Full Length Research Paper

How Much do Estate Residents Pay for Rents in Relation to their Income in Greater Port Harcourt City; Nigeria

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Rental housing is a vital component in accommodating large numbers of families in less−developed countries and particularly in the major cities. In many major cities of Africa and Asia, more than half of the population are tenants. It is a well-known fact to those familiar with Port Harcourt that there is an acute shortage of housing for all strata of the society in the city. There is gentrification of the private rental market. Private landlords renovate and convert single rooms to self-contained apartments and flats and push out the original occupants who can no longer afford the cost of this type of accommodation. The research was assumed as a cross-sectional survey of all individuals who reside in private estates that had 4 building units and more constructed between 1978 and 2014 in Greater Port Harcourt City (GPHC) these were the target group. The research design used was the "passive-observational" method. The total number of private estate residents interviewed was 400 (ascertained field research). The head of each household was the respondent to each questionnaire as he/she was considered the most knowledgeable about household conditions. Therefore the analysis of responses was based on this number. The study relied on two sources of information - primary and secondary. Primary sources comprised (a) a largely pre-coded questionnaire, administered face-to-face by trained interviewers, (b) Individual Depth Interviews (IDIs) of key informants, (c) direct observation, (d) measurement, and (e) photography. Secondary sources included: (a) unpublished and published material in past theses, books, journals, maps, etc; and (b) the Internet. Data analysis utilised mainly univariate and multivariate statistical analytical techniques. Analysis was carried out with the aid of the microcomputer − adapted Statistical Package for the Social Sciences (SPSS), version 16. Some of the findings from the research are; On a 6 - point Likert scale, asking private estate residents what they feel about the rents they pay; the modal rating showed four categories of house types "Too High" and two categories said "About Right. The primary modal reason for residents moving accommodation was "high cost of rent" (21.5%), followed by job related reasons which was 15.25%. The recommendations are; Government needs to regulate rents charged by the private estate developers through the ministry of housing that will set the rates for various house types and locations. Private Landlords will need to operate a functional association in Rivers State as obtained in other developed countries. Private Landlords need to develop their property using locally sourced materials so that the overall cost of building is not too high.

Keywords: Rents, Income Level, Affordability, Housing, Estate Residents

INTRODUCTION

Rental housing is a vital component in accommodating large numbers of families in less−developed countries and particularly in the major cities. In many major cities of Africa and Asia, more than half of the population are tenants. In Nigeria, rent controls were introduced in 1941 and further legislation on the rules governing eviction were enacted in 1948 (Ozo, 1993). In 1954, rent−control legislation was adopted by state governments throughout the country; a result of the rapid inflation caused by civil war. However, although the controls remain on the statute book, they have been virtually moribund since the early 1980s

Falemu (2006) categorically affirmed that about 70% of the Nigerian population are very poor and are either homeless or live in shanties and batchers. Some 40% spends about 35% of their income on rent, which is about 16% higher than the recommendations of United Nation of 20% (Ogunsemi and Abiola Falemu, 2006) and Onibokun (1986) says rent in major cities of Nigeria is also about 60% of an average workers disposable income. Also this almost triples the requirement of United Nation which ranges between 20 -30%. Families who pay more than 30 percent of their income on housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care (HUD, 2005).

It is a well-known fact to those familiar with Port Harcourt that there is an acute shortage of housing for all strata of the society in the city. There are several factors both from the supply and demand side. From the supply side, there is depletion of the type of houses that existed in the 1960s and 1980s that catered for the needs of the lower, middle income groups. Rather, there is gentrification of the private rental market. Private landlords renovate and convert single rooms to self-contained apartments and flats and push out the original occupants who can no longer afford the cost of this type of accommodation. Some of the private owners eventually buy land at the city suburbs and build. They eventually become landlords themselves, some build twin bungalows, occupy one and rent the other. Still there are those who build a duplex and rent out the service quarters (Ayotamuno et al, 2015).

From anecdotal evidence, the types of housing being provided by the private sector for rental purposes such as duplexes, blocks of flats, single family houses and self-contained apartments are no longer affordable for the poor in Greater Port Harcourt. As a growing metropolis, Greater Port Harcourt has experienced rapid changes in the types of houses built by developers. The dynamics within the private rental sector and the implications for access to affordable housing need to be investigated. Also, factors that determine housing provision and the interplay between them need to be understood. Furthermore housing provided by government and by the private sector is hardly ever matched to different stages in the family life cycle, so that rental housing often engenders much dissatisfaction on these grounds (Ayotamuno et al, 2015).

