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Research article

The willingness of cooperative societies to sponsor house ownership in Akure, Nigeria

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ABSTRACT

Housing cooperatives are the organizations among others, which have played important roles in meeting the housing needs of people. In Nigeria, housing finance is through the formal and informal institutions; and personal residences accounted between 75 and 90 per cent of household wealth, that represents between 3 and 6 times their annual income. Finance is an important determinant of success and failure of housing ownership. It, therefore, becomes very necessary to identify viable sources of funding that can promote house-ownership. This paper examined the activities of Cooperative Societies in the provision of funds for house ownership in Nigeria with a focus on Akure. In the conduct of the social survey for the study; two sets of questionnaires were used. The first set of the questionnaire focused on House-owners and 683 sampled house-owners were administered with the questionnaire in Akure. The second set of questionnaire was administered on the government officials in charge of the administration of the cooperative societies in Akure. The answers to the questions in the questionnaire were adequately supplied. The data were subjected to statistical analysis. The findings revealed among others that the main sources of funding house buildings were through personal savings and Cooperative Societies among others. It recommended that prospective house-owners should be encouraged to form and patronise Cooperative Societies as a reliable source for the housing loan.

1. Introduction

Housing finance is the provision of finance or capital for housing. There are three ways of interpreting this: housing finance can be taken to mean the capital required for the construction of housing or housing projects, the resources required to acquire or access housing by households, or the credit supplied by (housing) finance institutions (UN-HABITAT, 1991). Housing is an important contributor to a nation’s economy, having a backward linkage to land markets, building materials, tools, furniture, and labour market. It has forward linkage with the financial markets, mortgage debt accounts for a large proportion of household debt and supports the efficient functioning of the domestic and international financial market (The Federal Republic of Nigeria (FRN), 2009). Next to food and clothing, housing constitutes the most important psychogenic need of individuals. The rate of urbanization has been on the increase in Nigeria, from 10 per cent in 1952; 38 per cent in 1993; and 50 per cent in 2009 (FRN, 2009). This rapid growth of urban population gave rise to extensive formation of slums and shantytowns because of the inability to provide adequate housing and services for the huge number of migrants into the cities and towns. In 2017, the housing shortage in Nigeria is approximately 16 million, coupled with high land prices, accompanied by very little construction of houses in the formal sector for lower and middle-income groups.

Personal residences accounted for between 75 per cent and 90 per cent of household wealth that represented between 3 and 6 times their annual income. Furthermore, housing represented between 15 per cent and 40 per cent of the monthly expenditure of households worldwide (FRN, 2009). Investment in housing worldwide accounted for 15 per cent and 35 per cent of aggregate investment. Personal savings for investment in small businesses and the promotion of a successful economic sector can be enhanced when housing finance is supported. Approximately 10 per cent of the labour force is involved in housing construction and housing-related sector worldwide. Also, mortgage debt accounts for 40 per cent of gross domestic product (GDP) in many developed countries. It has been posited that a substantial part of remittances from Nigerians in

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Diaspora are towards homeownership. An increase in the flow of capital can be encouraged through an effective mortgage system.

Effective demand and homeownership relate to affordability, and this is based on household incomes. A review of EFinA's access to financial services in Nigeria, 2008 survey showed several key findings relating to homeownership. Some of the findings include: 75% currently owns their home, 16% pay rent, while 7% live in the houses for free (EFina and FinMark Trust, 2010) (EFina and FinMark Trust, 2010). Most developers (housing suppliers) lack the capacity and expertise to develop products for the low-income segment of the market. This is evident by the low level of activity in this segment.

The upper-middle-class represents about 30% of the population and they lack access to mortgage or formal housing finance (The World Bank, 2008). World Bank Report (2008) as cited in EFinA and FinMark Trust (2010). The upper and lower-middle-income class are likely to require housing microfinance to buy land and/or develop their houses incrementally. The lower class will also require rental housing. However, a large portion of the lower class – very poor (about 30%) in the bottom of the pyramid cannot afford credit in providing housing. Lack of access to finance affects the supply of housing. This paper takes a look at Co-operative societies in sponsoring house ownership in Nigeria, using Akure; a typical Nigerian city as a case study.

2. Literature review

2.1. Housing finance

The process of obtaining funds or capital generally to support development and or investment by gaining control over assets is termed financing (Adejide and Olotuah, 2012). Linking this to housing, the term housing finance means finance for buying or modifying a property. However, Warnock & Warnock (2008) viewed housing finance (sector) in terms of supply and demand. They explained further that demand for housing finance is a derived demand for housing, which in turns depends on the rate of household formation and income levels while the supply side stresses the provision of housing finance by a lender as well as the mobilisation of funds within an economy to ensure that lending institutions have ample access to the funds. Without a well-organised and efficient housing finance system, it will be difficult to mobilise sufficient financial resources for channelling into the housing sector (FRN, 2009).

Housing finance is faced with three conflicting objectives, namely: affordability by households, viability for financial institutions, and resource mobilisation for expansion of the housing finance sector within the national framework. The national framework is expected to facilitate financial intermediation for housing finance that consist of institutions involved (Amao and Odunio, 2014).

Nigeria’s housing deficit presents an enormous potential for housing and housing finance investors. The country requires N49 trillion (US$326 billion) to meet its housing demand (Ronald Igbinoba Real Foundation for Housing and Urban Development, 2009) as cited in EFinA and FinMark Trust (2010). However, the outstanding credit to the economy as of December 2008 by financial institutions was put at $20 billion. Outstanding mortgage loans are 0.5% of GDP in 2005, and the formal sector are mainly financed by deposit money banks at excessively high-interest rates and stringent lending conditions.

On the other hand, the informal institutions include the Thrift and Credit Societies, and other Cooperative Societies, money lenders, individuals and family savings (EFinA and FinMark Trust, 2010). The traditional methods that had been in existence in time immemorial included ‘Esusu’, ‘Ajo’ ‘Aaro and owe’ (rotating savings and loan associations), ‘age-grade associations’ and village development schemes. In Nigeria, low-income individual homebuilders mostly seek finance from informal sources. These sources are convenient and accessible and operate based on a third party guarantee and rely on peer pressure to ensure repayments. Their impact and effectiveness are dwindling, therefore, it becomes necessary to complement or replace these schemes with modern methods such as Cooperative Societies. However, such methods should be properly coordinated and backed with statutory guidelines.

Housing finance is presently bedevilled with several problems. These include the involvement of individuals and developers requiring long-term lending as against business on a short-term more profitable basis. The requirement of intermediation for housing finance institutions are expected to borrow on long-term, even though their funds may be mobilised on a short-term basis. Also, given its long-term nature, intermediation in housing finance is extremely sensitive to an inflationary environment. The limited ability to mobilize resources effectively for low-cost housing is another weakness of housing finance institutions.

