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**RESEARCH PAPER**

# Challenges Related to Housing Finance in Nigeria

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## Abstract

Housing is a crucial component of developmental activities and usually necessitates funding over an extended period. The lack of long-term financial instruments is a significant challenge for the bulk of the population towards property acquisition. Nevertheless, in developing nations like Nigeria, the utilization of long-term loans is limited especially among the middle-class and persons with lower incomes. The majority of individuals in Nigeria construct their houses gradually over a period of time without long-term loans. The limited utilization of long-term loans is an indication of market deficiencies and regulatory inefficiencies. Against this background, the research examines the limitations that affect housing finance for real estate investors in Imo state, Nigeria. The study utilizes a questionnaire survey to collect primary data and a literature review to acquire secondary data. The primary data was analysed using descriptive statistics. The core findings indicate that the requirements are prohibitively high for the average investor. The majority of investors primarily rely on loans for real estate finance, and there is a huge issue with bureaucratic bottlenecks in loan administration, among other factors. The study suggests that the government should enhance the capabilities of primary mortgage institutions (PMIs). Financial institutions should lower certain lending criteria, such as interest rates and application procedures, and standardize repayment periods to enhance accessibility and affordability. In addition, short-term loan arrangements of commercial banks should be discouraged to pave way for long term arrangement so that more investors can have access to housing finance.

**Keywords:** Housing, Finance, Nigeria, Bank, Investors, Sustainability.

## 1. INTRODUCTION

The housing sector is crucial for the progress of every country, as it makes a substantial contribution to the socio-economic development of both established and developing nations (Mukhtar, Amirudin, and Mohamad, 2016; Akinwande and Hui, 2022). The sector has a crucial role in promoting sustainable development and reducing poverty at both individual and national levels (UN-Habitat, 2010; Erguden, 2001; Ofori, 2024). It also plays a vital role in driving economic growth and making a substantial contribution to the gross domestic product (GDP) of several countries, including the USA, UK, and Hong Kong (Pison, 2010). Additionally, it serves as a crucial source of employment in developing nations like Nigeria (Arku, 2006; Iweala, 2014; Ofori, 2024). Prior studies have established a robust association between housing and health, as evidenced by the works of Erguden (2001), Macintyre, Hiscock, Kearns, and Ellaway (2021), and Arku (2006). Hence, having sufficient housing is essential for achieving a high quality of life and a superior standard of living. The right to housing has been internationally recognized and defined in Article 25 (1) of the Universal Declaration of Human Rights, published by the United Nations

General Assembly in 1948 (Marais and Wassels, 2005). Furthermore, the Vancouver Declaration on Human Settlements in 1976 (Habitat I), which is currently legally binding on over 149 nations, including Nigeria, also includes a universally recognized affirmation of the right to sufficient housing in its article 11 (1) (FRN, 2012; Marais and Wassels, 2005). According to Section 16(2)(d) of the 1999 constitution of the Federal Republic of Nigeria, the Fundamental Objectives and Directive Principles of State Policy also recognize the right to housing for all citizens (Ojoko and Ojoko, 2007). Although housing is acknowledged as crucial by numerous nations and international organizations, a significant number of individuals worldwide, particularly in developing countries like Nigeria, are encountering significant obstacles in obtaining suitable house (Ojoko and Ojoko, 2007).

Currently, around one billion individuals worldwide reside in slums. It is projected that by the year 2030, the number of people in need of housing and essential infrastructure and services would increase to three billion (Mukhtar et al., 2016). Nigeria, located in Sub-Saharan Africa, has the largest slum population in the region, estimated at over 19.5 million according to UN-Habitat (2010). Similarly, Nigeria, with a population over 200 million, faces a housing shortage of approximately 17 million units. To address this issue, an annual production of 700,000 housing units is necessary. However, only 100,000 units are currently being created each year (Iweala, 2014). According to reports, approximately 80% of the Nigerian population resides in informal settlements characterized by substandard living conditions, insecure land ownership, and inadequate access to basic infrastructure like water and sanitation systems (FGN, 2009; Pison, 2010; Ezennia, 2022; UN-Habitat, 2010). Another challenge confronting the housing industry in Nigeria is the significant urbanization occurring in the country, with around 50 percent of the population residing in metropolitan areas. The increased demand for housing in urban areas has led to the emergence and expansion of slums (Tariq, Zafar, Salman, and Hasan, 2018). Consequently, this has opened up opportunities for private investors in the housing sector. However, a study by Emoh (2024) highlights that the lack of access to housing finance is the primary challenge affecting the housing investment market in Nigeria. Given this background, the article aims to identify the limitations that hinder real estate investors from accessing housing finance and propose strategies to improve the circumstances.

