

IMPACT OF NATIONAL HOUSING FUND CONTRIBUTION AND MORTGAGE FINANCING OF HOUSING DELIVERY ON STAFF OF THE FEDERAL POLYTECHNIC, NASARAWA NIGERIA

BY

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Abstract

This study examined the impact of National Housing Fund contribution and mortgage financing of housing delivery on staff of the Federal Polytechnic, Nasarawa Nigeria. The main objective of the study was to determine the contribution of National Housing Fund (NHF) scheme on housing delivery in Nigeria with specific focus on houses improvement for the employees of Federal Polytechnic Nasarawa, Nigeria and Ex-post facto research design was employed as it is due to the nature of the study which is time series data while the population consists of the contribution of NHF for Nine (9) years i.e. between the periods of 2010 to 2018 to the staff of Federal Polytechnic Nasarawa. The result of the study shows that increase in national housing fund contribution will increase mortgage finance in federal polytechnic Nasarawa because there is positive significant effect between the variables. From the findings, the study concludes that the contributions of National Housing Fund through primary Mortgage institutions to housing financing in Nigeria is faced with certain challenging factors, and problems and there is need to proffer possible solutions in-order to boost the flow of funds into the housing sector. Based on the findings, the study recommended that the financing of national housing programmes should be viewed primarily as a national responsibility of the government. The private sector should be encouraged also to provide the bulk of actual investment funds for housing to middle income and upper income groups of the society. For the low-income group, however, continued public support, individual initiative through entrepreneurial spirit and labour movement will be required for housing and movement involvement will also be required for housing and community development.

Keywords: *Appraisal, Entrepreneurship Development, Contribution, Housing Delivery, National Housing Fund.*

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Introduction

The development of housing programmes everywhere in the world has brought about tremendous progress to the society inclusive of the door steps of Nigerian citizens. This was done through the introduction and establishment of agencies at federal level and in almost all the states of the federation in the country with the sole purpose of empowering people; to develop a worldwide and skillful contribution to the society in good manners that enables reasonable solutions to housing development and delivery as well as essential services to humanity.

Housing is an important and necessary basic need of man desires. It is universally accepted as the second most essential need after food to human life. This explains why it also represents the largest single investment of most families in the world (Oladele, 2003). Housing is also important to the development of a society and it has both economic and welfare values. Economically, investment in housing contributes to fixed capital formation, employment generation and substantial backward and forward linkages with the rest of the economy. Its welfare effects include shelter for the populace, access to good health and educational facilities. It can be said that housing improved access to health and education services as well as employment opportunities that can lead to higher productivity and income for poor families. Housing in other words includes the physical structures provided for human living, working and other ancillary services like road, electricity, water, waste management, drainage and even security.

More than it is constantly acknowledged; the housing sector plays a very crucial role in a nation's welfare as it affects not only the well-being of the citizenry, but also the performance of other sectors of the economy (Adedokun, Akinradewo, Adegoke & Abiola-Falemu, 2011). Nobi (2000), noted that among other things, housing is one of the three basic needs of mankind (Akeju, 2007) while other things are food and clothing. Secondly, housing is a very important consumer item, which impact positively on productivity as a decent house significantly increases workers health and well being and consequently growth. Thirdly, it is one of the indices for measuring the standard of living of people across societies. Ideally and as it is common practice in most countries of the world including Nigeria, government is relied upon for the provision of these facilities to humanity. In most countries of the world, provision of housing by the government is increasingly viewed not only as a social responsibility of the state but also as a fundamental human right to better living condition. This is true of many Eastern and Central European countries, where housing has been viewed as a right which is part of the social responsibility of the government. Even in Nigeria, the importance of housing has been recognized and accommodated in the supreme law of the land as capture in the constitution. In this regard, one of the provisions under the fundamental objectives and directive principles of state policy in the 1979 constitution is adequate shelter "for all Nigeria citizens". And of recent the emphasis attached to the provision of housing facilities, especially for the working populace has given rise to the setting up of the National Housing Programme in 1992 (Adedokun, Akinradewo, Adegoke & Abiola-Falemu, 2011).

