

# 10

## **Examination of Factors Determining Choice of Housing Tenure in Old Bodija, Ibadan, Oyo State, Nigeria**

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## Abstract

*Housing tenure is the financial arrangement under which the household occupies all or part of a housing unit. Housing affordability from time immemorial has been a major concern in developed and developing world which is hinged on man's welfare and productivity. This study investigates the factors that determine the choice of housing tenure in Old Bodija Ibadan, Oyo state, Nigeria. Questionnaire was developed based on variables such as types of residential properties, housing tenure and factors determining types of housing tenure. Questionnaire was administered to 178 respondents within 11 streets consisting of residential properties in the studied area. 150 questionnaire were retrieved representing 84%. Descriptive and Analysis of Variance (ANOVA) techniques were applied to define the preference factors that determine the choice of housing tenure in the studied area. The result through ANOVA technique revealed that the educational background of the occupiers, capacity of rent demanded, security of the environment and the nature of the location are the preference factors that determine the choice of housing tenure in the studied area. Personal observation and interview made with the respondents confirmed that the land price, housing satisfaction and housing preference are the most significant factors. The study recommends that housing need should be met and enhanced by promoting security, government should focus on regularization schemes, provide incentives to families to invest in their homes and communities and also provide locations with infrastructures vis a vis health care services and schools in the study area.*

**Key words:** Examination, factors, choice, housing tenure, Oyo state

## Introduction

Housing tenure connotes the financial arrangement under which someone has the right to live in a house or apartment. The most frequent form is tenancy in which rent is paid to a landlord (leasehold), and owner occupation (freehold). Housing tenure has been a concern in a developed and developing world because of its roles in man's welfare and productivity. Housing is one of the best indicators of a person's standard of living and position in the society (Ademiluyi, 2010) explained it as an important and unique

asset for most people while house price and household income were seen as the most important determinants of homeownership affordability. Household desire to live in an urban center is increasing at an alarming rate. Opportunity for employment, urban amenities and utilities consumption had been attributed to an increasing household desires and taste to live in an urban center. Despite the benefits of housing, the benefit to the individual depends on the tenure modes it occupies. The housing literature identifies renting and owner occupation as the main tenure modes (Pattison, B. 2016).

Owner occupation is better than renting. Haurin et al. (2020) found that home owning led to about 13 - 23 percent higher quality of home environment, greater cognitive ability and fewer child behavior problems. Housing is a basic necessity of life. In every country housing is one of the key determinants of quality of life of the citizens. As a result, governments all over the world have been trying to provide housing for their populace .The superiority of home owning to renting made US authorities subsidized owner occupied housing investment (Adair et al. 2016). Home owning has its shortcoming, owning involves high mobility cost since owners are less likely to move. Nevertheless, the mutual proportion of homeownership and renting are also influenced by other factors such as inflation, taxes, rate of unemployment, interest rates or credit availability. Influence of these macroeconomic determinants was studied by Aven, T. (2016). As a result, their expenditures on housing and on other goods are proportionally allocated. Furthermore, the budget share of housing expenditures for renters is sensitive to changes in household composition in terms of age and gender, even if no such sensitiveness (the household size being constant) has been detected in the case of home owners. Therefore, it has consequently brought in problem of housing tenure or affordability to

low-income households. This may lead to structural unemployment resulting into lower potential growth (Raya and Garcia, 2017). The lower probability of mobility also affects owners in a situation where the quality of the neighborhoods deteriorates. Renter households may relocate to avoid the negative consequence of this deterioration. Opportunity for employment, urban amenities and utilities consumption had been attributed to an increasing household desires and taste to live in an urban centre. This has ensued to increase in housing demand in Ibadan urban centres with particular reference to Old Bodija. Housing tenure describes the legal status under which people have the right to occupy their accommodation.

