house among the public servants in Bauchi State Federal Polytechnic Staff. Aside all that, the finance system is not helping matters in terms of mortgage loan and the system of repayment period, so the only option that seems to be an alternative used to address the problem is the personal savings which always take very long term duration.

Abstrak

Perumahan mewakili sebahagian besar daripada perbelanjaan manusia dalam memenuhi keperluan asas dan ia memberi kesan yang mendalam terhadap kualiti hidup dan peningkatan produktiviti manusia. Walaupun kepentingan perumahan sudah diketahui umum dan pelbagai usaha telah ditunjukkan ke arah memastikan perumahan yang mampu dimiliki disediakan kepada rakyat di Nigeria, namun sebahagian besar penjawat awam di negara ini masih tidak mempunyai akses kepada perumahan pada kos yang mampu dimiliki. Oleh itu, kebanyakan penjawat awam di negara ini hidup dalam keadaan perumahan di luar batas penghormatan maruah manusia dan juga memberi kesan terhadap keadaan sosial dan ekonomi. Ramai penyelidik telah mengkaji masalah berkaitan kemampuan perumahan dan menunjukkan konsep kemampuan perumahan dikaitkan dengan tiga faktor yang mempengaruhi kemampuan perumahan seperti pendapatan, pembelian dan kemampuan pembayaran balik. Atas alasan tersebut mendorong penyelidik untuk mengenal pasti tahap kemampuan perumahan bagi penjawat awam di kawasan kajian sebagai objektif pertama kajian dan objektif kedua adalah untuk mengkaji pengaruh faktor demografi di kalangan penjawat awam terhadap kemampuan memiliki rumah dengan responden terdiri daripada kakitangan Politeknik Persekutuan Bauchi. Data diperolehi melalui pengedaran borang soal selidik kepada 250 responden di kawasan kajian dimana 200 borang telah dikembalikan tetapi hanya 196 adalah sah untuk digunakan. Kaedah Baki Pendapatan digunakan untuk melihat tahap kemampuan perumahan di kalangan penjawat awam manakala Analisis Penjadualan Silang, Analisis Pearson chi square dan Cramer V digunakan untuk menganalisis pengaruh faktor demografi terhadap kemampuan perumahan. Berdasarkan maklumat yang dikumpul dan analisis yang dilaksanakan, hasil kajian bagi objektif pertama menunjukkan sebilangan besar responden tidak mampu memiliki jenis rumah yang terdapat di kawasan kajian kerana kadar pendapatan yang rendah, manakala bagi objektif kedua setelah semua pembolehubah diuji, menunjukkan pendapatan isi rumah, tahap gred, umur dan kelayakkan pendidikan memberi pengaruh yang sangat kuat terhadap kemampuan perumahan kecuali jumlah bilangan anak dan tempoh perkhidmatan yang menunjukkan kurang mempengaruhi keupayaan untuk memiliki rumah di kalangan kakitangan Politeknik Persekutuan Bauchi. Selain itu, sistem kewangan yang terdapat tidak membantu untuk mendapatkan pinjaman gadai janji dan sistem tempoh pembayaran balik, jadi satu-satunya pilihan atau alternatif yang digunakan untuk menangani masalah ini adalah simpanan peribadi yang terpaksa mengambil tempoh jangka masa yang lama.

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CHAPTER 1

INTRODUCTION

1.0 Backgrounds to the Study

Housing is not only a basic necessity of life; however it has a profound and universal impact on many aspects of human lives. Housing is the principal setting of personal, family, and community life. Usually, spending in housing is the largest element of most households' budgets and the influence not only the kind of housing, but also how much households have left for other necessities Stone, (2006).

For so many years, Nigeria has been experiencing rapid economic growth especially in major cities of the country, such as Abuja, Lagos and Kano to mention but few. With the fast economic growth, it has cause the rapid development in the real estate market and also increases the migration, size of population, and the level of income. (Joachim A. Onyike, 2007) All of these growths have much contributed to housing market and also increase the demand for housing.

On the other hand, former study also shows that, the household income and housing price are the primary determinants of housing affordability. Therefore, Liu et al. (2008) has conducted a research to identify the housing affordability by using the household incomes and housing price to evaluate the households' affordability in Beijing. The research offered that the China Government's new housing provision policies are able to ease the housing affordability problem, but the gap between housing price and income levels is still widened. It is well known that the principal component of most household is spending a large sum of money on housing budgets. Onyike, (2007)

However, with the substantial increase in housing price, it affected housing affordability for many households especially low income group (Liu et al., 2008). Affordability is the most frustrating problem on the housing scenery. Many households are concerned about it because affordability affects their ability to become or remain as a homeowner, and as well as the size and amenities of the house they are able to purchase. Even though, the Government of Nigeria again reviewed the policy in 2004 with the aim of ensuring that every citizens of the country could own at least a decent, safe and healthy housing at a reasonable price.

