

**IMPEDIMENTS OF ACCESSING MORTGAGE FACILITY FOR  
HOUSING DEVELOPMENT BY SENIOR CIVIL SERVANTS IN  
RIVERS STATE: A HOLISTIC VIEW.**

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**ABSTRACT**

*The study examined possible challenges of accessing mortgage facility and housing development by senior civil servants in Rivers State. Both primary and secondary data were adopted using descriptive survey research design. The target population of the study comprised 2,931 respondents on salary grade levels 7-17 in the various ministries of Rivers State. The systematic sampling technique was applied while 30% of the number of staff for each ministry within the category was chosen for investigation which translated to an operational sample size of 880. A total of 855 valid copies of questionnaire were retrieved and used for the study. The research questions were analyzed with simple percentages and frequencies while the Anova test was applied on the hypothesis. The findings of the study indicates that Rivers State senior civil servants with emphasis to staff at the state secretariat complex have constrained access to loan due to bureaucratic bottlenecks arising from poor Service conditions of the newly approved national minimum wage salary structure which had been aborted by the Rivers State government. The study concludes above all that government should set a framework within which workers can access mortgage credit at an affordable rate to curtail excessive demand of housing. It therefore recommends that government and mortgage institutions should remove collaterals and high interest rate charges which hinder housing development to enhance staff productivity.*

**Key Words:** *Impediments, Accessing, Mortgage Facility, Senior Civil Servants, Housing Development.*

## **INTRODUCTION**

The relevance of shelter in the economic development of the developing nations cannot be overemphasized for its provision of comfort and protection (Magaji, 2011). Housing in all category means more than shelter hence, it connotes social Services and Utilities that modified communities livable (Onibokun, in Aribigbola, 2012). Housing development has been one of the neglected sectors nationwide right from independence in 1960 (Dubon, 2011). However, government intervention in housing scheme dates back in 1928 when the Lagos Executive Development Board was created consequent upon the emergence of a chronic outbreak (Bubonic) which engulfed Lagos. Consequently, government efforts to combat housing deficit by promising to establish massive housing programme nationwide in order to extend housing development to the suburbs was aborted consequent upon insufficient funding from federal government (NHP, 1991). Again, the National Housing Fund (NHF) established in 1992 with a major goal of ensuring that all Nigerians have access to descent housing accommodation or entitlement to individual houses at an affordable rate became a failure due to weakness of the scheme's inability of fund mobilization from individual contributors for mortgage facility (Poronakie, in Nwala, 2018). Although, mortgage facility is a lien encumbrance pledged on properties for real estate development. Housing the urban poor is concluded to be a global issue because of its inability to provide for more than 50% of the inhabitants that lived in the world urban centers (UNCHS, 2007). In response to great demand for shelter, the growth of housing calamity all over the nation with emphasis to Rivers State, (Port Harcourt) and its environ is seemed to be an attribute of insensitivity of most landlords to the dwelling needs of numerous tenants, shortage of dwelling units among different socioeconomic brackets of urban population which had deteriorated and compounded housing challenges to an exorbitant rate. Acknowledging the above submission, Udoka, (2017:52) puts it thus:

*“The menace of housing development in the country seemed to be a source of concern to many inhabitants despite the injection of heavy subsidy of the government. Several urban Services are under provided to them which notable among them are; high interest rate on loans, land tenure system, high cost of land acquisition, high cost of building materials, escalation of road conjection, shortage of housing, inadequate housing components which had gone beyond human expectation. (Udoka, 2017:52) ”*

The above expression confirmed housing as an incontrovertible fact that constitutes one of the most vital needs of a man. The scenario has led to the believe that housing (shelter) is an essential need of man across many civilization and stands as man's social indicator and standard of living and of his place in the society (Onibokun, in Aribigbola, 2012).

