

# Public-Private Partnerships (PPPs) in Urban Housing in Nigeria: Evidence from Ogun State

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**ABSTRACT:** There is a consensus among housing experts and policy makers that there are not enough resources for government alone to address growing urban housing challenges in many developing countries. Consequently, a paradigm shift from government provision to partnerships between the public and private sectors is advocated. This study examined the prospects and challenges of Public-Private Partnerships (PPPs) in housing provision in Ogun State Southwest Nigeria. Data were derived from the review of official records and interview enquires. Findings show that Public-Private Partnership in housing in the study area is based on the joint venture approach between government agencies and corporate commercial private property developers. So far, attention has been on the provision of housing for high-income earners, while the challenges of insufficient numbers of housing units and housing affordability among low-income earners have not been addressed. The key challenges militating against Public-Private Partnership in housing are inadequate supply of land by government and housing finance, high cost of building materials, graft as well as the exclusion of low-income people from the PPPs. Given the huge housing supply deficit in Ogun State, it is argued that the future success of PPP is contingent upon addressing these challenges and the involvement of organizations that represent low-income people in the institutional framework of the PPPs.

**Keywords:** *Public-Private-Partnerships, Urban Areas, Public Housing; Ogun State.*

## INTRODUCTION

As urban housing, economic and environmental crises continue to escalate unabated; major reforms are taking place in the urban housing market in many developing countries. In Nigeria, one of such reforms was an attempt to boost the performance of public-sector housing through the transfer of some responsibilities for public housing provision from governments to private sector organizations through Public-Private-Partnerships (PPPs). This is in recognition of the monumental failure of the government provider approach to address increasing shortage of urban housing and the rising cost of housing beyond the reach of most low-income urban residents in this country. Drawing on the Global Strategy for Shelter to the Year 2000 (UNCHS, 1992) and Enabling Markets to Work (World Bank, 1993), the New National Housing and Urban Development Policy (NNHUDP) in 2002 seeks to ensure that all Nigerians have access to decent, safe and sanitary housing at affordable cost through private sector-led initiatives (Aribigbola, 2008). This policy recognizes that partnerships between the public and private sectors is a key means of encouraging the private sector to participate actively in addressing increasing urban housing crisis in Nigeria. These

partnerships which are in different forms and collectively referred to as Public-Private Partnerships(PPPs) generally represent a wide range of institutional arrangements between public and private sectors in sharing responsibilities, benefits and risks in housing, infrastructure and service provision (UN-HABITAT, 2006b; Abd Aziz et al., 2007; Ibem, 2011a; 2011b). In housing provision, PPP has gained currency in recent times on the premise that it promotes multi-stakeholders' participation; enhances productivity of the public- sector housing and reduces housing affordability challenges (UN-HABITAT, 2006b; Shelter Afrique, 2008).

Ogun State Southwest Nigeria is one of the States at the forefront of adopting PPP in housing provision. The State is one of the most urbanized and industrialized States in Nigeria and had an official population figure of about 3,728,098 in 2006 (Federal Republic of Nigeria, 2007). However, current estimate shows that by 2025 its population figure will be about 9.3 million (Ogun State Regional Development Strategy, 2008). Adamson (1996) noted that the living environment in Ogun State as measured by housing characteristics was generally very poor and unsanitary, while official statistics show that the housing supply deficit in this State is over 240,000 housing units and will increase annually by about 7,500 housing units (Ogun State

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Ministry of Housing, 2008). In a bid to address burgeoning housing supply deficit, curb the rising cost of housing and reform its housing market by making more efficient, the Ogun State Government adopted PPP in 2003.

Prior studies have demonstrated the extent to which PPP in housing has been successful in different countries across the world (Ong and Lenard 2002; Freut, 2005; UN-HABITAT, 2006b). Others have focused on the role of government agencies in PPP in housing (Ibem, 2010) and the contributions of PPP to addressing urban housing challenges in different parts of Nigeria (Ibem, 2011a; 2011b; Adegun and Taiwo, 2011). Among these few studies, none has specifically investigated the extent to which the adoption of PPP in housing has contributed to increasing urban housing stock and checking the rising cost of housing for low-income urban residents in Ogun State. Consequently, this study sought to examine the outcomes of the adoption of PPP in public housing provision in urban areas of Ogun State Southwest Nigeria in last seven years. Essentially, we advance two arguments: firstly, that PPP has not provided sustainable quantity of housing units; and secondly, that low-income people are yet to benefit adequately from PPP in housing provision in urban areas of Ogun State. The study explored the roles of partners in the PPPs, the modus operandi, and target population of PPP housing schemes. It also examined the affordability of the cost of PPP provided housing for low-income urban residents. The challenges militating against the PPPs in meeting housing needs of low-income urban residents in Ogun State were also identified. The paper is expected to extend our understanding of the success and challenges of PPP in housing from the Nigerian context.