Given these drawbacks, the government is expected to first encourage financial innovations that would facilitate the provision of funds to high-income households on a financially viable basis. While on the other hand, it is expected to develop programmes that would ensure effective financing of a low-cost housing scheme for the vast majority of Nigerians (Nubi, 2006).

2.2. Mobilization of funds for housing finance

In Nigeria, the low-income group can be identified as people living below the poverty level of less than $2 a day. Besides, they include wage earners and self-employed people whose monthly income is below Eighteen Thousand Naira (N18, 000). Finance constituted the most important factor inhibiting the access of low-income Nigerians to decent housing (Osimwanyi and Megbolugbe, 1987). This is because of their inability to afford the necessary down-payments and their financial capacity makes it impossible for them to afford the monthly repayment rates as well as their inability to provide reliable guarantors acceptable to the mortgage institutions. Coupled with high-interest rates, high inflationary rates, inadequate infrastructural facilities and high rate of population growth means that the group is at a disadvantage. In the Nigerian housing finance market, the formal sector focuses on meeting the housing needs of the upper-income groups, whose activities are mostly, located in the urban areas and the lower-income groups which rely on the subsidised National Housing Trust Fund (NHTF) for access to housing. The informal sector mobilises funds from the esusu (rotating savings and loan associations), the traditional co-operative system, credit co-operatives, and individual and family savings (EFinA and FinMark Trust, 2010). In three (3) Mining settlements in Ghana, that served as home to a diverse range of the immigrant miners, who were generally low-income earners and often aspired to build their own houses and establish a family (Gough et al., 2019). This points to the fact that not minding the economic status, the individual is willing to mobilise his resources to build his own house (i.e. House-ownership. Nigeria’s housing deficit present an enormous potential for housing and housing finance investors. The country requires N49 trillion (US$326 billion) to meet its housing demand Roland Igbinoba Real Foundation for Housing and Urban Development (2009) as cited in EFinA and FinMark Trust (2010). However, the outstanding credit to the economy as of December 2008 by financial institutions was put at $20 billion. Outstanding mortgage loans are 0.5% of GDP in 2005,
In Malaysia. Generally, an increase in population translates into an increase in the demand for housing finance and Cooperative Societies in the informal sector have the potentials to mobilise their funds for housing delivery.

### 2.3. Housing finance in different countries

Housing finance plays a vital role in a country’s housing delivery value (Warnock and Warnock, 2008). This is because finance is needed for both the demand and the supply of housing. In Africa, rapid urbanisation and economic growth have led to an increasing demand for housing finance. The major obstacles to the continent’s housing market development are: the dearth of long-term finance, weak credit markets, an unstable macroeconomic environment and limited or nonexistent housing finance systems. Besides, the housing deficit and the lack of adequate housing finance instruments are more acute for lower-income groups, who are in the majority excluded from formal financial systems (UN-HABITAT, 1991). Though the housing finance market has grown in recent years, the depth of the mortgage finance markets across the continent is low with the exception of Morocco, Namibia and South Africa.

The landscape of the African housing involves both the public and private entities offering different types of products geared toward responding to the unmet housing finance needs. The state housing bank model is widespread across the continent. With the exception of South Africa, Namibia, Morocco, and Tunisia, housing markets in the continent are small and underdeveloped compared with those of other emerging economies as reflected by the outstanding mortgage loans to GDP (UN-HABITAT, 1991). In Nigeria, Cameroon, Egypt, Cote D’Ivore, Ghana, Tanzania, and Burkina Faso, housing finance amounts to less than 1 per cent of the GDP. This is dwarfed in comparison with Chile, Costa Rica, Malaysia and Thailand, where outstanding mortgage loans to GDP varies between 15 and 36 per cent.

In Pakistan, the Government in its medium-term development framework has recognised housing and construction as a priority sector that pose a substantial potential for employment generation for the poor segments of the society. Pakistan has a population of over 166 million, out of the urban population, 45 percent is believed to live in the slums. The high concentration of slum residents can be attributed to lack of investment in infrastructure, housing sector, poverty and instability in housing in Pakistan (Government et al., 2020). Conservatively, there is a deficit of more than 8 million housing units, which is growing at the rate of about 300,000 units every year. In Pakistan, the average occupancy rate per dwelling is over 6, whereas, per room density is 3.5 persons as compared to the international standard of 1.1 per room. The shortage of housing facilities is more acute in urban areas, where many live in slums. There are 25 commercial banks, the House Building Finance Company (HBFC); a specialised housing and one DFIs, catering for the housing finance needs of the different societal groups. The constraints being faced by the housing sector in Pakistan is three. These are: the weak property rights and inadequate land development framework; the embryonic property development framework, and the emerging building industry. In Pakistan, the financial sector caters for only 1 to 2 percent of all housing transactions in the country. On the other hand, the informal lending caters for up to 10% of such transactions, though the informal sector is poorly regulated. The property development industry suffers from low public confidence, financial weakness and the absence of clear, uniform and fair business practices have affected its credibility towards contributing to the reluctance of financial institutions in providing development and construction finance.

Despite the impediments existing in the housing sector in Pakistan, the Government has shown its commitment to long-term housing sector development reforms. It announced the National Housing Policy (NHP) in 2001, with a focus on an enabling strategy aiming at resource mobilization, development of a housing finance system, provision of incentives through tax rationalization and enforcement of foreclosure laws.

In India, government has taken series of Initiatives for the development of housing and urban infrastructure. The National Housing and Habitat Policy 1998 emphasizes “housing for all” by the end of 2007. In the 1970s, a network of Housing Boards at state-level was incorporated with the Housing and Urban Development Corporation (HUDCO) acting as an apex body, providing finance and technical support to the boards. After the initiation of the liberalization process in India, the government has taken number of measures to promote housing finance from the formal sector and share the task of providing housing finance with the private sector. Incorporation of National Housing Bank (NHB) in the year 1987 as the controlling body to formalize housing finance is one of the remarkable steps in this direction (Bhalla et al., 2008).

The institutional growth of Housing Development and Finance Corporation (HDFC) and Housing and Urban Development Corporation (HUDCO) have encouraged the private sector banks to enter into home loan segment. This has resulted into the increase of competitive dynamism among the different players of housing finance. Banks and housing finance companies are offering attractive loan-schemes with varied lucrative add-ons to the customers. Main features of these loan-schemes are consumer flexibility, adjustable rate plans, lower processing fees, low equated monthly instalment (EMI), lower margin money, and no pre-payment penalty, among others. Broadly, providers of housing finance can be categorised into three. These are (1) Housing Finance Companies (HFCs), (2) Banks and (3) Housing Co-operative societies. Disbursements of Housing Loans by the major players like HFCs, Banks and Housing Cooperative societies in different years had cumulatively shown that the total disbursements of housing loans have created unprecedented growth over the years (Bhalla et al., 2008).