This and many more reason prompted the National Housing Policy of Nigeria (NHP,) to stipulate the enhancement of people's abilities and ease of access to buying, building or renting a house as one of their objectives to ensure the sustainability of the housing sector. In spite that, affordability still remains a problem despite the government intervention programs. The reason for this state of affair can be related to the rapid increase in housing price which extremely affect the housing affordability of many household income earners especially the low income groups. liu et al., (2008).

This problem had become a great treaty to many household especially in Bauchi state because it has caused quite a number of household the inability to buy or build, rent or even remain a proud owner of a house they initially own. The situation not only stopped at just purchasing a house alone but, extends to not being able to afford the size and the type of amenities necessary for a normal household living.

In that respect, researchers have being striving so hard to come to consensus on how to put an end to the problems of housing affordability by conducting a research on some best methods to overcome the situation. One of such method is the price income ratio by (Dong et al., 2011) who stressed on how household income can be a major effect to housing affordability because it does not only influence the housing demand alone, it likewise cut across the housing loan. So many researchers at the same time had suggested that housing affordability should be measured based on the ability of households being able to pay for monthly portions of the housing expenditures without commanding margins on the household existing situations.

1.1 Problem Statement

Remuneration package of civil servants in Nigeria is one of the major problems of civil service workers in many organisations which has affected their means of affordability and loan repayment from their monthly income. In 2003 the Director of recruitment and Appointment in the federal civil service commission lamented on how the public servants are the most deprived and most unhappy salary earners in the country compared with the rising cost of living and high rate of house price and also the amount required for reasonable subsistence.

Similarly, there is also a gap in salaries between the public and private sector worker which goes for about 300 – 500% and even within the public sector, there is a tremendous difference which makes the public servants salary be the worst amongst them all. For instance, the salary of a director in the Civil Service is only about 20% of that of his/her equivalent in the Nigerian National Petroleum Company (NNPC) in Nigeria. DPADM, (2004)

Knowing that the greatest puzzling issue challenging Nigerian employees in this situation remains the issue of minimum Wage/salary which has a tremendous effect on the trend of the level of housing affordability and to know that some demographic factors could be influencing the ability of a public servant to buy a house at the same time meeting other expenses such as the non-housing cost which has not been able to correlate to each other over the years.

Although, Onyike, (2007) argued that the reason behind this state of concerns among public servant is closely related to the problems of high cost of building materials and the low income rate on the majority of public servants, rate of interest on mortgage, unorganised or not well established mortgage loan scheme, managerial hold-ups, acquiring of approvals for housing construction plans, inability to get hold of the C of O (certificate of Occupancy), the pure dishonesty on the distribution of government land between the structure of the land Use Act, cap 202 LFN 1990 and some other essential management authorizations. Ogwu, (2006)

But despite the growing dislike on the failure of affordable and adequate housing units to target population in Nigeria, housing affordability still remain a critical issue in the country today which need to be attended to particularly in the situation faced by public servant in the housing sector. (Swan, 1995) also argued that a comprehensive breakdown of the request for housing desires to include the influence of income, comparative house prices and the interest rates so that the predictions of house prices will need to incorporate with the information on demand, cost factors and the supply of new houses.

Therefore, in the quest to solve housing affordability problem in Nigeria, there was a review of salary scale of public servant workers in the country a few times in recent years, but in spite of the review which came as a result of the introduction of the Monetisation Policy of the Federal Government of Nigeria The monetization is the quantification in money terms of those marginal benefits which government used to provide for its workers as part of their conditions of service. Such benefits include residential accommodation, transport facilities, medical services and utilities such as electricity, water and telephone (Aluko, 2003). It has been presented that monetization will encourage public servants to own personal houses. The implication is that public servants will move out of government houses/quarters and rent or build/buy residential accommodation in the open market.

From the foregoing it is obvious that, the public servants would not be given any other incentives to be able to afford a house by the government, instead he will have to provide from his basic salary at most 30% of his income to be able to sustain the lingering issue of housing affordability irrespective of other household expenditures. Therefore, determining housing affordability usually depend on the housing cost and household income. That means, if after paying for housing expenditure and one is still not been able to have the ability to balance income to other necessary purchases needed in the family.