### **The review of related literature**

#### *Public Housing and the Emergence of PPPs in Ogun State*

Public housing in Ogun State Southwest Nigeria is provided by Federal and State government agencies. The federal agencies involved are the Federal Ministry of Lands and Housing and Federal Housing Authority (FHA), while State government agencies involved are the Ogun State Ministry of Housing (OSMOH), Ogun State Housing Corporation (OSHC), Ogun State Property and Investment Corporation (OPIC), Gateway City Development Company Limited (GCDCL) and the Bureau of Lands and Survey. Public housing provision formally began in Ogun State with the establishment of the Western Nigerian Housing Corporation (WNHC) in 1958 by the colonial government to construct and manage public housing estates and also grant soft loans to individuals to build their own houses (Onibokun, 1985). At the end of the Nigerian civil war in 1970, the Federal Military Government of Nigeria headed by General Yakubu Gowon established the Federal Housing Authority (FHA) to construct subsidized housing for low-income earners across the country on rental basis. In April 1976, the Ogun State was created out of the old Western State and subsequently inherited two of the housing estates, namely, the Ibara GRA and Igbeba housing estates

in Abeokuta and Ijebu-Ode, respectively, constructed by the defunct WNHC, were inherited by the State. The FHA in the mid 1970s provided 893 serviced plots in Ogun State in the site-and-service scheme implemented in the then newly created States of Bauchi, Benue, Gongola, Imo, Niger, Ogun and Ondo as well as Lagos in 1976 (UN-HABITAT 2006a). Also, in the National Low-Cost Housing Programme (1979-1983), the FHA again constructed 512 housing units in Ogun State out of the 8,000 housing units planned for the State. According to the Ogun State Regional Development Strategy (2008), this represents a dismal 18 percent achievement level.

In 1977, the Ogun State Government established the Ogun State Housing Corporation (OSHC) as the first State government-owned housing agency. The OSHC was an offshoot of the defunct Western Nigerian Housing Corporation and was charged with the responsibility of increasing the availability of residential housing, commercial and industrial buildings in urban areas of the State. The Ogun State Regional Development Strategy (2008) noted that within the first year of the creation of OSHC, it constructed 200 housing units at Oke Ata in Abeokuta and another 350 housing units in Ijebu Ode on rental basis. A recent survey (Ibem, 2011c) revealed that the agency has several housing estates in major urban areas of the State. Seven years later, precisely in September 1984, the Ogun State Property and Investment Corporation (OPIC) was established to undertake the business of housing provision on commercial basis in urban areas of Ogun State. The creation of OPIC coincided with the era the Federal Government of Nigeria's economic restructuring policies and programmes were taking off. Ibem (2011) also observed that since its creation, the OPIC has been involved in site-and-services and Turnkey housing schemes in Abeokuta, Agbara and Mowe areas of Ogun State. From the mid 1980s when military took over government in Nigeria and the country's economic crisis began, there has been continued shortage of quality housing in urban areas of Ogun State. In fact, past and recent studies have shown that government intervention in the housing market through the provider approach in the last few decades has not contributed significantly to addressing urban housing shortage in this State (Ogun State Regional Development Strategy, 2008; Ibem, 2011c). This means that the bulk of urban housing in the State is provided by both the formal and informal private sector; indicating that the private sector has the wherewithal and is more efficient in providing housing for the people than the government. Indeed, the Nigerian experience has shown that while public housing provision had suffered in the past decades essentially due to under-investment, corruption and institutional failures (Ibem et al., 2011; Ayedun and Oluwatobi, 2011; Oloyede et al. 2011), the need for urban housing grew alarmingly, especially among the urban poor and low-income earners. Consequently, urban housing crisis in Nigeria in general and Ogun State in particular, has escalated to the extent that urban housing supply has not kept pace with its demand, and as result the cost of housing is rising beyond the reach of

an average urban dweller in this country.