### **Statement of the Problem**

Generally; development experts (Onokerhoraye, 1994, Friedman, 1964, Ofomata, 2011, Omuta, 1986) have pointed on several attempts to enhance infrastructure as a means of improving development status (Mabogunje, in Ojo, 2012). Housing development is a major challenge to residents of any developing nation due to inaccessibility to credit facility from mortgage institutions in negligence of government efforts (Ojo, 2012). Most developing nations had failed drastically in providing adequate housing accommodation for the masses (Okodudu, 2002) Housing has always been a major constraint in most developing nations as most public housing policies and programmes initiated by successive governments over a long period have failed to attain their goals (Anosike, 2011). Evidently, lack of personal commitment to raise the needed capital for take-off, mechanisms for systematic co-ordination among various sector which were not clearly defined and lack of rationalization in divers sectors were some of the predicaments for such failure (federal ministry of works & housing, 2000). Moreover, housing stock in some countries has not improved much over the years as it has been accentuating on a slight margin whereas housing deficit proliferates by substantial margin (UN-Habitat, 2011). It is universally noted that the absence of a highly integrated accessibility which brings about organizational linkages of differential resource endowment in space has constituted acute housing deficit among Senior Civil Servants as a result of housing unavailability (Deinne, 2017). This assertion was a supportive attribute to the opinion of the second republican president Alhaji Shehu Shagari (1979-1983) affirming on housing development as one of the underpinning agenda underlying his regime; stressing that rapid increase in population makes housing development and planning imperative but with the constraint of accessibility and friction of distance, they constitute several challenges in urban development like shortage of housing and proliferation in slum development which was metamorphosed from inaccessibility of facility to upgrade their status (Deinne, 2017).

Significantly, the magnitude of housing menace in Rivers State is at unprecedented scale due to inflation, high interest rate of mortgage institutions, and insufficient wages/low income

distribution of most workers (Dubon, 2011). This episode had constituted severe difficulty in obtaining loans from banks because most banks rely deeply on collaterals from borrowers in the form of landed properties; even when collaterals are available, without reliable grantors, credit is inaccessible due to its risk of possible default, long-term maturity and high cost of loan administration hence, people resort borrowing from local credit money lenders with high interest rate because of inaccessibility to acceptable standards thus, making mortgage facility the only available and reliable option (Ejenma, 2015). This justifies the need for workers to borrow from other avenues in other to overcome banks financial constraints that may bedevil them. Moreover, getting access to mortgage facility by senior civil servants requires a mandatory contribution of 2.5% of their monthly salary into the fund for mortgage facility for proper qualification (Poronakie, 2012, Nwala, 2018). Having critically examined the investigations of the previous researchers who conducted similarly research to the aforementioned, the gaps identified in capsule digitization of GIS map of Greater Port Harcourt City Development Authority and its functionalities, much emphasis on low income group without due consideration of the high income segment as parts of the Service commission, inclusion of garden city principles as displayed on the digitized map, persistent adoption of the purposive sampling technique without proper diversification and absence of population parameters on the analyses of the previous researches etc.

### **Research Questions and Hypothesis**

The following research question and hypothesis were postulated to guide the study:

- What are the possible challenges of accessing mortgage facility for housing development by Senior Civil Servants in Rivers State?
- What contributions were made by mortgage facilities on variation of access towards housing development of senior civil servants in Rivers State?
- Housing development of senior civil servants in Rivers State is significantly affected by variation of access to mortgage facility?

### **Aim and Objective of the Study**

The study aimed at ascertaining possible impediment of accessing mortgage facility for housing development by Senior Civil Servants in Rivers State. Its major objective was to identify few

challenges of obtaining loan (credit facility) from mortgage institutions by Senior Civil Servants in Rivers State.

### **Theoretical and Conceptual Framework**

The study explored various concept and a theory in expressing its fundamental basis of housing development. They are: the concept of accessibility and mortgage facility respectively.

#### **Concept of Accessibility**

This concept implicitly expressed an entrance to obtaining or attaining special need or enabling access through the use of technology, research or development as it generates benefits to every one (Jean-Paul, 2017). The concept implies the desire to curtail certain impediments posed by time and space (Aderamo & Magaji, 2010). It covers a nationwide range System of production, distribution and consumption of goods and Services in geographic space hence, access to essential resources endowment and Services forms a fundamental key stone as business men and small scale farmers need access to their means of financial resource endowment. (Adeyemo, in Ododo, 2007; 82).

#### **Concept of Mortgage Facility**

However, the concept of mortgage facility as expressed by Obinna (2010) affirmed the phenomenon as a lien, an encumbrance or a loan secured by property between the mortgagor and mortgagee in the maze of collaterals hence, the promise thereof securing an indebtedness of prime landlord or any affiliate of ground leased to which the premises is subjected from time to time. Consequently, Mortgage Institution Decree No. 53 of 1989 designates the Federal Mortgage Bank of Nigeria as the apex housing financial institution which was established in 1977 to grant access to adequate finance to housing development experts nationwide and to promote the establishment in the light of supervising and regulating other primary mortgage institution on its policy framework subject to the overall direction from the finance minister (Olayide, 1990 & Obinna, 2010).

