



Governance, Sustainable Development Goals and the Lagos Homeownership Mortgage Scheme

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Abstract

Housing adequacy is critical to basic human survival, but its deficit remains a major challenge in many cities in Africa. The current global development framework — Sustainable Development Goals (SDGs) — refocused on the importance of adequate housing to urban sustainability. The SDGs advocate for effective governance framework to develop inclusive solutions to adequate housing. Within the contexts of SDGs 11 and 16, this study explores the Lagos Home Ownership Mortgage Scheme (Lagos HOMS) initiative through the lens of governance. Designed to intervene in vital aspects of the local housing market, the Lagos HOMS initiative targets Lagos residents' first-time homebuyers. Relying on mixed methods data sources, this study benefits from a Partnership for African Social and Governance Research (PASGR) funded research on the role of urban governance in transforming African cities, with Lagos as a case study. We analysed housing governance in Lagos focusing on the concepts of capacity, inclusiveness, accountability and contestation of the Lagos HOMS initiative within the context of sustainable development. Evidence suggests that the initiative ensured transparency and accountability but there was contestation around affordability. The study concludes that these observed policy inconsistencies led to the adoption of “rent-to-own” scheme considered to be 'affordable' and politically relevant but significantly eroded progress made by a hitherto transparent but generally criticised 'unaffordable' mortgage option. With these, we offer some policy recommendations towards achieving inclusive and sustainable housing outcomes in Lagos.

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1. Introduction

Housing includes shelter and the surrounding infrastructure and social services that contribute to community livability (Turner, 1968; Turner, 1977). Housing adequacy is not only a pressing public policy issue globally (Tsenkova & French, 2011; Preece, Hickman, & Pattison, 2019; Preece, Crawford, McKee, Flint, & Robinson, 2019) but also remains one of the main urban development policy challenges in Africa (van Noorloos & Kloosterboer, 2018). The current situation is likely to worsen, considering that Africa is projected to witness unprecedented urbanisation in the coming three decades (UN-Habitat, 2014). This assessment is based on the background of prevailing weak institutional capacity to match provision of adequate housing with expected population growth. It is projected that by 2050, the current urban population would have tripled, which means Africa will be home to over 1.3 billion urban dwellers (United Nations Department of Economic and Social Affairs, 2014). Unless adequate provision is made, one of the implications of this situation is that there will be a huge burden on housing provision that will exacerbate the existing housing deficit (van Noorloos & Kloosterboer, 2018).

At the national and state levels, successive Nigerian governments have implemented various housing policies and programmes, ranging from being a provider to an enabler. Despite the efforts of successive governments, access to adequate housing remains a major development challenge and public policy issue (Aliu, Towry-Coker, & Odumosu, 2018; Aluko, 2004; Olotuah & Taiwo, 2015). The Nigerian housing sector is bedevilled by an array of dysfunctional features and the sector has been described as a debacle (Agbola, 2005; Aliu et al., 2018; Olotuah & Taiwo, 2015), with a deficit of over 17 million housing units across the nation (Centre for Affordable Housing Finance in Africa, 2015) and five million in Lagos alone (Adeyemi & Disu, 2012). The Sustainable Development Goals (SDGs) discourse has led to renewed interest in the centrality of adequate housing to development and human well-being, particularly as a basic human need and a universal human right. Adequate housing is fundamental to the attainment of many of the declarations of the SDGs, as shown later in this study.

While adequate housing is one of the universal human rights, each nation is enjoined to develop an institutional framework including governance capacity and systems that promote accountability in the housing production and delivery processes to ensure effective provision of a more inclusive housing that leaves out no one. Therefore, beyond the challenges of housing deficit, wherein about 75% of housing stock in urban areas is considered inadequate (Olotuah, 2015) and over 60% of the Nigerian population is considered inadequately housed (Federal Government of Nigeria [FGN], 2004; Olotuah & Taiwo, 2015), it would be necessary to create a functional legal and institutional framework.

In that regard, this study views housing laws, institutions and governance as key interrelated tools to achieve adequate housing. Without enabling housing laws, effective policies and an institutionalised governance system that balances the delicate trade-offs between housing affordability and accessibility, finding a lasting solution to the perennial problem of housing adequacy in Lagos (and Nigeria, by extension) may remain a mirage. Having a proper housing governance regime is central to making progress towards adequate housing and the attainment of a sustainable city, with implications for other related SDGs.