## 2. LITERATURE REVIEW

According to the United Nations Development Programme (UNDP) in (2015) and Khare and Kader in (2016), the government of developing nations has recognized that the lack of accessible and available housing finance is a major obstacle in improving housing conditions for lower- and middle-income households. The inadequate living circumstances, especially in metropolitan areas, persistently hinder economic progress and the endeavours to alleviate poverty (UNDP, 2015; Khare and Kader, 2016). Various government and international agencies have emphasized the necessity for enhancing the current housing finance system and increasing the availability of services to underserved segments, as indicated in multiple studies conducted by Khare and Kader (2016) and Tariq et al. (2018). This is due to the multitude of concerns and challenges that are linked to the many components of the housing finance industry in developing countries. The primary elements encompass finance, land, building material, infrastructure, and labor (Amoako and Boamah, 2017). As mentioned before, a robust housing finance system is crucial for the housing sector (Ofori, 2024). Despite the presence of a solid policy, the Nigerian housing finance system is often ineffective due to a lack of policy execution, resulting in low performance in this sector (Wapwera, Parsa and Egbu, 2011). The housing sector problem extends beyond finance to include issues such as inadequate land administration, expensive building materials, costly skilled labor, and high expenses for public infrastructure provision. Consequently, housing construction in Nigeria is considerably more expensive compared to other developing nations like South Africa and India (Makinde, 2013; Iweala, 2014).

### 2.1 Overview of Sustainable Housing Development

Housing development is intrinsically linked to the sustainable expansion and progress of cities worldwide (Ojoko, Abubakar, Ikpe, and Ojoko, 2016). Sustainable housing development (SHD) refers to the creation and execution of policies, programs, or initiatives aimed at providing secure, feasible, and inexpensive housing for individuals in a society (Ojoko, et. al 2016). The concept incorporates the principles of sustainability in social, economic, and environmental aspects when developing housing plans and policies for the general population, with the aim of minimizing negative effects on future generations and the environment (Priemus, 2015; Olotuah and Bobadoye, 2009). Hence, the urgency for sustainable housing development is crucial, especially in developing nations, as stated by the United Nations Sustainable

Development Goals (UNSDGs) in 2015. Given this declaration, it is crucial for developing nations to promptly tackle the widespread issue of unsustainable housing and living conditions, specifically due to the adverse effects on health, water, sanitation, national security, and the overall climate (Ojoko et. al, 2016). Therefore, in order to create sustainable cities, it is necessary to provide housing that is safe, economical, and resilient, and includes contemporary water, waste disposal, and energy facilities (Ojoko et al., 2016). Analysts assert that the achievement of sustainable housing development frequently necessitates collaborations between the public and private sectors (Abdul-Aziz, and Kassim, 2011). The UN has recognized this fact and has recommended the worldwide implementation of Goal 11 targets as a comprehensive approach to providing housing, in order to make significant progress towards achieving the many goals outlined in the 2030 Agenda for Sustainable Development. The achievement of sustainable housing development is a crucial indicator of socioeconomic progress and a strategic priority for future developing countries worldwide (Ojoko et al., 2016; Ibem, 2010).

