

Private Sector and Housing Policies in the Global South

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Abstract

Housing is one of the basic requirements of any human just like food and clothing. The global south consists of countries with several housing issues, especially for the poor and small settlements. Each country develops its own housing and urban policies according to what suits them, however, some of these policies neither yield results nor improve their housing problems. A review of journals, conferences, and other materials on Nigeria's and Malaysia's housing policies and the roles played by the private sector is the focus of this study. This paper is a comparative review of housing policy in Nigeria and Malaysia, two of the countries in the global south. It was discovered that the private sector does not participate in formulating housing policies with the government but is encouraged through policies to contribute to housing delivery. Therefore, more efforts should be made by the government to involve them.

Keywords: *Global south, Housing, Housing policy, Private sectors*

1. INTRODUCTION

The phenomenon of housing is essential to human survival, health, and well-being. Odoyi and Riekinen (2002). According to Ruonavaara (2018, as referenced in Odoyi & Riekinen, 2022), housing can be examined in terms of how people obtain and have access to homes or how they are housed. The complexity of housing challenges in the Global South has increased. The continued need for high-quality new housing is exacerbated by the demand to upgrade the existing stock, provide adequate infrastructure, and supply city services to urban outlying areas (Monkkonen, 2020). The housing crisis is worst in the developing world, where urbanization and population growth are rising and the disparity between housing supply and demand is the greatest. An important portion of the urban population in emerging countries lives in informal settlements as a result of population growth and pervasive poverty (Lim, 2007). The housing issue involves insufficient housing units, subpar and physically unsound homes, as well as the size and attractiveness of buildings (Olotuah, 2000).

The global south consists of 78 nations, including Nigeria and Malaysia. The housing situation in Nigeria is concerning despite the government's efforts to fix it. There hasn't been a suitable answer found since the Lagos Executive Development Board (LEDB) was founded in 1928. The colonial authorities established the LEDB as a response to the bubonic plague outbreak in order to drain marshes and improve the hygienic conditions of housing facilities (Bigon, 2008). The LEDB is currently recognized as Nigeria's first housing policy to be in writing. It is necessary to think more deeply and broadly about solutions that are all-encompassing and can speed up the enormous task of housing the country's expanding population because the policies that have been put in place over the years involve changing finance mechanisms, material and construction technology development, delivery mechanisms, and so on have only produced minimal results (Morakinyo, Okunola, Ogunrayewa, & Dada, 2015). The well-known Nigerian Housing Policy was made possible by the United Nations' declaration of "Housing for All by the Year 2000." (NHP). The declaration essentially meant that the housing issue might be resolved within the given time frame. Thus, in order

to offer prospective solutions to Nigeria's housing problems, the National Housing Policy was enacted in 1991.

Concerns about providing housing for the poor predate Malaysia's independence. A special committee of the Malayan Union Advisory Board advocated in 1947 for the government to participate in providing housing for disadvantaged and low-income people who had paid rent but could not afford it (Jagatheesan, 1979). There was an expansion in the number of central agencies working on housing policy during the 1970s and 1980s, mostly in planning and coordination roles (Ministry of Finance, Economic Planning Unit, Central Bank, Ministry of Housing and Local Government, Ministry of Public Enterprise, Ministry of Rural Development, Ministry of Land and Regional Development). Urban housing building was handled by state governments, with State Secretary Offices in charge of low-cost housing and State Economic Development Corporations (SEDCs) in charge of social and commercial housing, and State Housing Commissions (in Sabah and Sarawak) for low-cost housing. Additionally, there was the Government Officers Housing Co. Ltd., which was in charge of mixed residential development, and the Federal Urban Development Authority (UDA), which was in charge of urban housing and commercial building (Hamza, 1997). It might be argued that the involvement of multiple levels of government in housing administration and the division of duties between the Federal and State governments led to function specialization and checks and balances. From another perspective, though, it might have given rise to the possibility of abuse of power on the implementation side.

2. LITERATURE REVIEW

2.1 Housing

Jha, 2020 defines housing as the collaborative creation and use of houses or buildings for human habitation. According to Ibimilua & Ibitoye (2015), who referenced Mandelka and Montgomery (1973), housing can be thought of as both a process and a product. The finished outcome of construction work in terms of structure, design, space, lighting, heating, sanitary facilities, and other amenities is referred to as housing. Building, neighbourhood planning, urban and regional planning, and environmental management are all part of the housing process. Included are also construction, restoration, upkeep, and remodelling. Housing is the second most essential basic need of humanity after food. It significantly affects the well-being, productivity, and health of man. Housing is therefore essential to one's quality of life and social standing (Jiboye, 2009). The definition of housing as "shelter," which is widely employed, is closely tied to the ultimate purpose of housing everywhere. A shelter conjures up images of a safe, secure setting that provides seclusion as well as defence against the harsh weather and extreme temperatures of the outside world. (2003) Kaufman One of the earliest and most durable cultural artifacts of humanity, the house has been with man throughout history (Almusaed & Asaad, 2018). A house is only one component of the complex system known as housing, which also includes economics, housing statistics, and a number of government housing laws. (Routledge Taylor & Francis Group, 2019). Housing fulfills basic human needs such as protection, ownership, security and privacy. In addition, countries with high quality housing are said to have a well-established housing supply system.

