

# Urban Housing Supply: Cooperative Societies as the Third Way

**Basirat A. Oyalowo and Gabriel G. K. Babawale**

*Department of Estate Management,  
University of Lagos, Akoka*

## **Abstract**

*Recent academic research from various approaches into the housing sector generally agrees that cooperative societies should have a more defined role in the provision and finance of urban housing. However, there is a dearth of empirical information on cooperatives' housing sector activity in Lagos. This study has the objective of providing empirical information on the potentialities of cooperative societies in the Lagos State housing sector. The purpose of this paper is to advocate the integration of cooperative societies into urban housing supply. It establishes the relevance of cooperative societies in housing delivery in Lagos State through a survey of 171 cooperative members across twelve cooperatives. Copies of a questionnaire were administered to seven purposefully chosen workers' cooperative societies, one trade-group, two farmers' cooperatives, one women cooperative and one faith-group cooperative. The questionnaire was a semi-structured instrument and was subjected to a reliability test. A descriptive analysis was carried out with the aid of the customer satisfaction index (CSI). The survey showed key strengths to include wide acceptance across gender, income classes and economic sector. Other strengths are high member retention and attraction of new members with 48% of respondents as long-term members, as well as significant activity in rental and home completion financing, with close to 52% having taken a housing related loan recently. However, key weaknesses include weak satisfaction with loan activities across five variables of interest rate, collateral, payback period, transaction costs and promptness in funds disbursement. A Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis is presented as a framework for future policy and research efforts to formally integrate cooperative societies into the housing delivery sector in Lagos State.*

**Keywords:** *Cooperative Housing, Housing Supply, Lagos, SWOT Analysis, Urban Housing.*

## **Introduction**

There are about 82,460 cooperative societies with over 1.4 million members in 605 local government areas across Nigeria (Enhancing Financial Innovation and Access EFInA, 2012). Out of these, 16,000 operate in Lagos State (Lagos State

Government, 2015). These cooperatives are credited with contributing towards savings mobilisation in thrift and credit systems, poverty reduction, business creation and expansion, production of export crops and minimising of exploitation by middlemen and traders (Ezekiel, 2014; EFINA, 2012; Oyewole, 2010; Federal Ministry of Agriculture and Rural Development, [FMARD], 2002).

Today, millions of urban dwellers are housed in the ubiquitous slum communities that pervade Africa's major cities. The National Bureau of Statistics (NBS, 2013) indicates that the major urban centers of Lagos, Abuja, Ibadan and Kano are experiencing a housing demand at 20% per annum, and over 65% of Nigerians reside in substandard homes due to inability to afford decent homes (Centre for Affordable Housing Finance in Africa [CAHF] 2015). These are indicators of both current and future quantitative housing needs that continue to challenge governments to pursue the right policies and improve the capacity of housing delivery processes (CAHF, 2015; Erguden, 2001).

By their very nature, cooperative societies are avenues by which people collectively meet their social and economic needs using the principles of democratic governance. As an economic development tool, cooperative societies offer a medium for generating savings that are needed by private finance organizations to provide housing finance. Cooperative societies are of various categories, such as agricultural, producers' marketing, credit and thrift, multipurpose, artisanal, women, and land and housing cooperatives. These reflect the diversity of the socio-economic problems they are meant to solve. A number of researchers have acknowledged the relative success of cooperative societies in meeting the social and economic needs of their members. Olaleye (2007) provides evidence of this in Ibadan, Oyo State; EFINA (2012) provides same in Enugu, Kebbi and Oyo. Ezekiel (2014) identifies savings mobilization and loan disbursement as the most fundamental of cooperative society activities. This is corroborated by Aderounmu, Odeyemi and Adeleke (2014) in their study of cooperatives in Eruwa, Oyo State. Perhaps this track-record accounts for the general optimism that academics present in their assessment of a positive outcome for cooperative societies' involvement in the housing sector.

