



HOUSING PROVISION IN NIGERIA: THE COOPERATIVE ALTERNATIVE

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ABSTRACT: *Housing problems in Nigeria are multi-dimensional. They occur both in the urban and rural areas. They are qualitative, quantitative, psychological and socio-cultural in nature. These problems are consequences of the inability and ineffectiveness of both the public and private sectors to meet the housing needs of the populace. As a result of this, any lasting solution to the Nigerian housing problem requires a multi-faceted approach. Various policies aimed at alleviating these housing problems have been formulated and implemented. They have met with varying degrees of success. After identifying the main causes of housing problems in Nigeria, this paper examines the Cooperative housing concept as a strategy for housing delivery. The essential features of the concept are discussed and an evaluation is made of its impact on the housing sector in selected countries based on various criteria. Some of these are: aims and objectives, modalities for funding, peculiarities of implementation, planning imperatives and levels of success. The paper concludes by relating the experiences of these countries to the contemporary Nigerian housing situation and determining the applicability of the cooperative housing concept given the nation's socio-economic environment.*

KEYWORDS: Housing Provision, The Cooperative Alternative, Housing Problem, Housing Situation, Cooperative Housing, Nigeria

INTRODUCTION

The housing delivery system in Nigeria is a combination of inter-related processes. As such, housing problems are multifarious and require multidimensional solutions.

Nigeria's diverse housing problems revolve around overcrowding and slum housing. Many Nigerians cannot afford decent homes. They live in contraptions that can only be called 'Shelter' and not 'Housing'. Government over time has intervened in the housing sector by increasing housing stock through the construction of housing estates and through its mortgage institutions, facilitated the disbursement of housing loans. These measures have done little to address the situation. On the other hand, houses provided by the private sector operators are out of the economic reach of even the medium income earner. An effective and realistic strategy for providing decent houses in decent environments at decent prices is therefore crucial.

Various authorities have proffered strategies for improving housing delivery. Fasakin (1998) suggested that the cooperative housing movement should be given a closer look. Oduwaye (1998) posits that the rigid bureaucratic system of government should be streamlined, while issues of land allocation and housing finance should be addressed. Omole (2001) suggested that financial institutions should be more accessible to the people.

Cooperative housing has been successfully implemented in many countries including Sweden, Denmark, Norway, Canada and South Africa.



Judging from the inherent success of cooperative movements in Nigeria, this paper seeks to examine the Cooperative Housing System as a pragmatic tool for improving housing delivery. In order to fully achieve this, the paper looks at the structure, types and benefits of the system; and goes further to evaluate the impact of the system in Australia and the United States of America, with a view to determining the applicability of Cooperative Housing in Nigeria in the face of present socio-economic realities

METHODOLOGY

The study relied on secondary data relating to the concept and implementation of Cooperative Housing in United States of America and Australia. Data was from both published and unpublished sources. Considerable materials were gotten from Internet sources. Non-statistical methods were employed in analyzing the systems in both countries. A comparative analysis was done based on some parameters including modalities for funding, peculiarities of Implementation, planning Imperatives and levels of success

What is Cooperative Housing?

Fasakin (1998) defined Cooperative Housing as a society that corporately owns a group of houses or flats in which each member participates actively in all matters concerning the estate. Sazama (2000) defined a housing cooperative as a cooperative where member-residents jointly own their building, democratically control it and receive the social and economic benefits accruable from living in and owning a cooperative, while the National Cooperative Housing Association of America (2001) described it as a form of multi-family ownership venture between cooperative corporations and the corporation's owners called tenant –stockholders.