The failure of the public-sector housing to live up to the expectations of many Nigerians prompted the Federal Government of Nigeria to launch the New National Housing and Urban Development Policy (NNHUDP) in 2002. This policy was intended to provide the legal framework that would enable both the government and private sector to collaborate in public housing in Nigeria. As Aribigbola (2008) rightly observed, this was a major shift of emphasis from provider to enablement approach and signaled the commencement of housing sector reform in this country. Among other things the housing reform was instrumental to the establishment of Real Estate Developers Association of Nigeria (REDAN), Building Materials Producers Association of Nigeria (BUMPAN), the reduction of interest rates on national housing fund loan to members of REDAN and expansion of the housing finance sub-sector to include the introduction of secondary mortgage market (Ibem, 2011a). These were intended to promote private sector participation in public housing delivery.

Drawing on the NNHUDP policy framework and in line with the housing sector reforms agenda, the Ogun State Government established a separate Ministry of Housing, Gateway City Development Company Limited (GCDCL) and Gateway Savings and Loans Limited and subsequently adopted PPP in housing provision in 2003. Ibem (2011c) specifically pointed out that the adoption of PPP in housing in Ogun State stemmed from the huge demand for quality housing from all categories of residents, the State government's dwindling budget, and wider recognition of housing as a catalyst to boost economic growth and job creation. With estimated 1.55 million housing units required in the State by the year 2025 (Ogun State Regional Development Strategy, 2008), it is believed that addressing this huge housing supply deficit requires enormous investment. In this circumstance, the State Government was left with no option than to by pooling resources from the private sector by embracing the idea of PPP in housing. However, to date, much is not known of the extent to which this move is contributing to public housing and the inherent challenges associated with it. This study was an attempt to bridge this gap in knowledge.

### **Public-private partnerships in housing and service provision**

In the midst of increasing disparity between the provision of, and demand for housing, basic sanitation and other vital urban services in cities of the developing countries, Miraftab (2004) noted that PPP was being celebrated globally as a viable strategy for addressing the shortage of public services in cities in the developing world. The global recognition accorded PPP as an alternative to government provider approach is based on the notion that it promotes multiple stakeholders' participation in the provision of critical infrastructure (Pessoa, 2006; World Bank, 2006), leads to a reduction in governments' expenditure (Jamali, 2004; Brown et al., 2006), and encourages efficient use of resources for improved service delivery at an affordable cost

(Klijn and Koppenjan, 2000). These apparent merits according to Jamali (2004) have prompted key international financial institutions, including the World Bank and International Monetary Fund to mount pressure on many developing countries to shift emphasis from state provision to liberalization and privatization of service provision. In addition to this, it has also heightened research activities on different aspects of PPP; leading to the emergence of different meanings, conceptions and variants of PPPs in the past few decades (Bovaird, 2004; Tomlinson, 2005; Mazouz et al., 2008).

Entangled with a number of concepts such as economic reforms, privatization and deregulation, two main divergent opinions on PPP have emerged. Whilst some argue that PPP is a new paradigm in development thinking that involves collaborative working arrangements between the public, profit and not for profit private sectors in the provision of public services hitherto provided solely by the State (Miraftab, 2004; Adams et al., 2006; Brown et al., 2006), others hold the view that PPP is another form of privatization in which the provision of social services and infrastructure is contracted out to private sector organizations (Bovaird, 2004; World Bank, 2006). PPP as a collaborative arrangement is based on mutual trust between the public and private sectors (Ong and Lenard, 2002; UN-HABITAT, 2006b) and it entails sharing of responsibilities, benefits and risks among governments, markets and people in the delivery of vital public services. This conception draws heavily on the Enabling Markets to Work (World Bank, 1993) and the Public Management (NPM) theory (Yamamoto, 2007) and argues that PPP seeks to address the short comings of government provider approach by engaging the private sector in a collaborative manner. This implies that PPP is seen as an institutional arrangement consisting of interdependent partners who play different roles according to their strengths and weaknesses in achieving common goals in a win-win situation (UN-HABITAT, 2006b). What this means is that PPP seeks to encourage governments to move away from direct provision of services and infrastructure, but rather to focus mainly on providing enabling regulatory and financial environment that would facilitate optimum performance of the private sector in the different aspects of development. With this understanding, the role of public sector agencies in PPP is essentially that of eliminating key constraints that inhibit optimum performance of the private sector in infrastructure and service provision.