The development of housing activities have contributed to innovative and creativity which brought the initiative for housing development through the National Housing Scheme (NHF). Despite the roles play by Mortgage Institutions in Nigeria economy. The Institutions are still faced with some problems such as; the initial capital outlay on formation of most PMBs was insufficient to meet the formation costs and acquisition of necessary operating infrastructure, lack of adequate and skillful experience on the part of the key officers of primary mortgage banks and absence of an enabling environment for a gradual evolution of a viable mortgage finance market with respect to housing delivery in Nigeria, absence of effective capacity on the part of the regulator (FMBN) to monitor the number of institutions operating within the sub-sector. A research problem therefore arises that: since the coming into force of the NHF Scheme, what impact has it made to lessen housing inadequacy in Nigeria. It is on this premise that this study evaluates the contribution of National Housing Fund (NHF) scheme on housing delivery in Nigeria with focus on houses improvement for the employees of Federal Polytechnic Nasarawa.

Literature Review

This study will not be accomplished without the review of the works and studies conducted by other researchers in relation to this area. This section therefore reviewed existing scholarly and empirical study conducted in the part of housing and mortgage financing development. It comprises of studies conducted in Nigeria, Africa and across other parts of the world.

Concept of National Housing Fund (NHF) Scheme

Jolaoso, Musa and Oriola (2012), defined National housing fund as a dedicated fund for housing finance established by the Federal Government of Nigeria as one of the key strategies towards the realization of the goals of the National Housing Policies of 1991, 2001 & 2006. It started as contributory fund (NHF) established by decree 3, 1992 with Nigerian workers, banks, registered insurance companies and federal government of Nigeria as contributors. It later metamorphosed into NHTF sometimes in 2005, due to labour union agitation arising from their inability to benefit from their respective contributions into the fund. The fund further made it mandatory for certain categories of workers to contribute certain percentage of their respective monthly income into the fund before they could benefit there from as participants to enable them build, buy, or improve or renovate their houses.

The National Housing Fund Programme was conceived in 1989 as part of the strategy to address the challenge of mobilizing large pool of loanable funds to be purveyed at single-digit and below-market interest rate. The NHF was legislated into existence by the National Housing Fund Act, 1992 with the objective of facilitating the mobilization of fund for provision of affordable houses, promoting and funding of programmes that involve provision of houses, provide incentives for capital market investment in properties, provide loans to Nigerians and mortgage institutions and ensure proper resource allocation for housing development. The Fund is expected to guarantee more consistent source of funding through membership contributions. By the end of 2005, total loans disbursed reached over N10 billion with just over N7 billion going to estate developers. Also, about N300 million had been paid at the end of 2005 as settled NHF refund claims.

Egolum (2002) categorized modern sources of housing investment funds into two broad classifications namely: equity and debt finance sources. He further split the equity sources to include personal savings and consociate wealth, and sale and leaseback of properties.

According to Emoh (2017), equity fund sources could be private or public as all are participants. Private equity may be drawn from individual or corporate savings i.e. retained

earnings, asset stripping for cash or revenue reserves of companies over a period of time and accumulated savings of individuals from employment and/or profit from business enterprises products. Other sources of private equity funds apart from savings include funds from Family Sources, Friends, Isusu System and Thrift System. Public equity on the other hand, is derived from invitation extended to the public to subscribe to the equities/ownership of a real estate (property) company set up for that particular purpose to meet up with a good target.

National Housing Policy of Nigeria (2012) in Popoola and Alamu (2016) described housing as the process of providing safe, comfortable, attractive, functional, affordable, manageable, accessible and identifiable shelter in a proper setting within a neighbourhood of a community, supported by continuous maintenance of the built enabling environment for the daily living activities of individuals/families within the given community, while reflecting their socio-economic, cultural aspirations and preferences around. In addition, housing includes the sustainability attributes of energy efficiency and resource conservation for improved quality of human life.

Akeju (2007) defined housing as accommodative provisions which serve as a basic need human rest and businesses.

