

# Early Impact of COVID-19 on Private Sector Income Earners Homeownership Delivery in Nigerian Cities: Issues and Possible Solutions

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## ABSTRACT

Studies showed that the private sector positively influences the country's economic growth. The Nigerian Government housing policies and programmes tailored towards homeownership may not have favoured the private sector. The COVID-19 crisis might have compounded the issue. There are scarce studies concerning private sector income earners' (PSIE) homeownership in the COVID-19 era. Therefore, the paper investigated the perceived early negative impacts of COVID-19 on PSIE and proffered measures to improve homeownership across Nigerian cities. Given the unexplored dimension of the issue, a qualitative research method was employed via virtual interviews. Thirty semi-structured virtual interviews were conducted with knowledgeable participants across Nigerian cities. Each geo-political zone was represented, and saturation was achieved. The researchers collated the data and thematically analysed them. Findings show that housing policies and programmes are pro-public sector homeownership. Also, it reveals that the private sector businesses are worse hit by the COVID-19 pandemic. Findings will offer a rich understanding of the COVID-19 influence on PSIE. It would also stir key stakeholders, especially government, to revamp housing policies and programmes towards private sector homeownership in Nigeria's cities.

**Keywords:** COVID-19, Homeownership, Issues, Nigerian cities, Private sector

## INTRODUCTION

The housing development is one of the essential programmes for countries with a growing population. Article 25 of the Universal Declaration of Human Rights acknowledges the entitlement to good shelter (United Nations General Assembly, 1968; United Nations, 2016). It is an entitlement to an acceptable standard of the living component. Globally, accelerated and inclusive housing development and delivery can revitalise the national economy (Adenuga, 2021). Statistics as of 2011 revealed that not below 1 billion people live in rickety houses (United Nations-Habitat, 2011). This is of concern to stakeholders. Globally, by 2050, an estimated 68% population will be

residents in cities. Africa and Asia would take about 90% of the new addition (United Nations, 2018). Hence, the Nigerian Governments attempted in the past to provide affordable and accessible housing to the people through several policies and programmes (Ebekoziem et al., 2021a). These policies and programmes were tailored towards homeownership may not have favoured the private sector. The COVID-19 crisis for the past two years might have compounded the issue (Alharbi, 2021). The author found that in Saudi Arabia, many citizens on housing mortgages during the COVID-19 era failed to meet up with their monthly obligation regarding repayment. Chetty et al. (2020) asserted that employment rates reduced by 37% around mid-April 2020, during the COVID-19 recession.

Homeownership debate has been a global discussion because of its importance to humanity. Studies have shown that city locations house majority of the population (Meerow et al., 2016). Also, studies have shown that 1.2 billion estimated persons residents in rented houses (Gilbert, 2016). There is a gap between the housing demand and supply in cities. The developing countries might be the worse hit. Majority of people in developing cities are working to become homeowners. They see house ownership as a form of insurance and a reliable social net to make their future safer (Abdul-Aziz et al., 2018). Homeownership signifies the prosperity of the medium/low-income category in developing countries (World Bank, 2018), including Nigeria. Kamal et al. (2019) corroborated Abdul-Aziz et al. (2018) and asserted that homeownership is prosperity making and states the people's achievements. It was discovered that the low-income Malaysians see homeownership as a form of a reliable social net to protect against financial suffering when the need arises (Abdul-Aziz et al. 2018). Alan (2017) affirmed that Hong Kong and Singapore are among the countries with commendable housing policies. This is because the government plays a significant part in housing development and ensure a sufficient supply. In Austria, not less than 62% of Vienna's inhabitants live in government homes (Forrest, 2018). Homeownership is vital in government housing policies and programmes, but the COVID-19 crisis may endanger the goal.