On the other hand, PPP as a form of outsourcing and privatization is based on contractual arrangement between government and private commercial organizations, which allows private sector organizations to be involved in the construction of critical infrastructure (World Bank, 2006). Some authors and commentators have argued that PPP as another form of privatization is an avenue for governments to abdicate their social responsibilities to the private sector in the provision of key social services (Scott, 2004). This development some authors (Bovaird, 2004; Tomlinson, 2005) have also pointed out may result in diluting government's

control over decision making, management supervision and accountability; and ultimately undermines competition between service providers in the long run. The foregoing suggest that besides the benefits of PPP, there are also obvious longstanding concerns on the possibility of PPP resulting in the loss of independence in decision making on the part of government and commercialization of social service provision. These may to a large extent have implications for affordability of services to low-income people in the society.

In spite of the concerns expressed above, there is a consensus among scholars and practitioners that PPP entails the participation of government, markets and non-profit private sectors in the provision of social services and infrastructure hitherto provided by government. The World Bank (2006) describes PPP as private sector participation in service and infrastructure provision. Indeed, there is increasing evidence in the literature suggesting that PPPs are becoming very common in manufacturing, social policy and urban development across the globe (Jamali, 2004). Studies have also shown that PPPs have been used in the construction and management of transport facilities and utilities (Batley, 1996; World Bank, 2006), provision and management of educational, health and prison facilities (Patel, 2007), environmental protection (Nwangi, 2000), urban renewal (Osborne and Johnson, 2003) and waste management (Ahmed and Ali, 2004). In housing provision, countries such as Egypt, India, Pakistan, South Africa (see Payne, 1999), Malaysia (Ong and Lenard 2002; Aziz and Hanif, 2006; Abd Aziz et al. 2007), Brazil (Freut, 2005), the Philippines, Turkey, India, Canada (UN-HABITAT, 2006b), Nigeria (Ibem, 2011a, 2011b; Adegun and Taiwo, 2011) and Kenya (Otiso, 2003) among others, have also adopted PPPs. All these studies are clear indications that PPP is gaining wider acceptability in both the developed and developing countries. Notably, aggregate findings of these studies cited above show that despite differences in socio-political and economic contexts in the different countries PPPs have been adopted, PPPs have performed differently in infrastructure and housing provisions. For instance, UN-HABITAT (2006b) revealed that PPPs have made minimal contributions to low-income housing in developed countries, and that state-market partnerships have been most profitable in housing low-income households in the Joint Venture housing programme in the Philippines. In Nigeria, evidence from the very few studies suggests that state-market partnership is the key variant of PPP and that greater percentage of housing units so far provided in PPP housing schemes were targeted mainly at high-income earners. However, these studies did not examine the key challenges of PPP in housing in this country; hence, the current study is considered as an attempted to fill this research gap.

## **MATERIALS AND METHODS**

This paper draws on a study conducted to evaluate overall public housing in Ogun State Southwest Nigeria. The study followed a qualitative research approach with data derived

from both primary and secondary sources. Primary data were collected through interview enquiries using an interview guide. Secondary data were derived from the review of literature and official records. The research was conducted by the researchers between June, 2008 and February, 2010 in the study area. Preliminary investigations by the researchers identified two public housing agencies, namely, the Ogun State Ministry of Housing (OSMOH) and Gateway City Development Company Limited (GCDCL) and two private sector organizations - Sparklight Property Development Company Limited and Grants Property Limited as the key operators of PPP in housing in Ogun State. Consequently, these organizations were purposively selected to participate in the research.