2.2 Housing Policies

Government initiatives, like legislation and program execution, that have a direct or indirect impact on housing supply and availability, housing standards, and urban planning are referred to as housing policies (Ruff Institute of Global Homelessness, 2017). Since a government may use legislation to regulate how the private sector delivers housing, the term is linked to both the public and private sectors. In general, housing policies and programs at the national and local levels of government

work to support low- and middle-income households' access to affordable housing. 2011 (Yang & Wang) Depending on the government's choice, housing rules vary. To address their housing issues, particularly those faced by low-income people, countries have chosen one or several programs (Sheibani & Havard). An effective housing policy uses a variety of intervention strategies and building technologies to accommodate low-income families (Odoyi & Riekkinen, 2022). These strategies and intervention mechanisms often take different forms, including regulation, subsidization, and accountability, in the definition of issues of non-intervention, information, and direct provision (Clapham, 2018). These various policy initiatives and processes can be used to address housing scarcity concerns among low-income earners. An efficient housing policy considers not only the nature of housing but also the relationship between housing as a consumer good and housing as an economic product with a market value. (Smets & Van, 2016).

Researchers and policy makers have developed a range of effective housing policies to provide affordable housing for low-income people. For example, land policies in Germany, Belgium and the Netherlands favour housing construction (Shahab, Hartmann, & Jonkman, 2021). Additionally, in Berlin, Hamburg, Stockholm, and Gothenburg, organization, urban planning, land distribution, and financial subsidies are the policy instruments employed to successfully offer a supply of cheap housing (Granath Hansson, 2019).

Homelessness, the rise of slums and squatters (shacks), diseases caused by unsanitary living conditions, and lack of basic amenities are all effects of the global problem of lack of housing. (UN-HABITAT, 2003). Effective affordable housing construction is accompanied by strategic problems; these difficulties are linked to social, economic, and political issues. For instance, social factors are concerned with things like a suitable home location, accessibility, cultural amenities, design and flexibility, and low-income earners' engagement. Economic difficulties focus on advancing the economy and having an impact on affordability and availability to capital in the financing of housing delivery. Political issues include how the government supports its citizens and creates an enabling environment through land access and provision, secure land tenure, the development of infrastructure, the improvement of skills, and the creation of an effective regulatory and legal system. The government also supports the production of local building materials (UNDESA, 2020). Over the last 30-40 years, emerging market housing policies have changed significantly. Especially in his 1990s and 2000s, strategies for providing housing changed from limited project-based support of government agencies involved in housing production and financing to realization strategies (Arku, 2020). For instance, only the government in Nigeria has the legal right to enact housing regulations and offer housing to low-income families through tenant and location subsidies or project base subsidies. The Nigerian government creates national policy directives and laws for housing construction and urban planning.

2.3 Housing Policies in the Global South

In general, the regions of Latin America, Asia, Africa, and Oceania are referred to as the "Global South." It is one of many terms, such as "Third World" and "Periphery," that are used to describe regions outside of Europe and North America that are typically (but not necessarily) low-income and socially or politically marginalized (Dados & Connell, 2012). Particularly in countries undergoing fast urbanization, housing demands in the Global South are frequently significantly more severe and pressing than those in the Global North. Access to proper housing is a major difficulty, especially for low-income households residing in rural or remote areas of southern metropolitan towns. Living and housing standards in the Global South continue to trail far below what is known as usual expectations in European cultures (Zadeh, Moulaert, & Cameron, 2021).

The history of housing policies for the underprivileged and slum areas in cities in the so-called Global South is complex and multifaceted, and many aspects of these policies that are implemented in each country differ greatly (Chiodelli, 2016). The World Bank and other international aid organizations have significantly influenced the promotion and implementation of their preferred (and altering) housing theories and practices, even though individual nations develop their housing and urban policies within their own political, economic, and cultural contexts (Pugh, 2001).