Housing means more than just a shelter for the people; it is to be understood in the context of one's immediate living environment, comprising the shelter itself and other valuable things in its surroundings. Besides providing protection from the elements of climate, housing provides privacy for human relaxation and facilities, full development of family life and secret covering of peoples' private affairs (Iheme, Ekung & Effiong, 2015).

According to Oladapo (2008), housing is a major economic asset which has profound impact on the prosperity of nations and the productivity of individuals as decent houses increases workers' good health condition and also affects the well-being of the citizens. It is considered as an index of measuring the standard of living of a country and a very importantly, the consumer item.

Concept of Housing Affordability

Housing affordability is the capacity in making households meets their periodic mortgage needs without jeopardizing their health or reducing other basic family need (Agbola, 2005). Housing affordability is an issue of ability and willingness of the householder to back up his or her housing demand with the required financial resources (Egunjobi, 1994; Jinadu, 2007). It has been argued that a maximum of 30% of household income spent on housing be used as a yard stick for measuring housing affordability across Europe and elsewhere (Andrews, 1998; Aribigbola, 2011; Pittini, 2012). However, what is termed affordability problem in a given place or nation might not be applicable in other places and this is for no other reason but for the dynamics in economic and social variations. Meanwhile, the increase in the prices of conventional building materials which are imported and the fluctuating economy is contributing to the ailing problem of housing affordability (Gbadeyan, 2011). Aribigbola (2013); Aribigbola and Ayeniyo (2012) haven reviewed past housing policies explained that the Nigerian housing policy was basically aimed at providing affordable housing for Nigerians but this has not been successfully implemented.

Housing is the conglomerate of shelter plus environment which includes the housing unit, site layout and the facilities within the environment. However, in 2005, the United Nations said that the inhabitants of Nigeria was 141 million, and projected its growth toward the region of 289 million by 2050. A similar projection was also witnessed when the United States Census Department predicted that the population of Nigeria will increase by 264 million by 2050. If these predictions come true then Nigeria will become the 8th most

populous nation globally (Encarta, 2007) as cited in Kabir and Bustani (2010).

This continued increase in population is creating a burden to shelter and effective supply and delivery of simple amenities and facilities for all urban residents. In most cities, the observed problem with housing distribution is not only reduced to quantity but also to the poor and the quality of available housing units (Kabir & Bustani, 2010). This problem is also seen in overcrowding in many available houses mostly occupied by the poor. Urbanization has also led to increase on the demand in housing provision and is one of the major challenges facing Nigeria's lack of affordable housing.

Affordable, respectable housing is beyond mere assemblage of bricks and mortar (Ayeniyo, 2011; Nubi, 2015). Housing is a fundamental linkage to good health, well-being and economic development of nations evidenced in its inclusion in global and regional development agenda. It is both an investment and consumption of goods (Glaeser & Gyourko, 2017), being a major source of economic growth for countries such as China (Sun, Zheng & Geltner, 2017) and in countries such as Britain and America, constituting a major source of household wealth for over seventy percent of the households who own their private homes (Gorea & Midrigan, 2017). However, it is very unlike other assets; while is a great source of investment and attracts high capital requirements which have resulted in its becoming a social need to the extent that its attainment or the lack is often times a great sign of economic inequality in most societies of the world (O'Dea, 2012).

The concept of housing or shelter is considered a pre-requisite to the survival of mankind in every society as according to Maslow's Theory of Needs which forms the basis for human survival in the world. As an important element for the physical survival, it is ranked second to the provision of food as one of the basic necessary needs of human person as far as human existence is concerned. Housing is also seen as one of the best indicators to measure an individual's standard of living across the world. Its importance makes housing an area of much concern to every surviving society (Boachie – Yiadom, 2015).