Before the commencement of the research proper, these organizations were contacted to participate in the research and they all provided positive responses. As noted earlier, the qualitative research approach was adopted in generating data used in this paper. The strengths of this approach as highlighted by Castro et al. (2010) include, accuracy in operationalizing and measuring specific construct, making group comparison, model specification and testing possible. Of the different methods of qualitative research approach, including observation, interviews and focus group discussions identified in the literature (Patton, 2002; Rossi et al., 2004), interviews were chosen for this research. This choice was based firstly, on the believe that the interviews will allow the researchers to capture the views of those involved in the design and implementation of PPP housing schemes and the inherent challenges associated with this. It was also based on the assumption that the perspectives of the informants who are also participants in the schemes would be meaningful, knowledgeable and explicit; and thus providing adequate data needed to address research questions in the current study. Similarly, of the two types of interview: structured and in-depth interviews considered, the latter was adopted for this research. The in-depth interview involved face-to-face interactions with the informants, and according to Lofland and Lofland (1995) it is very valuable in eliciting rich and detailed materials that can be used in analysis.

Informants were selected based on job designation, scope of professional practice and years of experience. Consequently, only those officers of the ranks of Head of Departments and above were selected for the interviews. This was to ensure that only those who are knowledgeable in the operations of PPP in housing in the organizations really participated in the current research. The interviews were based on an interview guide that comprises a list of questions relating to such issues such as the role of, and relationships between partners, the target population and cost of housing provided as well as the challenges in PPP in housing provision in the study area. The adoption of this guide was to help the interviewer pace the interviews and make the process more systematic and comprehensive and at the same time reduce the level of deviations from the subject matter under investigation. The interviews were manually recorded

as the researchers took detailed notes during the interviews. The notes were expanded immediately after each interview sessions. Follow up interviews were also carried out to update information gathered from the initial interviews. Data generated from the field work and review of literature and official records were analyzed using mainly content analysis and the results are presented in the next section of this paper.

## RESULTS

### *The Roles of Partners and Mode Operation of PPP in Housing*

The key public sector partners in PPP in housing in Ogun State are State government agencies- the OSMOH and GCDCL, while the private partners are indigenous commercial corporate private sector housing developers. Although, five other private organizations were involved in the redevelopment of the old Ibarra Housing Estates in Abeokuta, mentioned earlier; the principal private sector organizations involved new PPP housing projects in the study area were the Grants Property Limited and Sparklight Property Development Company Limited as well as supporting financial institutions. These private organizations are mainly members of Real Estate Developers Association of Nigeria (REDAN). However, Local Governments, grassroots organizations such as NGOs, housing cooperatives and members of the Building Materials Producers Association of Nigeria (BUMPAN) were not identified as participants in PPP in housing in the study area.

The operational model of PPP in housing in the study area was found to be the joint venture model, which is based on collaboration between government agencies and commercial private sector housing developers. The commencement of a typical PPP housing project is usually preceded by an expression of interests by private sector organizations in response to government's invitation. The selection of private sector partners is based firstly on the quality of the proposal submitted, secondly on track record in property development and thirdly, on evidence of strong financial base. PPP housing projects begins with the signing of a Memorandum

of Understanding (MOU) between the partners. Describing the MOU, the Director of Estate at the GCDCL noted that it was both the operational and legal document establishing the PPPs and guides their operation on each project. Among other things, the MOU also outlines the nature and structure of the housing schemes, the roles of the partners and their equity contributions and benefits. Furthermore, it establishes the life span of the PPP housing projects, and partners are bound by its terms and conditions. Although, the MOU most often stipulates joint ownership of PPP housing projects, the completion and marketing of the housing units signifies the end of the PPP.

On the specific roles of the partners, Table 1 shows that government plays a supportive role in providing land, some basic amenities such as access road, electricity, a regulatory framework, facilitating the process of obtaining permits, approving housing development plans and registering land titles. The private organizations on the other hand are involved in the design, actual construction, funding and management of the housing projects. They also engage the services of building contractors for the construction work and oversee contract administration aspect of the projects. It is important to state here that although the private sector organizations fix the actual cost of housing units provided in the schemes, but this done in agreement with the public sector partners. In fact, the interviewees revealed that the cost of PPP provided housing is such that would allow for a margin of profit for the partners, and sustain the interest of the private sector organizations in the PPP housing schemes. At the completion of PPP housing projects, the private sector partners are involved in the routine maintenance and management of completed housing estates

### **The PPP housing schemes**

Two basic types of PPP housing projects were identified in the study area. The first involves the development of new housing estates such as the OGD-Sparklight and Havilah Villas housing estates; and the second was the redevelopment of the dilapidated Ibarra Housing Estate in Abeokuta. Table 2 shows