There is therefore a logical assumption that cooperatives would be involved in addressing the housing supply problems in rapidly urbanizing cities of developing countries like Nigeria. However, there is a dearth of information about the actual roles that cooperatives are playing in the housing sector in Lagos State in particular, without which there cannot be appropriate policy action for

incorporating their activities into the formal housing finance sector. Only a few studies have been published on the activities of cooperatives in housing supply in Nigeria in general and studies on Lagos in particular are rare. For instance, Adeboyejo and Oderinde (2013) evaluate the potential and actual contribution of cooperative societies to sustainable housing delivery in Oyo State with cooperatives in Ibadan, Ogbomoso and Oyo being sampled. Oyewole (2010) evaluated the role of cooperative societies in housing development finance and the level of satisfaction of members in Ogbomoso. Both of these studies are based on quantitative approaches and statistical analysis; and based on urban areas with less intense housing need than Lagos State; and were limited to the housing finance component of the housing development value chain.

Odum and Ibem (2011) explain how cooperatives can solve the problems of land acquisition in Enugu. Nubi (2008) proposes a cooperative housing scheme (CHOIS) based on a secondary market structure for housing finance. On his part, Ndubueze (2009) advocates the strengthening and institutionalisation of cooperative societies as a panacea for housing problems in Nigeria. Danmole (2004) examines cooperatives as a tool for improving housing delivery in Nigeria, but recommendations are focused on only actions to be taken by urban planners to support the cooperative housing movement.

Interestingly, despite the differences in the research focus of these studies, they all agree that cooperative societies should have a more defined role in urban housing provision and finance. However, none of these studies has focused on the cooperative sector of Lagos State. Thus, with the peculiarities of the state as the most densely populated and the commercial nerve centre of West Africa, the recommendations of these studies may not be applicable in their entirety to how cooperatives might address the housing problems in Lagos State. Part of a larger study, the present study attempts to fill this gap and by so doing, it hopes to provide motivation for a new direction into housing research, with a specific focus on the potential for cooperative societies as providers of housing in Nigeria. The research itself is motivated by a need to provide impetus for policy-based research into the housing sector that would yield policy action into integrating cooperatives in the housing supply mechanism and hence contributing to national economic transformation. The objective of the study is therefore to provide empirical information on the potentialities of cooperative societies in the Lagos State housing sector with the purpose of advocating integration of cooperatives into the housing supply system.

After this introduction, a discussion of the antecedents of the two major 'ways' of housing provision and finance is provided. Thereafter, an exposition of the cooperative societies and housing provision in four countries is done. The section on methodology follows, together with the discussion of the findings. Thereafter, a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis of the activities of cooperatives in housing in Lagos is presented. The study ends with a brief conclusion.

## **Housing Provision in Nigeria**

### ***The First Way: The Government***

The direct construction of housing has historically been the conduit through which the Nigerian Government channelled funds to the housing sector, but this strategy achieved minimal results in the over 20 years that it was practised (Nubi, 2011; Agbola, 2005; Federal Government of Nigeria 2005; Obialo, 2005).

Historically, in the pre-independence period, the Nigerian government had intervened in housing provision for its expatriates with direct construction of housing units in Government Reserved Areas (GRA). After independence, the Federal Government, in its Second National Development Plan of 1970-1974, embarked on direct housing construction for the general populace. A National Housing Scheme was established to provide 54,000 units in two years. Several institutions were also set up to facilitate the achievements of this target. For instance, the Nigerian Building Society was set up to provide mortgage loans for individual home construction and State Housing Corporations were set up to construct housing estates, carry out estate agency and management functions as well as fund mobilisation from the general public. Unfortunately, during this period the target was not achieved.

Similar targets set for direct housing construction during the Third National Development Planning period from 1975-1980 were also not met as the Federal Government was only able to achieve 19% (8,500) of the target set for Lagos, and 25% of its national target. Not surprisingly, subsequent efforts in the Fourth National Development planning period from 1981-1985 were also unsuccessful as the Federal Government was able to deliver only half of the 20,000 units targeted annually. Limited coverage, budget cutbacks, unrealistic standards and specifications giving rise to escalating cost of construction, problems with land acquisition and lack of construction expertise were some of the problems that

affected the achievement of these goals (Nubi, 2011; Agbola, 2005; Federal Government of Nigeria 2005; Obialo 2005).

