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ANALYSING MORTGAGE FINANCING AS A TOOL FOR THE DEVELOPMENT OF RESIDENTIAL REAL ESTATE IN HIGH LEVEL, MAKURDI, BENUE STATE, NIGERIA.

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ABSTRACT
In order to provide information on how mortgage financing might support the development of residential property, this study examines mortgage financing as a tool for resident property development in High Level-Makurdi, Benue State, Nigeria. 200 questionnaires were distributed at random to homeowners in the study area, lending institution employees, and property developers. Textual mode and descriptive statistics were used to analyze the acquired data. The results showed that: Developing residential real estate involves a great deal of control that is difficult for one person to supply; The cost of building has increased; properties are no longer a hedge against inflation; Nigerian mortgage institutions are still in their infancy, as seen in Makurdi; and self-finance is no longer a viable way to finance the construction of new homes. It is advised that any funding-related concerns as outlined in its housing fund decree be appropriately addressed.

Keywords: Mortgage Financing, Residential Property Development, Makurdi, Housing Fund, Real Estate Financing.

INTRODUCTION
The foundation of building a home is mortgage financing. This suggests that the availability of financing for mortgages has a major role in the execution of home development (Bello, Nasarawa, Bello & Kayode, 2022; Ifesanya, 2012). Therefore, sustainable finance is essential to housing policy (NHP 2012). Since housing funding through this sector has been little, the financial sector's influence on Nigeria's building industry is minimal. This is supported by Tanimu (2006), who noted that since the country's housing finance system was established in 2007, just a meager seventy billion naira (N70b), or roughly US$58.3 million, had been added to the system. Just than 0.5 percent of the GDP is accounted for by this. The twin issues of accessibility brought on by the underdeveloped land tenure system and the financial systems' incapacity to offer low-cost financing that satisfies the needs of the low as well as medium income groups are linked to the housing finance system's and its institutions' subpar performance (Mailafia 2007). According to Asabere, McCord, McGreal, Martin, and Davis (2011), Africa's mortgage markets need to be developed. Even while financing markets are gradually developing in many African nations, significant obstacles still stand in the way of their development.
Lack of cost, lack of data for risk assessment, lack of long-term finance, and title insecurities were among the limitations mentioned in recent World Bank research centered in Kenya. In light of this, the current study investigates how mortgage finance affects the construction of homes in Nigeria. This work is organized into four sections, excluding the introduction. The literature review is the main topic of section two. The methodology and data are covered in Section 3, the findings are presented in Section 4, and the conclusion and recommendations are covered in Section 5.

OPERATIONAL DEFINITION OF TERMS
i. **Mortgage:** is a contract that uses a specific piece of property as collateral to pay off debt. For a mortgage to be valid, there must be a pledge to security as well as a

contract for repaying debt. Davis and Zhu (2004) define a mortgage as granting someone a claim on property as collateral for loan or debt repayment.

ii. **Financing:** The act of providing funds to carry out a project is known as financing. According to Davis and Zhu (2004), it is an arrangement to supply the money needed to carry out a project.

THE STUDY AREA

Makurdi town is situated in north central Nigeria, in the northeastern part of Benue state. Maikudi Abdullahi, a Fulani warlord from the North, established Makurdi town in Benue State, North Central Nigeria, as the capital of a vassal emirate under the Emir of Zaria in approximately 1805 (Tainimu, 2012). Throughout the 19th century, Makurdi demonstrated respect to Zaria, but it was frequently attacked for slaves. Zaria received additional slave payments as a result of its conflict with the neighboring town of Otukpo during the period of rule of Sidi Umaru (1877–1894) (Tainimu, 2012).

Northern Nigeria was placed under British dominion on January 1st, 1900 (Katsina Emirate Council, 2007 and Crowder, 1961:211), and Makurdi was defeated before the end of 1902. (Katsina Emirate Council, 2007). In the very same year that Captain Maloney, a British local, was killed, Benue River was called (Tanimu, 2012).