A major problem working against sustainability in housing and urban improvement in most developing nations is that of unrestrained spread (Jiboye, 2011 cited in IHEME, Effiong & Ekung, 2015). It has also existed that urban expansion and weak economic progress have heightened the difficulties of low income accommodation in Nigeria. These housing shortages, especially aimed at the poor has increased because of population growth, inflation in real estate prices, rural-urban migration, reduced municipal services and structures plus weak implementation of public housing guidelines and programmes. Other factors may include household size, educational background, occupation, stage of family life cycle, access to source of institutionalized housing finance and culture. Housing needs for the low income earners is in high demand as a result of population growth and rapid urbanization due to rural urban relocation, increased rate of building supplies and unsuccessful housing policy. Nigeria's effort to housing for all as enclosed in the National Housing Policy of 2002, which objective is to provide affordable housing have so far being mere rhetoric. Small salary earners mostly do not have enough for food, clothing, transportation and other family needs, thus because of these needs, it is impossible to save and buy or build a house because of financial restraint. Most of the low income earners hardly have bank account; hence are not even eligible for bank loans or mortgages. In most cases, they are not qualified for employer's loans because their income is too low to meet the repayment obligations.

Olatubara, (2007) asserted that the determinant of housing affordability include household income and price of the housing facilities around the situated environment. Those housing costs are expenditure of construction, cost of land and cost of all ancillary infrastructure

and other facilities require for availability and affordability. While the pricing policy dependent on the prevailing housing demand and national economic variables, population, the available housing stock, production cost and the level of profit margin expected by the investors and many more.

Ikpeme et al (2017) opined that housing affordability is of effective demand rather than mere demand or the need for the use of it. The term housing affordability is subjective, as that which may be considered not affordable to the common man (those within the low income bracket) maybe considered less expensive to those in the political class and the high income groups.

Generally, housing affordability refers to the practice of ensuring that members in a community have a home to live in; it could be a house or some other kind of dwelling, lodging, or shelter that is affordable. Moffitt (2008) defined a house as a home when it shelters the body and comforts the soul of the people as well as grant them good sense of reasoning and direction to go on with their daily lives.

According to United States Census (2012), a housing unit is a house, an apartment, a mobile home, a group, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters for people to rest. However, the UN suggested explanation of a house is a structurally separate and independent place of abode such that a person or group of persons can isolate themselves from the hazards of climate such as storms and the sun. The definition, therefore, covered any type of shelter used as living quarters, such as separate houses, semi-detached houses, flats/apartments, compound houses, huts, tents, kiosks and containers.

In one school of thought, housing is seen to advance economic growth through the expansion of the construction industry and contributes to reducing poverty by increasing the demand for low-skilled workers in an affordable way and means (Pettinger, 2013).

Concept of Mortgage Financing

Ogunsemi and Abiola-Falemu (2005) defined mortgage financing as a specialized type of credit transactions involving the granting of long-term finance for housing development in Nigeria and other countries of the world who are also practitioners of this package. The term “mortgage” has been in existence since the 17th Century. It is a loan often associated with real estate. Indeed, the history of the word has been traced back to the legal interpretation by the old French to mean “dead” (mort), “contract” or “pledge” (gage). Mortgages, like other loans, have a fixed term to maturity, a date by which the loan must be fully repaid. Consequently, it was seen as the probability that the mortgagor will repay his debt but in the event of a default, the pledged property (in those days, land) was taken over or seized from him and thus considered “dead” to him (mortgagor). If the incurred debt (loan) was repaid, then the land pledged was dead to the mortgagee.

A mortgage financing is a debt with income which produces property such as retail space, office, hotel accommodation or multifamily building as collateral for qualification (Xudong, 2008).

McDonald and Thornton, (2008), defined mortgage financing as a particular type of loan made basically for real estate business.

A mortgage financing in another term can be classified as both instrument that pledges real estate as a security for an obligation and the process of pledging real estate as security in whole (Hassanein & El-Barkouky, 2008).