## 2.2 Current Status of Sustainable Housing Development in Nigeria

Nigeria, with a population of 200 million people, is in urgent need of sustainable solutions to address the numerous socio-economic issues it faces in its growth (Ojoko et al., 2016; Ibem, 2010). The most prominent issues are widespread corruption, pervasive poverty, and insufficient social infrastructure (Ojoko et al., 2016; Ibem, 2010). These difficulties primarily appear in substandard housing, which in turn has negative consequences on health, water, and sanitation. The evident absence of well-established social facilities has led to the development of slums and shanty towns throughout the country (Ayedun and Oluwatobi, 2011; Olotuah and Bobadoye, 2009). As per the United Nations Human Settlements Programme (Marx, Stoker and Suri, 2023), a slum is a continuous settlement where the residents lack sufficient housing and basic services. Furthermore, slums are commonly defined as groups of homes that clearly lack basic amenities such as water, sanitation, secure land ownership, sturdy buildings, and suffer from congested living conditions (Marx et. al, 2023). Therefore, a relationship can be observed between the absence of sustainable housing and the expansion of slums globally (Ojoko et al., 2016). According to the UN Habitat, the rate of slum growth is projected to grow exponentially in the next years, with 2 billion people, or 25% of the global population, residing in slums or shanty towns (Florida, 2014). Nigeria is particularly prominent in this regard. Moreover, empirical research has found a notable association between swift urbanization, economic expansion, and the increase of slums (Florida, 2014; Marx et. al, 2023). The results showed that the persistent economic deprivation in rapidly urbanized societies often results in the growth of slums typically characterized by impoverished conditions such as low human capital, poor housing and living conditions (Marx et. al, 2023). Therefore, there is substantial data indicating that the present condition of sustainable housing in Nigeria is quite poor, and there are projections of increased levels of social, economic, and environmental difficulties in the future (Ojoko et al., 2016; Ezennia and Hoskara, 2021).

## 2.3 Laws, Policies and Goals relating to Sustainable Human Development (SHD)

The study conducted by Ojoko et al. (2016) demonstrates that the socioeconomic progress and long-term viability of a country heavily depend on its national laws, policies, and legislative standards. As per the provisions of the 1999 constitution, every Nigerian citizen is entitled to the right of acquiring and possessing immovable property. Given the significance of housing provision for socioeconomic development, consecutive administrations in Nigeria have implemented multiple housing policies and programs to guarantee Sustainable Human Development (SHD) (Ojoko et al., 2016; Ibimilua and Ibitoye, 2015). The Nigerian Land Use Act of 1978 is the most significant and contentious policy in relation to SHD, as stated by Ojoko et al. (2016) and Ibimilua and Ibitoye (2015). The law stipulates that the Governor of the Nigerian State, through the Land Use and Allocation Committee (FGN, 2009), primarily oversees, assigns, and governs the ownership of land in metropolitan areas. The Nigerian housing and land policies discussed by Ojoko et al. (2016) and Ibimilua and Ibitoye (2015) include the Federal Housing Authority (FHA) Act of 1973 (Expanded in 2006), the Land Use (LU) Act of 1978 (Amended in 2014), the National Housing Programme (NHP) Act of 1980, the Housing for All by the Year 2000 A.D in 1990, the National Housing Fund (NHF) Act of 1992, the Federal Mortgage Bank (FMB) Act of 1993, the National Housing Policy (NHP) Act of 1992 (Amended in 2004, 2006, 2014), and the Affordable Home Ownership (AHOS) Scheme of 2014. It is evident that the legal framework for sustainable housing development in Nigeria is firmly established, with primary goals that align with the objectives of the SDGs Agenda (Ibimilua and Ibitoye, 2015). Moreover, the presence of the legal aspect of SHD in Nigeria functions as both a means of scrutiny and a legal benchmark for socioeconomic development and the establishment of sustainable housing.

Nevertheless, the policies have not yet achieved the desired outcome in relation to these discourse (Aribigbola, 2006; Ezennia and Hoskara, 2021).

## 2.4 Stakeholders/ financial and market structures

A housing development necessitates a diverse group of stakeholders in order to operate efficiently (Ibimilua, 2011). The housing sector of any economy is primarily influenced by laws, regulations, and directives established by all levels of government. Legally, the government of Nigeria is responsible for executing housing policies through its many Ministries, Departments, and Agencies or Parastatals (Aribigbola, 2006; Ibimilua and Ibitoye, 2015). The primary stakeholders in the Housing Sector of Nigeria include the Government, private organizations, and Nigerian residents (Ibuoye, 2009; Ojoko et al., 2016; Ezennia and Hoskara, 2021). Additional stakeholders involved in sustainable human development (SHD) in Nigeria include autonomous consultants, manufacturers, non-governmental organizations (NGOs), charitable organizations, policy groups, and think tanks. These stakeholders collectively contribute to SHD in different roles and capacities. However, the establishment, survival, and growth of any housing market rely on having consistent access to a continuous source of cash over an extended period of time (Bernstein, Zhang, Cummings, & Maury, 2021). Funding is essential for constructing structures, paying taxes and excise fees, and enabling citizens to buy residences (Bernstein et al., 2021). The health of the housing market is heavily reliant on the financial sector, specifically mortgage banks, building societies, and commercial banks in the country (Bah, Faye, and Geh, 2018; Bernstein et al., 2021; Buckley, 1996). Therefore, in order to effectively carry out sustainable housing development and related policies, it is crucial to consider providing financial resources to all key participants in the housing industry. The duty for this lies under the jurisdiction of the Federal Mortgage Bank of Nigeria (FMBN), which was formed in 1956 (Aribigbola, 2006; Ibimilua and Ibitoye, 2015). The FMBN is the primary mortgage institution in Nigeria responsible for overseeing the contributing National Housing Fund (NHF) and raising long-term money for the Nigerian population (Aribigbola, 2006; Ibimilua and Ibitoye, 2015). Additional entities in Nigeria that have the authority to provide loans to individuals seeking house financing include commercial banks, microfinance banks, and mutual/hedge funds (Aribigbola, 2006; Ibimilua and Ibitoye, 2015).