The aim of the study is to examine the issue of housing affordability for public servants in the study area, particularly in the educational institutions in Bauchi metropolis in order to determine whether an ordinary public servant employer will be able, within his legitimate income that is paid as salary and allowances afford housing

in Bauchi the capital of Bauchi State of Nigeria. Therefore the household income and expenditure, housing price, and the demographic factors such as type of occupation, number of children, education level, gender, ethnics and age will be studied to determine its influence on housing affordability throughout the research area.

In realising the above mentioned issues, it is of my opinion that the pathetic gap be bridged by making use of the public servant average monthly income salary scale in assessing the affordable house price and identifying the influence of demographic factors on the housing affordability. Therefore, this study is attempting to fill this gap from questionnaires that will be distributed to the respondents in the study area and the literatures reviewed so far. In order to achieve the goal and objectives of this study, the following research questions were formulated

1.2 Research Questions

- i. What is the level of housing affordability among public servants in the study area?
- ii. How do the demographic factors influence housing affordability among public servants in the study area?

1.3 Objectives of the study

Since the aim of the study is to examine the issue of housing affordability for public servants of educational institutions in Bauchi state, Nigeria in order to particularly discover whether an ordinary public servant will be able, within his legitimate wages or salary and allowances afford housing in Bauchi. This aim therefore, is targeted towards the achievement of the following specific objectives.

- i. To identify the housing affordability level with the current salary structure of public servant in the study areas.

- ii. To study the influence of the demographic factors affecting housing affordability in the study area.

1.4 Scope of the Study

The study is limited to public servant whose source(s) of income is/are salary or wages oriented in the educational institution in Bauchi State, Nigeria. The respondents will be all the income groups as income households in Federal polytechnic, Bauchi.

The scope of the study will only focus on the socio-demographic factors where the influence of other factors may not be fully considered since these characteristics are considered to be important for evidence in the aforementioned research studies investigated earlier on.

1.5 Significant of the study

This study will be relevant to the need of both the Federal and State Government of Nigeria to ensure that a larger number of public servants are adequately housed. If well investigated upon, the study will assist in the effective use of available funds to provide adequate housing to an increased number of public servants. At the same time, this will help to improve the financial institutions to make an accurate decision during the loan application process in lending which will help in reforming the purchaser's repayment ability.

Finally, it will also provide the government with information of housing affordability and maybe used to set up a new housing affordability scheme on the problems faced by public servants in achieving their targeted objectives in relation to household income

1.6 Research Methodology

Every research follows appropriate design and well defined procedures. Such research designs and procedures aim at providing answers the research questions and/or testing the validity of stated hypotheses, as well as assessing the cause and effects being estimated (Oloyo, 2001). This Chapter of the thesis therefore discusses the procedures and methods adopted in the research design, data collection, processing and analysis as well as presentation and interpretations of results and findings.

In order to carry out extensive detail on this research work, the consideration on the stages of how the research is planned and outlined for coherent work flow will be shown below.

1.6.1 Stage 1: Introduction

The first stage which is the introduction is a preliminary for understanding and a means of identifying what the research problem is all about, which helps to list out the possible aim and objectives of the study in other to specifically determine the procedures for achieving the objectives. The research is conducted on the bases of studying the preferences in acquiring a house based on affordability level which include the type of houses, price, income, and job sector.

1.6.2 Stage 2: Literature review

The concept of housing affordability problems has been an issue of discussion for so many researchers. The degree at which solution will be established upon the issue is the major concern of so many writers. Therefore, the chapter two of this study will mainly focus on the past related reviewed literatures in other to come to compromise with the data and information relating to housing affordability problems in the study area. These is always achieved through the help of the researched journal

articles, text books, newspapers, thesis and some other related documents from the study area

1.6.3 Stage 3: Basic Information on the study area

This stage is aimed at providing additional background information on the study and the study area. It is basically the description of Bauchi State with particular reference to the level and trend in housing affordability and information of the property market price. The bulk of this information will be obtained as secondary data from multiple sources, such as records from the selected study area in Bauchi State as well as publications of Bauchi State Government.

1.6.4 Stage 4: Data Collection

To achieve all this mentioned above objectives, research questionnaire and interviews will be administered by the researcher to elicit information from the respondents. In the same vein, the target population, sample and sampling techniques, instruments used for collecting data will be discussed, so also the methods of data analysis.