In the jurisdiction of finance and economics, it is an agreement under which an individual borrows money from a lender (usually a mortgage lending institution) to purchase a property and pledges same property such that the lender takes possession of the said property if the borrower fails to repay the money back. The online dictionary defines the

word mortgage as a temporary, conditional pledge of property to a creditor as security for performance of an obligation or repayment of a debt. The Longman Dictionary of Contemporary English (2005) defined the term Mortgage as a legal arrangement by which someone borrows money from a bank or similar organization in order to buy a house and pay back the money over a stipulated period of time. The word mortgage is simply defined in the Property and Conveyance Law (1959) as including any charge or lien on any property for securing money or money's worth, while the Nigerian Land Use Act (1978) defined it as encompassing a second and subsequent mortgage and equitable mortgage.

A mortgage financing is viewed as a contract which puts up a specific property as a collateral to secure the repayment of a debt taken by mortgagor (Onyike, 2011).

Österling (2017) opined that many homeowners finance their home purchase through a loan secured by the property or by mortgage finance. That a mortgage financing is typically a situation where money is paid back over many years of collection and is a method of buying today what the household cannot afford until later time. He further classified Mortgages as packaging that are considered as important instrument for households when choosing the way to spend their money over their lifecycle i.e consumption smoothing.

Olanrewaju and Oyebiyi (2016) classified Mortgage financing as a debt instrument that is secured by the collateral of specified real estate property and that the borrower is obliged to pay back with a predetermined set of payments in accordance with terms and conditions of engagement.

A mortgage financing is a pledge of property as collateral to enable one secure a loan; the mortgage becomes a lien on the property's title or the title is held in trust until the loan is repaid as agreed upon by the parties. Simply, a mortgage is an agreement by which a borrower offers his/her legal right to possess or dispose of property (title) as security for a loan to be granted to achieve a particular financial purpose (Gabriel, Paschal & Willy, 2018)

Empirical Review

This section reviewed studies carried out by various researchers relevant or related to this very study. The significant of empirical review here, helps this study to develop relevant analytical and observational skills that are useful in contexts of the study. The approach in this category allows the control of multiple variables in arriving at the most relevant outcomes. It also gave a good base and direction with regards to appropriate adoption and usage of instrumentations for this study as they are presented below:

More (2002) examined the role of mortgage in housing finance in Slovenia. The study whose main aim was to explore the role mortgage lending play in house finance in Slovenia revealed that, the National Housing Fund (NHF) which is a public agency, dominate majority of the Slovenian housing finance market, due to weak primary and non-existing secondary mortgage market. The study therefore recommended the development of mortgage primary markets and mortgage secondary markets as important tools for the future in improving housing finance and also developing fixed income capital market in Slovenia.

Oduwaye, Oduwaye and Adebamowo (2008) assessed the Structure and Challenges of Housing Finance in Lagos, Nigeria. The objective of the study was to investigate the structure and the challenges that confront housing finance efforts of Primary Mortgage Institutions in Lagos. They used two types of questionnaires to collect data from the PMIs and their clients and also secondary data in the area of housing finance policies and regulations. The study identified high cost of building materials and high cost of labor as well as land documentation constraints and high interest rates as the most severe challenges

to housing in Nigeria and therefore recommended that. The government should give incentives like tax rebate, low interest rate, and the creation of special sources of funding for building material producers, in order to encourage local industries to produce building materials.

Chambers, Garriga and Schlagenhaut (2008) conducted a study on mortgage innovation, mortgage choice, and housing decisions. The study sought to examine some of the more recent mortgage products on Housing. It was realized that, the introduction of mortgage products had positive correlation with homeownership using housing data from 1995 through 2005. It was also observed that homeownership rate declines as these instruments were removed from the mortgage market.

Aribigbola (2008) in his study of housing affordability as a factor in the creation of sustainable environment in the developing world, used data generated through a systematic survey of households within the nine political wards of Akure; The study aimed at assessing the extent of the problem of housing affordability and how it affects the creation of a sustainable built environment. Results revealed that affordability is a major problem and poses serious challenges to sustainable development of the built environment, hence it was recommended that institutional framework to promote, enhance and encourage affordable housing provision should be created in the city.