Operational Framework

The basic operational structure of the Housing cooperative takes the following format:

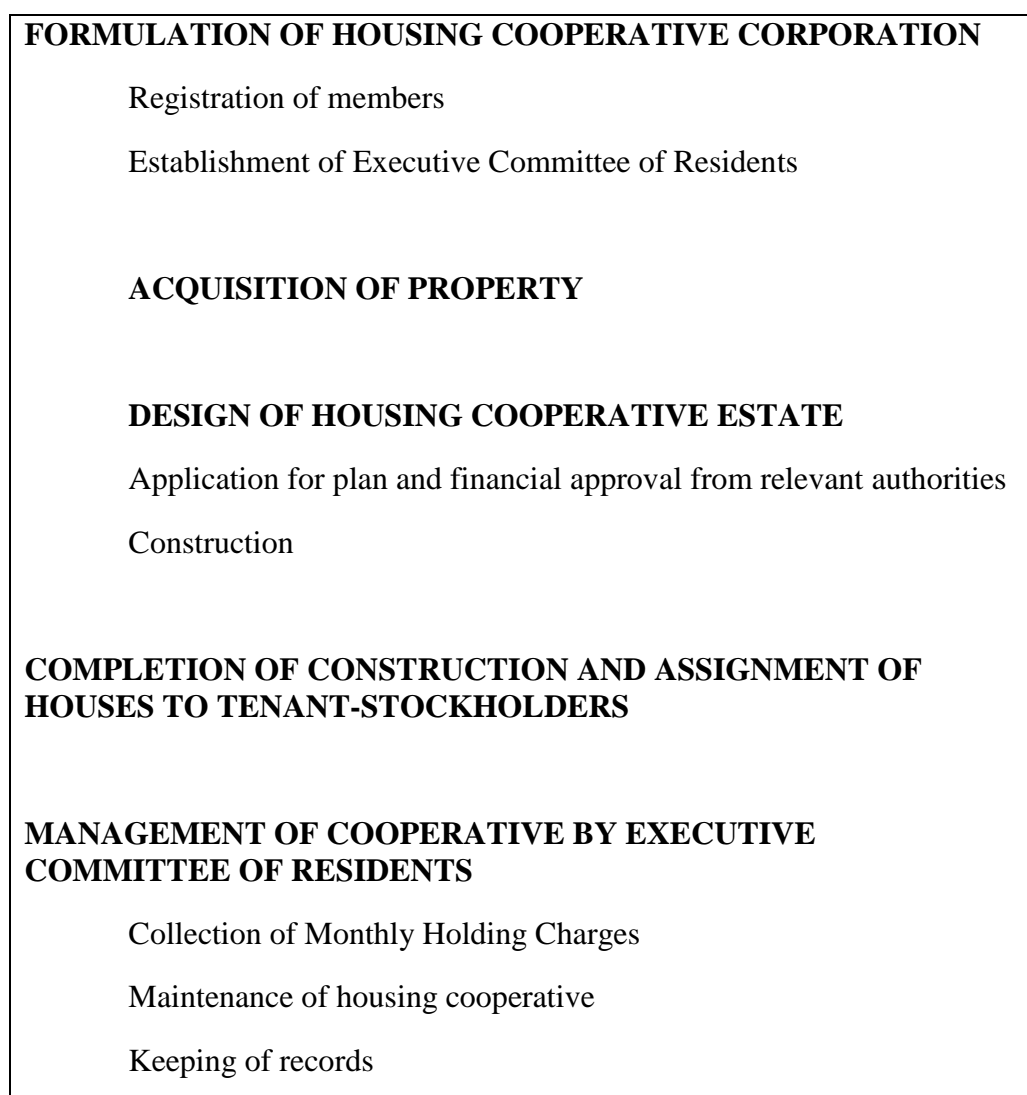
The cooperative corporation owns or leases the housing project, including all land, dwelling units and common areas. Its tenant stockholders, who by virtue of their stock ownership are entitled to occupy a specific housing unit, in turn, jointly own the cooperative corporation.

The tenant-stockholder purchases stock (sometimes called shares or membership certificates) in the cooperative corporation. Upon purchase of the stock, he signs a perpetual lease, called a proprietary lease or occupancy agreement that gives him a legal and exclusive right to occupy a dwelling unit as long as all obligations to the cooperative are met.