Thus, over a period of 19 years (1975-1994), only 81,750 (42.70%) houses were delivered out of the 570,000 units proposed within that period, thus representing less than 50% achievement over a considerable length of time (Kabir & Bustani, 2008). With the adoption of a National Housing policy in 1991, the government decided to take a facilitator/enabler role; while passing the responsibility for low-income home construction to the private sector. This shift facilitated the establishment of several primary mortgage institutions wherein individuals could access mortgage funds for home ownership. However, the rate of uptake has been low (Okonjo-Iweala, 2014; Nubi, 2006).

Like the Federal Government, successive governments in Lagos State have also attempted to tackle housing deficits by setting up several agencies, such as the Lagos State New Town Development Authority, the Lagos State Urban Renewal Board, the Ministry of Housing which constructed over 5,000 housing units in 10 years, and the Lagos State Development and Property Corporation (LSDPC), which constructed over 20,000 housing units in several housing schemes across the State. Despite these, according to National Bureau of Statistics (NBS, 2013) survey, as at 2009, 80% of households in Lagos still live in a single room home; and the Lagos State Government (2014) estimates that 70% of its population resided in slums as at 2014.

### ***The Second Way: Housing Finance in the Private Sector through the Mortgage Industry***

For the purpose of this article, formal private sector involvement in housing has been categorised into two: housing production by private real estate developers and housing finance through the mortgage system. Housing production by the organised private real estate developers has been largely directed towards sales to the middle-high income earners who can afford to pay market rates for housing and who also qualify for mortgage loans (CAHF, 2015; Eni & Danson, 2014). Those who do not fit this category therefore resort to incremental building and construction, on land purchased in the peripheral areas of the city, thus increasing slum settlement proliferation.

On the other hand, mortgage industries are relevant to housing finance only to the extent that the conditions necessary to stimulate industry growth are present. According to Nubi (2012), two basic conditions are the availability of

mortgageable housing stock with good legal title and a highly developed home building industry with capacities for adding to the stock and retrofitting old stock. The unavailability of these conditions in Nigeria are underscored by Nubi (2012) who provides evidence that very few private developers can deliver 1000 units annually in Nigeria. Mortgage loans in Nigeria are therefore generally construction loans, secured with land titles and carrying enormous construction and credit risks. Other conditions for a sound mortgage industry include: the strength of the legal rights of lenders, commonly measured by the ability of lenders to foreclose on properties in the event of defaults. Foreclosures in Nigeria are rare as the law is generally on the side of the borrower, and even where possible, the market for uncompleted and abandoned houses is also very thin like the general property market (Dugeri, 2010).

The strength of the credit information system is a significant institutional factor affecting the mortgage system of any country and by extension, the interest of the formal sector in providing housing finance to all segments of the country. The documentation of borrowers' income is necessary and should form the basis of objective assessment of capacity to repay loans. Similarly, an objective assessment of a borrower's credit history assures increased capacities to take informed risks and hence the development of alternative finance products for various classes of lenders (IMF, 2008). Indeed, studies such as Oyalowo and Nubi (2013) show that lack of credit information systems is an important deterrent to the participation of formal financial institutions to mortgage lending in Nigeria and West Africa at large.