### **Literature Review**

Housing is one of the best indicators of a person's standard of living and his or her position in the society (Ademiluyi, 2010; Nubi, 2008). Housing tenure has been a concern in a developed and developing world because of its roles in man's welfare and productivity. Housing is one of the best indicators of a person's standard of living and his or her position in the society (Ademiluyi, 2010; Nubi, 2008). Affordable housing has become a serious and considerable challenge especially for low incomes households which resulted from continue growth and expansion of the urban center. The determinants of

housing affordability include household income and house price (Cagliano, et al 2019). Housing affordability is the capacity of household or individual to meet housing costs while maintaining the ability to meet other basic costs of living without any problem. This explains the extent to which the household or individuals are able to pay for housing. CIH (1992) as quoted in Onu and Onu (2019) identifies variables which determine whether accommodation is affordable or not. These variables include rent levels, household income and eligibility of households for housing benefits where practiced. Tan, 2012; Miles, et al (2020) were found to be imperative factors that determine housing preference Markham, J. (2018). According to Tan (2019), households prefer and have the willingness to pay more for a house that is located in a good neighborhood with good environmental qualities and in neighborhoods with low crime rates and other security problems Miles, et al (2020).

Anticipation of the improvement of a particular neighborhood may be the determining factor why household decides to move to another neighborhood (Ellen et al., 2017). Ibem, et al (2015) opined that values played significant role in consumers' behavior towards their housing preferences. Location of the neighborhood itself drives household to another

neighborhood as a result of value being attached to such neighborhood. Types of residential properties are bungalow, duplex and terraced house

### **Housing Tenure**

Housing tenure refers to the financial arrangement under which someone has the right to live in a house or apartment. The most frequent forms are tenancy, in which rent is paid to a landlord, and owner-occupancy. Mixed forms of tenure are also possible (Wikipedia). The basic forms of tenure can be subdivided, for example an owner occupier may own a house outright, or it may be mortgaged. In the case of tenancy, the landlord may be a private individual, a non-profit organization such as a housing association, or a government body, as in public housing. Surveys used in social science research frequently include questions about housing tenure, because it is a useful proxy for income or wealth, and people are less reluctant to give information about it.

### **Factors Determining the Choice of Housing Tenure**

Aszek (2017), analysed the purchase of a real estate both as a consumer good and as an investment good which translates into individual decision of potential buyers. The apartment is taken sometimes erroneously, as a relatively safe and profitable way of

allocating savings, it enhances the desire to own property; also high transaction costs should be taken into consideration. Housing is also an asset with inflation hedging factor and may be used as collateral. The above factors encourage home ownership in Poland. However, demand shocks, caused by relaxed loan granting criteria, inflate home prices. The crucial role of housing is to generate a stream of housing services. In the short term, utility is provided by housing services, but in the long term, the utility of housing as an asset starts to unfold. Housing ownership is generally the largest part of the household's wealth. Before undertaking a thorough analysis of decisions taken in the housing market, attention should be paid to household preferences which depend, among other things, on age and income. The age of tenants affect the rent they have to pay to the landlord. For example, young and mobile people are perceived as relatively risky tenants (e.g. less stable working conditions), and therefore pay higher rents than middle-aged persons. Older people prefer owning a property, considering it an asset for the future which they may let to obtain additional income. Moreover, the apartment may be later bequeathed to family members. According to the literature, the optimal housing decision depends also on the cost of housing. As we show in another article (Augustyniak et al., 2012) housing demand is also affected by

multiplier effects. Banks et al. (2019) presented a study conducted for the United States and England, concerning housing consumption and the tendency of the elderly to change their apartment for a smaller dwelling. Ernst and Young (2016), found that owner-occupied housing provides protection against rising rents. It should be noted that analytical results of the above studies depend on the assumed functional form of the utility function. We present an analysis of housing indicators which will be the basis for our study. In the further part, we focus only on households that make housing tenure decisions at present, not on the entire housing stock.

### **House and Qualities of a Home**

A house is an evolutionary product of man's civilization and a perfect reflection of the social system that creates it. Succinctly put, it is an externally expressed three-dimensional geometric structure, physically projected on the geographic space, internally organized and subdivided into differentiated but highly inter-related and communicating functional space. A house as explained can also be seen as a dwelling place for human habitation whether a crude hut or an elaborate mansion, and whatsoever its degree of intrinsic architectural interest, a house as a matter of fact, provides shelter and acts as a focal point for day-to-day living (Andersen, 2019). The physical characteristics of a house depend on the

climate and terrain available, building materials, technological skills and such cultural determinants as social status and economic resources of the owners or owner. Housing on the other hand, as explained earlier, is a decisive integral of spatial formation, balanced development and ecological unit. It is one of the most important needs in man's life. In fact, housing which used to be regarded as mere shelter is now much more than that, thus in today's parlance, housing is the totality of the house and the environment in which it is situated and those infrastructural facilities which make living in them convenient and safe (Ajanlekoko 2020).