Following independence, calls for the establishment of additional states to expedite nation-building by putting the government closer to the populace resulted in a series of military administrations (Tanimu, 2007). On May 27, 1967, 12 states were established under the Gowon administration, and Makurdi was a part of the Benue-Plateau State at the time, with Jos as its capital. More states were established under the General Murtala Muhammed government, with Makurdi serving as the capital of Benue State.

LITERATURE REVIEW

The study looks at home development and mortgage financing in Nigeria. Nonetheless, a number of empirical works relevant to this investigation were examined; one of the most noteworthy of these was (Ahmed, 2007). This study looked at the rising cost of building homes in Nigeria and the availability of mortgage financing for low-income people. The study came to the conclusion that mortgage banks are ineffective at facilitating citizens' access to financing, particularly for those with low incomes. In light of this, he suggested that the government implement measures to enhance housing regulations that would make it easier for residents to obtain mortgage financing.

Through the use of descriptive analysis and questionnaire administration, Abdullahi and Aziyatu (2011) investigated the issue of financing real estate in Nigeria and found that the funding of real estate properties in Nigeria has been plagued by high interest rates and other loan application requirements. In order to eradicate or lessen the issues that afflict the mortgage financing of real estate development, they suggested that the government try to address economic issues like inflation and lower interest rates.

Popoola and Alamu (2016) looked at Nigeria's housing supply and demand. The NHF policy, the PMI structure, the land Use Act, and high rates of interest are some of the barriers to mortgage financing in Nigeria, according to survey analysis and secondary data. According to Mailafia (2007), the underdeveloped land tenure structure and inadequate accessibility may be the cause of Nigeria's mortgage financial system's subpar performance. There is a significant discrepancy between the actual number of persons who really applied for a loan and the total amount that was authorized, and the main mortgage banks are not numerous enough.

Bello, Nasarawa, Bello, and Kayode (2022) assessed the housing financing performance of Kaduna's commercial banks, emphasizing the difficulties low-income earners encounter in obtaining house loans. With 270 participants from the Kaduna State Ministry of Education, it employs a survey methodology. The study draws attention to elements like interest rates and lending availability. The results indicate that although interest rates were thought to be suitable, getting loans was a major obstacle. In order to achieve "housing for all," the report suggests boosting government financing for housing and providing building material subsidies.

Zhu (2006), "Mortgage institutions should be rendered more proactive and accessible to the people," the statement continued. Given the significance of mortgage financing, the government ought to implement measures to enhance current housing conditions and housing regulations.

Clement, Folorunso, and Olowoyo (2012) examined how the housing market affected the availability of housing finance in twelve different countries, including China, Malaysia, and Indonesia. They found that the presence of credit information systems, a stable and favorable macroeconomic environment, and an effective legal system all had a positive impact on the mortgage finance system.

Iyaiya, Lawal, and Osemene (2012) conducted a study on mortgage financing and microfinance in Nigeria. Multiple regression analysis was utilized in the study to investigate the effects of mortgage and microfinance financing in Nigeria using primary sources of data. The findings indicated that the respondents used the financial facilities offered by informal microfinance for housing needs. Based on the results, he suggested creating a regulatory organization to guarantee the building of acceptable homes, remove the risk associated with purchasing land, and guarantee tenure security.

Eni and Danson (2014) investigated the variables influencing the supply of private sector housing in Calabar, selecting the homes throughout the city's streets through a survey and a methodical selection technique. They discovered that the cost of building, population growth, inflation rate, per capita income, and land cost all affect the availability of homes in Calabar. Percentiles, the t-test, the Pearson product moment of correlation, and secondary sources of data were all used. The test's findings showed that Nigeria's lack of mortgage institutions leads to inadequate housing supply.