For several decades following World War II, as informal settlements spread and grew more quickly in many cities in the Global South, public authorities in these countries typically chose to turn a blind eye to the proliferation of informal settlements, believing that such proliferations were only temporary and that due to ongoing economic processes, people flooding in from the countryside (swelling the ranks of informal area dwellers) would eventually leave their homes (UN-HABITAT, 2003). Governments and politicians tacitly ignored the formation of irregular settlements, knowing that they had the potential (mainly resources) to provide alternative housing, hence this period is appropriately regarded as one of severe *laissez-faire* (Ward, 2012).

Governmental administrations concentrated their efforts mostly on new public construction projects during this time. There are only a handful of Southeast Asian countries where this approach has proven effective (e.g., Singapore, Taiwan, Hong Kong, and South Korea). These public housing initiatives have been declared a total failure in every other instance (Keivani, 2001). In light of the obvious flaws in such public building designs in the Global South, it became clearly clear in the late 1960s and early 1970s that interventions needed to be carefully tailored to the regional urban context's unique characteristics.

Public housing projects were common throughout the global south during the 1960s, but they are now unanimously viewed as a catastrophe (Arnott, 2008). Over the past twenty years, the housing strategy of the World Bank has gone through three stages. The World Bank's housing policy was initially focused on "sites and services" and slum-upgrading projects in the first ten years. In the second year, the focus gradually turned to house finance development. Recently, there has been a continuous shift toward loans for "housing policy development" (World Bank, 1993).

In most developing countries, the private sector introduced legal housing that was out of reach for the majority of urban residents. Their strategy involved the mass production of enough high-standard housing to meet urban needs, which required significant subsidies that the majority of governments in market-oriented economies were either unwilling or unable to afford. Low-income countries, on the other hand, were constructing affordable housing through an evolutionary process, with self-help and self-management of the construction (Arnott, 2008). The first significant shift in post-war housing policy occurred in Senegal in 1972 with the start of site-and-services and slum improvement projects, which saw governmental assistance for the construction of private homes. The first significant shift in post-war housing policy occurred in Senegal in 1972 with the start of site-and-services and slum improvement projects, which saw governmental assistance for the construction of private homes.

The fundamental objective of Malaysia's housing policy is to guarantee that all of its citizens, especially the low-income group, have access to suitable and unhindered housing necessities. Malaysia is one of these nations in the global south (Abdullahi, Azriyati, & Wan, 2019). In Malaysia, social responsibility is ingrained in the culture. Housing policy, which allows the wealthy to "cross-subsidize" the poor, was cited by Abdul-Aziz and Kassim (2011) as a crucial component of Malaysia's successful public-private partnership. The private sector is held to similar duties and

expectations in the majority of developing nations, although it does not directly influence national policy. Only through public-private partnerships are they permitted in.

2.4 Public sector and housing policies in the global south

In accordance with Collings Dictionary, the public sector refers to the portion of an economy that is governed or monetarily supported by the government. In other words, the government of a country might be referred to as the public sector. The private sector construction industry was able to provide homes at market prices for middle-class and affluent families because Malaysia believed that housing provision should be a means of achieving viable and sustainable human units of settlement that not only address the physical need for shelter but also the national need for social, cultural, and ethnic integration (Ezeanya, 2004). In order to include housing as a component of social services, Malaysia's first housing plan was created in 1966. The Second, Third, Fourth, and Fifth Plans all sought to better Malaysia's socioeconomic standing, with a focus on reducing poverty and enacting social reform. In order to provide affordable housing to meet the requirements of the population, the first coordinated and structured housing projects were developed during this time.

Nigeria's housing policy is as old as the nation's history. Following the outbreak of the bubonic plague in Lagos in 1928, which forced the creation of the Lagos Executive Development Board (LEDB), which served as the main organ for the operation of the project and housing development, the colonial administration is when government action in Nigeria's housing sector is first documented. The colonial government created the Nigerian Building Society (NBS) after World War II as a replica of the British system, where mortgage banks are referred to as building societies. (Bello, 2019).

The Federal Mortgage Bank of Nigeria (FMBN), which was formerly known as the Nigerian Building Society, today serves as the primary and secondary mortgage institution and is the main driver of the nation's supply of public housing. The Federal Housing Authority (FHA) was created a year earlier in 1976 by the issuance of decree no. 40 of 1973. Its duties include advising the federal government on housing and associated infrastructure needs and putting any recommendations that the government accepts into action. The FHA has been the main government agency in charge of housing provision in Nigeria ever since it was established. The "housing for everyone by the year 2000" policy was devised before the millennium. By the end of the year 2000, it was intended that everyone in Nigeria will have access to decent housing at a fair price. The country's housing needs were estimated to be around 8 million units as of the program's debut, taking into account forecasts for achieving the goal of the policy in both rural and urban areas in response to the UN's support for housing for all by the year 2000 (Ogunrayewa & Madaki, 1999).