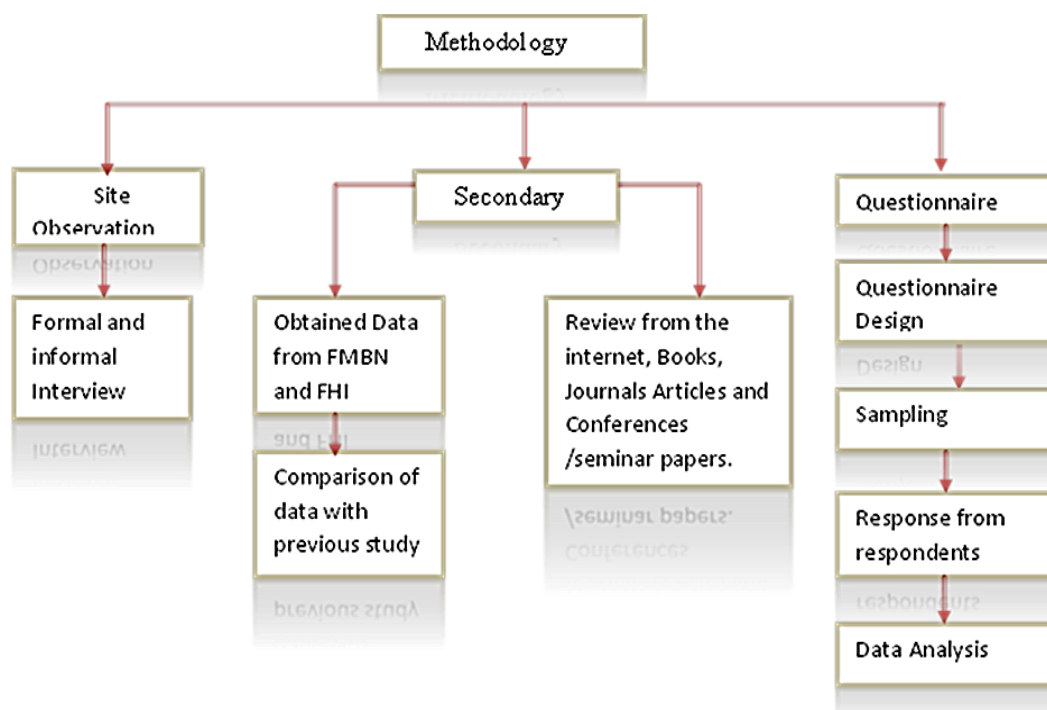


Figure 1: The research framework.

1.6.4.1 Proposed data collection method and instruments

The reason for the above strategy is to acquire different data regarding household income and the level of affordable housing within the public servant in the polytechnic community areas.

The primary data will be from the research questionnaire and interviews which will be administered by the researcher to elicit information from the respondents.

Secondary data will be analysed from various literatures, relevant working materials and government reports especially from different reports on Nigeria property market because of the simple fact that there is no data base for information on property market, this of course, constitute a major constrain to these thesis. This collection of data will be for the year 2014.

1.6.4.2 Research population/sample

The population comprises the staff of the Federal Polytechnic Bauchi's various income levels. The sample will be a group of respondents from the educational institution whose income is from monthly salary.

The use of Yamane Formula (1973) will help to calculate the sample size for the generated analysis or findings. The degree of confidence is always expected to be at 90 per cent of the total population of the calculation. Hence, the total population for the study area is about 1,596 staff which signifies that the minimum respondents needed are 100. Though, 250 set of questionnaires will be distributed.

More so, the consideration of some selected socio-demographics factors will be recorded such as population, household income, education, age, and others, that have interrelation with the effect of affordability level in the property market in Nigeria and Bauchi state as a whole. This will cut across Staff of middle and low income levels.

1.6.5 Stage 5: Data Analysis and Findings

The data collected from the questionnaire will be analysed in respect of the benchmark of the average monthly income of public servants against cost of building. The analysis seeks to establish the affordability levels of person at determining income levels to cost of house.

The data will be analysed using quantitative analysis with the help of the use of Microsoft Excel 2007, and computed into a statistical package for social science software (SPSS) in order to achieve a better result from the feedback of the respondents. Pearson chi square analysis and CRAMER'S V analysis will also be the instruments for measurement.