The housing situation in Lagos, which largely manifests in deficit, overcrowding, inadequate

infrastructure and affordability issues, is not only far from being adequate but also a major threat to realising the SDGs. The challenge is compounded by unprecedented population growth and lack of institutionalised and affordable mortgage. Lack of access to efficient and affordable mortgage facility has been identified as one of the major obstacles to overcoming the challenge of inadequate housing (Centre for Affordable Housing Finance in Africa, 2012, 2018). The Lagos Home Ownership Mortgage Scheme (Lagos HOMS), established in 2011, is one of the recent governance initiatives to address the housing challenge in Lagos. Lagos HOMS seeks to institutionalise a sustainable mortgage system in providing housing for first-time homebuyers in Lagos. The representative of the Lagos State Ministry of Housing during a focus group discussion noted that Lagos HOMS is expected to contribute to the overall model megacity aspiration of the state through:

adequate provision of shelter and to provide good quality and affordable homes for the teeming population of Lagos State by providing opportunities for the construction of houses at affordable prices; initiating programmes to address the demand and promote supply of housing through the Lagos Homes Scheme and mortgage financing for purchase of homes.

These aspirations align with the provisions of SDG 11, particularly target 11.1 and indicator 11.1.1. Also central to the objectives of Lagos HOMS is the need to develop institutional capacity via an institutionalised mortgage system in the bid to provide adequate housing. This central objective also partly aligns with goal 16, which is about strong institutions and inclusive societies. However, five years after launching (as at the time of this research), there has not been any known critical evaluation of the initiative in terms of its achievements and shortcomings. It is in this regard that this study explores, through the lens of governance, the Lagos HOMS initiative within the SDG context.

This paper begins by situating housing adequacy within governance and sustainable development discourse, highlighting the role of an effective mortgage system towards the advancement of goals 11 and 16 in relation to adequate housing and institutional capacity for the delivery of adequate housing. Next, there is a discussion of the housing situation in Lagos, with Lagos HOMS identified as one of the governance responses to the challenges of inadequate housing in recent times. The following section presents the methodology and the analytical framework. Drawing on the analytical framework, section four then presents an empirical discussion of Lagos HOMS, within the context of sustainable development. The final section focuses on the policy implications of Lagos HOMS and offers some policy recommendations towards achieving sustainable housing provision that leaves out no one.

2. Sustainable Development Goals and Housing Adequacy

Housing is fundamental to current global developmental goals. Following the successes and challenges associated with implementing the Millennium Development Goals, which lapsed in 2015, the United Nations developed the Sustainable Development Goals as a shared global vision for a better and more sustainable future for all by 2030. The SDGs have led to renewed interest in the place of housing in human development and as a universal necessity of life, as well as the central role of governance in making cities sustainable. This is particularly so as a large proportion of the global population is increasingly becoming vulnerable to inadequate housing, while governments, particularly in developing countries, are demonstrating lack of capacity to address the challenge (Preece, Hickman & Pattison, 2019; Tsenkova & French, 2011)

Several SDGs explicitly and implicitly cite the need for adequate housing and effective institutions to promote sustainable and inclusive societies. This article focuses on SDGs 11 and 16, with implicit reference to other interrelated goals. Specific to the urban context, Goal 11 seeks to make cities inclusive, safe, resilient and sustainable, while target 11.1 seeks to ensure access to adequate, safe and affordable housing and basic services for all by 2030. Indicator 11.1.1 recognises the need to urgently reduce the “proportion of urban population living in slums, informal settlements or inadequate housing. Similarly, Goal 16 seeks to “promote inclusive societies for sustainable development, with its key target (16.6) being “developing effective, accountable and transparent institutions at all levels. One of the entry points for institutions to demonstrate capacity for inclusive and sustainable societies is in the provision of adequate housing that includes everyone.

There is a strong connection between housing provision and city prosperity. Housing adequacy—in terms of availability, quantity, quality and affordability—is central to city livability, economic competitiveness, productivity, social stability and cohesion (Ernst & Young Global Limited and The Affordable Housing Institute, 2012). Moreover, the governance process guiding housing production is equally important for achieving the ultimate goal of housing adequacy. Achieving this goal requires an institutional framework that promotes accessibility and affordability within a transparent environment.

The decision to focus on specific aspects of goals 11 and 16—and within a strictly urban context—does not suggest that other goals are not important but the selected ones are more related to the various predictions that the future of human settlements (United Nations Department of Economic and Social Affairs, 2014), particularly in Africa, is urban (UN-Habitat, 2014). It is projected that, for the first time, the majority of Africa's population will be urban dwellers by 2035 (UN-Habitat, 2014). Also important is the fact that the overlapping loci of poverty, inequalities, inadequate housing and inefficient institutional capacity, particularly in Africa, are increasingly shifting to the cities (Kennedy, 2015; Smit, 2018), despite the huge potential of cities to deliver prosperity (Forster & Ammann, 2018). Goal 11 specifically promotes a future in which cities provide opportunities for all, with continuous access to adequate housing and infrastructure. Adequate housing is thus fundamental to city livability and is connected to the attainment of many of the declarations of the SDGs, as aptly stated by Gopalan and Venkataraman: “The role and function of housing is multifaceted - housing choices impact access to infrastructure, employment, household wealth, health, education, poverty levels, maternal and child mortality, women's participation in the workforce, and many other wellbeing indicators (2015: 129).