2.5 Private sector and housing policies in the global south

All financial intermediaries (banking and nonbanking), industrial organizations, manufacturing organizations, large commercial houses, individuals, and private investors are considered to be part of the private sector (Morakinyo, Okunola, Ogunrayewa, & Dada, 2015). The main players and programs in the private sector are employee housing programs and insurance companies. In addition to directly building homes, the private sector also manufactures a variety of building supplies and provides labor and capital (Windapo, 2007). There are two types of the private sector: the formal (organized) private sector and the informal (not organized group). 70% to 90% of the nation's housing has been produced by the informal sector, also referred to as the popular sector. Small-scale private landlords of rental properties make up the majority of the informal-sector supply of urban housing. The bulk of homes constructed in this area are non-conventional; they are typically built-in violation

of current laws and without using recognized construction techniques. Corporate organizations that are directly involved in the mass production and supply of housing units make up the formal private sector. Previously, they were only interested in providing staff housing for workers, and when they are active in other activities, they target high-income individuals. Public-private partnerships in the housing industry aim to promote housing sector productivity, increase housing affordability, and enhance access to social services and fundamental infrastructure. The impact of the private sector on housing financing cannot be understated given the development of the concept of public-private partnerships in nearly every sector of the nation's socioeconomic life (Taiwo, Adeboye, & Aderounmu, 2014). It should be highlighted that 83% of urban housing is the work of private sector developers. Public-private partnerships enable innovative and creative approaches, reducing project costs and time, transferring some risk to the private project partner; they promote higher productivity and draw in more experienced bidders to projects; and they give access to skills, knowledge, and technology (Olumuyiwa & Abraham, 2011).

The government of Malaysia has developed a settlement strategy to keep up with the country's quick economic growth with the goals of "eradicating hard-core poverty, increasing the quality of life for her people, and maintaining her forest eco-system for future generations." The private sector construction industry was able to provide homes at market prices for middle-class and affluent families because Malaysia believed that housing provision should be a means of achieving viable and sustainable human units of settlement that not only address the physical need for shelter but also the national need for social, cultural, and ethnic integration (Ezeanya, 2004). Due to this, the participation of private sector developers became more and more crucial, which prompted the creation of a public-private consultation group on the housing and building sectors. The initiatives of developers over the preceding three decades have gone beyond simple house developments to include townships, skyscraping commercial buildings, shopping centers, cutting-edge golf courses, hospitals, entertainment parks, and industrial estates. Urban housing projects were accelerated as the population increased, with a focus on affordable housing in future Malaysia plans. (REHDA, 2004).

It is now clearer than ever that expanding the use of public-private partnerships to supply housing is possible given Nigeria's socioeconomic status and housing scarcity (Ikekpeazu, 2004). Under Nigeria's present housing policy, the public and private sectors each have specific duties to play in the public-private partnership for housing delivery (Abdulsalam, 2008). The New National Homes Policy, which was released in 2006, proposed several interim measures in which the government made a concerted attempt to stop providing housing and promote private sector involvement (Mabogunje, 2006). The private sector's involvement in housing finance and investment is given top priority in the new approach. In reality, starting to undertake a house development program under the direction of the private sector is one of the policy's short-term objectives. The policy outlines the private sector's involvement in the employee housing program, the establishment of significant mortgage institutions, and cooperation with all governmental levels in the provision of housing. (Bello, 2019).

3. CONCLUSION

In conclusion, housing policies are created for the private sector rather than including it in their creation. Recent legislation indicated that the private sector is now encouraged to take part in the delivery of housing, which has produced some results. In addition to government action, incentives, loans, and subsidies should be used to encourage the private sector to develop homes. The private sector should be involved in the building of homes for all demographic groups, whether they are for sale or rent, in the production and distribution of building supplies for the housing construction industry, in the creation of infrastructure for human settlements, and in enticing local residents to

improve their living conditions by getting involved in community projects. Malaysia's objective is to provide balanced and harmonious community life through the manufacture of cheap and excellent housing for the people, with the engagement of private sector developers in its development plans. This mutually beneficial working partnership between the public and private sectors will drive Malaysia to the next level of growth and advancement. The Federal Mortgage Bank of Nigeria, which is tasked with supervising and overseeing the activities of mortgage institutions, should be financially equipped to execute greater regulatory tasks in the housing market. Finally, the effectiveness of any housing policy strategies or programs is determined by how successfully these influencing elements are executed and how policymakers grasp the interrelationship of these aspects when formulating housing policy strategies.

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