RESEARCH DESIGN AND METHODOLOGY

INTRODUCTION

Survey research examines both large and small populations to determine the relative incidence, distribution, and connection of psychological and sociological factors. This study used a survey to supplement other data sources, such as textbooks, journals, and other printed materials. For this study, survey research is more trustworthy since it allows samples to be chosen from the total population for data analysis, allowing the researcher to refer to the traits of the identified demographic. Therefore, a carefully crafted questionnaire was employed to ask pertinent questions of the participants. The study group comprises of; workers of principal lending institution in Makurdi town, owners of residential homes and property developers inside Makurdi town accordingly.

For ease of administering copies of the questionnaire, 200 people were chosen at random, including thirty (30) employees of Primary Mortgage Institution Makurdi and seventy (70) property developers. Additionally, one hundred (100) owners of residential property were carefully chosen.

This was achieved by the use of Taro Yemene(1967);

SS=N/1+N(e^2)

Where; SS = sample size

N = population

E = tolerable error.

The High Level neighborhood in Makurdi has been chosen as a case study for this investigation.According to Taniu (2006), the number of residents of high level Makurdi is expected to increase at a pace of 3.5%, reaching 65628 by 2024.

by calculating the sample size using the Taro Yemeni formula;SS = N/1+N(e^2)

SS = 65628/1+65628(0.1^2)

SS = 65628/65629(0.01)

SS = 65628/656

SS = 100

The responders were given questionnaires in person. The outlet was regularly inspected by the researcher, who also made sure that no duplicate surveys were distributed and that there was little chance of questionnaire loss. after distributing and administering the questionnaires to the participants. Tabular, statistical, and textual data presentation methods are employed in the analysis, interpretation, and display of data. Tables show the answers to each pertinent question on the questionnaires. Data is presented using straightforward tables and percentages.

DATA PRESENTATION AND ANALYSIS

Responses were analyzed in accordance with the goals of the study. A total of 200 surveys were properly filled out and sent back.

Table 1: Demographic characters

S/N	Variables	Response	No. Response	% of Response
1	Category	Property owner	75	75.00
		Property developer	30	100.00
		Mortgage institution staff	20	66.67
	Total		**125**	62.5
2	Age Bracket	18-25 years	20	16.00
		26-35 years	60	48.00
		36-45 years	25	20.00
		50 and above	20	16.00
	Total		**125**	**100**
3	Educational level	FSLC	10	08.00
		OND/ND	15	12.00
		HND/BSc	70	56.00
		MSc /PhD	30	24.00
	Total		**125**	**100.00**

Sources: Field Survey, 2024

The demographic details of the respondents are displayed in the table above. 75 respondents, or 75% of the sample, are property owners, 30 respondents, or 100% of the sample, are developers, and 20 respondents, or 66.7% of the sample, are employees of mortgage institutions.

Table 2: Comments on Mortgage Finance as a Useful Instrument for the Development of Residential Real Estate

Variables	Frequency	Percentage (%)
Strongly Agree	64	51.20
Agree	37	29.60
Disagree	15	12.00

Strongly Disagree	07	05.60
Total	125	100.00

Source: Field Survey 2024

The responses about the usefulness of mortgage financing as a tool for residential property development are displayed in the above table. Just 5.60% of respondents strongly disagreed, compared to 64 respondents who represented 51.20% strongly agree, 29.60% disagree, and 12% disagree. This demonstrated that mortgage financing is a useful instrument for the construction of residential real estate.

Table 3: Reactions to the Issue with Mortgage Finance

Factors	Responses	Percentage (%)
Low Interest Rate	20	16.0
Credit Risk	15	12.0
Macro-Economic Environment	06	04.8
Legal Framework	11	08.80
All of the above	72	57.60
Total	125	100.00

Source: Field Survey 2024

The answers to the Issue Facing Mortgage Finance are displayed in the above table. According to the majority of respondents (57.6%), all four (4) reasons were significantly responsible for the issues that mortgage finance was encountering in the research area. Low interest rates were suggested by 16.0%, credit risk by 12.0%, macroeconomic environment by 04.8%, and legal framework by 08.80%.

Table 4: Comments regarding the current mortgage transaction's performance in relation to the development of residential real estate.