In Nigeria, the private sector is expected to contribute about US\$114.2 billion in investment opportunities to the United Nations sustainable development goals (SDGs). The US\$114.2 billion is from the US\$10 trillion global opportunities in emerging markets on or before 2030 (Egene, 2020). Okobi (2021) reported that governments needed the support of the private sector to actualise 2030 SDGs. It indicates that the private sector is key as a stakeholder in realising SDGs 2030. Yet, there are no significant policies and programme evidence from the various governments (federal, state, and council) to improve the private sector employees' homeownership. Examples of housing policies and programmes include the Federal Integrated Staff Housing Programme (FISH-P), My Own Home, and National Prototype Housing Programme. Others are Presidential Housing Mandate Scheme (PMHS), National Housing Policy, National Housing Programme, National Housing Fund, among others (Ebekoziem, 2021). Majority of the requirements to be qualified for these programmes are tailored towards public employees. For example, the latter author affirmed that the FISH-P focused on federal

government employees. The programme is private sector driven (Jumbo-Asukwo, 2018) and might be expensive for medium/low-income earners. The COVID-19 crisis might complicate the repayment scheme for a few intending house owners on the mortgage (Alharbi, 2021), Nigeria not excluded. Government needs to lead in housing provision for nations that have recorded success in mass housing provision. Examples of the government leads are Hong Kong, Austria, Singapore, and Malaysia (Ebekozi, 2021). This includes land subsidies in urban location for the masses, housing loan, grants, subsidies, and direct construction at fair prices. Majority of these attributes are absent. The few that might be available are not affordable and accessible to the Nigerian medium/low-income earners.

The Nigerian economy was not exempted from the COVID-19 pandemic hit. When the country was attempting to 'bounce back' from the 2016 economic recession, the COVID-19 crisis erupted. It was reported that Prof Osibanjo's panel predicted that 39.4 million Nigerians might lose their jobs because of the COVID-19 problem (Madueke et al., 2020). The most hit may be employees in the private sector because majority of their businesses were shot-down. Many staff were placed on redundancy and some on half-month salary for the crisis period (Ebekozi and Aigbavboa, 2021). Private sector homeownership is one sub-sector that the pandemic might have hit. Globally, the COVID-19 crisis has worsened homeownership for many, including Nigeria's PSIE. Among the measures that have been adopted globally include forbearance (Blakeley, 2021), refinancing mortgage (Ettman et al. 2021), payment relief (Amromin, 2020), among others, to assist intending homeowners to ensure they meet their mortgage payments obligation. There is insufficient evidence from the reviewed literature that the Nigerian Governments have considered these possible solutions. Hence, they are worth investigating so that SDGs associated with housing may be accomplished. The perceived absence of government support tailored towards PSIE homeownership in Nigeria is an old issue that persists. The COVID-19 crisis may have compounded the issue. This may be a danger to accessible PSIE homeownership in Nigeria and, by extension, might affect the SDGs associated with housing provision. There are scarce studies concerning PSIE homeownership in the COVID-19 era. Thus, the paper investigated the perceived impacts of COVID-19 concerning lockdown on PSIE and proffered possible measures to improve PSIE homeownership. The stated objectives below will be used to achieve the aim of the paper:

- i. To investigate the perceived influence of Covid-19 on private sector income earners' homeownership.
- ii. To suggest possible measures to improve private sector income earners' homeownership.

## RESEARCH METHOD

Findings from the preliminary investigation guided the researchers to adopt a phenomenological qualitative research design. It is in line with Creswell and Creswell (2018). The authors affirmed that the approach could be adopted

**Table 1.** Description of the participants background.

Description	City					Total
	A	B	C	D	E	
Ministry of Housing Senior Staff	P1	P2	P3	P4	P5	5
Mortgage Bankers	P6	P7	P8	P9	P10	5
Housing Developers	P11	P12	P13	P14	P15	5
Private Sector Employees	P16, P17	P18, P19	P20, P21	P22, P23	P24, P25	10
Private Sector Employers	P26	P27	P28	P29	P30	5
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>30</b>

when research gain a novel of the underlying issues. Phenomenology derives the meaning of a phenomenon via questioning a small group of people (Paley, 2016). In this instance, it was employed to investigate experts' opinions regarding the impacts of Covid-19 on PSIE homeownership in Nigerian cities. The virtual interviews were complemented with the reviewed literature. Concerning the utilised purposeful sampling method, the research targeted interviewees who are considered well-informed (Marshall and Rosman, 2006), as presented in Table 1. For a better representation, five cities across Nigeria were engaged. The study obscured the participants' identities for confidentiality reasons and aligned with Ebekoziem (2021). The virtual interview lasted 45 minutes on average via Zoom and Whatsapp calls.