### **Housing Adequacy and its Qualities**

Housing, as earlier stated in the definitions means the provision of buildings for specific purposes including human habitation; it goes beyond the provision of shelter for protection against weather conditions as earlier said but must qualify to be considered "good" and adequate. Caution must be applied not to fall in line with the school of thought whose concept of quality has only been considered for the high-income housing in terms of location within the city, dwelling size, building material, etc. but not in terms of dwelling layout, satisfaction and quality use of space. Hence adequate housing must meet the following housing

requirements: adequate housing must be in conformity with the need of the users as this will reduce every tendency of transformation, adequate housing must be provided bearing in mind the lifestyle and social cultural attributes of the target groups, good quality materials must be used to ensure that the building is solid and compatible to soil type and climate of the area otherwise decay sets in almost immediately, provisions of sewage system, drainage and disposal of refuse to make it a neat and healthy environment, the spaces provided in the building must be spacious enough to make it comfortable for dwellers, drainage systems get blocked over the years. It is better to drain rainwater away from the house in above-ground downspout extenders made of metal or flexible hose.

### **Adaptability in Housing**

Housing adaptability is the provisional tendency of providing residents or potential occupant with form and means that facilitate a fit between their space and needs to constraints of their home either before or after occupancy. However it can be anticipated that homes will continue to reflect the taste, habits and lifestyle of the people who inhabit them and that they will be influenced by new technologies as well (Lowe, S. 2018). All this put together will determine how people occupy, utilize, and modify or transform their dwellings.

Everyone has the right to a degree of security of tenure that guarantees him/her legal protection against forced eviction, harassment and other threats. The Committee said that this applies to every type of housing, whether it is a mansion or a shack in an informal settlement.

The right to adequate housing means not only that everyone has the right to access building materials, but also that everyone has the right to essential services; for example, water, sanitation, energy, garbage disposal, site drainage and emergency services. Adequate housing does not have to be provided free of charge, but the personal or household financial costs involved in getting housing should not mean that people cannot satisfy their other basic needs. Adequate housing provides residents with adequate space and protects them from cold, damp, heat, rain, wind and other threats to health, including structural hazards and disease vectors.

### **Housing Policy**

It has become common all over the world that governments, in order to become popular and acceptable amongst its citizenry usually place as top priority housing development in their national development plan (NDP) (Ajanlekoko 2020). He further affirmed that the center piece of all human's endeavours particularly in developing countries, is the

passionate ambition to own a house of his own and ultimately bequeath a lasting legacy to his family when the inevitable time comes. House is generally considered to be the ultimate reward or outcome of a successful life accomplishment. In Nigeria and most developing nations, housing strategy heavily depends on the government because government's direct intervention in housing strategies are desirable in the provision of affordable housing for the low-income household since they command more resources and authority in its executive capacity (Ajanlekoko, 2020). Land policy in Nigeria is intricately tied to urban planning and development. Land policy has had a significant impact on housing production; the ability of urban areas to expand into rural areas; and the ability to use land more effectively. All previous land policies up until the enactment of the Land Use Act of 1978 and the subsequent Land Use Law of 1980 was restricted to specific areas, mainly North and South. In traditional society, land was not owned by any individual but was vested in the group, which is the extended family, the village or the community. Land assignment was on a freehold basis by the Community Chief. During the colonial period, individual ownership was introduced, particularly in Lagos, and hence, two different forms of land ownership emerged: individual and communal land tenure.