Housing is strategic to the attainment of the global development agenda that seeks to address the multiple challenges of poverty, inequality, climate change, environmental degradation, security and social justice in the urban context. This is particularly challenging in Africa, where the majority are persistently excluded from the benefits of urban development and investments in housing provision (Laufus, van Lindert, , & Steel, 2017). One of the main consequences of this is the widespread lack of access to adequate housing, which is a major threat to the sustainable urban agenda and poverty reduction in several ways. Housing is an essential asset, which is more than just a shelter for privacy and security (Turner, 1968, 1977) but strongly connected to social, economic and physical well-being as well as individual productivity and dignity (Hardoy & Satterthwaite, 1990; Ghosh, 1994; Olotuah & Taiwo, 2015). While it is an essential need for

living a dignified life, it constitutes one of the main areas of deprivation for the urban poor and low-income groups in many developing countries (Olotuah & Taiwo, 2015). Housing is equally a major indicator of multidimensional poverty, inequality (Alkire & Santos, 2010; Alkire & Jahan, 2018) and slum emergence (UN-HABITAT, 2003a, 2003b), and the most important productive asset, particularly for the urban poor (Moser, 2007; Schutte, 2009). Farrington et al. (2002) describes housing as the commonest physical asset for urban dwellers, whether as paying tenants, family owners, owner-occupiers or even as squatters. For example, housing can generate income through letting and home-based enterprises (Tippie, 2005; Sheuya, 2009) as well as savings for owner-occupiers (Lowe & Schilderman, 2001). This can have a huge impact on lowering the cost of living in the cities, as most urban dwellers spend a significant proportion of their inadequate income on rent (Olajide, 2015).

Equally connected to its monetary value is that housing can also help to avoid environmental health and psychological risks. Lowe and Schilderman (2001) note that inadequate housing comes at a huge socioeconomic cost to health and well-being. At household level, there is a complex relationship between housing, poverty and wealth (Hood, 2005). Inadequate housing can increase the vulnerability of individuals to environmental health risks (Hardoy & Satterthwaite, 1990; McGranahan et al., 2001), which could negatively impact their capabilities to pursue sustainable livelihoods outcomes (Beall & Schutte, 2006). Sustainable livelihood outcomes include more income, improved well-being, reduced vulnerability, improved food security and more sustainable use of natural capital (DFID, 1999).

Adequate housing is recognised as a universal human right and an essential component of the right to an adequate standard of living. The concept of adequate housing involves a set of indicators, as aptly stated in the Habitat Agenda:

Adequate shelter means more than a roof over one's head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost. (UNCHS, 1997:35, par. 60)

In essence, adequate housing includes serviceability, availability, accessibility and affordability. While the conditions of these features of housing adequacy vary significantly within and across cities, affordability continues to be the most enduring housing challenge across the globe (Preece, Hickman, & Pattison, 2019; Tsenkova, 2008; Wetzstein, 2017). Central to the discourse of adequate housing, therefore, is the issue of affordability, which is a threat to global urban sustainability, though with regional variations. The challenge of housing affordability is acute in developing countries, particularly African countries, with rising proportions of the population living in poverty and slums coupled with the lack of sustainable social housing and affordable mortgage facilities. Housing affordability thus remains one of the fastest-growing social problems that require sustainable governance intervention.

While it is acknowledged the term housing affordability is a multifaceted and contested concept (Bramley, 2012; Meen, 2018; Preece, Hickman, & Pattison, 2019; Wilson & Barton, 2018), *its* usage in this paper is limited to financial capacity. This approach measures the “financial capability of individual or household to secure some specified standard of housing at a particular

cost, either through rent or purchase, which does not cause an unnecessary burden on household incomes (MacLennan & Williams, 1990: 9). In more recent times, scholars have used affordability ratios of between 25 and 50% of income, with housing expenditure above 30% considered as housing burden (Bramley, 2012; Meen, 201; Stone, 2006a, 2006b). This approach, which principally focuses on household expenditure on housing relative to incomes, (Wilson & Barton, 2018), is one of the most widely used definitions of housing affordability (Gopalan & Venkataraman, 2015), which our data also support.

The challenge of housing affordability in many African countries, particularly for homeowners, is worsened by the lack of an effective and affordable mortgage system. While mortgage is central to adequate housing, it is an ongoing challenge in Nigeria. One of the main purposes of Lagos HOMS is to provide affordable mortgage facilities for first-time homebuyers in Lagos and, by extension, to ensure an institutionalised efficient and affordable mortgage system in Nigeria.