The semi-structured questions answer the study's objectives. The researchers adopted a theme technique for the data analysis. Thirty interviewees (P1 to P30) indicated interest and were engaged across Nigerian five cities (Kano, Abuja, Onitsha, Port Harcourt, and Lagos) from September 2021 to December 2021. It is in line with Ebekoziem et al. (2021a). The authors asserted that Kano and Lagos have the highest population in the northern and southern cities. The collected data were analysed via thematic analysis. The study achieved saturation. The study coded the collected data (Corbin and Strauss 2015, Jaafar et al. 2021). Sixty-two codes emerged from the coding and categorised into seven categories. From the seven categories, two themes emerged.

## FINDINGS AND DISCUSSION

The section presents results and discussion as emerged from the study.

### Theme 1: Perceived Influence of Covid-19

Majority of medium/low-income earners in developing countries, a case study of Nigeria, see homeownership as an alternative to a good insurance and a reliable social net to guard and aid better future life. Findings agree with World Bank (2018). The author avowed that homeownership signifies the prosperity of the medium/low-income category in developing countries.

Despite the relevance of homeownership, findings reveal that majority of the homeownership policies and programmes have been targeted at PSIE against regular income earners. In advanced countries, housing policies and programmes are all-inclusive and accessible to ordinary and regular income earners (P13, P20, P24, P27, & P29). Participant P20 says, “.... *why must Nigerian Government ways of doing things be different from what is obtainable in other clans? Are we not entitled to a home of our own? Don't PSIE pay taxes to government? Why is it that majority of the policies such FISH-P, My Own Home, PMHS, among others, exclude PSIE technically....?*” Findings agree with Ebekoziem (2021). It was found that FISH-P, to correct past errors, is private sector driven and focused on federal government staff.

Increased financial vulnerability, rising foreclosures, possible increase in homelessness, and eviction because of job losses emerged as the major perceived impact of Covid-19 on PSIE homeownership. Others are increased rental housing (P13, P17, P22, & P27), financial instability (P9, P14, P22, P26, P28, & P30), a threat to SDGs associated with housing delivery (P1 & P4), and danger to monetary policy (P6, P7, P11, & P15). Findings show that these issues are linked with the private sector's income earners in Nigeria. The results agree with Sidawi (2014). The author advised policymakers and mortgage institutions to consider the requests of the medium/low-income group when it comes to housing loans to meet their housing demands. Participant P27 says, “....*before the COVID-19 pandemic, we were planning to buy 50 plots of land via the staff welfare scheme but was put on hold because the company is facing some challenges because of the pandemic crisis. Also, some staffers have been either sacked while others are placed on redundancy. We are still trying to recover from the COVID-19 shock that almost liquated our company ....*” Results align with Wong et al. (2021). It was found that the COVID-19 has increased the underemployment rate in the hotel employees’.

## **Theme 2: Possible Measures to Improve PSIE Homeownership**

Findings show that the current Nigerian housing policies and programmes and the COVID-19 crisis are threats to PSIE homeownership and might affect SDGs associated with housing. Findings reveal that policies and programmes have not been friendly to the PSIE homeownership, but corporate and individual efforts were tailored towards PSIE homeownership. The pandemic is threatening these efforts. Thus, this sub-section presents the proposed feasible measures to improve PSIE homeownership in developing countries, using Nigeria as a case study. Government agencies to assist PSIE to access low mortgage rates via policy and programme tailored to PSIE homeownership, payment relief to help homeowners, refinancing mortgages, financial counselling, and forbearance emerged as the major possible measures to improve PSIE homeownership. Others are rental housing programme (P4, P8, P12, & P15), offer incentives to mortgage institutions (P1, P6, P10, P15, & P20), unemployment insurance schemes (PP7, P9, P14, P20, & P23), and government instrument as guarantor for PSIE (P9, P16, P19, P22, P24, P28 & P30). The rental housing programme should be encouraged and target PSIE with

irregular sources of income to have access to affordable shelter to rent (P3, P13, & P26).