The corporation is the legal owner of the property. As such, the corporation is responsible for meeting its financial obligations, including mortgage payments, real property taxes and management and maintenance costs. The cooperative passes on these costs to the tenant-stockholders, who pay a single monthly fee or carrying charge to the cooperative

The process is illustrated graphically below

FIG 1 COOPERATIVE HOUSING PROCESS:



Kinds of Housing Cooperatives

1. **Market Rate Cooperatives:** which sells stock at full market value in the original sale and permits a market rate of return on resale by tenant-stockholder
2. **Fully Mutual Cooperatives/Limited Equity Cooperative:** This limits the returns allowed when shares are sold. The amount of return is determined by a formula established in the corporation's bylaws
3. **Mutual Housing Association:** is a non-profit corporation set up to develop, own and operate housing. Generally, the corporation is owned and controlled by the residents of the housing project
4. **Subsidized Cooperative:** is a cooperative which has received some form of subsidy from a government or non-profit entity to lower the cost of the housing to the tenant stockholders



5. **Building Cooperatives:** where housing is cooperatively built, but the cooperative dissolves after construction is completed and housing is turned over to individual private ownership
6. **Communal Housing Cooperatives:** where residents share food and activities. Decision-making is often a consensus by all residents. Other types of communes are greenhouse cooperatives
7. **Tenant Management Cooperatives/ Leasing Cooperatives:** lease the property from an investor on a long-term basis, sometimes with an option to buy. The residents operate the property as a cooperative

Benefits

Housing cooperatives seek to provide the highest quality housing possible within cost guidelines. Benefits derivable from cooperative housing are economic, social and physical.

Economically, cooperative housing allows tenant-stockholders to acquire equity; hence the value of the property appreciates with time. Even though it is more affordable than individually developed housing, members have no personal liability in the cooperatives mortgage hence persons ineligible for personal mortgage can buy into a limited equity cooperative. Furthermore, the members are eligible for tax deductions as the corporation is responsible for real estate taxes and mortgages. Buying into a cooperative ensures predictable monthly costs

Social advantages of the cooperative housing scheme include democratic control and participatory decision-making, cultural diversity, and the elimination of outside landlords. Cooperatives also foster a sense of kinship, as they are communities within communities. The physical layout of the housing complex (usually neighborhood design) encourages social interaction. The incidence of crime is greatly reduced in Housing Cooperatives as prospective members are screened thoroughly prior to being admitted.

Physical benefits include shared maintenance responsibilities as the cooperative association bears the cost of major repairs. Also, vandalism and abuse of property is reduced as ownership denotes responsibility.

DATA DISCUSSION

Cooperative Housing in Australia

The cooperative movement in Australia has witnessed a tremendous boost in the past two decades especially since its tenets have been applied to housing development. Cooperative housing in Australia is modeled after that of Canada. Its major objective is to provide decent and affordable housing for low and middle-income earners in self-governing communities. Cooperative housing in Australia is well funded, regulated and amenable to comprehensive land use planning and democratic control.

Variants of housing cooperatives presently operate in Australia. The peculiarities of each of these types as practiced in Australia are discussed below



- a. **Equity Housing Cooperative:** this is the oldest type of housing cooperative and dates back to 1944 when the Cooperative Housing Association Act was enacted. In this system, the central government and state bank provides financial support while the housing cooperative societies disburse loans to groups of potential tenant-stockholders. By 1975 when the Federation of Housing Societies of Victoria was established, tenant-stockholders were required to make personal investments and so enjoy the right to capital gains.
- a. **Rental Cooperatives:** This form of housing cooperative was established in 1978 to provide affordable homes for low and middle-income earners who either choose not to be homeowners or cannot afford to purchase or maintain a home of decent standard in a good location. In this system, the tenants are not required to provide equity. Usually, the central government provides. Grants for the purchase of houses for rental cooperatives. The Ministry for Housing retains title and grants a head lease to the cooperatives. Tenants, who must fall within a certain income bracket, then take a sublease from the cooperative.
- b. **Community Settlement Cooperative:** this system provides an alternative to the purchase of private property. Land is corporately owned by all tenant-stockholders, who are entitled to the use of the land for housing and gardening. The cooperative corporation is responsible for the provision of basic infrastructure. The ministry of housing provides mortgage finance, carries out environmental and developmental planning in consultation with the community and provides a legal backing to the cooperative

Cooperative Housing in America

The cooperative housing movement in the United States of America started with ethnic and union groups developing self-help cooperatives in the 1920s. It evolved into federal funding of low-income cooperatives in the 1960s and 1970s; and then into local non-profit organizations using ad-hoc funding to organize affordable cooperatives from the 1980s till date (Sazama, 2000).