### 2.4. Role of cooperative societies in housing finance

A cooperative society is a social enterprise or organization created voluntarily by members with the full support and assistance from members to cater for the economic needs and interests of the members (Kassali et al., 2013). In a similar view, Adesina (1998) defined a cooperative society as an organization where people voluntarily associate together based on equality having equal participation in management to promote the common economic interests, using equal voice, making approximately equal or proportional contributions to capital and deriving proportional services and benefits from it and run for those who use its services. A good cooperative system could be very useful and instrumental in the development and progress of any society. The simplest and most basic benefit of cooperative societies is the creation of an avenue for members to borrow money and obtain loans with minimal interest to meet their business and social needs and serves as an avenue for savings (Olujimi et al., 2016; Kassali et al., 2013). Circulation and diffusion of various forms of innovation are also made easier through cooperative societies to stimulate economic growth (Adeeye and Ditto, 1985). According to Mellor (1980) and Stevens and Jabara (1988), cooperative societies had aided producers in many countries of the world to improve their livelihood.

Housing co-operatives have been described as a society that corporately owns a group of houses or flats in which each member participates actively in all matters concerning the estate. Housing Cooperatives buy properties and lease to their members at highly subsidised rates. They are usually organised as social associations, but have a more explicit commitment to the financial activities of individuals and thus the collective interest of their members (Agbola, 1998). Housing co-operatives create economies of scale benefits for members and fast-track the process of housing completion. Co-operative groups improve access to land where large plots of land could be acquired for housing development. Given the relevance of cooperative societies in the financing and provision of housing, this paper investigates the operational activities of
cooperative societies as an institution in the housing informal sector. In African countries, house-ownership is a social and economic status. The paper contributes to the debates on housing finance and promotion of house-ownership through the activities of cooperative societies as the funding institution in developing countries using Akure which is a typical Nigerian city as a case study.

3. Materials and methods

Akure the study area is a traditional Nigerian city and like other traditional Yoruba towns in the country, it existed long before the advent of the British colonial rule in the country. Akure is located between latitude 6°95' and 7°15' North, and longitude 5°14' and 5°40' East of Greenwich Meridian. It occupies about 35 square Kilometres of land. Akure is about 700 km southwest of Abuja, the Federal Capital of Nigeria (see Figures 1 and 2).

Akure was formerly the headquarters of the Ondo province until 3rd February 1976 when its status changed to a State Capital of Ondo State and coincidentally the Local Government Headquarters of Akure South Local Government Council. This led to a phenomenal change in the political, social, economic and administrative roles as well as the population of the town. The increased relative political influence of Akure as a state capital and local government headquarters since 1976 has greatly promoted its rapid growth and increased socio-economic activities resulting in its spatial expansion from an area of about 16 square kilometres in 1980 to about 30 square kilometres in 2000 (Ministry of Works, Lands and Housing, 2000); and at present, it occupies about 35 square kilometres. The population of the city grew from 38,852 in 1952 to 71,106 in 1963. Its population was estimated to be 112,850 in 1980 (DHV, 1985); and 157,947 in 1990 (the Ondo State of Nigeria, 1990). The 1991 national population census, however, puts the population of Akure at 239,124 and its estimated population in 1996 was 269,207 (NPC, 1996).

However, with the use of 3.5 per cent as the growth rate, and the population was projected to 2012 by the time the surveys for this study were conducted was put at 459,716 individuals. The increasing population had not been adequately housed because of the shortage in the supply of housing units to cope with the housing needs (Olujimi, 2008). This has been responsible for the shortage of residential accommodation which correspondingly led to a skyrocketing of rent for the available residential properties most of which are devoid of the necessary infrastructural facilities.

In the conduct of this study, Four (4) main audiences were largely involved. These are; the registered Cooperative Societies in Akure; members of the registered Cooperative Societies in Akure; the Ondo State Ministry of Community Development and Cooperative Services; and the House-Owners in Akure metropolis. The study made use of questionnaires in eliciting relevant information from the target population.

The list of registered Cooperative Societies in Akure were made up of 114 registered Cooperative Societies, 38 registered Cooperative Societies were randomly selected for the administration of a questionnaire designed for the cooperative societies. In each of the registered cooperative societies selected, 5 members were randomly selected for the study. This amounted to a total of 190 members on which the questionnaire for the cooperative societies was administered. However, only 179 copies of the retrieved questionnaire were useful for the final analysis. The remaining 11 copies were either wrongly filled or inadequately filled to convey any meaningful planning information.

In the conduct of the House-Owners’ survey, all the residential buildings in Akure metropolis were considered. The city was classified into 4 residential zones namely: the Core Residential Zone; Transitional
Residential Zone; Peripheral Residential Zone; and Government Estates. Residential Zone (which comprises all the government residential estates in Akure). Systematic random sampling method was used in the conduct of House-Owners’ survey, and one (1) residential building in every 30 residential buildings in each of the zones was selected and the owner of the residential building was picked for the administration of the questionnaire. Overall, 212; 249; 163; and 59 Houses-Owners were selected in the core, transitional, peripheral and government Estates’ residential zones correspondingly as influenced by the total number of residential buildings in each of the zones. The questionnaire designed for the House-owners were administered on each of them.

The total number of questionnaires administered was 683 on the sampled House-owners in Akure and the administration of the questionnaire designed for the Ondo State Ministry of Community Development and Cooperative Services; the Zonal Office of the Ministry in Akure South Local Government area was contacted (Olujimi et al., 2013. The operational modalities of the Akure South Local Government Zonal Office of the ministry make the office closer to the Cooperative Societies in Akure and their members. The requested answers to the questions in the questionnaire were adequately supplied. The processing of the data was carried out through the use of a computer, using the statistical package for social sciences (SPSS) version 16.

Data for this study was collected over a period of 10 months (between February and November) in 2012. In order to justify the use of the 2012 data, the Research Team carried out Participatory Observation survey in September, 2020; whose outcomes revealed that the socio-economic characteristics of the residents in the study area had not significantly improved. This made the generalisation from the 2012 data valid towards establishing their willingness to own personal houses. It is pertinent to mention that inadequate housing finance is still prevalent among the people residing within the study area, and they are willing to own personal houses. Ownership of personal residential building is considered as socioeconomic status which the people cherish much and it is a culture that transcends generations. The local cooperatives such as ‘Aaro’ and ‘Ajo’ that formerly provided succour for housing construction has faded away; and most people joined the modern cooperatives in order to own their buildings. The financial institutions that were saddled with the responsibility, (such as the commercial Banks and other financial institutions) charge high interest rates on loans and financial support between 5 and 6 percent (even higher than 6 percent charged in 2012), hence the increase in the patronage of cooperative societies. The inhabitants are characterized by absolute poverty level with income less than $1 per day (even when 1 US Dollar as at 2012 was N255 but in 2020 has increased to N360). The residents faced further impoverishments that are leading to increase in slum formation, and overcrowding. The COVID-19 pandemic in Nigeria like any other developing countries makes the need for more housing a necessity with a view to promote Social Distancing and reduce overcrowding.