In many developing countries, the challenge of housing provision is further compounded by the engagement of larger sections of the population in the informal sector, where incomes are not verifiable and therefore the asset base is likely to be non-mortgageable. Several studies (e.g. Oyalowo, 2012; Oyewole, 2010; Wapwera, Parsa & Egbu, 2011; Tesfaye, 2007; Nubi, 2006) have also established that formal housing finance providers tend to channel funds to only that minor segment of the market that hold formal employment, with verifiable, predictable incomes. The implication of all this is that the informal segment of the population is excluded from the mortgage market. All these present evidence for arguments that market-based funds such as mortgages may not be the most appropriate channel by which low-income people can access housing funds (CAHFA, 2014, McCord *et al.*, 2011; Wapwera *et al.*, 2011, Oyewole, 2010; Ebohon *et al.*, 2002; Jones & Datta, 2002; Karley, 2002; Tomlinson, 2002; Deininger, 2003; Aluko & Amidu, 2006). A study like Wapwera *et al.*(2011) also

offers evidence of instances of cultural aversion to mortgages among low income people. As a result, the informal sector continues to hold strong possibilities for housing finance and supply for low income households.

On the contrary, Chiquer and Lea (2009) argue that access to mortgage markets can be enhanced through the creation of the appropriate lending infrastructure and elimination of barriers to lending. However, this assumes that there is effective demand for mortgages and adequate qualification of a majority of the populace for mortgage lending. As noted earlier, in Nigeria the majority of the potential demand for housing is in the subprime sector. All these factors ensure that the primary mortgage sector remain undeveloped; with the fund suppliers unwilling to generate the appropriate products to match the low income category while the informality embedded in the informal sector ensures that demand is static.

Providing solutions to problems inherent in the housing sector therefore requires dynamic approaches. On the demand side, this calls for not only relying on a mortgage-based system; but the creation of a range of alternative housing policies for targeted sectors. On the supply side, this would require the development of new categories of lenders, developing market-friendly yet profitable means of providing affordable housing.

### ***The Third Way: Cooperative Housing***

It is the practice in more developed countries that government intervenes in the provision of housing finance for the people through a variety of demand and supply side subsidies; with each particular country learning from its own experiences in channelling funds to highly disadvantaged people who are unable to participate in the market. On the other hand, in a bid to help themselves to operate in the market, people have constituted themselves into groups such as cooperatives and thrift and credit societies in order to access additional funds for housing. Records show that, approximately 5 million families belong to one or more of these cooperatives (FMARD, 2002). There are also more than 82,000 registered cooperatives in the country (EFinA, 2012). However, they have not made any significant contribution to the supply of housing through direct construction, except in the rural areas where cooperative efforts have been used in the finance and construction of housing (Danmole, 2004). Given the inherent capacity of cooperatives to satisfy the conditions of formal lending - generate savings, gather credit information on members and legislative capacity to give out loans and go into housing construction, there are enormous potential for the sector to act as both a direct housing provider and as a housing finance provider. The

central issue being addressed in this study is to advocate for enhanced policy-driven research into the roles of cooperatives in solving Nigeria's housing problem. This is done by examining the roles that cooperative societies have played as housing suppliers in developed countries, followed by an analysis of an empirical survey of cooperative members. Taken together with the foregoing literature review, a Strength-Weakness-Opportunity-Threat SWOT analysis is presented for visioning cooperative societies as 'the third way' to housing supply in Nigeria.

### **Cooperatives and Housing Supply in Four Developing Countries**

In this section, an analysis of the activities of cooperatives in housing is undertaken based on a database of twenty-two countries with a significant cooperative housing sector (CECODHAS and ICA [2012]), which profiles cooperative housing around the world. Egypt, India, Pakistan and Turkey have been selected because they reflect to some extent similar housing needs in quantitative and qualitative terms compared to Nigeria in general and Lagos in particular.

***Egypt:*** Housing cooperatives appeared in Egypt in the 1930s as a tool for providing individuals with decent homes, though with some government support. Egyptian cooperatives are mostly based in urban areas and have their membership drawn from individuals with similar occupation status. They provide owner-occupier housing, and are targeted at people with moderate incomes. They are supervised by the ministry for housing. Housing cooperatives in Egypt are empowered to collect members' savings and invest them in housing projects, provide lands, develop the housing projects and secure long-term loans.

The Egyptian housing sector is faced with three major challenges: very high land acquisition costs, high prices of building materials, and limited availability of subsidised loans (El Mesiry, 2012). However, despite these challenges, cooperative housing are built at lower prices and to authorised engineering standards. This has been achieved through various mechanisms that reflect the impact that government support, with tight co-ordination of cooperative societies could make in the housing sector.