## 2.5 Problem associated with provision of Sustainable Housing Development (SHD)

Several scholars, including Ibuoye (2009), Sampson (2014), Bah et al. (2018), and Bernstein et al. (2021), have argued that sub-Saharan Africa's sustainable housing development (SHD) is hindered by a range of challenges in the areas of social, economic, environmental, and policy domains, such as the Land Use Act. Regarding the aspect of affordability and funding, several studies (Aribigbola, 2006; Ibimilua and Ibitoye, 2015; Ibuoye, 2009; Ojoko et al. 2016) have confirmed that the financing of housing development continues to be a significant problem in Nigeria. Presently, a significant number of Nigerians are unable to obtain home credit, mortgages, or loans due to exorbitant interest rates and the necessity of providing collateral guarantees (Ojoko et al., 2016). This has incited backlash among the stakeholders. In Nigeria, there is a demand for rigorous requirements, including a 20% equity contribution of the property cost, a valuation report and photographs of the property, a copy of the title documents, a cash flow projection for loan repayment, an approved building plan, a current tax clearance certificate, a copy of the search report, a letter of request addressed to the branch manager, evidence of employment, a letter detailing the breakdown of annual compensation, a minimum of three months' pay slips, and a 6-12 month statement of account, among others (Ojoko et al., 2016). These conditions constitute a significant obstacle for the large population in need of this financing. As a result, most of the Nigerian populace cannot secure loans to fulfil their homeownership goals, chiefly due to the lack of a resilient banking industry. Scholars include Aribigbola (2006), Ibimilua and Ibitoye (2015), and Sampson (2014) have emphasized the lack of legal frameworks and the ineffectiveness of regulatory policies as significant impediments to sustainable housing delivery. Furthermore, it is widely recognized that research and development (R&D) plays a crucial role in the advancement and progress of sociotechnical innovation systems, including the field of housing. This importance cannot be underestimated or overlooked (Ojoko et al., 2016). Hence, conducting study on the social, economic, environmental, and geopolitical dimensions of housing might greatly catalyze improvements in the sector. Undoubtedly, the real estate sector holds the position of the 6th largest sector in the Nigerian economy. It necessitates focused endeavors to conduct research and create cutting-edge technologies, methodologies, and regulations to ensure efficient housing construction. (Bah et al., 2018; Ojoko et al., 2016). Conducting research on cost-effective, renewable, and environmentally-friendly building materials, as well as sustainable practices in the construction industry, may help SHD in Nigeria

(Nwokoro and Onukwube, 2011; Akadiri and Olomolaiye, 2012; Elinwa and Mahmood, 2002; Adewuyi and Odesola, 2016).