#### **Bid-Rent Theory**

The bid-rent theory which was a postulate of Allonso Williams in 1906 was considered as supportive attribute to this research and emphasized on the notion that the more accessible a



housing unit is to the central business district (CBD), the greater the concentration of demand and the more the profit and greater the extent of slum development. The theory therefore refers to how price and demand for real estate changes as the distance from the Central Business District (CBD).

### **Review of Related Literature**

Basically, existing literature has comprehensively revealed that broadly Nigerians have often found it problematic to access mortgage facility for housing development consequent upon several reasons. Apart from the fact that collaterals for obtaining such are far-fetched, regulatory bodies have not deemed it pertinent to moderate the scenario for the interest of the low-income group (Nweke, 2017). The phenomenon can only be effective when a percentage of one's net income can afford such a mortgage which indicates the kind of housing accommodation an individual resident can purchase. This makes housing development quite expensive and deteriorates housing sector and can be surmounted via sound economic evaluation of prospective investments and acquisition of foreign loans by investors (Mogaji, 2011).

Admittedly, some of the constituents which necessitated obstacles for accessing facility for housing development encapsulates bureaucratic bottlenecks of government agencies like the FMBN and NHF that failed drastically in discharging their duties effectively to enhance worker's accommodation status. This is followed by poor Service conditions of workers e.g meager salary and non-prompt payment as a result of bad governance, governments inability of developing a secondary mortgage market and the establishment of a new mortgage regime under the NHF to facilitate more favourable mortgage terms and a five-year tax holiday for developers (Usoro & Nwosu, 2015). Governance

Finally, long-term maturity of loan attributed by low interest rate stipulation induced financial institutions to reluctant performance in giving out credit as it turns out unprofitable deal.

### **Materials and Methods**

The study was conducted in Rivers State with Latitudinal extent of 4° 15'N and 5°45'N and longitude 6°23' and 7°36' E of the Green which meridian Time (GMT) (Ministry of Lands and Survey, Port Harcourt 1977). The area is bounded in the South by the Atlantic Ocean, in the East by the neighbouring state of Akwa Ibom, in the West by Bayelsa State and in the North by Abia

and Imo State respectively. Although, relevant structured research instruments were randomly distributed among workers on various ministries to elicit vital information relating to the investigation while a total of 855 copies of same questionnaire were retrieved from 2931 respondents selected among staffs on salary grade levels 7-17 in the twenty-six (26) ministry for the investigation. The systematic sampling technique was applied which gave an operational sample size of 880 respondents. The research questions were analyzed with simple percentages and frequency while the ANOVA test was adopted to test the hypothesis. The categories of documents for this investigation which comprised both the primary and secondary sources of data were duly validated for authenticity, credibility, representativeness and specified meaning.

### **Presentation and Data Analysis of Research Question**

The result of the investigation is presented and analyzed using appropriate tools of analysis eg., simple percentages and frequency based on the responses of the respondent.

**Table 1.1: Impediments of accessing mortgage facility by senior civil servants in Rivers States**

Description/items	Responses			Total
	High	Mod.	Low	
High interest rate stipulations from mortgage institutions (61%)	524	200	131	855
		(23%)	(16%)	(100%)
Compulsory savings that posed threat to staff	580	250	25	855
	(68%)	(29%)	(3%)	(100%)
Extent of legal framework from Decree.88 of 1978	601	239	15	855
	(70%)	(28%)	(2%)	(100%)
Absence of collaterals/reliable grantors	498	273	84	855
	(58%)	(32%)	(10%)	(100%)

**Source: Researcher's Field Work, 2020.**

Table 4.12 above depicts that while 61% of the respondents said that high interest rate from mortgage institutions was high, 23% of them were of the fact that it was moderate and 16% of the respondents verified it low. Also, the number of respondents who supported compulsory savings to have posed threat were high (68%) while 29% said it was moderate and only 3% confirm it low. Again, 70% of the respondents showed that the extent of legal frame work from Decree No. 88 of 1978 was high while 28% verified it moderate and 2% of them were of the opinion that it was low.



In addition, 58% of the respondents added that lack of reliable grantors and collaterals were on a high rate while only 32% of them said it was moderate and 10% concluded it high. The scenario implied severe constraint to facility which prohibited the success of housing development of senior civil servants in the study area.