First, the government actively supports cooperative housing through legislations which provides opportunities for reducing the transaction costs inherent in the housing process through numerous rebates on taxes and fees. Further, housing cooperatives receive a 25% discount on all state-owned land which could go up to



50% with ministerial approval (El Mesiry, 2012). The effect of this is that more than 1,900 cooperatives provided more than 275,000 units; ‘although with significant leakages to non-deserving groups’ (Hassan, n.d).

Secondly, Egypt’s 13 regional associations of cooperatives reduce production cost in land by providing the housing cooperatives with lands (state-owned or private) at the lowest cost possible. They buy building materials at wholesale prices; and also set up factories for manufacturing and producing the building materials at the lowest prices possible.

**India:** India had a housing shortage of about 53 million housing (Rao & Apparao, 2012). Housing supply is limited by non-availability of land, price escalation of overall construction costs, low supply of materials and lack of knowledge of institutions that offer loans at low rating interest (Nallathiga, 2007; Rao & Apparao, 2012). India shares similar development issues with Nigeria. For close to 40 years after Independence, the Indian government had been involved in direct housing provision (Nallathiga, 2007). However, macroeconomic changes resulting from liberalization have led to more market based provision. Like Nigeria, the expectation was that the private and cooperative sectors would fill the gap in housing supply created by the departure of the government from Central provision. However, India’s National Housing Policy of 1992 noted that these sectors have not “stepped in to fill the void” (Nallathiga 2007).

Cooperatives in India have been used as a medium to achieve social objectives such as in slum improvement drives and achieving decent living conditions for people of low income. Like Egypt, the federation of cooperatives in India has a strong role to play in addressing transaction costs amongst Indian cooperatives. The state federations derive funds from a funding agency and offer loans to their primary mortgage cooperatives at around 1% to meet the administrative costs of cooperatives. The state federations provide financial assistance to housing cooperatives as well as guidance on technical matters including assisting them in obtaining building materials. The National Federation act as a liaison between the housing cooperatives and financial institutions. The cooperative sector along with other private builders was encouraged to redevelop slum areas with programmes such as incentive rights and partnership based development approaches. These innovative incentive methods provided an impetus for the growth of cooperatives in India and their contribution towards the housing sector.

**Pakistan:** At the partitioning of Pakistan in August 1947, rapid urbanisation, increased migration, deplorable housing conditions and rapid slum expansion necessitated the use of the “township approach” to support the cooperative housing sector. Cooperative housing was seen as the appropriate tool for implementing government’s housing policies, as there were no government agencies to take on these duties at the time (Bhaiji, 2012). Malik and Wajid, (2004) observe that with the township approach a lease of more than 1,200 acres of land was given to the cooperative union. The cooperative takes responsibility for subdivision of plots while the local government, at a fee, provides infrastructure and services. Housing cooperative members are therefore tenant owners, paying for the serviced land and thereafter building on it by themselves, according to standards. However, they pay a nominal ground rent that gives the cooperative the right to transfer the units. Maintenance of plots and houses is done by individual members. Through this mechanism, housing cooperatives have provided 12% of the housing stock in the country. Employee cooperatives also benefitted from this lease. This relatively uncomplicated system can be replicated in the Nigerian situation, where a significant proportion of cooperative societies are employee cooperatives.

**Turkey:** Following the adoption by the state as a mass housing delivery tool, cooperatives have provided housing for 250,000 households. State owned land was allocated for housing cooperative development. A housing development fund also requires that 5% of the state budget be directed towards housing development. Production costs are high in Turkey. Land development cost is 40% to 60% of the total project cost as opposed to 20-30% in developed countries (Aksoy & Aydogus, 2012). Access to land for mass housing by cooperatives has also become very difficult due to large land size scarcity in the urban areas.