### 3. Research Method

Questionnaire surveys were conducted on the residents of Old Bodija Estate, Ibadan. Old Bodija estate has fifty eight (58) streets and the residential properties in the study area viewed in eleven (11) streets namely; Ondo Street, Ekiti street, Ede street, Ilaro street, Oranyan street, Alabiamo street, Arigidi Street, Obasanmi Street, Oluyoro Street, Osuntokun Street and Tunde Lakanmi Street. The information that is peculiar to the study is extracted from selected

individual of owner occupiers and tenants and this was effected through physical consultation. The questionnaire was design majorly to focus on the examination of factors determining choice of housing tenure in old Bodija, Ibadan. A total of 178 questionnaire were served out of which 150 (84%) were retrieved, properly filled and analyzed. The study deployed descriptive statistics such as simple frequency distribution (SFD) and weighted mean score (WMS) and ANOVA. However, the results of the analyses were presented in simple table format.

### Results and Discussion

*Table 1. Types of Residential Properties in Old Bodija, Ibadan*

6

Types of Residential Properties	No.	Agree	Disagree	Range	Sum	Standard Deviation	Mean
Terraced duplex	150	36	114	2	584.00	.36783	3.8933
Detached duplex	150	24	126	2	568.00	.36783	3.7867
Story Building	150	56	94	2	565.00	.36783	3.7667
Blocks of Flat	150	97	53	2	556.00	.40134	3.7067
Terraced Bungalow	150	116	34	1	555.00	.50168	3.7000
Semi-Detached duplex	150	30	120	2	548.00	.46804	3.6533
Semi-Detached bungalow	150	102	48	1	276.00	.42008	1.8400
Detached bungalow	150	75	75	1	225.00	.42008	1.5000

SourceE: Author's Field Survey, 2020

From Table 1, descriptive was used to analyze the data and from the analysis above it can be deduced that the range of the respondents that disagree to the type of residential property they lived in are at the highest numbers

compared to those that agree to the opinion of the place they live. And based on the data from the Residential Properties in Old Bodija Estate, the respondents that agreed to Terraced Duplex are 36 and those that disagree



are 114, the respondents that agreed to Detached Duplex are 24 and those that disagree are 126; the respondents that agreed to Story Building are 56 and those that disagree are 94; the respondents that agreed to Blocks of Flat are 97 and the those that disagree are 53; the respondents that agreed to Terraced Bungalow are 116 and those that disagree are 34; the respondents that agreed to Semi-Detached duplex are 30 and those that disagree are 120; the respondents that agreed to Semi-Detached bungalow are 102 and those that disagree are 48 and the respondents that agreed to Detached bungalow are 75 and those that disagree are 75. Also, from the data received it was deduced that Terraced duplex has a mean score of 3.8933, Detached duplex has a mean

score of 3.7867, Story Building has a mea score of 3.7667, Blocks of Flat has a mean score of 3.7067, followed by Terraced Bungalow having a mean score of 3.7000, Semi-Detached duplex have a mean score of 3.6533 and Semi-Detached bungalow have a mean score of 1.8400.

From the analysis, it was revealed that adequate housing must be in conformity with the need of the users as this will reduce every tendency of transformation. However it has been deduced that homes will continue to reflect the taste, habits and lifestyle of the people who inhabit them and that they will be influenced by new technologies. Also, housing rights are all those human rights that help people to live in a decent and secure home.

**Table 2:** Housing Tenure in Old Bodija Ibadan

Housing Tenure	No.	% Agree	% Disagree	Sum	Mean	RII
Tenancy	150	126	24	584.00	3.8933	1
Squatting	150	116	34	568.00	3.7867	2
Land trust	150	24	126	548.00	3.6533	3
Cooperative	150	30	120	299.00	1.9933	4
Condominium	150	75	75	276.00	1.8400	5
Private housing	150	102	48	266.00	1.7733	6
Owner Occupancy	150	102	48	225.00	1.5000	7
Public housing	150	116	34	184.00	1.2267	8

Source: Author's Field Survey, 2020

From the illustration in Table 2, most of Housing Tenure in the Study Area are Tenancy, followed by Squatting, Land trust, Cooperative, Condominium, Private housing, Owner Occupancy and

Public housing being analyzed, ranked and the percentage of agreement and disagreement are been deduced based on how important each of the variables are to each other on the basis of Housing

Tenure in the Study Area. The instance of ranking was been done based on how important the variables are to each other and the RII was been done based on the 25% (4Ntile) of the Savage score and agreement bases. From the data analyzed, tenure choice

is mostly analyzed from the microeconomic perspective, since it examines individual decision-making of households depending on various factors. The attempt to prove the impact of selected characteristics of households on their decision depends on the need for the tenure.