1.6.6 Stage 6 Conclusion and Recommendations

This happens to be the last stage of the study where consideration of what has been studied so far on the issues of housing affordability and possible solution to the topic of study is applied. The outcome is usually based on the data analysed from the research study and then future recommendation can be established in the conclusion of the research work.

1.6.6.1 Expected Results of the Study

Based on the objectives, the study is expected to determine the level of housing affordability in the study area precisely the public servants of federal polytechnic, Bauchi metropolis within the average monthly income salary/wages and allowance they earn to own a house.

It is also expected to identify which among the aforementioned demographic factors can influence the housing ability of a public servant to buy a house going by his/her average income.

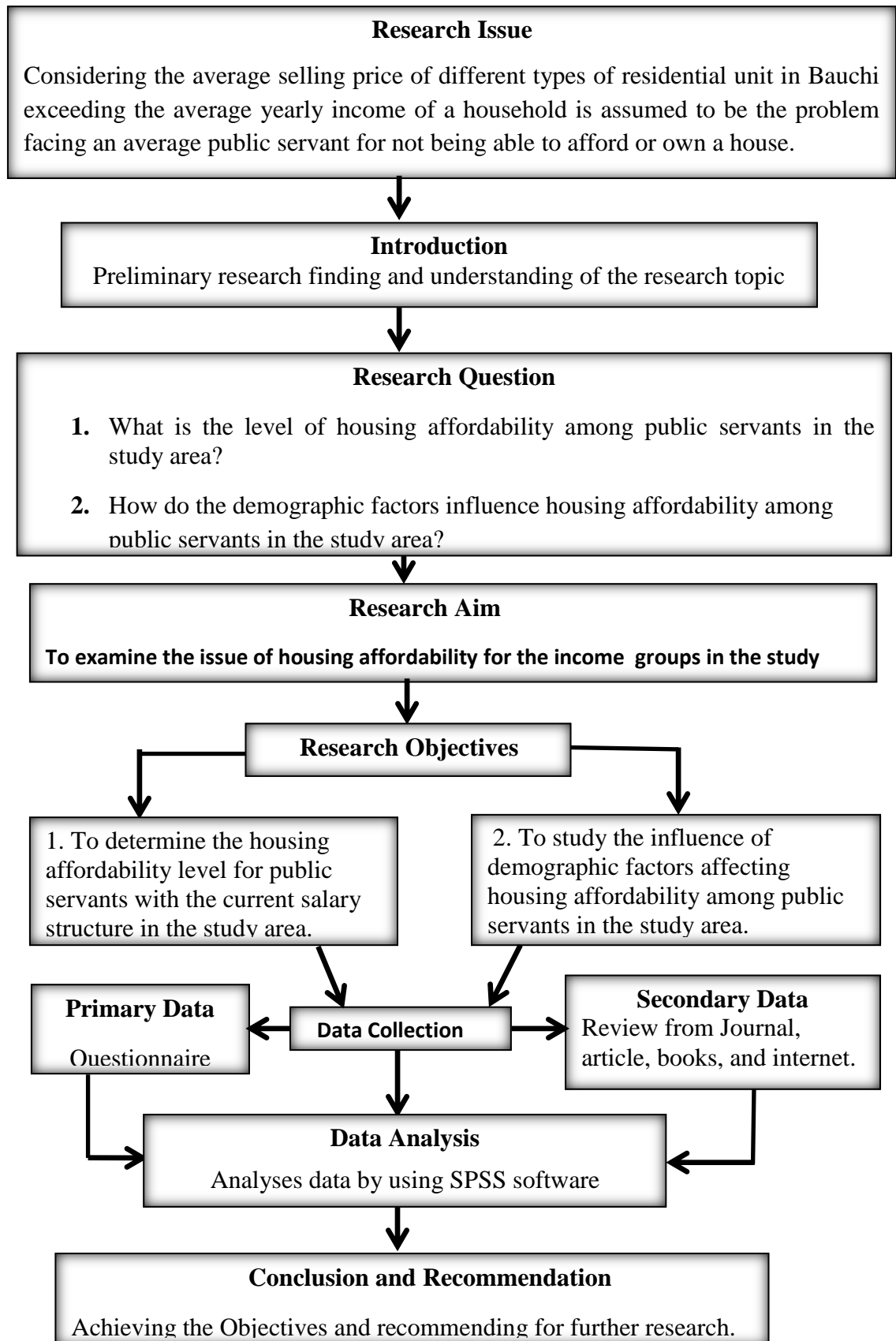


Figure 2: The Study Flow Chart

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