Elliot (2010) recounts that the factors that brought about the expansion of the housing cooperative movement in Turkey are mainly legislative. For instance, by law, cooperatives were the only producers of mass housing projects in Turkey between 1967 and 1972. The expansion of the cooperative sector when they merged to form associations, enabled them to build even city-scale projects such as the Batikent in Ankara and Esenkent in Istanbul. Housing cooperatives in Turkey expanded from supplying just 5% of total housing in the 1970s to 15% in the 1980s as a result of institutional support. But when this support ceased in 1993, the share of housing cooperatives in housing production decreased to 14.5% in 2001. What obtained thereafter was the complementary credit system, a new form of mass housing credit which supplies 5-6% of total project construction

costs, but is disbursed only when 85% of the work is completed. Cooperatives do not apply for it because of the high transaction costs associated with bank charges.

From the foregoing, it is evident that government support and the activities of secondary cooperatives was a critical factor in the success of the cooperatives' intervention in housing development in the four countries. The deliberate injection of funds into the housing sector was also achieved with the use of the cooperative societies.

### Methods

A captive audience survey of 171 cooperative members across twelve cooperatives was carried out to ascertain the extent of participation in housing supply. The survey was carried out during the meetings of cooperatives and was targeted at all members present. Questionnaires were administered to seven purposefully chosen workers' cooperative societies, five non-workers' cooperative societies, comprising one trade group, two farmers' cooperatives, one women cooperative and one faith-group cooperative. The questionnaire was a semi-structured instrument that sought to ascertain the demographic structure of respondents, their level of involvement with the cooperative society, their homeownership status, the purpose for which recent cooperative loans were collected and their level of satisfaction with housing related loans as disbursed by their cooperative societies. The questionnaire was assessed for reliability and achieved a Cronbach Alpha of 0.709.

**Table 1: Reliability Statistics**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	N of Items
.709	.757	14

### Analysis and Findings

**Demographic Structure:** At 59% and 41% respectively, there were more males than females in the sample. The closeness in the sample could be attributed to the strong participation of both men and women in cooperative activities. This is a strength of the cooperative movement as it seems to be gender friendly. In terms of employment, table 2 below shows that 40% of the respondents are employed at the senior level, while 16% are middle level employed, 11% are junior level workers and 21% are employed in the informal sector. This indicates that cooperative societies are relevant across all income groups. The ability of cooperatives to reach all income groups is also another key strength of the

movement that makes it suitable for various types of inventions across the housing development value chain.

**Table 2: Gender Distribution of Respondents**

		Frequency	Percentage
	<b>Male</b>	100	59
Valid	<b>Female</b>	71	41
	<b>Total</b>	<b>171</b>	<b>100.0</b>