Variables	Frequency	Percentage (%)
Excellent	30	24.00
Good	45	36.00
Fair	40	32.00
Poor.	10	08.00
Total	125	100.00

Source: Field Survey 2024

The responses about the performance of the present mortgage transaction on residential property development are displayed in the above table. Just 8% of respondents gave the performance a terrible rating, while 30 respondents, or 24% of the sample, strongly gave it an exceptional rating, 36% a good rating, and 32% a fair rating. The majority of those surveyed thought the performance was good. This suggested that the current mortgage transaction's performance in terms of residential property development is mediocre.

Table 5: Reactions to the Suggestion as a Way to Address the Issues with Nigerian Mortgage Finance

Variables	Frequency	Percentage (%)
Proliferation of Mortgage Institution	25	20.00
Availability of land and construction supplies	35	28.00
Simple Loan and Mortgage Financing Access	50	40.00
Efficient Financial Administration	15	12.00
Total	125	100.00

Source: Field Survey 2024

The responses to the suggested solution to the problems Nigerian mortgage finance is facing are displayed in the above table. 25 respondents, or 20% of the sample, recommended expanding mortgage institutions, 28% recommended providing land and building materials, 40% recommended making loans and mortgage financing easily accessible, and 12% recommended effective finance management.

CONCLUSION AND RECOMMENDATIONS

FINDINGS

1. Developing residential real estate necessitates a great deal of control, which is difficult for one person to offer. Numerous issues plague mortgage financing, such as exorbitant interest rates, a high number of defaults, stringent borrowing requirements, a shortage of personnel, the impact of structural adjustment programs, and more.
2. Due to rising development costs, properties are no longer a reliable inflation hedge. Fewer people are taking out home loans these days, and the default rate on loan payments is extremely high. Professionals in the building industry are quite concerned about the mortgage finance issue.
3. Nigeria's mortgage institutions are still in their infancy, as evidenced by Makurdi City.
4. Self-financing is no longer a viable option for funding the construction of new homes. As a result, institutional or external funding must be added to it. In terms of supporting private initiatives to help address the issues facing residential property developers, particularly for the most marginalized members of society, the government has taken little to no action. The expense of purchasing land and purchasing building materials for residential use is too high for those with modest incomes.

CONCLUSION

With particular reference to the Primary Mortgage Institution Makurdi branch, this paper has examined the operations of mortgage institutions in the study area and found that the proliferation of mortgage institutions in Makurdi will significantly improve efficient financing management for rapid residential property development. The availability of reasonably priced land and construction materials is another element supporting the development of residential real estate in Makurdi. People should have access to long-term funding from mortgage institutions, particularly the Makurdi branch of Primary Mortgage Institution, as this might provide them with the space they need to obtain a mortgage loan.

RECOMMENDATION

1. In the National Housing Fund Decree No. 3 of 1992. It is necessary to adequately address all funding-related issues as outlined in the housing fund directive. 1978's Land Use Decree No. 6. Regarding mortgage loans, the government should expedite the assessment of the land use decree and eliminate any barriers to the implementation of the national housing policy.
2. Lowering interest rates through monetary policy. The kind of inflation that is occurring in Nigeria is quite harmful. Interest rates on current and savings accounts should be lowered by the federal government via the Nigerian central bank in its yearly circular. All issues relating to funding as contained in the housing fund decree has to be addressed properly. Land use decree No. 6 of 1978. The government should hasten the review of the land use decree and remove all obstacles towards the realization of the national housing policy, in respect to mortgage loan.
3. Lowering interest rates through monetary policy. The kind of inflation that is occurring in Nigeria is quite harmful. Interest rates on current and savings accounts should be lowered by the federal government via the Nigerian central bank in its yearly circular.
4. Technical personnel: A successful training regimen should be created to help mortgage institution staff members stay up to date on worldwide policies regarding certain mortgage conditions.
5. 5. The conditions of mortgage banks are loosened. Banks ought to loosen up a little so that anyone who wants to get a loan can do so.

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