Table 1: Roles of the Partners in PPP Housing Schemes in Ogun State

Government	Corporate Private Housing Developers
<ol style="list-style-type: none"> <li>1. Provides land at subsidized cost</li> <li>2. To provide access road and power supply</li> <li>3. Sets the target</li> <li>4. Play supervision and monitoring role</li> <li>5. Set standard and ensure compliance</li> <li>6. Provides legal and economic policy frameworks</li> <li>7. Creation of awareness on the projects and Marketing of completed housing units</li> </ol>	<ol style="list-style-type: none"> <li>1. Pay for cost of land and other sundry charges</li> <li>2. Comply with building and planning regulations in the design and construction of the projects</li> <li>3. Undertake the design and physical construction of housing units</li> <li>4. Funding of the construction work of the housing projects</li> <li>5. Creating awareness(advertising) on the projects</li> <li>6. Marketing and allocation of completed housing</li> <li>7. Management of housing estates agreed charges on residents</li> <li>8. Set the prices of housing units</li> </ol>

the socio-economic status of these two types of PPP housing projects, number and unit prices of housing units provided. It is evident from Table 2 that whilst the OGD-Sparklight estate caters for the need of low, middle and high income people, the other two estates are luxury apartments for the high income people; and that less than 1,000 housing units have so far been provided by the PPPs in the study area. We can also see from Table 2 that different typologies of housing have been provided and that the cheapest housing unit in PPP housing schemes is N3.45million (US\$21,563). Table 3 shows the different housing typologies and the unit prices of housing units provided in non-

PPP housing schemes in the study areas within the period under review. It is also evident from Table 3 that the unit prices of houses provided using the PPP strategy are higher than that provided using other strategies such as Core housing, Turnkey and Shell Stage. This is a clear indication of the affordability of the cost of housing provided in PPP housing schemes and those provided in other strategies.

On the challenges militating against the successful implementation of PPP in housing schemes in the study area, there appear to be a consensus among all the officers interviewed that access to land was top on the list of challenges of PPP in housing in

Table 2: PPP Housing Schemes in Ogun State (2003-2010)

Housing Scheme	No. of Units	Housing Typology	Unit Price = N(million)
OGD-Sparklight, Ibafo	340 housing units for low, middle, High income earners	2-Bedroom Terraced Bungalow	3.45
		Detached 2-bedroom	4.38
		Semi-Detached 3-bedroom	5.52
		Detached 3-bedroom	6.5
Havilah Villas, Isheri	100 housing units for high-income class	3-Bedroom Luxury flat	15.5
		4-Bedroom Bungalow	15.0
		4-Bedroom Terraced House	17.5
		4-Bedroom Twin Duplex	25.5
		5-Bedroom Detached house	37.5
Ibarra Housing Estate, Abeokuta	112 housing units for high income Class	4-Bedroom Detached Bungalow	25.0
Total	552		

1 US Dollar = N160.00 as at August, 2012

Table 3: Non-PPP Housing Schemes in Ogun State (2003-2010)

Housing Scheme	No. of Housing Units	Housing Typology	Unit Price N (million)
OGD Workers' H. Estate, Abeokuta (Core Housing)	270	1-Bedroom Core Housing units	0.98
OSHC Housing Estates, Abeokuta & Ota (Shell Stage)	160	3-Bedroom Detached Bungalow	3.5
		4-Bedroom Detached Bungalow	4.5
OGD H. Estate Asero- Abeokuta (Turnkey)	212	2-Bedroom semi-detached Bungalow	2.5
		3-Bedroom Semi-Detached Bungalow	3.0
		3-Bedroom detached Bungalow	3.5
OPIC Estate, Agbara (Turnkey)	50	3-Bedroom Detached Bungalow	4.7
Presidential Mandate Housing Scheme, Olokota, Abeokuta (Turnkey)	88	2-Bedroom detached Bungalow en-suite	4.0
		3-Bedroom Detached Bungalow en-suite	4.5
Total	780		