## 3. RESEARCH METHODOLOGY

The study employed a quantitative methodology. According to Leedy and Ormrod (2013) and Saunders (2012), the quantitative method involves collecting quantitative data that can be analyzed using standard statistical procedures in a formal and disciplined manner. Punch (2012) argues that the quantitative approach should be consistent with data gathering and analysis methodologies that are quantitative in nature. The study employed descriptive statistical tools to gather data on real estate investors' assessment of lenders' requirements for funding home investments in Owerri. This approach yields valuable insights for assessing the impression and opinion of the sampled population regarding the criteria set by the lenders. The task was executed by administering structured questionnaires directly to purposive respondents, specifically members of the Association of real-estate investors in Imo State, Nigeria. To ensure the reliability and accuracy of the data, the questionnaire underwent a thorough pilot study. During this process, expert (researchers) in this type of research and practioners made required adjustments and corrections before the author administered the questionnaire. Notably the experts and the practioners were not part of the larger respondents. A total of seventy-three (73) questionnaires were sent out and 66 were returned. This amount to 90% of the total population. Following the process of data cleaning, a total of fifty-six entries were deemed suitable for study, representing a response rate of 73% of which Wu, Zhao and Fils-Aime (2022) confirmed it appropriateness in a survey. Furthermore, the questionnaire's reliability was assessed by the utilization of Cronbach's alpha test, resulting in a score of 0.836. The Cronbach alpha values ranging from 0.7 to 1.0 are deemed satisfactory (Pallant, 2016), signifying that the survey instrument consistently and reliably assesses the intended construct (Chan, Olawumi, & Ho, 2019). Consequently, the questionnaire is appropriate for analysis. This was carried out using the mean percentage.

## 4. FINDINGS

The summary of the findings from the respondents are presented in tables 1 to 6.

**Table 1.** Age-Gender- Distribution of the respondents

| Age (Years) | Age-Gender- Distribution of the respondents | | | TOTAL |
|---|---|---|---|---|
| | Male | Female | Sub-Total | |
| 30 – 39 | 0 | 0 | 0 | 0 (0.00%) |
| 40 – 49 | 12 | 3 | 15 | 15 (26.79%) |
| 50 – 59 | 19 | 0 | 19 | 19 (33.93%) |
| 60 and above | 20 | 2 | 22 | 22 (39.29%) |
| **TOTAL** | **49** | **5** | **56 (100 %)** | **56** |

Field Survey: 2024

Table 1 indicates that approximately 91.07% of the Real Estate Investors surveyed are male, while approximately 8.93% are female. The Real Estate Investors in the sample are all 40 years old or older. Among them, 26.79% are between the ages of 40 and 49, 33.93% are between the ages of 50 and 59, and 39.29% are 60 years old or older. Table 4.2 displays the extent of expertise among the real estate investors.

**Table 2.** Years of experience of the respondent

| Years of Practice | Type of Real Estimate Investment | | | TOTAL |
|---|---|---|---|---|
| | Commercial Only | Residential Only | Both | |
| Less than 5 | 1 | 0 | 1 | 2 (3.57%) |
| 5 –9 | 4 | 7 | 4 | 15 (26.79%) |
| 10 – 14 | 11 | 9 | 5 | 25 (44.64%) |
| 15– 19 | 0 | 4 | 3 | 7 (12.50%) |
| 20 and above | 0 | 0 | 7 | 7 (12.50%) |
| **TOTAL** | **16 (28.57%)** | **20 (35.71%)** | **20 (35.71%)** | **56** |

Field Survey: 2024

According to Table 2, approximately 44.64% of the Real Estate Investors sampled have been practicing for 10 to 14 years. About 26.79% have been practicing for 5 to 9 years, and a small percentage (around 3.57%) have been practicing for less than 5 years. Furthermore, precisely 35.71% of the surveyed Real Estate Investors exclusively focus on Residential Real Estate Investment, while an equal amount engages in both Commercial and Residential Real Estate Investments. In contrast, a smaller proportion of 28.57% solely pursue Commercial Real Estate Investment. Furthermore table 4.3 presents the method of real estate finance and extent of problem experienced and table 4.4 presents real estate investors preference of real estate financing institutions.

**Table 3.** Methods of Real Estate Finance and Extent of Problems Experienced

| Method of Real Estate Finance | Extent of Problem(s) Experienced | | | TOTAL |
|---|---|---|---|---|
| | Little | Moderate | Large | |
| Equity/Personal Savings Only | 0 | 0 | 0 | 0 (0.00%) |
| Loans Only | 3 | 16 | 28 | 47 (83.93%) |
| Both | 2 | 3 | 4 | 9 (16.07%) |
| **TOTAL** | **5 (8.93%)** | **19 (33.93%)** | **32 (57.14%)** | **56** |

Field Survey: 2024

The data from Table 3 reveals that none of the Real Estate Investors surveyed reported using equity/personal resources as their sole form of real estate financing. The majority (about 83.93%) of the surveyed Real Estate Investors reported that they only relied on loans as a means of financing their real estate investments. Conversely, roughly 16.07% of the participants utilized both loan financing and other ways for their real estate investments. Furthermore, a significant majority of the Real Estate Investors surveyed, approximately 57.14%, encountered substantial difficulties in relation to the real estate financing method they chose. Additionally, around 33.93% of the participants had moderate experiences with the problems associated with their chosen real estate financing method, while approximately 8.93% experienced only minor difficulties.