Udoekanem (2011) examined the financing of affordable housing through commercial bank real estate loans in Niger State; the study provided evidence that 90 per cent of the households in Minna cannot afford loans granted by commercial banks. Analysis also showed that the maximum they could repay through their salaries was one – third or 33.33% of their monthly salary which was even below what is required to offset a loan that will enable them acquire a 2 bedroom bungalow within residential neighbourhoods in suburb areas of the city, thus making the real estate loans from commercial banks unaffordable by the civil servants inclusive of those on a higher grade levels.

Aribigbola (2013) evaluated government efforts in a bid to tackle these problems. Others were interested in examining parameters for measuring affordability while some were keen on exploring the most suitable means of delivering affordable housing. For instance, Onyike (2007) carefully studied the situation of housing affordability in Owerri, Nigeria and explained the impact of the monetization of fringe benefits (residential accommodation, transport facilities, medical services and utilities such as electricity, water, and telephone) on the civil servants ability to own personal houses in the state. The results showed that levels 13 and above, and level 17 of the state and federal civil servants respectively were able to have access to what may be adjudged as decent housing. He further observed that majority of public servants in the state cannot afford adequate housing without substantial assistance from the government.

Iheme, Ekung and Effiong (2015) conducted a study on the effect of government policy on housing delivery in Nigeria: a case study of Port Harcourt low income housing programme. The objectives were to determine housing needs of the low income group in Nigeria and to determine the impact of government policies on affordable housing provision to the low income group. Survey method was used to collect data from 44 respondents through the administration of questionnaires which was analyzed with statistical tools. The findings from the study shows that insufficient fund is closely related to other finance related factors identified as barriers to the accessibility of public housing by the low income group who are non-public servants. Such factors as high interest rate, low per capita income, lack of security of income, lack of collateral and high cost of public houses. The study suggest the creation of a viable secondary mortgage market,

improvement of land registration and allocation, compassionate urban renewal programmes, cost saving house designs amongst others.

Yinusa, Ilo and Elumah (2017) conducted a study on Mortgage Financing and Housing Development in Nigeria. The study employed secondary data and a time series analysis for the period of 1992-2015, which were obtained from sources like the Central Bank of Nigeria (CBN) and National Bureau of Statistics (NBS). Ordinary Least Square method was adopted and urban population growth was used as the dependent variable, while microfinance bank loans to mortgage, primary mortgage Loans to mortgage, and Government allocation to housing, were slated as the independent variables. The finding of this study reveals that Microfinance Bank loans to mortgage have a negative impact on housing development, while primary mortgage loans to mortgage have a significant positive influence on housing development in the Nigeria. Also, the government allocation to housing shows that an insignificant positive relationship exists between government allocation to housing and housing development in Nigeria. Thus, the government and other major stakeholders in the housing industry should embark on massive enlightenment campaign on the need of housing provision as envisioned in the National Housing Policy. Udoka, and Kpataene (2017) carried out research on mortgage financing and housing development in Nigeria. The main focus of the research was to ascertain the impact of mortgage loan in housing development in Nigeria. Data were extracted from CBN statistical bulletin and National Bureau of Statistics from 1990 to 2014. Three hypotheses were formulated and tested using econometric models such as Augmented Dickey-Fuller unit root test, the co-integration tests revealed the existence of a long-run relationship among the variables. The Error Correction Model established causal links and dynamic interactions between variables by granger causality test. The result of the findings showed a significant relationship between mortgage financing and housing development in Nigeria. Variables such as mortgage loan and interest rate had positive and significant impact on housing development while cost of building had a negative effect on housing development in Nigeria. Further findings revealed that mortgage bank deposit had positive effect on mortgage investment while inflation had a negative effect on mortgage investment. The study recommended that mortgage institution in Nigeria should develop strategies to mobilize more deposits and explore new sources of fund such as funds from the capital market via housing bonds, savings and loans from co-operative societies. Government should create an enabling environment for private housing sector in housing development in Nigeria by providing infrastructure and enhancing soundness and competitiveness of mortgage institutions in Nigeria.