Ogun State. They noted that although the Land Use Act 1978 as amended in 2004 vest the ownership and administration of land on government and the Ogun State Government was using land as a key incentive to encourage private sector participation in PPP in housing, developable land in choice areas is not readily available for PPP housing schemes. Second on the list was inadequate access to housing finance. Those interviewed were also unanimous in asserting that despite the ongoing housing reforms which include the housing finance sub-sector, access to adequate housing finance and high interest rates by commercial banks were not encouraging short term facilities for long term investment in housing projects. They pointed out that the estate development loans provided to members of REDAN by the Federal Mortgage Bank of Nigeria (FMBN) which come at reduced interest rates were also grossly inadequate in supporting large scale PPP housing schemes in the State. Finally, there was also the long-standing issue of the high cost of building materials. In view of the fact that the Federal Government of Nigeria (1991) acknowledged that building materials and components constitute between fifty and sixty percent of the total cost of housing construction, in Nigeria, the officers were also in agreement that the fact that many of the building materials used in the country are imported and the locally produced ones are very expensive; the non-participation of members of the Building Materials Producers Association of Nigeria (BUMPAN) in PPP housing schemes, and the dearth of credible alternatives to existing building material such as cement were responsible for the high cost building materials. Among others, the aforementioned factors also identified as having influence on the cost PPP provided housing by the respondents.

## DISCUSSION

From findings of this study it thus appears that PPP in housing in Ogun State is still at its infancy as between 2003 and 2010, which is seven years or so, only three public housing schemes have been executed under the PPP strategy. In support of previous studies (Ibem, 2011a, 2011b; Adegun and Taiwo, 2011), the market-state model based on the joint venture approach was the dominant variant of PPP in housing in the study area with emphasis on providing housing for high-income earners. It is also evident in this study that PPP in housing has been applied in both green field and brown field sites development, which is a welcome development, which is good in our quest to improve the quality of urban housing in Nigeria.

For the institutional framework, although, the private sector partners in PPPs may also include individual households, NGOs, housing co-operatives and non-corporate private sector housing developers as well as members of BUMPAN, it is observed that so far, only corporate private sector property developers have been taken on board in PPP housing in Ogun State. This is also in line with findings of prior study (Ibem, 2010) indicating that these organizations were conspicuously

absent in the PPP institutional framework in housing in Nigeria. One possible reason for this is that PPP in housing in the study area is at its infancy stage as we noted earlier; and thus, the institutional framework which forms the basis of the PPP housing delivery system and influences its success is yet to be properly developed. Another possible reason is the fact that due to fiscal challenge, Local Governments, being the closest level of Government to the people and are responsible for the formation of housing co-operatives and other grassroots organizations have not been able to perform effectively in housing delivery in Nigeria (Federal Republic of Nigeria, 1991). It is our view that going by the increasing role of local authorities and housing co-operatives and in addressing the housing needs of low-income urban residents in many countries, including Nigeria (Mabogunje, 2005; Oyewole, 2010; Ibem and Odum, 2011), the non-participation of LGs, housing cooperatives and other grassroots organizations in PPP in housing in Ogun State would make it practically impossible for the PPPs to provide housing which low-income people will adequately benefit from. This probably explains why the PPPs are currently placing emphasis on housing for high income earners in the study area.

Notably, it has been very difficult to equate housing supply with its demand in many countries, including Nigeria. This is because housing development involves different stages of planning and construction. The study has shown that the role of government in PPP in housing in Ogun State focuses on those areas that usually contribute to increasing cost of housing and most often cause delays in the execution of housing projects. Therefore, government's role in PPP in housing in Ogun State is seen as a deliberate strategy to speed up the process of executing housing projects, increasing the productivity of public-sector housing and making the cost of housing affordable to low-income people. The role of the private sector on the other hand seeks to curtail bureaucracy, graft in contract administration, inadequate supply of human and financial resources and low productivity, which are synonymous with public-sector housing in Nigeria. However, the question is 'to what extent have these changes in role translated to increase in the supply chain and reduced the cost of urban housing in most recent times? In supply terms, findings of the study show that within the period of seven years the PPPs have produced 552 housing units, representing about 7.4 percent of the average annual housing supply deficit of 7,500 units in Ogun State. This is no doubt an insignificant proportion of the annual urban housing needs in the study area; suggesting that the provision of land, some basic amenities and other incentives by government appear not to have translated to significant increase in urban housing units delivered by the PPPs.