4. Results and discussion

4.1. House ownership in Akure

Housing is adequate for the majority of developed countries, and some emerging market economies. But a significant proportion of the world’s population residing in less developed countries (such as Nigeria), does not have access to adequate and affordable housing. This is due to inaccessibility to finance, serviced land and the high cost of obtaining a Certificate of Occupancy (CoO). In this study, homeownership in Akure metropolis was classified into membership of a cooperative society and non-membership of cooperative societies. The individual response rates for the assessment of cooperative societies as a source of financing housing provision in Akure were shown in Table 1. A total of 683 house-owners were selected for the survey exercise. In all, 30.2% of the respondents i.e. house-owners were members of cooperative societies while 69.8% were non-cooperative members. Cooperative housing is not common in the study area, this account for the 30% of the respondents who are cooperative members.
Table 1. House ownership in Akure.

| Respondents interviewed | F (n = 683) | Percentage |
|-------------------------|------------|------------|
| Members of a cooperative society | 206 | 30.2 |
| Non-members of cooperative society | 477 | 69.8 |
| Total | 683 | 100.0 |

Source: Authors’ Fieldwork, 2012

4.2. House ownership by cooperative and non-cooperative members in Akure

Housing is universally accepted as one of the basic necessities of man and a house is more than a mere shelter. In this study, the ownership of houses was reported along with the cooperative members and non-cooperative membership. The result of the survey revealed that among the cooperative society members, the highest proportion of house ownership (39.8%) resided in the core residential zone of Akure. The next higher proportion of cooperative society members resided in the transition zone where about 29.6% of respondents were captured in this survey. Also, 21.4% of cooperative members were found in the peripheral, others (9.2%) resided at the government residential estates that dotted the metropolis. On the other hand, the highest proportion of non-cooperative members that owned a house that resided in the transition residential zone of the metropolis was (39.4%). The next highest place where residents (27.3%) who were non-cooperative members resided in the core residential zone. The third highest proportion of respondents who were non-cooperative members were located at the peripheral, where about 24.9% of respondents resided. The last proportion of respondents resided at the government residential estates where 8.4% of respondents resided, as at the time of the survey. Overall, the distribution of house-ownership in the study areas showed that 36.5%, 31.0%, 23.9% and 8.6% were correspondingly located in transitional, core, periphery and Government residential estate zones of the study area. The residents in the core were largely the indigenous (i.e. Akure natives), where the highest percentage of House-ownership were members of cooperative societies. This is an indication that the operations of cooperative societies thrived well among the natives that resided at the core. Besides this reason, the core was the oldest part of the city which had long been in existence than any other part of the city. This supports that fact that cooperative societies must have been the age-long practice with the people in Akure (see Table 2).

4.3. Duration of construction of the residential buildings by House-Owners in Akure

In the absence of finance, a well-conceived grandiose architectural design will perpetually remain a paper dream. Finance is required to pay for the land, labour and materials that would transform the design into a concrete goal. Unfortunately, lack of access to suitable forms of credit implies that housing construction may be delayed or abandoned outright, particularly for low-income groups. Suffice to mention that in Nigeria, the system of obtaining a mortgage is deficient in coverage of the population to be served. The poor and low-income households cannot afford available loans nor commercially built housing units. In Nigeria, the institutional sources of housing finance are often inaccessible to most households.

The duration of the construction of the building is generally influenced by the availability of fund to the developer. The residential building project requires a substantial amount of money which are not easy to come by. In Akure, house-owners who were members of Cooperative Societies, that spent less than one year to construct their residential building was 27.7 per cent, whereas for non-members, only 6.5 per cent fall into that category. Members of Cooperative Societies that spent between 1 and 5 years, and 6–10 years were 59.7% and 6.3 per cent correspondingly. However, non-members that spent the same duration of years in the construction of their residential buildings constituted 6.5% and 31.7% respectively. When duration and construction of buildings lasted for more than 10 years, only 6.3% of cooperative members fall into this category, while for non-cooperative members, about 56.4% spent more than 10 years in the construction of their buildings. The easy access to loanable funds with low-interest rate must have been responsible for the low percentage of cooperative members, who by the operations of their cooperative societies benefitted and being able to secure fund to complete their buildings in a reduced number of years (see Table 3).

4.4. Years of occupation of buildings by house-owners

The study revealed that about 22.7% of House-Owners moved into their houses between 2001 and 2010. Next to this are those who moved into their house between 1991 and 2000 (24.2%). House-Owners that moved into their houses between 1981 and 1990 are 18.9%, while the rest of the House-Owners (16.4%) occupied their houses before 1970. When this pattern is viewed among the cooperative members, it was discovered that the highest proportion (29.1%) moved into their houses between 1991 and 2000. Also, 24.8% started living in their house between 2001 and 2010. Likewise, 18.4% of them were discovered to have moved into their houses between the year 1981 and 1990. Besides, it was revealed that 14.6% occupied their houses between 1971 and 1980, those that moved into their house before 1970 were 13.1%. Among the Non-Cooperative members, the highest proportion of them (22.0%) claimed to have moved into their houses between 1991 and 2000. Secondly, 21.8% submitted that they moved into their houses between 2001 and 2010. House-Owners that occupied their houses before 1970; between 1971 and 1980 as well as between 1981 and 1990 were 19.9%; 17.2% and 19.1% respectively (see Table 4).

4.5. Sources of funding the construction of houses

The availability of housing is governed by supply and demand factors. According to World Bank (1993), across countries, housing supply tends to be idiosyncratic, primarily because of the housing sector's regulatory environment (especially land-use policies and building regulations), but also due to the structure of the construction sector (including the material inputs into the construction process). In contrast, housing demand within

Table 2. House ownership by cooperative and non-cooperative members in Akure.

| Variables | Cooperative Members (n = 206) | Non-Cooperative Members (n = 477) | Total (n = 683) |
|-----------|-----------------------------|---------------------------------|----------------|
| House Ownership | Fr Fr Fr | Fr Fr Fr | Fr Fr Fr |
| Core | 82 (39.8) | 130 (27.3) | 212 (31.0) |
| Transitional | 61 (29.6) | 188 (39.4) | 249 (36.5) |
| Peripheral | 44 (21.4) | 119 (24.9) | 163 (23.9) |
| Government Estate | 19 (9.2) | 40 (8.4) | 59 (8.6) |

* percentages in parenthesis.
Source: Authors’ Fieldwork, 2012
and across countries is relatively predictable as it varies by income level. For a given income level, the availability of mortgage finance (and the prevailing interest rates) plays an important role. Mortgage finance is a critical factor in generating housing demand, yet in Nigeria, it is severely limited. Funding for housing projects is not restricted to a single source. It is always augmented by other sources.