3. Lagos HOMS as a Governance Response to Housing Challenges in Lagos

While housing is an enduring challenge in Nigeria (Agbola, 1998; Agunbiade, Rajabifard, & Bennett, 2013; Olotuah, 1997; Olotuah, 2001; Onibokun, 1990), it is acute in Lagos (Omolabi & Adebayo, 2017), as it continues to exhibit features of urban dysfunction in overcrowding, poor housing conditions and inadequate urban services (de Gramont, 2015). Both the demand and supply sides of the housing market are challenged, with low-income groups disproportionately affected. On the supply side, the majority of the available housing stock is in poor condition and grossly insufficient for the ever-increasing population. On the demand side, the cost of decent housing far exceeds the financial capacity of majority of the population. One of the sociospatial manifestations of this is the widespread incidence of slums and informal settlements, with the majority of the population being vulnerable to poor ventilation, insufficient living space, inadequate facilities, forced eviction and environmental health risk (Olotuah & Taiwo, 2015).

As a matter of responsibility, the SDGs agenda enjoins governments across the world to provide good standards of living that “leave no one behind, either as providers or enablers. Adequate housing, including availability of services, tenure security, accessibility and affordability in appropriate locations, is central to leading a good quality of life (Amnesty International, 2011). It is acknowledged that housing provision comes from both the private and public sectors as well as the formal and informal sectors, with the private and informal sectors contributing the most to the available housing stock (Morakinyo, Okunola, Ogunrayewa, & Olanrewaju, 2015; Olotuah & Taiwo, 2015). This study focuses on the public sector (government), as a duty-holder responsible for fulfilling individual human rights (IIED, 2011; Jahan, 2004; UNHCHR, 2002), including housing rights.

According to section 16 (2d) of the Nigerian Constitution, in the section “Fundamental Objective and Directive Principles of State Policy, the provision of suitable and adequate housing is the responsibility of the three levels of government: federal, state, and local. However, so far, only the federal and the state governments have been making contributions to housing stock. Nigeria is one of the countries with the worst housing conditions (COHRE, 2008). By the turn of the millennium, the housing gap was estimated at 16 million (Oshodi, 2010). Since 2010 the situation has grown worse, with an estimated housing deficit of 17 million (Centre for Affordable Housing Finance in Africa, 2015). The problem is acute in Lagos, with an estimated deficit of five million housing units (Adeyemi & Disu, 2012).

While it is acknowledged that successive Nigerian governments, at both the federal and state levels, have implemented several housing policies and programmes in addressing the housing challenge (Agunbiade, Rajabifard, & Bennett, 2013; Ogu & Ogbuozobe, 2001; Olotuah & Bobadoye, 2009), this study focuses on the efforts of the Lagos State Government. Lagos government intervention in the housing market dates back to 1972, with the creation of the Lagos State Development and Property Corporation (LSDPC). The agency was specifically created to intervene in the supply side of the housing market, through the planning and development of large-scale housing schemes. In 1980, the Lagos State Building Investment Company Limited was established; it was thereafter licensed, in 1991, as a Primary Mortgage Institution to intervene in the demand side of the housing market by providing mortgage facilities.

The New Town Development Authority was also created in 1981 to make serviced land available to prospective homeowners through site-and-service schemes. In 1991 the Lagos State Ministry of Housing was created to formulate and implement the overall housing policy for the state and coordinate the activities of the other agencies in charge of housing provision. In addition to policy formulation and coordination activities, the ministry is also involved in the planning and development of housing schemes. All of these agencies were created to intervene on either the supply side or the demand side of the housing market, with most of the interventions being on the supply side. The intervening approaches largely involved 'build and sell' and provision of serviced land, though without adequate infrastructure.

However, allocation of housing or serviced land favoured individuals with political connections and the capacity to fully pay the associated cost immediately. In addition, the allocation processes allowed corruption to flourish, thus indicating a lack of transparency and accountability. This made it difficult for the low-income groups, who are disproportionately affected by housing deficit, to benefit. Consequently, the interventions often ended up in the hands of those who were already on the property ladder, either as land or homeowners. Despite the various interventions, adequate housing or the possibility of homeownership continues to be a challenge for most of the population. Over 70% of the population are rent-paying tenants, with the majority being vulnerable to the rent burden, low quality of life and poor environmental conditions (Lagos State Government, 2012). This constitutes a health risk and a threat to individuals' prosperity and good quality of life, contrary to the vision of the SDGs.

The inefficient mortgage system has been identified as one of the major obstacles to adequate housing (Agele, 2013). The prevailing mortgage institutions are not only market-driven but also have limited resources to sustainably provide affordable mortgage for homeownership. In Lagos the efforts of successive governments neither had significant impact on increasing the rate of home ownership nor institutionalised a mortgage system to achieve this. With the creation of the Lagos HOMS initiative in 2011, however, there were renewed efforts to address the housing challenge.