Gabriel, Paschal and Willy (2018) examined effect of mortgage finance on housing delivery in Nigeria. The major objective of PMIs is to boost investments and engender increased housing growth among 36 States of Nigeria and the Federal Capital Territory. The study investigated how primary mortgage institutions had impacted on investments in housing sector in Nigerian using annualized data from 1992 to 2016. It employed the ordinary least square (OLS) estimation in analyzing a modified finance model. The Johansen co-integration test was also utilized. From the unit root test, evidence of long-run relationship was found to exist between mortgage finance and housing delivery over the period studied - both at the instances of the Trace statistic and the Max-Eigen test statistic. The results of the OLS found that mortgage deposit had a positive and significant impact on housing delivery in Nigeria, while mortgage loan exerted negative and non-significant influence on housing provision in Nigeria. The study concludes that while housing is an important sector that can drive the Nigeria economy, inadequate supply of mortgage finance to the sector stifles its growth and overall economic impact. The study therefore, recommended that the government and monetary authorities should make

crucial policies to improve activities of PMIs for optimal performance; access to PMI mortgage loans should be made easier and at lower interest rate.

Boyi (2019) researched on the challenges encountered in the Nigerian housing industry by determining the affordability of individuals in terms of access to the National Housing Fund (NHF) loan and further explored a cost-effective means to providing affordable houses to low and middle-income earners. This research used qualitative study approach by conducting eleven semi-structured interviews with key officials and Chief Executive Officers within the Nigerian housing industry supported with archival records of the housing industry in the country to advance ways by which the lending bank can operate efficiently. Results of the study revealed that key challenges facing the industry were classified into three broad themes namely; financial, procedural and structural challenges. The financial challenges highlighted the constraints (low capitalization) encountered by FMBN in successfully delivering quality and affordable houses to low and middle-income earners. The procedural challenges emphasize the difficulties (stringent processes) that NHF applicants experience in the process of obtaining mortgage loans. While the structural challenges describe the problems associated with the quality and the standard of the buildings provided by estate developers. Another key finding is the high level of political interference in the housing sector which had greatly impacted on the nation's housing delivery. In addition, the institutional structure of FMBN is also flawed with loopholes such as the lack of Information Technology (IT) integration, lack of involvement of major stakeholders in the executive management of the Bank and a need to review the existing regulatory framework. To meet the housing delivery target set by the government, it is recommended that reform of the Housing Act and restructuring the housing industry will help in the needed redress within the industry.

Theoretical Review

This study adopts Twin theories known as Lien Theory and Title Theory for theoretical analysis. The theories were propounded by Hester Street in 1975 and Gilbert Simondon in 1968.

Lien Theory

Lien theory which was developed by Hester Street in 1975 infers that a mortgage resembles a lien or an encumbrance on the property, so that the mortgagee (lender) acquires only a lien on the property and the mortgagor (borrower) retains both legal and equitable titles, unless a valid foreclosure occurs. The lien theory states that, if a borrower defaults or fails to meet the terms of the mortgage, the lender may go through formal foreclosure proceedings in order to gain legal title to secure repayment of the loan.

Title Theory

Title theory as propounded by Gilbert Simondon in 1968 surmises that a mortgage transfers legal title of the property to the mortgagee (lender), who retains it until the mortgage has been satisfied or foreclosed. In countries that follow the title theory, the title to the mortgaged property is split into legal title granted to the lender and equitable title granted to the borrower. When the borrower has met the demands of the mortgage, they are entitled to legal title as well. Until the debt is repaid, the lender retains ownership of the mortgaged property while the borrower retains possession. Since the lender has legal title to the mortgaged property, if the borrower defaults they have the right to immediate possession of the property.

The relevancy of these theories to this study is that it about borrowed funding of houses which entails that when a man borrows money he/she is expected to return as at when due in line with the contract terms and conditions otherwise, legal would be taken to recover

the granted loan.

