
SUSTAINABLE LOCAL ECONOMIC STIMULATION; THE AFFORDABLE HOUSING ALTERNATIVE

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ABSTRACT

Sustainable local economic stimulation is a key driver of societal resilience and long term economic prosperity. One of the prospective means for achieving this goal, and in a sustainable manner is through the conception and development of affordable housing. This paper explores how affordable housing can serve as a vehicle for local economic growth by creating employment, stimulating local business, and bridging economic gaps among residents. By relying on locally sourced, and environmentally sustainable building materials, community participation, affordable housing provision can reduce the menace of inhumane shelter while promoting social equity. The economic impact of affordable housing extends beyond the construction phase as these projects can generate investments, increase property values, and enhance local infrastructure at the pre, and post construction phases. This paper brings instances on how affordable housing projects can successfully drive sustainable economic growth in various communities. Insights are also provided on the potential of affordable housing been used as a social intervention tool for local economic stimulation. The paper underscores the importance of collaboration between the central, state, and local governments, private developers, and individuals in the communities towards creating sustainable, affordable housing solutions that contribute to the broader economic objectives and improve the total quality of life of the citizenry.

Keywords: Sustainable Local Economic Stimulation, Affordable housing, Social intervention Programs

1.0 Introduction

Housing is inarguably, one of the basic needs of man and even societies globally. Its importance is no doubt inherent the role it plays in sheltering man from the ravages of weather, conferring high social status on individuals, and generally contributing to the economic and social development of a society. Housing plays a significant physical and psychological role to the well-being of a man as even the early man in his uncivilized way of living still sought after this need by carefully creating living spaces in carves and assembling leaves, and animal skins for his shelter needs.

The concept of housing is however, complex and multifaceted, and thus relative in nature as what constitutes housing at one time and place may not be considered so in another clime.

The National Housing Policy (2003) defines housing as “the process of providing functional shelter in a proper setting in a neighborhood supported by sustainable maintenance of built environment for the day-to-day living and activities of individuals and families within the community”.

According to Daramola (2006), housing encompasses a collection of services such as residential homes, shelters, schools, parks, amenities and a place of comfort and security which facilitates facilities accessibility, as well as, proximity to jobs, work places and social environment.

The UN- HABITAT views housing to be multifaceted and defines it as an activity, a process of residing as well as the objects of dwelling and their environment (UN-HABITAT, 2013).

From the foregoing assertion, housing cannot just be viewed as a home or shelter. It is rather a complex product that includes all the facilities/amenities that makes life liveable for the inhabitants of a given geographical space.

As important as housing is, with its numerous positive impacts on the economy, the sector has not been conceived by the government as a veritable tool for solutions to the various economic imbalances abound in Nigeria. housing has prospects of impacting positively on the economy at different levels be it local, state, or national at a sustainable level than any other sector if given the necessary effective policy framework. According to Harris and Arku (2006), this is because it possesses a huge multiplier effect on household expenditures, backward linkages to suppliers and ties to the financial system through mortgages.

This paper is therefore securing to expound on the prospects of affordable housing as a reliable tool in sustainable economic stimulation process for individuals and households alike.

2.0 Affordable Housing

- (i) Affordable housing can take different forms. It could be referred to as a housing arrangement that meets the minimum acceptable standard.
- (ii) It equally entails housing that is developed and can be accessed by the low, and mid income households or individuals. This assertion therefore stipulates that affordable housing should be structured in a way that the cost is lowered below the market value.
- (iii) Thus, affordable housing talks about the extent to which the low income earners, and mid-income earners are assisted in securing and paying for housing that meets

- minimum acceptable standard with grappling with meeting other household needs by reason of paying too much for accommodation either rental or owner occupied.
- (iv) Recent developments in the public housing sector which is the primary provider of affordable housing has revealed that there is a disinvestment in affordable housing as the sector is taken over by private investors who have profit motive as their major reason of housing provision.

For this work, we shall be more aligned to, and embrace the first definition for the fact that the housing construction in question will be centered on using available local materials but at the same time, not compromising minimum living standards.

3.0 Nigeria's Social Intervention Programs

Since independence in 1960, the Nigerian government has been into deliberate attempts aimed at reducing poverty, and balancing the social status of its citizens by narrowing the social strata gap between the low income earners and the high income group. This has led to the formulation of various social intervention programs and packages by almost every administration starting from the first republic till date. Most of these programs have come and gone but without any substantial result recorded.

This paper will however x-ray social intervention programs undertaken between the periods covering 2011-2023 to effectively consider the extent of their impact on the target groups thereby yielding an alternative means of stimulating the economy that would be sustainable with far reaching socio-economic benefits.

Poverty reduction, economic stimulation, and social intervention programs in Nigeria under the period stated have assumed various nomenclature and with differing target groups within the low income earners in the Nigerian society. The subsidy Reinvestment Program (SURE-P), Home Grown Schools Feeding Program, Conditional Cash Transfer(CCT)Program , and the Trader Moni are just a few of the recently launched programs at towards seen an improved living condition for the low income earners.