**Table 4.** Real Estate Investors' Preference of Real Estate Financing Institutions

| Preferred Finance Institution | Reason for Preference | | | | | TOTAL |
|---|---|---|---|---|---|---|
| | Cheaper Interest Rate | Stress-free | Convenience | Short Repayment Plan | All of the above | |
| Commercial | 0 | 0 | 16 | 0 | 2 | 18 (32.14%) |
| Mortgage | 24 | 0 | 14 | 0 | 0 | 38 (67.86%) |
| Microfinance | 0 | 0 | 0 | 0 | 0 | 0 (0.00%) |
| Industrial | 0 | 0 | 0 | 0 | 0 | 0 (0.00%) |
| **TOTAL** | **24 (42.86%)** | **0 (0.00%)** | **30 (53.57%)** | **0 (0.00%)** | **2 (3.57%)** | **56** |

Field Survey: 2024

Table 4 demonstrates that a significant majority (about 67.86%) of the surveyed Real Estate Investors expressed a preference for Mortgage banks as their choice of real estate financing institution. Conversely, roughly 32.14% of the respondents favored Commercial banks as lenders for real estate finance. However, none of the surveyed Real Estate Investors expressed a preference for Microfinance and Industrial banks as institutions for funding real estate. The majority (approximately 53.57%) of the surveyed Real Estate Investors stated that Convenience was the primary factor influencing their selection of preferred real estate financing institutions. This was followed by a preference for cheaper interest rates (around 42.86%). None of the surveyed Real Estate Investors chose Stress-free and Short repayment periods as their preferred option. Table 5 displays the criteria set by lenders and the perspectives of real estate investors.

The data from the surveyed real estate investors, as presented in table 5, indicates that the conditions set by lenders are strict for the ordinary real estate investor. Table 6 illustrates the perception of real estate investors regarding these lender requirements.

Table 6 indicates that the majority of the lender's requirements are not encouraging, with a percentage value of 83.93%. Only 16.07% of respondents found it to be encouraging.

**Table 5.** Lenders' Requirements and the Views of Real Estate Investors

| Lenders' Requirement | Applicability of Requirement | | |
|---|---|---|---|
| | None | Yes | |
| | | View about Requirement | |
| | | Stringent | Non-Stringent |
| Equity contribution of 20% of the property cost | 0 | 45 (80.36%) | 11 (19.64%) |
| Valuation report and photographs of the property | 0 | 56 (100.00%) | 0 (0.00%) |
| Copy of title documents to the property | 0 | 55 (98.21%) | 1 (1.79%) |
| Cash flow projection on loan repayment | 0 | 54 (96.21%) | 2 (3.57%) |
| Approved building plan | 0 | 55 (98.21%) | 1 (1.79%) |
| Current tax clearance certificate | 0 | 54 (96.21%) | 2 (3.57%) |
| Copy of search report | 0 | 55 (98.21%) | 1 (1.79%) |
| Letter of request addressed to the branch manager | 0 | 53 (94.64%) | 3 (5.36%) |
| If in paid-employment, the followings:<br>(i) Evidence of employment;<br>(ii) A letter showing breakdown of annual compensation;<br>(iii) At least 3 months' pay slips; and<br>(iv) 6-12 month's statement of account | 0 | 52 (92.86%) | 4 (7.14%) |
| If in self-employment, the followings:<br>(i) Company profile;<br>(ii) Company's bank account statement for 12 months; and<br>(iii) 3 years audited accounts of the company if a Limited Liability Company, otherwise a statement of financial affairs | 0 | 50 (89.29%) | 6 (10.71%) |
| A detailed feasibility and viability report on the proposed project | 0 | 54 (96.21%) | 2 (3.57%) |
| Survey plan | 0 | 54 (96.21%) | 2 (3.57%) |
| Evidence of past performance | 0 | 41 (73.21%) | 15 (26.79%) |