The source of funding the execution of residential building projects by the Cooperative members as contained in Table 5 revealed that the accumulation of funds through personal savings is the highest (82%). Other sources are loans from Cooperative Societies (100%) and Bank loans (0.97%). Also, respondents received assistance from friends and relatives (32%), gifts in cash and kind (28.6%) and housing loans from government establishments (i.e., Places of work of the members who are government workers) 2.43%. It is necessary to note that when all members had the opportunity of obtaining loans from their Cooperative Societies (and they all took advantage of this and obtained loan invested in their housing project at one stage and the other), at least 0.97% still went ahead and took a loan from the Bank. The implication of this is that the construction of houses needs much money that the developer may not accumulate their housing funds from personal savings. This is followed by 27.9%. Those who augmented funding from friends and relatives were 26.6% loans from government ministries and parastatals were 10.5% and Bank loans were 11.1%. It is necessary to note that among the two groups, a higher proportion of the non-cooperative members (11.1%) took loans from the Bank for their housing projects when compared with the members of cooperative societies that constituted just 0.97%.

### 4.6. Purposes of taking loan from the cooperative societies

For the millions of people in Nigeria, the desire of owning a house remains only a long-cherished dream, unfulfilled largely due to the poor socio-economic conditions prevalent among the masses. The country, as a whole, is confronted with the housing problem of a very high magnitude. The public sector, the private sector and the cooperative housing sector are all involved in the housing development for augmenting the constructed houses to reduce the backlog of houses required in the country. The private sector caters for the needs of the middle and higher-income groups, but the poor who cannot invest large sums of money are neglected. As posited by Vadivelu (2015) the reasons why people prefer cooperative societies for a loan are easy availability, easy instalment payments, easy approach, subsidy, no collateral, and higher loan amount (see Table 6).

The provision of credit facilities to its members forms the central focus of every Cooperative Society nationwide: and Cooperative Societies in Akure cannot be an exemption. The credit facilities essentially granted loan advancements to members based on laid down rules and regulations

| Table 3. Duration of construction of the residential building by house-owners. |
|-------------------------------------------------|
| Variables | Cooperative Members (n = 206) | Non Cooperative Members (n = 477) | Total (n = 683) |
|-----------|-----------------------------|-----------------------------|-----------------|
| Year of Build | Fr | %* | Fr | %* | Fr | %* |
| <1 Year | 57 | (27.7) | 26 | (6.6) | 83 | (12.2) |
| 1–5 Years | 123 | (59.7) | 31 | (6.5) | 154 | (22.6) |
| 6–10 Years | 13 | (6.3) | 151 | (31.7) | 164 | (24.0) |
| Over 10 Years | 13 | (6.3) | 269 | (56.4) | 282 | (41.2) |

* percentages in parenthesis.  
Source: Authors’ Fieldwork, 2012.

| Table 4. Year by Which House-Owners Moved into their Houses. |
|-------------------------------------------------|
| Variables | Cooperative Members (n = 206) | Non Cooperative Members (n = 477) | Total (n = 683) |
|-----------|-----------------------------|-----------------------------|-----------------|
| Year Respondents moved into their Houses | Fr | %* | Fr | %* | Fr | %* |
| Before 1970 | 27 | (13.1) | 95 | (19.9) | 122 | (17.9) |
| 1971–1980 | 30 | (14.6) | 82 | (17.2) | 112 | (16.4) |
| 1981–1990 | 38 | (18.4) | 91 | (19.1) | 129 | (18.9) |
| 1991–2000 | 60 | (29.1) | 105 | (22.0) | 165 | (24.2) |
| 2001–2010 | 51 | (24.8) | 104 | (21.8) | 155 | (22.7) |

* percentages in parenthesis.  
Source: Authors’ Fieldwork, 2012.

| Table 5. Sources of funding residential building projects. |
|-------------------------------------------------|
| Variables | Cooperative Members (n = 206) | Non Cooperative Members (n = 477) | Total (n = 683) |
|-----------|-----------------------------|-----------------------------|-----------------|
| Sources of funding residential building projects | Fr | % | Fr | % | Fr | % |
| Personal funds | 169 | (82.0) | 447 | (93.7) | 616 | (90.2) |
| Cooperative societies | 206 | (100.0) | 0 | (0.0) | 206 | (30.2) |
| Bank loan | 2 | (0.97) | 53 | (11.1) | 55 | (8.1) |
| Friends & Relatives | 66 | (32.0) | 127 | (26.6) | 193 | (28.3) |
| Gifts in Cash and Kind | 59 | (28.6) | 133 | (27.9) | 192 | (28.1) |
| Housing loan from Government | 5 | (2.43) | 50 | (10.5) | 55 | (8.1) |

Source: Authors’ Fieldwork, 2012.
that are used in directing the operational activities of the different Cooperative Societies. Loans are obtained by members to meet their various monetary and social needs. In line with these intentions, members of Cooperative Societies gave different specific reasons for seeking loans from their Cooperative Societies. The analysis in Table 6 revealed different reasons for which loans were being sought by members varied and almost of equal importance. The reasons in order of importance included domestic needs (55.3%), housing (47.4%), payment of rent (50.0%), educational activities (55.3%), and car purchase (55.3%). However, housing and rent regard as housing-related issues. Housing ownership is of social and economic status among residents in Akure. To acquire such status, many believed that access to loans in cooperative societies would pave way for attaining such status.

4.7. Residential buildings built through assistance from cooperative societies

Historically, in advanced countries, it has been the government’s role to provide housing; be its rental property or owner-occupied, for those who do not have the requisite financial resources. In many places government-provided housing is inadequate, potentially leading to other problems. However, in recent times, the role of government has switched from that of a provider to more of a market enabler. It is expected that housing micro-loans; and better credit information systems should improve the depth of the housing micro-loan market, with the potential caveat that currently credit information systems are less informative for the lower income segments.

Table 7 provides information on the proportion of cooperative members who were house-owners and the number of houses built with (financial and building material) assistance from their different cooperative societies. Overall, 80.1% confirmed that they got assistance from cooperative societies to build one house. The proportion of cooperators that built two (2) houses with the assistance of cooperative societies was 11.2%. Those that built three (3) houses with the assistance of cooperative societies, were 5.8%, while 2.9% had built more than 3 buildings through the same credit facilities.

4.8. Percentage of monetary contribution to the funding of building projects by cooperative societies

In Nigeria, building projects take a long time among low-income earners due to the undeveloped nature of the housing finance system. The demand for a minimum (equity) contribution by the borrower (which could vary from 10 to 20 per cent of the house price), provision of additional collateral besides the mortgaged property, taking adequate insurance cover and possession of the current tax clearance certificate are other hurdles that must be crossed in order to access funding of a building. Other conditions hampering building construction include the provision of titled land, the land use act which make it cumbersome and costly to procure title to land, and the requirement by the National Housing Fund that prospective borrowers should have a good title to the subject property to be financed from the proceeds of the loan (FMBN, 1998). Lastly, housing finance institutions in developing countries complain that legislation is weak enforcement and even weaker when it comes to repossession.