The Lagos HOMS initiative was designed to provide interventions on both the demand and supply sides of the housing market, specifically for first-time homebuyers, who are resident in Lagos, regardless of race, ethnicity or religion. As such, Lagos HOMS is a unique, innovative idea regarding housing in the public sector. On the supply side, the state government directly facilitates the supply of land, financial resources and urban planning regulations for the delivery of a range of housing typologies, with prices ranging from N4.1 million to N20.4 million. Based

on information provided by the Chief Executive Officer of Lagos HOMS as at May 2015, 1,126 housing units had been completed (Table 1), while 7,000 units (in 29 sites across the state) were under construction, with potential for future expansion.

Table 1: Typologies of Completed Housing Units

Housing Typologies	Number of Units
Room and Parlour	160
1-Bedroom	378
2-Bedroom	336
3-Bedroom	252
Total	1,126

Source: Compiled by authors based on the information provided by the Chief Executive Officer of Lagos HOMS

On the demand side, the government launched a relatively cheaper mortgage facility compared to the market rate. The Lagos HOMS initiative promises provision of a cheaper mortgage facility on a single-digit interest rate of 9.5%, which is lower than the prevailing market rate of between 20 and 22 percent. Beneficiaries pay a 30% equity while the remaining 70 percent is paid in equal instalments over 10 years (Agunbiade & Olajide, 2016). To avoid housing speculation, the beneficiaries must live in the houses for a period of 10 years, during which the mortgage would have been fully paid off. An analysis of the activities of Lagos HOMS, over a period of about one year (February 2014 to May 2015), shows that 1,692 persons applied while 1,408 persons (representing 72.6%) were prequalified for draws (Agunbiade & Olajide, 2016). Some applications were rejected for reasons ranging from insufficient funds, lack of evidence of five-year tax payments, incomplete documentation and not being first-time homebuyers. Out of the pre-qualified applicants, only 630 (representing 44.7%) emerged winners.

More recently, following criticisms about the affordability of the above mortgage scheme, the Lagos government in 2015 introduced a “rent-to-own” scheme “whereby prospective home owners make a 5% down payment (instead of 30%), take possession and pay up the remaining balance as rent towards the ownership of the property over a period of 10 years. The new policy stipulated an interest rate of 9%, which is equally lower than that of the mortgage scheme. However, the assessment and allocation processes under this scheme are not very clear. A comparison and evaluation of the implications of these policies on the housing situation in Lagos is done later in the paper.

4. Methodology

The materials presented in this paper derive from a large research project that explored the role of urban governance in transforming African cities, with Lagos as a case study. That project was funded by Partnership for African Social and Governance Research (PASGR), an independent, non-partisan pan-African not-for-profit organisation based in Nairobi. The research draws evidence from literature, observations, in-depth interviews and Focus Group Discussions (FGD). Five in-depth interviews were conducted with respondents who have been directly involved at high levels of policymaking and urban development initiatives in Lagos State. In addition, three sessions of FGD, involving 32 participants in all, were also conducted with policy practitioners from Lagos State ministries, NGOs, media houses, civil organisations and the private sector. The research involved two workshops – inception workshop and project review

workshop, both held in Nairobi. At the inception workshop, an analytical framework and case studies of Lagos HOMS and Bus Rapid Transit were agreed upon.

However, data presented in this paper are limited to Lagos HOMS. The analytical framework was finalised at the project review workshop (see Agunbiade & Olajide [2016] for a detailed explanation of the analytical framework). The initial empirical data were collected between September and December 2015; therefore, it bears noting that there was a gap of over four years between the initial data collection stage and the preparation of this article. To mitigate the impact of this gap, the researchers collected supplementary data on newer housing policies and their performance in Lagos. All available data were carefully analysed and interpreted through the lens of governance, focusing on capacity, inclusiveness, accountability and contestation of Lagos HOMS within the context of sustainable development, particularly housing provision that leaves no one behind.

5. Governance, SDGs and Lagos HOMS Initiative

5.1 Capacity

The study focuses on institutional, human and financial capacity and their implications on sustainability of the Lagos HOMS initiative. Institutional capacity and political will to mobilise human and financial resources are critical for the successful implementation of any government project targeted at improving people's lives (Opoko & Oluwatayo, 2014). The planning, design and implementation of Lagos HOMS involved a rigorous process of deliberation for more than three years before its official inauguration in 2014. At the initial stage of the deliberations, issues relating to funding, mortgage administration and housing delivery and allocation strategies were decided. Thus, implementation of the Lagos HOMS initiative enjoyed political will and financial commitment via a monthly budgetary allocation prior to its official launch. One of the Lagos HOMS' executive directors, at the focus group discussions, noted that the scheme initially started with a monthly N200 million, which later increased to N500 million as government strove to ensure continuous availability of funds for housing delivery and to reduce the possibility of abandoned projects.