It is however disheartening to note that of all these programs, the masses who were the supposed beneficiaries over these times cannot boast of any sustainable impact of such projects. The government that had an aim of launching same cannot also convincingly point to any successes recorded from such schemes.

The President Goodluck Ebele Jonathan led government had launched the SURE-P targeting various low income groups such as young graduates, market women, and vulnerable households. Under this program, vehicles were given to persons under flexible payment plans, young graduates were deployed to work in various ministries, and departments/agencies, and some were engaged in artisan works, street sweeping amongst others.

One pertinent question that begs for answer is, was that scheme successful? To what extent? Preliminary investigation reveals that, more than 90% of the people engaged in any of the above mentioned schemes cannot point at any traces of success or economic growth in their families or individual life that can be attributed to this scheme. That is to say that, the scheme hand offered only temporal solution and short-lived succor to the low income earners without sustainability engendered. The acclaimed successes of the scheme disappeared almost immediately the scheme was rounded up thereby putting the beneficiary in a condition worse off or same as they had initially been before the commencement of the program.

3.1 The Muhammadu Buhari-led Administration (2019- 2023)

Most recently, the President Muhammadu Buhari-led administration launched various social intervention/economic programs under nomenclatures such as N-Power, Home Grow Schools Feeding program, Trader Moni, Conditional Cash Transfer program and others. These, like the preceding programs had people engaged in various sectors of the economy and earning a living.

However, unfortunately again, there is no positive impact left of these schemes on the individual beneficiaries and the economy in general that can be pointed out barely one year after the completion of these programs. That is to say that just like the previous programs, these also have no reasonable sustainable impact on the target group.

3.2 The President Tinubu Led Administration (2023-2024)

Upon assumption of office by the present administration led by President Bola Ahmed Tinubu, the government had indicated interest in sustaining some of these schemes but sooner, the supervising ministry for these schemes was hit with financial misappropriation scandal leading to the suspension of the Honorable Minister and by extension, the programs.

It is evidently clear that in all these interventions, there has been no single scheme that has left any socially acceptable and economically significant impact on beneficiary individuals and households.

4.0 Overview of Housing Intervention Schemes in Nigeria

Aside been a necessity, housing is instrumental in bringing about wealth creation which engenders family growth and development. Just like other fiscal, and social policies, the Nigeria government has over time initiated policies aimed at providing affordable housing with the low and mid-income earners as the target group. Some of such policies is the National Housing Policy of 1991, modified in 2002 whose primary objectives was to ensure that all Nigerians especially the low income group, have access to decent housing accommodation at affordable cost.

According to Anthony (2022), an expenditure of up to 30% of household income on housing costs whether for owning or renting is considered affordable. That is to say that, the household can conveniently take care of other needs as well without been burdened by expenditure on other basic needs of health care, education, and clothing etc.

In Nigeria, most of the Housing Interventions in Nigeria are usually crafted through the formulation of Housing Policies which seeks to enhance housing affordability.

A housing policy that is a sustainable should not be a one-time affair. Rather, modalities for appraisal and evaluation of what has been on ground so as to improve on the existing process, and procedure (Agbola, 1998). In Nigeria however, Housing Policies have consistently not attained the set objectives due to some policy lapses with notable among those policies including the National Housing Policy of 1991 considered the first policy on Housing in Nigeria which birthed the National Housing Fund Scheme (Federal Republic of Nigeria 2006).

The policy was to be strengthened via the mobilization of loanable housing development fund distributed by the Primary Mortgage Institutions, with the Federal Mortgage Bank as the supervising authority. This policy had failed to attain the desired goals and very little or no economic fortunes are traceable to it.

Another intervention in the housing sector was the enactment of the second National Housing Program upon the return of democracy in 1999 but like the succeeding program, this program could not yield until 1996 where another housing program was adopted.

In Nigeria, several housing intervention policies have been formulated over the years dating back from the colonial era where housing was developed for the expatriates and other categories of persons in the military and the police. (Abraham, S. 2019).

At the post-independence era, housing provision was given attention through creation of agencies with mandates in housing provision and urban development.

In all these, the aim was however on provision of housing to the citizenry rather than creating a conscious environment to grow the economy and intervene socially in families and individual's economic lives.

In the 1970's the federal government of Nigeria Projected construction of 202,000 housing units across the nation (NHP 2012). The results thereof were no different from previous policies implementation. Ademiluyi (2010) however asserts that this era marked some level of shift from the abysmal performance of previous regimes in this regards.

The second republic policies could also not succeed partly because attention was shifted to the state capitals with other urban centers neglected. This was to further worsen the problem of rural-urban migration which in the long run shifted or competed the few constructed housing units away from reach of the low income earners who were the target group into the hands of the middle, and even the high income earners.

On assumption of office in 2023, the President Tinubu led administration just like his predecessor floated a housing scheme, christened; the renewed hope housing scheme

5.0 Sustainable Positive Effects of Affordable Housing in Economic Stimulation

Generally, during housing construction and precisely the affordable type, the local economy can be unconsciously stimulated and tends to positively tends to leap forward as a result of the several activities tied to such construction.