Concerning refinancing mortgages and forbearance as major possible measures, the latter is one approach mortgagors can use to make up the missed payments through housing loans payment relief. The outcome might mitigate or annul for a limited duration. Mortgage institutions should use a refinancing mortgages mechanism. It could be cash-out as an alternative mechanism to improve housing funds. The outcome would increase the chances of paying back housing loans when due. It would mitigate the impact of interrupted income like the PSIE. Findings show that the absence of policy and programme to improve homeownership for the sector that drives the economy is not satisfactory. Policymakers should focus on PSIE homeownership. It is germane and cannot be over-emphasised. “...*mortgage institutions and investors should be motivated by the government to invest in housing development. Also, more emphasis should be on PSIE homeownership. It allows for bridging the gap between the private and public sectors homeownership that has been created over the years....*” said Participant P9. Findings recommend a vibrant collaboration between the government and private sector in housing provision for the PSIE to improve their homeownership. The call for collaboration would enhance the intentions of some private sector attempting to provide homes for their staff via welfare schemes (P3, P9, P23, P27, & P29). Findings agree with Alan (2017), Forrest (2018), Jha (2018), and Ebekozi (2021). The latter author suggested a comprehensive policy driving private sector housing mortgage programmes and improved housing loans schemes to intending PSIE homeowners. Alan (2017) affirmed that Hong Kong and Singapore’s housing policies were successful because the government plays a significant part in housing development. Also, as evidence that government plays a significant role, Forrest (2018) affirmed that in Austria, not less than 62% of Vienna’s inhabitants reside in government homes. Jha (2018) asserted that homeownership is a vital part of Singapore’s government housing policies and programmes, with over 80% of the citizens in government-built houses. “..... *PSIE needs to join the unemployment insurance scheme to save them during COVID-19. Experience of inability to repay mortgage because of job loss will not occur if a worker is a subscriber with a registered unemployment insurance scheme.....*” said Participant P9. This aligns with Hsu et al. (2018). The authors discovered that joblessness insurance disallowed 1.3 million foreclosures throughout the Great Recession. Also, it might enhance the stabilisation of the property market within a reasonable period.

## CONCLUSION AND RECOMMENDATIONS

This paper investigated the perceived impact of Covid-19 and proffered measures to improve PSIE homeownership across Nigerian cities. Data were collected from 30 experts in five cities. The limitation was overcome with the supplemented reviewed literature. If not checked, the perceived impacts of COVID-19 were identified and could hinder PSIE homeownership. The paper recommended possible measures to improve PSIE homeownership in the five cities and, by extension, across Nigeria. Findings could be adapted by

other developing countries with similar challenges, considering, the political, social, and cultural background of Nigeria. Therefore, the study suggested the following measures to improve PSEI homeownership in Nigerian cities.

- i. The study recommends a comprehensive policy to drive private sector housing mortgage programmes and improved housing loans to intending PSIE homeowners. The proposed approach should be all-inclusive, including mutual collaboration between the public and private sectors in housing provision. The government has a vital part to play for this to be fruitful. The PSIE needs a special policy drive to bridge the homeownership gap between the public and private sectors homeownership. The institutional framework to achieve this is inevitable.
- ii. The paper recommends a mortgage refinancing mechanism as a better option to improve on the available funds to settle housing loans through cash-out. The possible outcome is that it would mitigate the impact of disrupted income during crisis-era like the pandemic and improve homeownership by extension.
- iii. The paper suggests that intending homeowners should be engaged in financial counselling and management. Becoming a house owner requires some level of financial discipline as an income earner.

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