It is not doubtful that loan obtained from Cooperative Societies formed part of the funds used in housing projects by cooperative members. Therefore, it becomes necessary to identify the percentage of the total cost of the building project, which the loan was used to offset by the house-owners. About 23.3% of cooperators secured loans running to less than 30% of the total cost of their building project, while 31.1% of the cooperators claimed that between 31 and 60% of the total cost of their building projects were sought from their cooperative societies. Finally, 45.6% of the cooperators confirmed that over 60% of the total cost of their building project was sought from cooperative societies. The implication of this is that all respondents who were members of cooperative societies secured loans (funds) from cooperative societies for their building projects. Again, if more than 45% of cooperators were able to fund over 60% of the total cost of the construction of their residential buildings with loans obtained from their co-operative societies, it would not amount to an overstatement to say that securing funding from this particular source poses a reliable source of housing finance. The low-interest-rate chargeable on loans received by members is another factor that encourages members to see the source as very reliable (see Tables 8 and 9).

4.9. Opinion of members on terms of loans in cooperative societies

Generally, adequate housing sector can significantly improve public health (by reducing the likelihood of outbreaks of disease), stimulate economic growth (through its job creation, but also as workplaces for home-based entrepreneurs), and have important social consequences (by influencing crime reduction and citizenship). In Nigeria, many households live below the poverty line. With spiral inflation in the country, many workers in the private and public sector earn a monthly salary that is under one dollar per day. The personal opinions of cooperative members were sought on various issues to elicit the usefulness of cooperative societies. Their opinion was sought on whether cooperative societies do encourage members to invest in housing projects. Their response, as presented in Table 10 revealed that 42.7% strongly agreed. Those who agreed were 27.7%, while 6.8% were undecided. Also, while 9.2% disagreed, 13.6% of cooperative members strongly disagreed with this opinion. The reason why many agreed to the opinion was that with a cooperative society, members can overcome challenges of the high cost of building materials, inadequate financial structure and the failure of the mortgage sector.

The next issue for which the opinion of cooperative members was sought was on the issue of whether cooperative societies have concessions for borrowing for housing projects. The highest proportion of the respondents (45.1%) agreed with this opinion. Next to this are respondents who strongly agreed (22.8%). Though 9.2% disagreed, and 13.1% strongly disagreed. Those who were undecided were

Table 6. Purposes of taking a loan.

| Variables                  | Cooperative Members |
|----------------------------|---------------------|
|                            | Fr  | %    |
| Purpose for taking loans   |     |      |
| Domestic                   | 21  | 55.3 |
| Housing                    | 18  | 47.4 |
| Rent                       | 19  | 50.0 |
| Education                  | 21  | 55.3 |
| Car Purchase               | 21  | 55.3 |
| Others                     | 12  | 31.6 |
| Medical treatment          | 3   | 1.8  |

Multiple Response*.
Source: Authors’ Fieldwork, 2012

Table 7. Number of Houses, built through cooperative assistance.

| Variables                  | Number of Buildings | Cooperative Members (n – 206) |
|----------------------------|---------------------|-------------------------------|
|                            | Fr  | %    |
| Houses built with cooperative assistance |     |      |
| 1                          | 165 | 80.1 |
| 2                          | 23  | 11.2 |
| 3                          | 12  | 5.8  |
| More than 3                | 6   | 2.9  |
| Total                      | 206 | 100.0|

Source: Authors’ Fieldwork, 2012
9.7%. In conclusion the highest proportion, 67.9% affirmed that cooperative societies support their members to borrow for housing projects. Concessions to borrowing are paramount to overcome the problems created from rapid urbanization, high density coupled with overcrowding and rapid rural-urban migration in Nigeria.

On the issue of whether cooperative societies are the easiest means of funding capital projects. Those who agreed and strongly agreed are 40.8% and 29.6% respectively. On the other hand, cooperators that disagreed and strongly disagreed were 8.7% and 3.9% concurrently. Those who are undecided to this notion are 8.7%. Cooperative societies emerged to address the prevailing social needs of society. The financial sector charges a high-interest rate on their lending. Cooperative societies, on the other hand, have effective methods of generating funds from within and outside their members and can lend money at lower rates.

The opinion of cooperative members was sought to know if their condition for accessing loans is less stringent compared to other lending institutions. Those who strongly agreed were 31.6%, and another 39.8% agreed to the opinion. The proportion of those who strongly disagreed was 4.4%, while another 6.8% disagreed with such an opinion. In all, 17.5% of the respondents were undecided on such an issue. As an offshoot from the favourable lending policy of cooperative societies, conditions for assessing loans are not difficult, when compared with traditional and modern methods of loans disbursement. This is because cooperative societies as social associations are committed to the financial activities of individuals and the collective interest of their members.

The flexibility of cooperative societies with regards to repayment period for loans is another issue for which the opinions of co-operatives were sought. Respondents that agreed and strongly agreed with this opinion were 41.7% and 36.9%. Cooperative members that disagreed and strongly disagreed with this opinion were 8.7% and 4.9% respectively. Finally, 7.8% of respondents were undecided about this issue. It should be acknowledged, that the private sector which could have complemented the government is after maximization of profit and minimization of cost. The flexibility in term of loan repayment is because the cooperative societies were owned by members. Hence, repayment is made flexible, they encourage members to cultivate the habit of saving to increase the pool of fund for lending to members and increase the propensity to invest.

4.10. Role of cooperative societies in building projects for members

A well-functioning housing market influences shelter concern. It is estimated that about one billion people or one-third of the world’s population resides in urban areas live in slums (UN-HABITAT, 1991). The problems identified as affecting housing financing are high-interest rate and inflation, fund mobilization, affordability, loan recovery/repayment, undeveloped housing finance system, lender’s eligibility criteria, a title deed, foreclosure and repossession, government regulatory intervention and transaction costs. The roles played by cooperative societies toward encouraging members to own a building varies. Table 10 shows that the provision of funds for the housing project is the most important role (100%) expected from the cooperative societies in Akure by all the house-owners who were members of the cooperative societies. This is followed by the provision of building materials which was 84%, while the provision of residential plots was already surveyed by the societies was 82%. However, 16.5% saw the processing of Certificate of Occupancy and 12.1%; the processing of building plans as the roles of the cooperative societies. It is necessary to note that the cooperative societies were not by any mean expected to be involved in the hiring of labour services and drawing of architectural designs of buildings for their members.