### **Contribution of Mortgage Facility towards Housing Development**

**Table 1.2: Status of Housing Development by Senior Civil Servants in Rivers State.**

S/N	Housing types	Low	Moderate	High	Total	
1.	Single room/Room& pai our	500 (58.5)		250 (29.2)	105 (12.3)	855 (100)
2.	Self contain/one bedroom fiat	400 (46.8)		200 (23.4)	255 (29.8)	855 (100)
3.	Two / Three bedroom fiat	610(71)		150(18)	95 (11)	855(100)
4.	Four bedroom fiat		520 (60.8)	220 (25.7)	115 (13.5)	855 (100)

**Source: Research’s field work, (2020).**

Table 4.10 above proved that 58.5% of the residents opted that the development of single room/room & Parlor was low, 29.2% verified it moderate while 12.3% said it was high. Similarly, 46.8% of the respondents admitted the development of self-contain/one bedroom fiat low while 23.4% considered it moderate and 29.8% were of the opinion that it was high. Again, respondents who verified the production of two/three bed room fiat low were 71% while 18% of them agreed it to be moderate and 11% of the respondents said it was high. Whereas 60.8% of the respondents concluded the development of four-bedroom fiat low while 25.7% said it was moderate and 13.5% added it to be high as indicated on the table. This shows that status of housing development of senior civil servants in the study area was generally low consequent upon low salary structure, high living standard and proliferation in the price of building materials.



**Table 1.3: Summary table of Anova test calculation/F-ratio table for Hi**

source of variation	sum of squares	df	variance	F-ratio
Between samples	486219.5	2	243109.8	
Within samples	18478.5	9	2053.2	118.4
				(F-cal)
Total	504698	11		

F-critical= 4.26

From the above observation on Table 4.16, the test statistic gives a value of 118.4 while from a 95% table of F- distribution, the critical value at 2 and 9 degrees of freedom is (Fo.os 4.26). Since the critical - F value of 4.26 in the ANOVA chart above is lesser than the Cal-F value statistic at 95% probability level, we do not accept the null hypothesis which States that there is no significant impact in the variation of access to mortgage facility while the alternate hypothesis stated in chapter one was upheld. Decision taken was that housing development of senior civil servants in Rivers State is significantly impacted by variation of access to mortgage facility.

### **Discuss of Findings**

The detailed discussion of findings made during the study were presented in order of the questionnaire retrieved. In this regards, the results of the findings revealed that Rivers State Senior Civil Servants on salary grade level 7-17 mainly staff at the State Secretariat Complex have constrained access to loan for housing development due to bureaucracy arising from poor service conditions and low salary structure.

The hypothesis was tested using the Analysis of Variance (ANOVA) in an SPSS -version 20. The results from the analysis (Table 1.2) indicated a significant impact in the variation of access to mortgage facility for housing development by Senior Civil Servants in Rivers State from 1999 — till date and -F distribution at critical value and degree of freedom of (2,9) = 4.26.



## **Summary**

The research was summarized that despite workers numerous contributions to the fund, it was discovered that lack of reliable grantors, high interest rate stipulations, improper management of fund and ineffective discharge of duties by government agencies coupled with collaterals which were far-fetched were possible challenges constraining access to loan for housing development and as such, had given birth to massive expansion of ghettos/shanties in the study area.

## **Conclusion**

Having noted that no positive impact was made in the accessibility to facility contributed by workers which would have aided them afford descent housing accommodation or own-various houses which was the primary objective of the scheme, against the backdrop that government should set a framework within which senior civil servants can access mortgage credit at an affordable rate to curtail excessive demand of housing.

## **Recommendations**

Based on numerous findings of this research, the following recommendations were made;

1. The National Housing Fund contributions by senior civil servants should be pegged- down hence, majority cannot access the fund.
2. Interest rate and other charges hindering housing development should be minimized to enhance staff high productivity.
3. There should be quick removal of collaterals and other administrative bottlenecks impeding easy access to mortgage facility.
4. The result of our findings suggested a housing crisis in Rivers State thus, recommending that government should strategize the activities of landlords in order to regulate high cost of land for development as well as rental accommodation.
5. It is our recommendation that the National Housing Fund (NHF) contribution by senior civil servants should be stopped hence, majority of them cannot access the fund.
6. We also recommend that any specific amount so far contributed by them should be refunded mostly those approaching retirement stage.

7. Furthermore, interest rate and other charges should be pegged down to enhance respondent's ability to accessing mortgage loan.
8. It is our recommendation that Rivers State Government should energize some cooperatives and individuate to regulate the cost of building materials and acquire more land for optimal development of certain housing projects of their choice. On the other hand, government should act as catalyst of development rather than manager of development.
9. State government should adequately establish a committee or agency that will absolutely checkmate housing development projects awarded to government contractors and the private sectors.
10. Both government and private sectors should make adequate provision of affordable housing to accommodate all categories of civil servants.

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