Field Survey: 2024

**Table 6.** Real Estate Investors' Perceptions on Lenders' Requirements

| Real Estate Investors' Perceptions the on Lenders' Requirements | Frequency | % |
|---|---|---|
| Encouraging | 9 | 16.07 |
| Not Encouraging | 47 | 83.93 |
| **TOTAL** | **56** | **100.00** |

Field Survey: 2024

## 5. DISCUSSION OF FINDINGS

From the reportage, table 3 shows that majority of the real estate investors (83.93%) preferred loan as a means of real estate financing. This implies that loan facilities are paramount in sustainable housing development in the developing nations and adequate resources should be accorded to it in Sub-Saharan Africa. For instance, authors such as Tsenkova (2009) and Tariq et al. (2018), supported this view by asserting that housing sector is particularly sensitive to pressures created by economic recession, interest rate and high inflation. In addition, austere fiscal policies contributed to decreasing levels of state and private investment in housing. Not surprisingly majority of the respondents experienced problem in the course of obtaining loan facilities. This indicates bureaucracy bottle-neck surrounding loan facilities in sub-Saharan Africa and these findings corroborates with Triki and Faye (2013) and Khare and Kader (2016), the authors have it that the concept of inclusive growth is multifaceted and has financial inclusion as one of its main building blocks. For sustained and inclusive development to thrive, a great deal of innovation and thinking is needed to ensure that appropriate financial services and instruments are put in place for the benefit of the poor and other vulnerable groups. The authors affirmed that financial inclusion is a multidimensional concept that encompasses all initiatives, from both supply and demand sides, within the financial sector (Triki and Faye 2013; Khare and Kader (2016). Arguably, the provision of appropriate and quality financing that is both accessible and affordable to low-income and other vulnerable households are key for sustainable housing development (Khare and Kader, 2016; Triki and Faye, 2013; Azunre, Amponsah, Takyi, Mensah, and Braima, 2022). The participant highlighted their proclivity to mortgage bank as their preferred choice for obtaining loan for housing investment see table 4. and convenience and cheaper interest rate were the main reason for the choice. In the category of lender requirement's, the participant alluded that lenders' requirements are stringent to the average housing investors. This implies dearth in the quest for sustainable housing development in developing nation. Various authors such as Ezennia and Hoskara (2021); Azunre et al. (2022); UN-Habitat (2012); Claudia, Tramontin and Trois (2014), concurred to these findings and elucidate the need for a well-developed system of housing finance that accommodate the low-income group who are greatly disadvantaged.

## 6. CONCLUSION AND RECOMMENDATION

Several factors impact housing affordability, and new research has highlighted the necessity of re-evaluating how housing affordability is evaluated and conceived in developing countries. This study reveals that the actual problem remains prevalent, particularly in the pursuit of SHD. This situation is concerning and requires a collaborative effort from all parties involved to effectively tackle it in the developing country. Given the current state of affairs, it is evident that if things continue as they are, a catastrophic outcome is inevitable in the future. Therefore, this study recommend that the government should enhance the primary mortgage institution (PMI) as a whole, while financial institutions could decrease some lending prerequisites, such as the interest rate and application method. Standardizing the payback time would enhance both the accessibility and affordability. Furthermore, it is advisable to discourage the utilization of short-term loan agreements by commercial banks in order to facilitate the establishment of long-term arrangements. This will enable a greater number of investors to obtain housing finance. Arguably, the author affirmed from the findings that the housing problem significantly impacts multiple facets of society. In fact, it sustains cycles of poverty and inequality, as safe and stable housing is essential for individuals and families to prosper. Inadequate housing hinders access to education, healthcare, and employment possibilities. Furthermore, the deficiency of sufficient housing incites social instability, as frustrations and tensions emerge from the abysmal living conditions endured by a substantial population of the developing nation. This situation disproportionately impacts the most vulnerable segments of society, including low-income families, the homeless, and individuals residing in overcrowded and informal settlements. The absence of adequate housing has extensive repercussions and presents considerable obstacles for the developing nation. Therefore, it is imperative for the governments of developing nations to implement measures that would improve the situation before it culminates in calamity. However, the study findings have limitations as per the sample size and geographical location of the study. Hence the need for a wider sample size for generalization purposes.

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