Also in terms of affordability of the cost of housing provided, the result also shows that the smallest housing unit (2-bedroom terraced bungalow) constructed in the OGD-Sparklight housing estate costs about N3.45million (21,563 US dollars). Comparing this with the cost of 2-bedrooms unit in non-PPP housing schemes, it is evident that the PPP provided houses are

relatively more expensive than that provided solely by public housing agencies in non-PPP housing schemes in the study area. Since the cost at which houses reach the consumers in the market goes a long way in determining affordability; it means that a civil servant of Grade Level 04 that earns an annual salary of about N216, 000 (135 US dollar) in federal service structure requires a minimum 15 years of continuous savings of the total annual income to be able to buy a 2-bedroom terraced bungalow in the OGD-Sparklight Housing Estate. Although, this unit it is the cheapest in existing PPP housing schemes, is not affordable to the target population, which is the low-income earners who constitute a greater proportion of urban residents in Ogun State in particular and Nigeria in general. As pointed out earlier in our introduction section, one of the reasons for jettisoning government sole provider to PPP approach is to improve the productivity of public-sector housing and make the cost of housing more affordable to the low-income people, but evidence in this study tends to suggest that housing units provided by the PPPs are not affordable to most low-income people and could be considered not to have benefitted low-income people in Ogun State.

From the foregoing, it can be inferred that a number of factors are responsible for the low volume of new construction and high cost of houses in the PPP housing in Ogun State. Inasmuch scarcity of and access to developable land, dearth of housing finance and high cost of building materials are longstanding issues in the housing sector in Nigeria as many past and recent studies have suggested, we strongly believe that other factors not mentioned by the officers interviewed are responsible for the outcome of PPP in housing in Ogun State. Apart from the profit-oriented nature of the PPPs, the impact of corruption in the administration of the PPP housing schemes cannot be underestimated. Indeed, previous studies have shown that corruption among government officials (Ayedun and Oluwatobi, 2011; Oloyede et al. 2011) and in the construction industry (Ayodele, 2010; Ayodele et al., 2011) have contributed to low productivity and high cost of housing units in public-sector housing in Nigeria. Looking at the nature and operation of the PPP housing projects and the rising cases of corruption in both the construction industry and our national life, we argue that corruption is most likely one of the key challenges of PPP housing schemes in Ogun State.

## CONCLUSION

This paper examined the adoption of PPP in urban housing in Ogun State Southwest Nigeria. The vital component of PPP in housing in the study area is the use of land by government to attract corporate private sector property developers into partnerships. So far, the joint venture approach involving government agencies and corporate private sector housing developers has been predominant form of PPP in housing; and the challenges of insufficient number of housing units and affordability of the cost of housing among the low-income earners are yet to be addressed in the study area. At

the operational level, dysfunctional institutional framework, inadequate supply of land and housing finance, high cost of building materials and corruption constitute serious challenges to the success of PPP in housing. Hence, PPP in housing was yet to make any significant contribution to boosting the supply of urban housing and improve affordability of the cost of housing among low-income people in the study area.

Findings of this study have a number of implications, which are noteworthy. Firstly, since poor financial base has been responsible for non participation of Local Governments (LGs) in public housing delivery, policy actions in the form fiscal reform or decentralization(fiscal federalism) is required to increase resource allocation to Local Government (LGs) so as to encourage them to be involved in PPP housing projects. Secondly, in view of the role access to a continuous supply of land plays in attracting private sector's interest in public housing delivery, government should consider the establishment of land banks for PPP housing projects in this State. Thirdly, although it is necessary for intensive research into alternative building materials, it is more expedient that the issue of high building standards in Nigeria be revisited; this is to make it possible for the use of local materials in the construction of low-cost housing in the PPP strategy. Also, alternative sources of funding such as the National Contributory Pension Scheme should be explored for funding housing for low-income people in PPP housing schemes; while the war against corruption should be intensified. Finally, future research works are need to examine why why NGOs, including members of BUMAN and housing cooperatives are not involved in PPP in housing in the study area in particular and Nigeria in general as it is the practice in other developing countries.

In conclusion, although, it may be too early to judge the performance of PPP in housing given the short time it has been in practice in Ogun State, it is obvious from this study that the future of PPP in housing in the study area is consequent upon increasing social content in the PPPs and addressing the challenges identified in this study.

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