**Table 3.** Preference Factors Determining Choice of Housing Tenure in Old Bodija, Ibadan

Variables Names	No.	SA	A	AD	SD	D	Mean	Ranking
Educational Background	150	49	49	39	13	0	3.8933	1
Capacity of rental payment yearly	150	37	51	57	3	2	3.7867	2
Rent Demanded	150	32	69	35	11	3	3.7733	3
Security of the environment	150	45	41	48	16	0	3.7667	4
Nature of Location	150	45	41	48	16	0	3.7667	5
Security	150	40	50	42	17	1	3.7400	6
Level of Income	150	35	55	44	13	3	3.7067	7
Small structure	150	35	55	44	13	3	3.7067	8
Level of infrastructural facilities in the Building	150	29	63	45	10	3	3.7000	9
Numbers of House hold	150	30	62	42	15	1	3.7000	10
Large structure	150	29	63	45	10	3	3.7000	11
Government Policy	150	32	50	53	14	1	3.6533	12
Nature of Job	150	18	24	24	84	0	1.8400	13
Location of the House	150		0	0	75	75	1.5000	14

**Source:** Author's Field Survey, 2020

From Table 4.9 above, it revealed the preference factors for the choice of housing tenure in the study area. From the analysis, it was deduced that the major factors for the choice of housing tenure is the type of educational

background of the occupier being ranked first followed by capacity of rental payment yearly been ranked second having a mean score of 3.7867, then come next rent remanded being ranked third having a mean score of

3.7733, Security of the environment **was** ranked fourth having a mean score of 3.7667, nature of location being ranked fifth having a mean score of 3.7400 and security being ranked sixth having the mean score of 3.7067.

From the analysis it was revealed that the crucial role of housing is to generate a stream of housing services. The Choice of housing tenure is probably most frequently examined in connection with household attributes. A wide-range of these characteristics can be categorized into two basic groups, namely socio economic and demographic characteristics. The values played significant role in consumers' behavior towards their housing preferences. Location of the neighborhoods itself drives household to another neighborhoods as a result of value being attached to such neighborhoods.

### **Conclusion and Recommendations**

Conclusively, housing is a basic necessity of life on planet earth and one of the key determinants of quality of life of the citizens in any nation. As a result, governments all over the world have been trying to provide housing for their populace. There is need for a more advanced and logical model to estimate the housing or location choice other than the existing one which offer inaccurate estimates in order to foster accuracy.

Households desire to live in an urban centre is increasing at an alarming

rate. Opportunity for employment, urban amenities and utilities consumption had been attributed to an increasing household desires and taste to live in an urban centre. This has ensued to increasing demand in Ibadan urban centres with particular reference to Old Bodija.

Housing Tenure describes the legal status under which people have the right to occupy their accommodation. The discrete choice modelling offers a rich source of technique but to ensure these models are tools rather than masters therefore it is important to understand what is actually involved in the use of such techniques. More space can be provided for tenure. Also availability of cheap dwelling units reduces the mobility factor. Current and expected housing dissatisfaction in household need to be considered for filling up the housing gap and checking the mobility. Housing satisfaction is perceived based on various types of studies and the index that has been developed. The household satisfaction has also been dependent on the household living quality and reflection of the housing industry's economic performance and production effectiveness.

Housing needs should desire quality and quantity of urban activities such as proper planning framework which comprises a complex bundle of considerations, including privacy, location, environmental amenities,

symbolic characteristics and investment. Adequate housing must be in a location that allows access to employment options, health-care services, schools, child care centres and other social facilities. Housing should not be built on polluted sites nor near pollution sources that threaten the right to health of the residents, government should focus on regularization schemes in order to provide incentives to families to invest in their homes and communities, promoting the security of tenure can also support better functioning of rental housing markets. However, the scope of the research did not cover the extent at which these factors affect the value of the properties in these locations. Further studies can be conducted to look into the extent to which the identified factors affect the value of the properties in the study area and also develop empirical models which take into account all the factors that determine the choice of housing tenure in Old Bodija, Ibadan.

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