Right from inception the idea of sustainability was taken seriously. It was anticipated that the initiative would become self-sustaining in seven years, if all beneficiaries committed to paying their monthly mortgage. With this by Agunbiade & Olajide (2016), a pool of funds would be ploughed back into the system without the need for government to further commit resources to the project, thereby ensuring continuous availability of financial resources to build more houses. The intentions of Lagos HOMS are to institutionalise an efficient mortgage system and to make government an enabler and assured purchaser to private developers (Agunbiade & Olajide, 2016). The developers are expected to build according to government-established standards and agreed prices for a continuous supply of adequate housing.

However, the change of government in 2015 became a major concern for the future of Lagos HOMS, particularly regarding whether it would continue to enjoy financial, technical and political capital. For example, the intention of Lagos HOMS was that homeowners would emerge every month through a monthly draw. However, as at December 2015, when the last set of data was collected, there was evidence to show that the new government (in power since 29 May 2015) was yet to allocate a single housing unit. There were speculations that the new

administration was developing a different approach, which the project design did not cover, for continuation of the Lagos HOMS initiative. This is therefore a welcome opportunity to explore post-2015 implementation of Lagos HOMS within the context of governance and sustainability.

Additional data showed that the new administration in Lagos introduced a second housing policy planned to run concurrently with the mortgage scheme but with a range of provisions designed to address some of the main concerns of the initial programme. This policy is called the Rent-to-Own scheme. Clearly, the development of a new policy to address the perceived shortcomings of an existing programme reflects institutional capacity and responsiveness. Internal reviews and subsequent responses to the observed shortcomings of a public policy are a good starting point to building human and institutional capacities for addressing implementation flaws. The role of leadership in initiating and motivating appropriate policy actions is equally important to achieving sustainable outcomes.

5.2 *Inclusiveness*

We analysed inclusiveness from both economic and sociospatial perspectives. It was observed that past government housing projects had mostly been located far away from those who needed them and from activity centres, thus leading to spatial and social exclusion (Agunbiade & Olajide, 2016). The Lagos HOMS initiative, however, takes a different approach, as the housing projects are located where economic activities occur and the design concept encourages density and social mix. Every block has a mixture of 1-bedroom, 2-bedroom and 3-bedroom apartments. As such, a potential applicant has a choice of location and size of apartment based on cost and place of work. Social inclusion from a gender perspective was also examined. Conceptualising gender more broadly, in terms of sex, age group, religion, race and ethnicity, the allocations data reflected gender balance.

While participation is essential to inclusiveness, in reality it often becomes an instrument to legitimise the structural inequalities embedded in power relations during public engagement. The planning process of Lagos HOMS progressed in a technocratic top-down manner, as the discussions were limited to a few top political actors and technocrats in the civil service (Agunbiade & Olajide, 2016). The middle class, who were the critical target group, were excluded from the process. Criteria for eligibility, interest rates, equity and mortgage tenure were decided during this period of consultation. For affordability, civil servants were used to benchmark housing prices, mortgage tenure and interest rates. According to a respondent:

We used the civil servants as ... the lowest pay in the civil service... what is their take home pay? If we compound these numbers, will they be able to pay? And that is how we arrived at 9.5% and even the cost of those units (In-depth Interview, September 2015).

Presumably, therefore, civil servants would be the first beneficiaries; however, quite paradoxically, they are the first victims of affordability. A member of the public noted this point while discussing Lagos HOMS on the comment page of a newspaper:

A flat at Igbogbo, Ikorodu is sold for ₦9,000,000 with a deposit of ₦3,000,000. How many civil servants could afford that? Fashola is only fronting for the rich. A complete and standard 3-bedroom flat costs less than that at Ikorodu. (*The Guardian*, December 9, 2015.)

As Crook (2003) noted, participation may not necessarily represent the needs and aspirations of

the majority, as evident with Lagos HOMS. There is a clear inconsistency in what is implemented and the socioeconomic realities of most of the target groups. For example, drawing on his personal experience, a senior civil servant (level 14 officer), on a salary of ₦170,000 noted the affordability challenge of Lagos HOMS. Another focus group participant, a member of a civil society organisation, expressed a similar view:

When I was in paid employment two years ago, I did the calculation of how much I am supposed to pay for a room and a parlour (one-bedroom flat which is about ₦4.3 million) in Epe. I discovered that I will pay ₦1.3 million as a deposit. When I looked at my income.... ₦1.3 million—here do I steal this money? So, at that point I had to abandon the idea. That is for me who earns income, now look at the people who live on a day-to-day basis without any sustainable and meaningful income.