4.11. Application and disbursement of housing loan

There was variation among cooperative societies as to members who applied for a loan in the past one year of the study. Since 52.6% indicated that none of their members specifically requested for a housing loan, it showed that only 47.4% of the Cooperative Societies requested a loan for housing. Among the Cooperative Societies whose members applied for housing loans, only 23.6% of the Cooperative Societies disbursed loans to less than 25 members, while 13.2% disbursed loans to between 26 and 50

### Table 8. Percentage of monetary contributions to building projects by cooperative societies.

| Variables                              | Cooperative Members (n = 206) |
|----------------------------------------|------------------------------|
|                                        | Fr  | %          |
| Percentage cooperative contribution to building projects | <=30% | 48 | 23.3 |
|                                        | 31-60% | 64 | 31.1 |
|                                        | Above 60% | 94 | 45.6 |
|                                        | Total | 206 | 100.0 |

Source: Authors’ Fieldwork, 2012

### Table 9. Opinion on Cooperative Societies on Terms of Loans and Encouragement to members.

| S/N | Variables                                                                 | Strongly Agreed F (%) | Agreed F (%) | Undecided F (%) | Disagreed F (%) | Strongly Disagreed F (%) | Mean | Remarks |
|-----|---------------------------------------------------------------------------|-----------------------|--------------|-----------------|----------------|--------------------------|------|---------|
| 1   | Cooperative societies encourage members to invest in housing projects.     | 88 (42.7)            | 57 (27.7)    | 14 (6.8)        | 19 (9.2)       | 28 (13.6)                | 3.95 | Agree   |
| 2   | Coop. societies have concessions for borrowing for housing projects.       | 38 (18.4)            | 96 (46.6)    | 27 (13.1)       | 15 (7.3)       | 30 (14.6)                | 3.58 | Agree   |
| 3   | Cooperative societies have lower interest rates than other credit sources for housing. | 47 (22.8)            | 93 (45.1)    | 26 (12.7)       | 19 (9.2)       | 27 (13.1)                | 3.85 | Agree   |
| 4   | Cooperative societies provide the easiest means of funding capital projects like building. | 61 (29.6)            | 84 (40.8)    | 35 (16.9)       | 18 (8.7)       | 8 (3.9)                  | 4.04 | Agree   |
| 5   | Cooperative societies’ conditions for accessing loans are less stringent.  | 65 (31.6)            | 82 (39.8)    | 36 (17.5)       | 14 (6.8)       | 9 (4.4)                  | 4.10 | Agree   |
| 6   | Cooperative societies are more flexible with regards to payment period.    | 76 (36.9)            | 86 (41.7)    | 16 (7.8)        | 18 (8.7)       | 10 (4.9)                 | 4.20 | Agree   |

Source: Authors’ Fieldwork, 2012
members. Those that disbursed loans to between 51 and 75 members were 5.3%, while another 5.3% of the Cooperative Societies disbursed housing loan for over 100 members. This finding revealed that more than half of the applicants for housing requested for loans (see Table 11).

4.12. Defaulting rate among members for housing loan repayment

The total amount of money required for the housing project is always very high. This could have been responsible for only 47.37% of the total registered Cooperative Societies in Akure specifically involved in giving out a housing loan to their members. It is also necessary to reduce the rate of default on housing loan repayments so as not to adversely affect the total pool of money with the societies. If it happens, it may discourage or reduce the financial capabilities of the societies in granting housing loans to their members.

The study investigated the defaulting rate for housing loan repayments among Cooperative Societies. It is highly encouraging to note that 66.7% of the Cooperative Societies involved in granting housing loans to their members confirmed that none of the beneficiaries defaulted on their repayments. However, 33.3% of the societies indicated that between 1 and 10 beneficiaries defaulted. This point to the fact that if properly managed, Cooperative Societies could provide a reliable platform for its members to secure a housing loan.

4.13. Perception of members on the operations of their cooperative societies

The perception of members on the operations of cooperative societies concerning housing projects was sought. The findings are contained in Table 12 which reported that cooperative societies encouraged their members to invest in housing projects was 77.6%. Those who claimed that cooperative societies had special concessions for those borrowing for housing projects were 45.8%. Cooperators who agreed that their societies have lower interest rates than other credit sources for housing projects were 59.2%. Besides, cooperators who agreed that cooperative societies are the easiest means of funding capital projects like building were 75.4%. On the conditions for accessing loans, 75.5% confirmed that cooperative societies have less stringent conditions when compared to other sources of funding. Finally, 59.8% of cooperators reported that cooperative societies have more flexibility with regards to the repayment period.

4.14. Testing of hypothesis

Statement of Hypothesis:

\[ H_0: \text{The willingness of cooperative societies in lending for housing development is not significantly determined by default rate, interest rate, number of applicants, repayment rate, the repayment period, and availability of fund.} \]

\[ H_1: \text{The willingness of cooperative societies in lending for housing development is significantly determined by default rate, interest rate, number of applicants, repayment rate, the repayment period, and availability of fund.} \]

The willingness of cooperative societies to lend was captured by using the number of loans given to those that applied for a housing loan as at (2012) as a proxy. The results of the Chi-square analysis test conducted for the hypothesis are as shown in Table 13.

This revealed that the willingness of cooperative societies to lend for housing development is significantly associated with the number of applicants (\( \chi^2 = 16.37, p \leq 0.05 \)), interest rate (\( \chi^2 = 11.26 = ., p \leq 0.05 \)) and the repayment period (\( \chi^2 = 21.35, p \leq 0.05 \)).

However, several defaulters i.e. default rate was not significantly related to the willingness of cooperative societies to lend for housing projects (calculated \( \chi^2 = 13.68, p \geq 0.05 \)). These findings thus implied that cooperative society's willingness to lend is affected significantly by the volume of applicants and thus if they are much, they may not likely be able to honour all the applications. Furthermore, the interest rate chargeable by cooperatives on loans as well as the length of the time borrowers are willing to repay such loans significantly predisposes cooperative societies to top lending to their members in Akure city.

4.15. Conclusions

The housing finance sector can be viewed in terms of supply and demand. Demand for housing finance is a derived demand that flows from the demand for housing, which in turn depends importantly on the

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**Table 11. Distribution of cooperative societies according to support for housing and housing-related projects.**

| Responses | Frequency n = 179 | Percent |
|-----------|------------------|---------|
| i | Cooperative societies encourage members to invest in housing projects | 139 | 76.6 |
| ii | Cooperative societies have special concessions for those borrowing for housing project | 82 | 45.8 |
| iii | Cooperative societies charge lower interest rates than other credit sources for housing projects | 106 | 59.2 |
| iv | Cooperative societies are the easiest means of funding for capital projects | 135 | 75.4 |
| v | Conditions in cooperative societies for the accessing of funding are less stringent | 135 | 75.4 |
| vi | Cooperative societies have more flexibility with regards to, repayment period | 107 | 59.8 |

Source: Authors’ Fieldwork, 2012

**Table 12. Perception of members with regards to Housing Project.**

| Responses | Frequency n = 260 | Percent |
|-----------|------------------|---------|
| i | Cooperative societies encourage members to invest in housing projects | 139 | 77.6 |
| ii | Cooperative societies have special concessions for those borrowing for housing project | 82 | 45.8 |
| iii | Cooperative societies charge lower interest rates than other credit sources for housing projects | 106 | 59.2 |
| iv | Cooperative societies are the easiest means of funding for capital projects | 135 | 75.4 |
| v | Conditions in cooperative societies for accessing of funding are less stringent | 135 | 75.4 |
| vi | Cooperative societies have more flexibility with regards to repayment period | 107 | 59.8 |

Source: Authors’ Fieldwork, 2012

* Multiple responses.
rate of household formation and income levels. Also, with housing costs typically being a multiple of annual income, housing is made affordable by spreading payments over time, so adequate housing finance must be long term in nature.

