

# Unity Housing Estate, Bauchi Town, Nigeria

## Full Description

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### **Project Summary:**

#### **Background**

Nigeria faces a significant shortfall in housing stock, particularly in urban areas such as the town of Bauchi. To help address this problem, the then Governor of Bauchi, Mallam Isa Yuguda, initiated a PPP project for low-cost housing in 2009, due to the limited funds available through the state budget.

#### **Project Structure**

Bauchi state government partnered with a private company called Terraquest Development Company Limited to deliver 1,000 units of low-cost housing intended for civil servants in three phases. The first phase consisted of 288 housing units, the second phase consisted of 171 housing units, and the third phase consisted of 112 housing units.

The project was based on a design-build-finance (DBF) model. Terraquest would be responsible for designing, financing, and constructing the project. The state government would provide the land, payment for the final works completed, and enabling infrastructure and serve as guarantor for the financing acquired by Terraquest. The state government would also assume ownership of the housing units upon completion of the construction. Federal Mortgage Bank of Nigeria (FMBN) sponsored the project.

#### **Lessons Learned**

The first phase was completed and occupied but failed to meet expectations. The state government breached the contract as it only provided the land, while refusing to pay the promised compensation of NGN 23 million (USD 64,000). Only about NGN 10 million (USD 28,000) was released to the private company during the visit by the Federal Minister for Housing. With the government declining to pay for the infrastructure, the housing units were poorly built and the private partner had to increase the price of the housing units by 19-23.5 percent. In addition, the intended beneficiaries were discouraged from purchasing the units due to the complicated process involved. Recipients were required to provide guarantors and fulfill difficult conditions to qualify for mortgage loans. As a result, most of the housing units remained empty.

This project underscores private sector concern over payment obligations by the public partner to a PPP, which may go unfulfilled for any number of reasons and threaten the private partner's investment in a PPP. This project failed primarily on these terms, though the non-payment was exasperated by the government's failure to take steps to simplify the process for intended beneficiaries to acquire the affordable housing units.<sup>1</sup>

*Footnote 1: Case source(s): <https://www.vanguardngr.com/2018/07/abandoned-housingprojects-litter-nigeriancities/> accessed on July 4, 2019.*

*<http://www.macrothink.org/journal/index.php/ijrd/article/download/9933/8319> accessed on July 4, 2019.*

*<http://housingfinanceafrica.org/the-rise-ofhousing-public-privatepartnerships-in-africa/> accessed on July 4, 2019.*

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