Methodology

For the purpose of this study, Ex-postfacto research design was employed as it is due to the nature of the study which is time series data while the population consists of the contribution of NHF for Nine (9) years i.e between the periods of 2010 to 2018 to the staff of Federal polytechnic Nasarawa, since it was not feasible to attend to all members of the target population. The linear model for the study is thus:

$$MF_t = \beta_0 + \beta_1 NHFC_t + e_{it}$$

Where:

MF_t= Mortgage finance at time t

NHFC_t=National Housing fund contribution at time t

β₁ = Coefficient of explanatory variables

β₀ = Constant or Intercept

e = Error Term.

Result and Discussion

Table 1: Descriptive Statistics

	MF	NHFC
Mean	25499101	20202069
Median	18650000	8746309.
Maximum	49200000	90909309
Minimum	10954438	800000.0
Std. Dev.	15557038	27706093
Skewness	0.577943	2.092982
Kurtosis	1.764656	6.034489
Jarque-Bera	1.073306	10.02390
Probability	0.584702	0.006658
Sum	2.29E+08	1.82E+08
Sum Sq. Dev.	1.94E+15	6.14E+15
Observations	9	9

Source: Eview, 2020

The study discovered that mortgage finance has increase over the years based on the national housing fund contribution with a maximum increase in mortgage finance of 49200000while the minimum is 10954438. In the same way the average mean of the mortgage finance is 25499101while the deviation from the mean is 15557038with a median of 18650000. Furthermore, national housing fund contribution has a maximum value of90909309while the minimum is 800000. In the same way the average mean of the national housing fund contribution is 20202069while the deviation from the mean is 27706093with a median of 8746309.

Table 2: Regression Result

Dependent Variable: MF
 Method: Least Squares
 Date: 02/27/20 Time: 18:16
 Sample: 1 9
 Included observations: 9

Variable	Std. Error	P r o b .
NHFC	0.000862	0 .0 4 4 8
C	0.006044	0 .0 0 0 0
R-squared	Mean dependent var	5 .1 6 7 5 2 2 0 .0 0 1 5 5
Adjusted R-squared	S.D. dependent var	0 - 1 0 .3 8 9 5
S.E. of regression	Akaike info criterion	1 - 1 0 .
Sum squared resid	Schwarz criterion	.

Log likelihood Hannan-Quinn criter.

F-statistic Durbin-Watson stat

Prob(F-statistic)

3
4
5
6
8
-
1
0
.
4
8
4
0
9
1
.
9
9
0
0
8
9

Source: Eview, 2020

The result shows that increase in national housing fund contribution will increase mortgage finance in federal polytechnic Nasarawa because there is positive significant effect between the variables. Increase in national housing fund contribution by 1% will increase mortgage finance by 0.002102. National housing fund contribution explained changes on mortgage fund by 46% while the remaining changes are explained by other factors not included in the model. Furthermore, the model is fit because is less than 5% level of confidence. This finding come together with the works of Adedokun, Akinradewo, Adegoke and Abiola-falemu (2012); Boachie –Yiadom (2015); Popoola and Alamu (2016); Udoka and Kpataene (2017); Gabriel, Paschal and Willy (2018); Boyi (2019) that more mobilization financial recourses will help to restructure and address housing challenges across board where those who worked for and merit to earn a house will definitely secure one despite other barriers.

Conclusion and Recommendations

The contributions of National Housing Fund through primary Mortgage institutions to housing financing in Nigeria is faced with certain challenging factors, and problems and there is need to proffer possible solutions in-order to boost the flow of funds into the housing sector. On his part, the Central bank will continue to evolve policies that would ensure steady flow of financial resources to the mortgage finance sector as finding shows that increase in national housing fund contribution will increase mortgage finance in federal polytechnic Nasarawa because there is positive significant effect between the variables. Based on the findings, the study recommended that:

The financing of national housing programmes should be viewed primarily as a national responsibility of the government. The private sector should be encouraged to provide the bulk of actual investment funds for housing middle income and upper income groups. For the low-income group, however, continued public support, individual initiative and labour movement involvement, will be required for housing and movement involvement, will be required for housing and community development.

In addition to funds through regular budgetary and fiscal programmes, there is need to put in place other measures to boost available investible funds in this sector. This may include the introduction of special-purpose bonds designed to attract institutional investors, firms and individuals to participate.

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