Housing cooperatives were not well established in the United States until after the World War 1. Cooperative housing in America reinforces joint ownership of property, empowers low- and moderate-income families and gives them the opportunity to take responsibility for their actions and bear the consequences of such actions on the cost and quality of their housing.

Major variants of housing cooperatives in operation in America include the following:

- i. **Mutual Housing Association** Is a non-profit corporation set up to develop, own and operate housing. This type of cooperative started in the 1918 and was organized as self-help groups for urban workers. Generally; the corporation is owned and controlled by the workers unions.
- ii. **Limited Equity Cooperatives:** tenant-stockholders are not entitled to capital gains, as there is a limit to returns allowed when shares are sold. The amount of return is determined by a formula established in the corporation's bylaws. This system, also called Subsidized cooperative usually receives some form of subsidy from a government or non-profit entity to lower the cost of the housing to the tenant stockholders. This form of housing cooperative started in 1927 with the enactment of the New York State Limited Dividend Housing Companies act. This act was the first large-scale government programme available for affordable housing cooperatives.



- iii. **Market Rate Cooperative:** in 1955, the New York State Limited Profit Corporations Law was passed. It encouraged the development of moderate-income housing through property tax exemptions and low-income loans financed by the State Revenue bonds. With the advent of privatization, limited equity coops had a 20-year limit after which they were required to convert to the Market rate cooperatives which sell stocks at full market value of the original sale and permits a market rate of return on resale by tenant-stockholder.
- iv. **Leasing Cooperative:** During the 1960s, in the aftermath of World War 2, some federal housing estates were privatized into cooperatives for low-income families. These cooperatives were purchased by realtor speculators who rented them out to tenants. These tenants managed the properties on an invest term basis, sometimes with an option to purchase.

Comparative Analysis of the Two Models

Both the American and Australian models of cooperative housing have similar goals and objectives. On the other hand, the administrative structure of these systems differs. Hence. A comparative study of the two systems is done, employing the parameters in the table below

TABLE 1: COMPARATIVE ANALYSIS OF AMERICAN AND AUSTRALIAN COOPERATIVE HOUSING MODELS

PARAMETER OF COMPARISON	AMERICAN MODEL	AUSTRALIAN MODEL
OBJECTIVE	To obtain for low- and moderate-income families, decent housing at an affordable price with effective resident control	To provide affordable housing for low- and medium-income people and to build self-governing communities
ORIGIN	1918, Brooklyn New York by the Finnish Home Building Association (a group of migrant artisans)	1865 in New South Wales by the Friendly Society
VARIANTS OF HOUSING COOPERATIVE	I. Mutual Housing Association ii. Leasing Cooperative iii. Limited Equity Cooperative iv. Market Rate Cooperative	I Housing Cooperative II. Common Equity Rental iii. Community Settlement Cooperative
ORGANIZATIONAL FRAMEWORK	Most of the cooperatives were set up by civic organizations and private realtors. Government only acts as a policy maker and a facilitator by offering tax rebates and	Quite bureaucratic as sectoral organizations liaise between the cooperatives and the central government. The government plays a prominent role in the administration of the cooperatives.