Keith Wardrip et al. (2011) asserts that the local economy benefits directly from the funds spent on materials, labor and the construction workers too will spent part of their earnings at the grocery store or shopping mall which illustrates induced effects.

According to Harris and Arku (2006), housing plays a key role in any economy because it has a multiplier effect on household expenditures, ample backward linkages to supplies, as well as ties to the financial system through residential mortgages.

One can therefore argue, and rightly too that housing development is strategic in employment creation, enhances industrialization, creation of career opportunities for individual's self-development and society's growth in general. All these benefits can be sustainably maintained and the impacts felt in other jurisdictions far away from the general area of impact for several months or years thereby turning around the economic status of individuals and communities.

For this paper, the stimulant effects of affordable housing to the economy are viewed from three dimensions or phases as here presented.

5.1 Pre-Construction Stage Stimulating Effects

For affordable housing to be sustainably effective and stimulate the economy, such construction should be conceived and constructed on “green fields” rather than on “brown fields”. That is, sites that have never received such development before, and not those that have been cleared of previous developments. Accordingly, most of such sites can only be acquired at the urban fringes or rural areas.

This can serve two purposes. Firstly, the target group for affordable housing resides in such locations and so can be easily impacted as desired. Secondly, the unfortunate situation of rural-urban migration will be tamed to forestall the low income earners from being economically disposed of their dwellings due to overpopulation (Agbola Tunde 1998).

During the pre-construction phase therefore, the economy is stimulated through land compensation claims payable to individuals, families, and the community as the ease may be. Stimulation can also be felt in the incentives or payments to the local dwellers for their various activities during the stakeholders engagement meetings for such tasks as showing the acquiring personnel round the territorial boundaries of the site to be acquired.

Equally, stimulation could come in through the professional fees paid to different professionals that may be involved at that stage such as estate surveyors dealing with the land acquisition and compensation process, architect preparing the working drawing, land surveyors mapping out boundaries, the town planners, lawyers etc. who will all be paid and the ripple effect felt even beyond the jurisdiction of the project site as the government also reaps construction related taxes at this stage of development.

5.2 Construction Phase Stimulating Effects

Housing construction as a sub-sectorial activity in the construction industry is found to perform better than other sectors in terms of impact on the economy. This impact can be of greater extent if the nature of construction would be affordable housing that entails sourcing for the materials locally.

According to Harris and Arku (2006), housing construction plays an important role in any economy because it has a huge multiplier effect on household expenditures, ample backward linkages to suppliers, as well as ties to the financial system through residential mortgages.

The phase has the potentials of stimulating the economy at this phase much more than it does at the pre-construction phase.

At this stage, there are stimulating effects felt in the direct jobs done by the unskilled and skilled labor suppliers such as brick layers, plumbers, engineers, etc. whose living conditions and that of their relations is improved upon. Relatedly, building material suppliers, construction site guards, food vendors on site and other persons that may be involved in the construction activities are indirectly benefited with a stimulant positive effect on their individual lives and the economy by extension.

The ripple effect of such transactions will in turn positively affect the individuals involved, and the society at large.

5.3 Post-Construction (Delivery) Phase Stimulating Effects

Just as the afore mentioned phases serves as veritable vehicles towards stimulating the economy, the affordable housing after been constructed can still have sustainable effects

which can be felt decades after the scheme must have been rolled out. Firstly, the target group which is the low income earners will be homeowners no matter how modest, or humble the accommodations may be, thereby enjoying a leap forward in the social status and consequently, a earning a good, and enduring source of livelihood.

These shelters could be used on owner occupier basis, leased out, or used as a collateral in securing financial facility to engender economic prosperity.

It should be noted that, the effects are not just directly on the beneficiaries but are felt hundreds of kilometers away from the area of impact and may cover the entire nation. This can be much felt if distribution of the scheme is fairly conducted across the various geopolitical zones in the country.

The diagram below depicts the stimulus created by affordable housing development.

6.0 Conclusion

Affordable housing has the prospect of creating long term economic stimulation at every phase of the project; the pre-construction, construction, and post construction phases.

Largely, the economy can be stimulated via land compensation claims, incentives to local dwellers during stakeholders' engagement meetings, professional fees to various experts. If properly implemented, affordable housing could substitute the unsustainable programs towards sustainably stimulating the economy via direct financial benefits to suppliers of skilled and unskilled labor such as brick layers, plumbers, trench diggers, construction foremen, site guards, materials suppliers, food vendors, among others and the effect of such benefits could lead to increased household expenditure, backward linkages to materials suppliers. Equally, affordable housing could leave enhancing positive effect on the economy by making the beneficiaries of such to become homeowners who could either engage in leases for a lifetime income source or dispose to raise fund for some other investment opportunity to be earning a living. These homes could also be used as mortgage collateral to further contribute to the economic prosperity of the beneficiaries.

Arising from the afore discussions in this article therefore, we can see that sustainable local economic stimulation can only be best achieved using the affordable housing alternative with attendant benefits felt far beyond the immediate area of construction ,and also beyond the primary target group.

The government should therefore look the way of affordable housing development to sustainably stimulate the economy, provide shelter, and at the same time reduce the perennial challenge of residential housing shortages.

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