The above example is in the suburb of Lagos and is one of the cheapest options. Juxtaposing this with the economic realities of the majority of Nigerians further emphasises the issue around affordability of Lagos HOMS housing. The majority of Nigeria's population live below the poverty line and the country has a high unemployment rate. In addition, the minimum wage remains at ₦18,000 per month. More than 60% of households in Lagos have a total monthly income of about ₦40,000 (Lagos State Government, 2012). Therefore, to benefit from Lagos HOMS, the majority of the targeted groups would suffer from severe housing burdens—a situation where a household spends more than 30 percent of its income on housing.

However, as argued by Bramley (2012: 134), “affordability is invoked in a wide variety of contexts with different meanings and connotations. This is evident in the case of Lagos HOMS, as the policymakers appear to have a different notion of affordability, based on the Lagos HOMS eligibility criteria and the desire to establish a sustainable mortgage system. The policymakers see affordability as a relative and economic term that must be related to housing cost and return on investment. For example, one of the directors in the Lagos State Ministry of Housing noted that the initiative is not to deliver low-cost housing or social housing but rather affordable housing to whomsoever it is affordable. Considering the eligibility criteria and the allocation process that allow for pre-qualification, the policymakers argued that the issue of affordability had already been considered for the eligible and pre-qualified based on their financial capacity. Therefore, affordability should not be an issue for the potential beneficiaries of the initiative, the director insisted.

Emphasising government's position on the issue of affordability, Governor Fashola (May 29, 2007 to May 29, 2015) noted that affordability should be seen from an economic point of view:

Affordability is not an isolated concept; it is an economic concept based on the price of sand, the cost of cement, the cost of iron rod, the cost of money and of course sustainability. If you build a house at ₦10 and you sell at five naira over time you will lose all your money and your capacity to build more is gone (In-depth Interview, September 2015).

It is therefore argued that, although the initiative excludes the majority, based on its eligibility criteria, it is the only way to guarantee its financial sustainability and the desire to institutionalise an effective system. It was noted that the state government invested heavily in building the houses and funding the mortgage and that the initiative was conceived to institutionalise a mortgage system for the provision of adequate housing.

5.3 Contestation

One of the major issues in making African cities sustainable, inclusive and equitable is the contradictions associated with urbanisation, particularly with the prevailing multidimensional poverty and inequality in accessing urban development benefits (Klaufus, van Lindert, van Noorloos, & Steel, 2017). One of the contestations surrounding Lagos HOMS is essentially about the contradictions between its mandate and the general expectations of the majority, who are disproportionately affected by inadequate housing. While the planning, design and implementation of Lagos HOMS enjoys significant political support, some policy actors argue that the project is limited in scope and does not benefit the majority of the population. For example, majority of participants at the FDG argued that the low-income and informal-sector groups, who require adequate housing, are excluded based on eligibility criteria and issues of cost. Even those in the informal sector who might be able to afford the houses are excluded based on the eligibility criterion of documented 'trackable' sources of income. The Lagos HOMS initiative is therefore considered too little to contribute significantly in addressing the current housing challenges of the critical population. Thus, this situation threatens the possible contributions of Lagos HOMS to sustainable development in Lagos.

Balancing market logic in housing provision and socioeconomic aspirations, particularly of low-income groups, is another contestation surrounding the Lagos HOMS initiative. While Lagos HOMS specifically targets the housing needs of a particular socioeconomic class, respondents considered it as no more than a business idea from which a group of people with political capital seek to profit. They argued that the focus should have been on the low-income groups, who are acutely affected by inadequate housing.

The general contestation around affordability perhaps spurred the administration that took over in May 2015 to design and initiate the rent-to-own housing policy in 2016, under the auspices of Lagos HOMS. The new approach reduced equity contribution from 30% to 5% and reduced the interest rate from 9.5% to 9%. Moreover, to minimise conflict, specific housing projects from among the larger pool were classified under the new scheme. With new eligibility parameters, it is expected that the pool of prospective applicants will be greatly expanded just as it is anticipated that their affordability prospects will have improved. This realisation underscores the fact that housing affordability is a relative concept that is determined by the prevailing context of evaluation. Therefore, the rent-to-own scheme provides an inclusive alternative for accessing housing in Lagos.

A more recent form of contestation surrounds discontinuation of the initial approach that promoted transparency in the allocation process via monthly random selection of beneficiaries out of the pool of pre-qualified candidates. While the rent-to-own scheme seems to be a marginal improvement on affordability, through the reduced equity rate, transparency in the housing allocation processes appears to have been compromised.

5.4 Accountability

In the past, allocation of government housing was criticised for lack of transparency. The implementation of Lagos HOMS took a significantly different approach. The allocation processes of Lagos HOMS—from pre-qualification to allocation—reasonably ensure transparency and accountability. Interested applicants submit an application form and other supporting documents to the Lagos State Ministry of Housing for pre-qualification screening, particularly affordability.