In the 2006 National Population Census statistics showing the distribution of the households by type, a total of 126,010 households were recorded in Port Harcourt. The data show that houses on a separate stand or yard were 49,115, traditional/hut structure made of traditional materials were 371; flats in blocks of flats 27,676, semi-detached houses, 8,074; rooming houses, 36,584; informal/improvised dwelling, 2,078 and others 2,112. Of the total of 126,010 households, owner-occupied housing accounted for 25,882 owned but not yet paid --1,107, rented -- 90,412; occupied, rent free – 7,229; squatting 957 and others -- 423. The 2006 Census data shows that most of the houses are privately owned. Many families are inadequately housed because of low incomes or other circumstances which prevent them from competing successfully in the private housing market. The Port- Harcourt metropolis has low, medium and high density neighborhoods and these neighbourhoods determines the rent to be paid. Therefore location plays a vital role in determining how much a house/rent is paid for.

In Rivers State and in Port Harcourt in particular, this housing challenge also compelled some organizations like Afribank and Diamond Bank to undertake various housing schemes within Port Harcourt. Diamond Bank in 2010 undertook the construction of the Diamond Villa Estate which is currently on sale at Abuloma, Port Harcourt. Various categories of houses are on offer ranging from 4-bedroom semi-detached house with one room boys quarters and three-bedroom luxury flats with one room boys quarters and balconies. These properties are furnished in top class finishes, fixture, fittings and each accommodation affords expensive living and accommodation choice, with outright buying prices ranging from ₦50 million, ₦40 million and ₦35 million, respectively. Also, in Port Harcourt, the Afribank Estate Company Limited in 2010 launched its Iriebe Garden City Estate, which is a 112-home master planned residential community, developed and managed by Afribank Estate Limited. It comprises a mixture of four- and five-room detached houses. The Iriebe Garden City project is a Public Private Partnership (PPP) initiative of Rivers State Government Ministry of Housing and the Afribank Estate Company Limited, with various facilities and services available.

National Policy Relating to Private Sector Housing Development

The principal objective of the 2012 Revised National Housing Policy regarding private sector housing development is to promote the delivery of housing with secure tenure and facilitate access to funding of social housing from a variety of sources, including social housing financiers, donors, philanthropists, governments and other interested parties.

Strategies of the National Housing Policy of 2012

Some of the strategies in this policy are as stated below:
(a) Encourage the private sector involvement through public private partnership (PPP);
(b) Encourage public - public partnership (Pb-Pb-P); and
(c) The use of planning approvals to mandate the private housing developers and government to set aside a stipulated percentage of their developments for social housing.
Government defined various groups based on income of the Nigerian National Minimum Wage which is ₦18, 000. In reality the following three are still not provided for; the policy is only documented on paper.

No-Income, Low-Income and Lower-Medium Income Groups

(a) The No- income group includes as all persons whose income does not exceed the national average of 25% of the national minimum wage (National Housing Policy, 2012).
(b) The Low-income group includes as all persons whose annual income exceeds the "No-income" level, but does not exceed the national minimum wage (National Housing Policy, 2012).
(c) The Lower-medium income group includes as all persons whose annual income exceeds the National Minimum Wage, but does not exceed four times the National Minimum wage (National Housing Policy, 2012).
Housing affordability refers to the capacity of households to meet housing costs while maintaining the ability to meet other basic costs of living (AHURI, 2004). According to Malpezzi et al (1985), housing affordability describes the extent to which households are able to pay for housing. In summary, affordable housing is usually defined by income of the populations served. Despite these problems, the 30 percent threshold is currently the most widely used and widely accepted indicator of housing affordability (Andrews, 1998).

Aim and Objectives

Aim

To examine how many rents private estate residents in Greater Port Harcourt City pay for various house types and quality of housing provided. To understand the relationship between rents and income level.