On the supply side, one way to think about the provision of housing finance is to split it into two components: (i) the provision of housing finance with a lender who has ample funds on hand, and (ii) the mobilization of funds within an economy so that lending institutions have access to funds. For lenders with adequate funds to choose to allocate some portion of long-term housing finance, some preconditions should be in place (Warnock and Warnock, 2008):

(a) To adequately price a loan, a lender must-have information on the creditworthiness of prospective borrowers that enables the determination of the probability of default.

(b) There should be an ability to determine the market value of the property if data on the sales price and relevant features of the home (location, size, age, etc.) are maintained in a mandatory property registry. This would enable appraisers to come up with a more accurate value for prospective homes for the lenders and borrowers.

(c) Ability to secure collateral. The lender should secure collateral against the loan in case of default.

(d) Macroeconomic stability. The macroeconomic environment should be stable. If inflation is volatile, the lender would incur substantial interest rate risk if it lends at a fixed rate. In an unstable environment, lenders will typically pass on this risk to the borrowers—who are less likely to fully understand it—by only offering floating rate loans. Substantial interest rate risk, no matter who bears it, will retard the development of the housing finance system, as either lender will go out of business (e.g., the U.S. savings and loans in the 1980s) or borrowers will be unable to repay their loans (or both).

(e) Sources of funds. In the primary market, deposit-taking institutions, such as banks, can fund mortgages through deposits. However, because deposits are short term, if this is the only source of funding housing loans will tend to be short term or at variable rates. Potential borrowers might find variable rate loans attractive, but will likely not be able to gauge the substantial interest rate risk they are bearing. Besides, a reliance on deposits implies that funding sources are limited geographically, which increases risk. An important additional source of funds for the housing finance system is the secondary market, which buys loans from the primary market and finds many ways to mobilize funds.

(f) Additional sources of liquidity. Whatever the usual sources of funds, it is important to have a backstop, such as a governmental liquidity window, in case of temporary liquidity crunches.

The findings of this study had revealed that most of the Cooperative Societies in Akure, Ondo State were viable and they derived their operational funds from the salary account of members and membership financial contributions regularly. The interest rate chargeable was very low and the conditions for lending were easily met by members. Thus making access to loanable funds less stringent. This has made funds available for housing construction and housing-related projects; thus, promoting house-ownership in Akure city.

The problem that led to inadequate financing of housing was the high cost of building materials and high cost of labour which necessitated the intervention of Cooperative Societies. Another problematic area was that of land acquisition and documentation, coupled with high-interest rates from funding agencies such as Banks, Primary Mortgage Institutions (PMIs) and other financial institutions. In line with these problems, it is recommended that government should intervene through the encouragement of local industries specializing in the production of building materials. These can be through tax rebate, low-interest rate, and the creation of special sources of funding for building material manufacturers. The issue of accessibility of land should be tackled through a review of the Nigerian Land Use Decree of 1978, which ceded lands in urban areas to the state government.

The activities of the Specialized Cooperative Societies assisted in the support of members in the provision of their houses particularly in ensuring easy access to loanable mortgage funds at reduced interest rates, and the provision of buildable residential plots and building materials. The formation of the specialized cooperative societies should be encouraged by government among the urban residents with a view to promoting house ownership.

The sustainability of availability of loanable funds to members of Cooperative Societies rests on the prudent management skills and the integrity of the Executive Committee members of their societies. Members of the Cooperative Societies should endeavour to elect among themselves (i.e. members) persons with proven integrity and trustworthy into the Executive Committee of their societies.

The diversifications of the activities of the Cooperative Societies can assist in the alleviation of poverty among members. These activities among others include: gaining access to markets through the supply and marketing of building materials and household consumer goods. The Cooperative Store located along Ondo road in Akure essentially deals in the sales of drinks and household items. It is therefore suggested that the scope of trading should be widened to include building materials. Members should be made to enjoy reduced prices, credit purchase facility and soft repayment terms for housing materials purchased in the Cooperative Store.

The issue of urban heat in towns and cities in Tropical region of the World calls for attention as it aggravates climate change. Akure like any other town in Nigeria is not an exemption. Therefore, Cooperative Societies should promote the construction of “green buildings” among its prospective house owners. This involves the use of roofing system that converts solar energy to power that supplies the electricity needs in the residential buildings. This will guarantee steady supply of electricity to the buildings at reduced cost as well as reduce the devastating effects of climate change in the residential environment at the micro-level.

Since the cooperative societies are willing to sponsor house ownership among cooperative members; it will in no doubt promote sustainable housing environment devoid of slum that are characterised by overcrowding. Therefore, such housing environment would allow for the maintenance of social distancing; a practice that could check the spread of COVID 19 pandemic.

Declarations

Author contribution statement

Olujimi Julius, Rotowa Olukayode, Fasina Tosin, Ojo Babajide, Bello Mustapha: Conceived and designed the experiments; Performed the

Table 13. Results of chi square analysis between willingness of cooperatives to give loans for housing project and some cooperative variables.

| Variable              | Calculated χ² value | df | p-value | Decision   |
|-----------------------|---------------------|----|---------|------------|
| Number of Applicants  | 16.37               | 3  | 0.00    | Significant|
| Number of defaulters  | 13.68               | 12 | 0.32    | Not Significant|
| Interest rate         | 11.26               | 3  | 0.01    | Significant|
| Repayment period      | 21.35               | 9  | 0.01    | Significant|

Source: Authors’ Fieldwork Analysis, 2012
experiments; Analyzed and interpreted the data; Contributed reagents, materials, analysis tools or data; Wrote the paper.

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Data availability statement

Data will be made available on request.

Declaration of interests statement

The authors declare no conflict of interest.

Additional information

No additional information is available for this paper.

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2. This paper contains data that are still much relevant to the situations in the study area concerning the operations and activities of cooperative societies in housing finance and promotions of house ownership among cooperative members in Akure, and Nigeria in general.

Note

The Nigerian currency (Naira) as at 2012; 1USD = N255.

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