To determine affordability, applicants, who are salary earners, will need to submit pay slips covering six months and account statements for one year. Self-employed applicants submit company profiles, three years' audited accounts and personal account statements for one year.

Based on the submitted documents, eligible applicants are then pre-qualified for a public draw. The public draw allows for transparency and accountability. Winners of the public draw are expected to pay the 30% deposit as well as sign a risk acceptance criteria form. The final stage involves allocation and collection of the keys. If the notion of accountability is conceptualised to mean transparency of a process, then there is a high level of accountability in the process of Lagos HOMS. Participants in the FDGs agreed that, based on the mandate of Lagos HOMS, the processes of pre-qualification, qualification, draws and eventual allocation of homes promote transparency compared to past initiatives. However, this transparency in housing delivery has considerably reduced, especially since the change in administration. The slight change in the housing policy appears to have political undertones. It defies logic why a functional and transparent scheme, albeit relatively "unaffordable", would be sidelined and replaced with an "affordable" option that is shrouded in secrecy and bedevilled by inefficiency.

6. Conclusion

While the Lagos HOMS initiative is an innovative policy response, from both the demand and supply sides of the housing market, especially for first-time homebuyers, it is clear that the housing needs of the majority in this category are not ordinarily met by the initiative. Access is impacted for the majority because of affordability issues. A potential beneficiary's affordability is assessed prior to pre-qualification in the monthly draw of beneficiaries. Having affordability as a major pre-qualification criterion reduces the potential for inclusiveness, thus making it a driver of social exclusion and contestation. It may be argued, however, that the issue of affordability should not be in contention since the initiative is targeted at a particular socioeconomic class. However, a major housing policy response that leaves the majority out as potential beneficiaries is counterproductive to achieving the goals of adequate housing for all and sustainable cities. The foregoing argument is why the introduction of an affordable "rent-to-own" scheme enjoyed immediate and wide commendation. However, the new scheme not only remains largely a political design but also seems to have eroded the progress recorded by the previous mortgage option.

Focusing on first-time homebuyers is considered a notable idea and should be the cornerstone of public housing policies in Lagos, particularly for equity. However, restricting the target to those who work in the formal sector limits its full potential of addressing the housing deficit and homeownership challenges in Lagos. To realise the initiative's full potential, the starting point should be that the eligibility and affordability criteria are expanded to capture those who are currently excluded. Therefore, opportunities should be expanded to involve people in the "informal" sector, e.g. self-employed workers and entrepreneurs. Grafting the affordable rent-to-own scheme, with its more flexible eligibility criteria, onto the transparent processes already perfected under the initial mortgage scheme seems like a win-win solution. Other approaches that can be considered at this point include adopting the incremental development model, particularly for non-salary earners and those who work in the informal sector and promoting, to avoid speculation, the outright sale model for high-net worth applicants who otherwise fulfil the prime condition of being first-time homeowner in Lagos or Nigeria as a whole.

With the incremental development model, Lagos HOMS will only provide the outer frame or

even just the foundation of the buildings, while beneficiaries will finish according to their financial capacity and at their own pace. The outright sale model for eligible applicants will provide a steady flow of financial resources to fund other segments of the housing programme. Similarly, perfecting the rent-to-own option will eliminate the 30% equity, which is one of the major affordability challenges so that beneficiaries will be required to pay monthly rents towards homeownership. While it is the dream of everyone to own a decent home, renting might just be most people's starting point.

Consequently, this study recommends a mixed approach to resolving the housing debacle in Lagos. A graduated housing policy that allocates proportions of the overall public housing stock to different sub-groups of the society, based on their means and needs, will be more practical, realistic and inclusive. As such, the researchers propose a diverse system based on income grouping to help target different income groups and address their specific needs practically. An optimised rent-to-own scheme should be the priority, as it will cater to the needs of those with low but regular income streams, whether employees or entrepreneurs. This should make up at least 50% of the entire public housing stock and target the least income group—mostly the working class and entrepreneurs—of eligible applicants. A redesigned mortgage scheme based on the tested and proven structure, but perhaps with a lower equity contribution requirement may help to slightly address some of the original criticisms of the Lagos HOMS model. At most 30% of the public housing stock should be allocated to this group of expected middle-class applicants. The researchers also propose allocating about 10% for the incremental development model that provides a standard foundation or frame structure on subdivided plots to allow homeowners to build at their own pace and to their own taste but within strict development guidelines. Finally, it is suggested that a tenth of all public housing stock should be allocated for outright sale or off-plan options to willing members of the society who are first-time homeowners but can afford to pay upfront. Such a mixed approach will promote equity and inclusion. However, it has to be built on a clear institutional framework of transparency and accountability for a successful housing delivery programme.

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