Objectives of the research

1) To examine how private estate residents feel about the rents they are paying in the Greater Port Harcourt City
2) To examine the rents private estate residents pay and the relationship to their income level
3) To examine the factors that influence rents in Greater Port Harcourt City

Study Area

Port Harcourt is the capital of Rivers State, one of the largest cities in southern Nigeria. Nigeria with geographical coordinates 40 470 21"N and 60 590 55" E and an altitude of 463m. Port Harcourt City Local Government Area is located within latitudes 40 450 – 40 500 N and longitudes 60 750 – 70 05"E. It lies in the tropical wet climate zone, which is characterized by abundant rainfall with little dry season, The monsoon season occurs between April and October, bringing heavy rainfall ranging from 2000 – 2500mm with temperatures up to 25oC and a relatively constant humidity, The climate of this area experiences rainfall all year round. Although there are two main seasons; dry season lasting from December to March and rainy season from April to November (Gobo, 2001).

Port Harcourt is considered as one of the fastest growing cities in Nigeria with a lot of commercial and industrial activities situated here. The city has access to potential energy from oil and gas as a result, the headquarters of all multinational oil prospecting companies, including Shell, Agip, Total Fina Elf, Exxo Mobil are all located in Port Harcourt. Some of the companies have estates they but for their staff but they are not adequate to house every one of them. Most of the estates are given to the very senior staff and not all eventually housed. Due to the robust nature of the city, the influx of people into the city the population has increased this is evidenced in the census values of 2006 (National Population Commission 2006). Just as the population is increasing and changing so is the quality and quantity of the housing demand changing. The city of Port Harcourt is changing into a world class city and
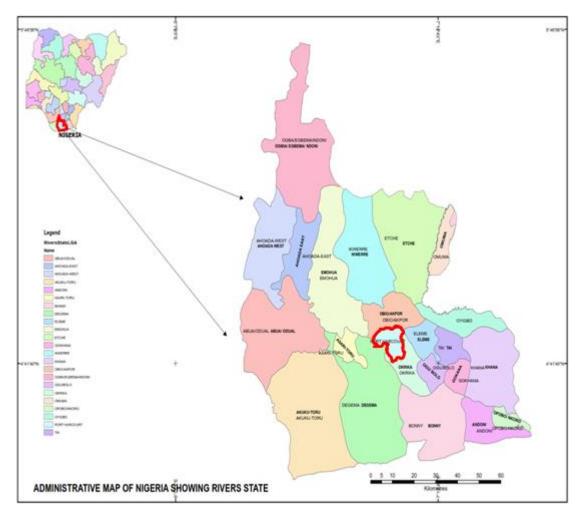
Figure 1: Administrative Map of Nigeria Showing Rivers State

this is evidenced in the infrastructure springing up and the housing sector is not excluded (Figure 1).

METHODOLOGY

The research was assumed as a cross-sectional survey of all individuals who reside in private estates that had 4 building units and more constructed between 1978 and 2014 in Greater Port Harcourt City (GPHC) were the target group. The research design used was the "passive-observational" method. The total number of private estate residents interviewed was 400 (ascertained field research). Therefore it was straightforward to determine the actual households to be questioned, since there was an ordered list, every household/dwelling unit was attached to a particular building in a particular estate. The head of each household was the respondent to each questionnaire as he/she was considered the most knowledgeable about household conditions. Therefore the analysis of responses was based on this number. The study relied on two sources of information - primary and secondary.

Primary sources comprised (a) a largely pre-coded questionnaire, administered face-to-face by trained interviewers, (b) Individual Depth Interviews (IDIs) of key informants, (c) direct observation, (d) measurement, and (e) photography. Secondary sources included: (a) unpublished and published material in past theses, books, journals, maps, etc; and (b) the Internet. Data analysis utilised mainly univariate and multivariate statistical analytical techniques. Analysis was carried out with the aid of the microcomputer – adapted Statistical Package for the Social Sciences (SPSS), version 16.

FINDINGS AND DISCUSSION

Estate residents were asked to state their level of satisfaction/dissatisfaction with their house types using a 5-point Likert scale ranging from "Very Satisfied to "Very Dissatisfied".

Table 1 shows modal responses for the various house types, as follows:

Note: DK/UC = Don't Know/Uncertain

- Rooming house (courtyard) – "Satisfied", 6 (100%)
- Rooming house (wagon type) -- "Satisfied", 8 (61.5%)
- Block of flats (Single-family) -- "Satisfied", 86 (78.9%)
- Block of flats (multi-family) -- "Satisfied", 74 (74%)
- Semi-detached -- "Satisfied", 21 (80.8%)
- Storied building (single- family) -- "Satisfied", 43 (81.1%).