	direct funding for cooperatives targeted at the poor	
FUNDING	The government, housing cooperatives and commercial institutions fund the system Cooperatives enjoy the right to formulate their own policies and funding arrangements	Funded by the central government and other tertiary institutions. Cooperatives enjoy the right to formulate their own policies and funding arrangements
PLANNING IMPERATIVES	Bottom-up approach used here. The Urban Planners served as the initial pressure groups and are fully involved in ensuring that planning principles are not compromised. Cooperatives founded with local community development goals usually succeed in obtaining grants and waivers from the government. Also, the estates are well planned because of the influence of the urban planners.	Bottom-up approach in that the members initiate the projects. General process from plan approval, through design, construction and management of the cooperative adhere to basic planning principles, which makes for well planned estates as neighborhood design and land use zoning are affected
SUCCESS	Over one million Americans live in housing cooperatives. 17% of the total number of rent-reduction housing units in America is cooperatives. Its growth has been attributed to the high government support it gets through legislation and direct funding and in recent times, privatization	975,480 Australians live in cooperatives. The growth of cooperatives in Australia has been erratic over time in that it appears to be stimulated by natural economic trends, legislative changes, social conditions and initiatives of various other institutions

Nigerian Experience at Cooperative Housing

Cooperative housing is not new in Nigeria. The principle of cooperatives is entrenched in the customs of many Nigerian ethnic nationalities. The Yoruba of Southwestern Nigeria have always used cooperative means to achieve home ownership. A considerable proportion of rural dwellings were produced by pooling physical efforts (aaro in local parlance), as well as obtaining loans (aajo and esusu) from the local cooperative saving societies. As successful as these systems were, not much emphasis on formal cooperative housing is operated in Nigeria. Although credit and thrift societies and building societies exist which indirectly perform cooperative housing functions, the impact on the housing sector is negligible.



Applying the Cooperative Principle to Contemporary Housing Provision

Socio-economic constraints have affected the Nigerian housing industry adversely. The construction industry in Nigeria is in dire straits. The problem is further aggravated by the high cost of building materials. Inadequate provision of infrastructure within the existing housing estates is traceable to the ailing economy which seems to defy solution. Structural unemployment is the order of the day. In fact, poverty has been institutionalized; hence it is impossible for a medium income earner to own a house.

Judging from the extensive housing demand in Nigerian urban centers, there is the need for a revolutionary and radical strategy involving non-market and non-profit making measures. Cooperative housing provides this alternative.⁶

Indeed, the application of the cooperative housing principle to Nigeria's housing problem requires an in-depth study of her culture and socio-economic environment in order to devise an indigenous and workable operational framework. A study of the experiences of other countries will no doubt also act as a guide.

The socio-economic status of the country necessitates the need to encourage the use of local building materials and direct labor in the actual construction of the estates

The experience of other countries has shown that public enlightenment is essential to providing a new concept of community life. This should be carried out by planners who should in addition perform the following functions:

- i. Identify and define sites for housing cooperatives
- ii. Prepare design guidelines for a range of housing standards to match resources and needs of the various types of cooperatives and their members
- iii. Prepare layout plans for the schemes, bearing in mind minimum planning standards, and the provision of communal facilities. The layout design should be either neighborhood or village design concept to foster the community spirit.
- iv. Train the tenant-stockholders, in consultation with relevant professionals, in the art of building construction, landscaping and estate maintenance and management.
- v. Ensure the proper implementation of the plans.

Furthermore, the government must be involved in the process of devising a cooperative housing system in Nigeria by providing financial and technical support to the cooperatives. This can be achieved by:

- a. Promulgating appropriate legislation to give muscle to the cooperative housing system
- b. Providing for and funding research in cooperative housing
- c. Providing financial concessions, by way of tax rebates, autonomy to cooperatives, and grants to cooperatives targeted at the low-income earners.
- d. Allow for easier accessibility to mortgage finance



- e. Provide land for housing cooperatives
- f. Ensure that government involvement in housing follows the cooperative format thereby marrying the public and private sector involvement

CONCLUSION

Why Cooperative Housing?

Apart from the fact that the principle of cooperatives is inherent in most Nigerian cultures, cooperative housing is a pragmatic and cost-effective means of home ownership. The principle has been endorsed by many influential international organizations such as the United Nations, the International Cooperative Alliance and the United Nations Center for Human Settlements. Furthermore, cooperative housing has been tested in many nations where it has been used, to varying degrees of success, to address housing problems. Therefore, modifying this concept to suit Nigeria's socio-cultural and socio-economic peculiarities will result in renewed hope for the average Nigerian in his quest to attain home ownership

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