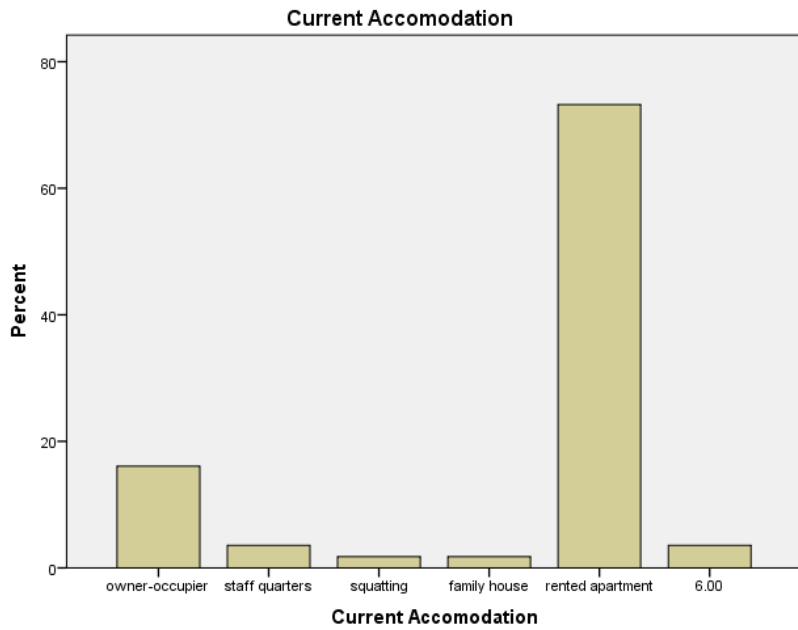
*Source: Author's survey (2016)*

**Table 3: Income Distribution**

	Frequency	Percentage
<b>Junior Level Employed</b>	18	11
<b>Middle Level Employed</b>	28	16
<b>Senior Level Employed</b>	69	40
<b>Self Employed</b>	35	21
<b>Not Stated</b>	21	12
<b>Total</b>	<b>171</b>	<b>100.0</b>

*Source: Author's survey (2016)*

**Current Accommodation of Respondents:** Respondents were asked their current accommodation in Lagos. It is interesting to find that most of the respondents, despite holding a senior staff position in their respective organisations, do not own their homes. Over 70% are renters, while about 18% are owner-occupiers. This is as shown in figure 1 below.



**Fig. 1: Current Accommodation of Cooperative Members in Lagos.**

**Cooperative Membership:** The survey also showed that 48% of respondents have been members of cooperative societies in the long term of over 6 years, while 38% had been with their cooperatives for up to 5 years and 10% have only recently joined their cooperatives. The ability to retain members over a long period of time, while also attracting new members is a major strength of a social group. This survey shows evidence of this among the cooperatives sampled. This is as shown on table 4 below.

**Table 4: Length of Cooperative membership**

	Frequency	Percentage
<1yr	18	10.5
1-5	65	38.0
>6yrs	83	48.6
Not stated	5	2.9
Total	171	100

*Source: Author's survey (2016)*

**Purpose of Recent Cooperative Loans:** Respondents were asked the purpose for which they had taken their most recent cooperative loans. They were asked to tick as many of the options shown on table 5 below, as applicable to them. Responses showed that most respondents had taken loans for two major housing related

purposes: to fund the construction of their homes (31%) and to pay their house rents (21%). Cooperatives also fulfilled other purposes for their members such as providing loans for part-time studies, birthday ceremonies and so on.

**Table 5: Purpose of most recent cooperative loan**

	Frequency	Percentage
To build own home	59	31.0
To pay house rent	41	21.5
To pay children's school fees	28	14.7
To start a business	14	7.4
To improve business	22	11.6
Others (Part-time studies, birthday ceremonies )	11	5.8
No loan collected	15	7.9
Total	190	100

*Source: Author's survey (2016)*

This shows the importance of cooperative societies as providers of finance for housing related activities in this case for funding housing construction and also providing finance for members to access housing in the rental market. This indicates another strength of the sector as a potential supplier of larger-scale housing finance.

### **Satisfaction with Cooperative Loans**

Lastly, respondents were asked about their level of satisfaction with cooperative loans for housing related purposes. The tables below show the level of satisfaction on cooperative loan for home construction with respect to four variables: interest charged, collateral, payback period, promptness in loan disbursement and transaction costs. A scale of 1 to 5 is used to ascertain the level of satisfaction ranging from not at all satisfied to very satisfy. This was subjected to the consumer satisfaction index (CSI) analysis and results show there is a measure of weakness in satisfaction across all the variables; as the weighted CSI across the five attributes were not strong. However, the interest rate index had the highest weighted customer satisfaction index per attribute. It therefore appears that even though members' satisfaction across the five variables was not particularly strong, members were more satisfied with the interest rate than other variables. Thus, the quality of housing related loan services in the cooperative sector is a weakness and might require some form of intervention to ensure that cooperative members are satisfied with this very important service.