Table 1: Residents' Satisfaction with Various Aspects of Housing Supplied by Private Estate Developers

Dwelling Unit Aspects	Percentage (%)					
	Very Satisfied	Satisfied	Don't Know/ Uncertain	Dissatisfied	Very Dissatisfied	Total
Type of dwelling unit	17.42	71.35	10.67	0.56	0.00	100
Number of rooms in the dwelling unit	13.48	77.63	7.55	1.08	0.27	100
Size of rooms	14.52	75.34	8.22	1.64	0.27	100
Distance of the nearest dwelling to your dwelling	12.98	66.85	14.64	3.04	2.49	100
Private outside space attached to your dwelling	12.50	65.24	13.72	7.62	0.91	100
Electricity supply	14.05	32.51	29.75	18.46	5.23	100
Water supply	22.38	55.80	12.15	6.63	3.04	100
Security	14.04	67.98	14.89	2.25	0.84	100
Overall quality of construction	18.91	64.47	15.47	1.15	0.00	100
Overall dwelling unit	12.92	77.53	8.71	0.84	0.00	100

Source: Author's Field Survey, November 2014

Table 2: Residents' Satisfaction with House Type

House Type	Percentage (%) Satisfaction With Overall Dwelling Unit				
	Very Satisfied	Satisfied	DK/UC	Dissatisfied	Total
Rooming house (courtyard)	0.00	100.00	0.00	0.00	100
Rooming house (wagon type)	15.38	61.54	23.08	0.00	100
Block of flats (Single-family)	16.51	78.90	4.59	0.00	100
Block of flats (multi-family)	7.00	74.00	17.00	2.00	100
Semi-detached	19.23	80.77	0.00	0.00	100
Storied building (single-family)	5.66	81.13	11.32	1.89	100

Source: Author's Field Survey, November 2014

These results show that there were high levels of satisfaction amongst occupants of the house types surveyed, ranging from 61.5% (Rooming house (wagon type)) to 100% (Rooming house (courtyard)). Similarly, residents were questioned about satisfaction/dissatisfaction with their dwelling units

(spaces occupied by households). Results are shown in Table 3. The modal response was "satisfied" (63.5%).
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Table 3:. Satisfaction with Dwelling Unit

Response	N	%
Very satisfied	62	15.5
Satisfied	254	63.5
Do not know/Uncertain	38	9.5
Dissatisfied	2	0.5
Non Response	44	11
Total	400	100

Source: Author's Field Survey, November 2014

Tenure Status

Table 4 shows the modal rating of the rents on the scale given above, been paid by the estate residents: "Too High" (1) appears in four categories of house types and "About Right". (2) Appears in two categories

Table 4: Adequacy of Rent

Categories	Average Annual Rent Paid	Modal Rating of Rent
Rooming house (courtyard)	₦72,000	89 (1)
Rooming house (wagon type)	₦72,000	89 (1)
Single-family (Bungalow)	₦300,000	72(2)
Block of flats (multi-family)	₦400,000	72(2)
Semi-detached Building	₦800,000 [+]	89 (1)
Storied building (Single family)	₦250,000	89 (1)

Note: Rating Scale was (1) Too high, (2), About Right and (3) Too Low

Figure 2 shows tenure status of respondents as follows: renting 346(87.15%), Owner-occupier 49(12.3%) and Others 2(0.5%)
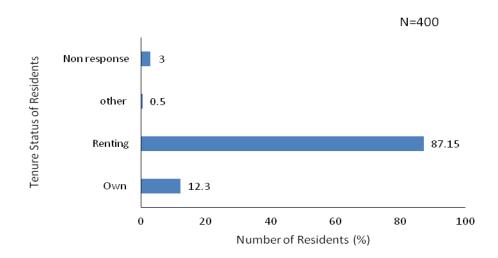

Figure 2: Tenure Status of Residents
Source: Author's Field Survey, November 2014

Residential Mobility

Table 5 shows the primary reasons for residents moving accommodation. The modal reason was "high cost of rent" (21.5%), followed by job related reasons which was 15.25%.   All over the world, it is believed that building or buying your house out rightly is more economical rather than paying rent. Likewise in Nigeria and Port Harcourt, every family's goal is not to continue as renters by moving from one house to the other but to eventually buy or build their own.

