

Effective Affordable Housing Finance in Developing Economies: An Integration of Demand and Supply Solutions

Authors : Timothy Akinwande, Eddie Hui, Karien Dekker

Abstract : Housing the urban poor remains a persistent challenge, despite evident research attention over many years. It is, therefore, pertinent to investigate affordable housing provision challenges with novel approaches. For innovative solutions to affordable housing constraints, it is apposite to thoroughly examine housing solutions vis a vis the key elements of the housing supply value chain (HSVC), which are housing finance, housing construction and land acquisition. A pragmatic analysis will examine affordable housing solutions from demand and supply perspectives to arrive at consolidated solutions from bilateral viewpoints. This study thoroughly examined informal housing finance strategies of the urban poor and diligently investigated expert opinion on affordable housing finance solutions. The research questions were: (1) What mutual grounds exist between informal housing finance solutions of the urban poor and housing expert solutions to affordable housing finance constraints in developing economies? (2) What are effective approaches to affordable housing finance in developing economies from an integrated demand - supply perspective? Semi-structured interviews were conducted in the 5 largest slums of Lagos, Nigeria, with 40 informal settlers for demand-oriented solutions, while focus group discussion and in-depth interviews were conducted with 12 housing experts in Nigeria for supply-oriented solutions. Following a rigorous thematic, content and descriptive analyses of data using NVivo and Excel, findings ascertained mutual solutions from both demand and supply standpoints that can be consolidated into more effective affordable housing finance solutions in Nigeria. Deliberate finance models that recognise and include the finance realities of the urban poor was found to be the most significant supply-side housing finance solution, representing 25.4% of total expert responses. Findings also show that 100% of sampled urban poor engage in vocations where they earn little irregular income or zero income, limiting their housing finance capacities and creditworthiness. Survey revealed that the urban poor are involved in community savings and employ microfinance institutions within the informal settlements to tackle their housing finance predicaments. These are informal finance models of the urban poor, revealing common grounds between demand and supply solutions for affordable housing financing. Effective, affordable housing approach will be to modify, institutionalise and incorporate the informal finance strategies of the urban poor into deliberate government policies. This consolidation of solutions from demand and supply perspectives can eliminate the persistent misalliance between affordable housing demand and affordable housing supply. This study provides insights into mutual housing solutions from demand and supply perspectives, and findings are informative for effective, affordable housing provision approaches in developing countries. This study is novel in consolidating affordable housing solutions from demand and supply viewpoints, especially in relation to housing finance as a key component of HSVC. The framework for effective, affordable housing finance in developing economies from a consolidated viewpoint generated in this study is significant for the achievement of sustainable development goals, especially goal 11 for sustainable, resilient and inclusive cities. Findings are vital for future housing studies.

Keywords : affordable housing, affordable housing finance, developing economies, effective affordable housing, housing policy, urban poor, sustainable development goal, sustainable affordable housing

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