**Table 6: Customer Satisfaction Index CSI of cooperative members to cooperative loan services**

Satisfaction Index	Not satisfied at all (W=1)			Not satisfied (W=2)			Partially Satisfied (W=3)			Satisfied (W=4)			Highly Satisfied (W=5)			WCSI
	n	TWV=n <sup>s</sup> w	CSITW/N TWV/N	n	TWV=n <sup>s</sup> W	CSI= TWV/N	n	TWV=n <sup>s</sup> W	CSI= TWV/N	n	TWV=n <sup>s</sup> W	CSI= TWV/N	n	TWV=n <sup>s</sup> W	CSI= TWV/N	
Interest rate	0	0	0	4	8	0.5	12	36	1.24	31	124	0.85	18	90	0.9	0.69
Collateral	0	0	0	3	6	0.38	3	9	0.31	34	136	0.93	14	70	0.7	0.46
Payback period	0	0	0	3	6	0.38	3	9	0.31	35	140	0.95	26	130	1.3	0.59
Loan disbursement	0	0	0	4	8	0.5	5	15	0.51	32	128	0.88	20	100	1	0.58
Other charges	0	0	0	2	4	0.25	6	18	0.62	13	52	0.35	22	110	1.1	0.46
N	0			16			29			145			100			

**A S.W.O.T Analysis for Cooperatives’ Participation in the Housing Industry**

From survey findings, analysis of cooperative activities in the case study of developing countries and the review of literature in housing, it is possible to propose the following simple S.W.O.T analysis for cooperative societies’ participation in housing supply in Lagos.

**Table 7: SWOT analysis for cooperative involvement in housing**

Strengths	Weaknesses
Potential for being non-discriminatory; significant level of member attraction and retention; access to the credit history of members: crucial for any intervention from financial institutions; access to steady stream of income from member’s contribution; ability to enforce repayment of loans, large membership base committed to the savings culture; organisation: constitutions, leadership, governance framework, etc. Significant reliance among members for housing related loan services,	Low level of member satisfaction across all housing-related loan services, lack of experience in housing provision, performance in previous loans may deter involvement of financial institutions, leadership-followership issues may be responsible for low quality of housing related loan services.

**Conclusion**

This study examined the roles that cooperative societies have played as housing suppliers in developing countries. It also established, through an empirical survey, the relevance of cooperative societies in housing delivery in Lagos State. Findings show the strengths of the cooperative societies as being gender-friendly, with participation by both males and females. Participation in cooperative activities

also cuts across all income groups in addition to the informal sector. Membership retention was adjudged to be high as a significant number of respondents were found to have been members for over 6 years. Findings also show that home-ownership affordability could be a general problem among the respondents. Even though most of them were in the senior staff cadre, they were still renters. The study therefore corroborates assertion that a significant proportion of Lagosians do not live in their own homes and this could be a pointer to the level of affordability of housing in the state and an opportunity for enhanced cooperatives' involvement in the housing sector.

Importantly, the survey shows significant reliance amongst members on their cooperatives for housing related loans as most had collected a loan for paying their house rents and (or) completing the construction of their homes. Despite this dependency however, there is a limited level of satisfaction on quality of housing-related loan services of cooperative societies; as members' satisfaction across five variables of transaction costs, payback period, period of loan disbursement and level of collateral requested were not particularly strong. However, members were more satisfied with the interest rate than other variables. This is a weakness in the cooperative sector that requires some form of intervention to ensure that cooperative members are satisfied with this very important service.

The literature reviewed shows the failure of direct government construction in housing and the seeming inability or unwillingness of the organized private sector to provide decent housing for people of all income groups. The cooperative sector is here presented as a third way in housing provision and financing.

While we acknowledge the limitations of the sample size used in the study, it does point out the potential strengths, weaknesses, opportunities and threats inherent in adopting this approach. Several questions remain to be answered in further research efforts: How can government harness the large outreach of the cooperative sector across income groups and gender into concrete support actions for propelling the cooperative sector as housing providers capable of helping the government to achieve its housing targets? Why have cooperative societies in Lagos State, not harnessed their numerical strength as a lobbying force to address the housing needs of their members? In which of the steps of the housing development value chain can cooperatives play a meaningful role? It is hoped that the present study will provoke more empirical, policy-driven researches into these issues in order to provide an impetus for a more significant role for cooperatives in solving Nigeria's urban housing problem.



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