Table 5: Primary Reasons for Moving Accommodation

Reasons	N	%
Job Related	61	15.25
Security Issues	15	3.75
Change of Environment	26	6.5
Family Related	6	1.5
High Cost of Rent	86	21.5
Moved to Own Residence	14	3.5
Bad Road	32	8
No Water Supply	15	3.75
Bad Compound	2	0.5
Poor Facility in Building	4	1
Better Accommodation	9	2.25
Bad Landlord	3	0.75
Estate was Sold	4	1
Poor electricity	18	4.5
Non response	105	26.25
Total	**400**	**100**

Source: Author's Field Survey, November 2014

Income Categories of Estate Residents

Table 6   shows that the modal household income category among estate residents was ₦58, 000 – 67, 999 (13.75%).

Table 6: Monthly Income Categories of Estate Residents

Income Categories	N	%
Less than N8,000	8	2
8,000 - 17,999	5	1.25
18,000 - 27,999	2	0.5
28,000 - 37,999	2	0.5
38,000 - 47,999	8	2
48,000 - 57,999	7	1.75
58,000 - 67,999	55	13.75
68,000 - 77,999	3	0.75
78,000 - 87,999	3	0.75
88,000 - 97,999	2	0.5
98,000 - 107,999	4	1
108,000 - 117,999	2	0.5
118,000 - 127,999	9	2.25
128,000 and more	47	11.75
Non response	243	60.75
TOTAL	**400**	**100**

Source: Authors Field Survey, November 2014

Table 7: Income Levels of Estate Residents

Income Category	Frequency (N)	Percentage (%)	True Limits		f_i	f_im_i
0 - 8,000	8	2	-0.5	8,000.5	4000	32000
8,000 - 17,999	5	1.3	7,999.5	17,999.5	12999.5	64997.5
18,000 - 27,999	2	0.5	17,999.5	27,999.5	22999.5	45999
28,000 - 37,999	2	0.5	27,999.5	37,999.5	32999.5	65999
38,000 - 47,999	8	2	37,999.5	47,999.5	42999.5	343996
48,000 - 57,999	7	1.8	47,999.5	57,999.5	52999.5	370996.5
58,000 - 67,999	55	13.8	57,999.5	67,999.5	62999.5	3464973
68,000 - 77,999	3	0.8	67,999.5	77,999.5	72999.5	218998.5
78,000 - 87,999	3	0.8	77,999.5	87,999.5	82999.5	248998.5
88,000 - 97,999	2	0.5	87,999.5	97,999.5	92999.5	185999
98,000 - 107,999	4	1	97,999.5	107,999.5	103000	411998
108,000 - 117,999	2	0.5	107,999.5	117,999.5	113000	225999
118,000 - 127,999	9	2.3	117,999.5	127,999.5	123000	1106996
128,000 - 1,000,000	47	11.8	127,999.5	1,000,000.5	564000	26508000
	157	39.6			1,383,994	33,295,949

Source: Author's Field Survey, November 2014

The Non response was 243(60.75%) because many people usually do not like to disclose how much they earn for fear of being investigated. Furthermore, some may have additional sources of income which may not be legitimate and may implicate them.

Other computed income (₦) statistics were:
- Mean – ₦212,967
- Median – ₦ 63,00
- Mode – ₦ 63,000
- Standard deviation – ₦ 232,575

CONCLUSIONS

From Table 4 the annual rent for rooming accommodation is N72, 000 and using the National minimum wage which is N18,000. It means the private estate resident will pay N6,000 a month which is one third of his income which is over 30% . Also from the field work the modal income in Table 6 is N63,000, therefore an average family living in a Storied building (Single family) that pays N250,000 annually will be paying N20,833 which represents 33% of their income. This value represents the least payments of rents for this category of accommodation. It can be concluded that the residents in private estates in Greater Port Harcourt City are paying too high on rents. This is above the 30 percent threshold which is currently the most widely used and widely accepted indicator of housing affordability (Andrews, 1998).

RECOMMENDATIONS

(1) Government needs to regulate rents charged by the private estate developers through the ministry of housing that will set the rates for various house types and locations.
(2) Private Landlords will need to operate a functional association in Rivers State as obtained in other developed countries. This will enable them to have a voice and demand and get benefits from the government.
(3) Private Landlords need to develop their property using locally sources materials so that the overall cost of building is not too high.

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