Bridging the Housing Gap in Less Developed Countries

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ABSTRACT
The housing situations in many parts of the world, particularly in the less-developed countries are so appalling. In this 21st century era of technological and socio-economic advancement many people live in very deplorable conditions with no water and sanitary infrastructure. This article looks at the ways through which people acquire housing or have tried to provide housing for themselves and their families, particularly how they finance them. The work further looks at the effectiveness of these means in the abatement of the global housing-shortage problem. The work also explores mortgage-financing ideas in a way that is interesting and valuable considering the growth of population and cities, bad housing and poor sanitary conditions which create dangers for the general welfare of mankind. This article justifies the issue of a housing gap between the developed and developing countries, justifies the importance of adequate housing, explores and identifies ways in which people are financing the acquisition of homes based on empirical observations, provides a critique on findings and makes important recommendations.

INTRODUCTION
There is a shortage of housing for the majority of people in developing countries. It is a shocking fact that many people still live in deplorable conditions. According to the WHO Decade Assessment Report 2000, 1.2 billion people, majority of who live in developing countries, do not have access to drinking water and a further 1.8 live without access to adequate sanitation.

Housing problems although world-wide, come in varying degrees from region to region and from country to country. The problem can even be associated with the economically advanced nations of the world. For example Kate Baker (2003) in a 'Housing Report' to the British Government pointed out that there is a lack of affordable or social housing particularly for key workers; and while the country's population is increasing, the average size of households is declining caused by a range of demographic factors including increasing life expectancy. Despite the problem being persistent the world over, it is far more pronounced in the less developed countries. This paper tries to address the issue of housing gap in Ghana and advices on how the problem could solved in the long term.

The housing gap

According to the Economic and Social Research council (U.K.) the average household size of England has been falling over the past decades; from 3.01 people per house in 1961 to 2.33 people in 2004. The situation is not different in other developed countries. The Statistics Bureau: MIC of Japan reports that household sizes have been falling over the years from 3.22 in 1980 to 2.99, 2.82 and 2.67 in 1990, 1995 and 2000 respectively. The report further reveals that, Japanese houses are generally demolished after a relatively short term 20 - 30 years in order to build new ones. The total housing stock of Japan is reported to be very sufficient. In the United States of America and Canada, the situation is not too different. The Vancouver Housing Market Blog (VHMB, 2005) reports that the average household size stands at 3.22 and in Vancouver, Canada the house-to-person ratio stands at 2.6.

These figures are in vast contrast with that of developing countries. The earlier works of Abrams (1980) reveals that in many parts of Kingston, Jamaica in the Caribbean, between 8 and10 people live in a shed measuring approximately 6ft X 10ft, and in Bombay-India seven people sleep in a room size of 10 ft by 15ft. In Algiers, he found up to 5 people sharing a similar size of a room sometimes with livestock. Animashaun (2004) reports that to date a large proportion of the population of (Africa, Latin America, and South East Asia) have no shelter at all and in Calcutta - India, more than 260, 000 people sleep on street pavements and over 1,000,000 in shawls in Bombay (now Mumbai). He also found that in Rio de Janeiro; Brazil's capital city, over 25% have no standard housing. The Ghana Housing Needs Assessment Report (HNAR) reveals an even clearer picture of Ghana's situation over the years at 11.4, 10.3, 9.6 and 9.6 for 1948, 1960, 1970 and 1980 respectively as shown in Table 1.1 below:

Table 1.1 Ghana: Housing-Population Ratios (1921 to 1984)

Year	Population	National housing stock	Ratio
1921	2,296,000	n/a	--- ---
1931	3,160,000	n/a	--- ---
1948	4,118,000	362,181	1: 11.4
1960	6,727,000	649,720	1: 10.3
1970	8,559,000	880,869	1: 9.6
1984	12,296,000	1,216,677	1: 9.9

Source: Housing needs assessment report (1985)

Currently, Ghana's housing stock is said to be in a big deficit. According to Atieku (2001),"*An annual delivery of 133,000 units will be required (to yield a cumulative 1 million units in eight years) to enable the country, reach equilibrium by 2008 from year 2000 figures*".

The Home Finance Company, Ghana's premier home finance company estimates that, the number of new housing developments stands at about 31,000 per annum instead of the projected annual delivery of 133,000 units and the Ghana Institution of Surveyors (Gh.IS) estimates the country's total housing stock to be 2,224,000. With a current population of 18,800,000 this translates into a housing-to-person ratio of 1: 8.45 the same a decade ago. This ratio by the United Nations standard is inadequate and unacceptable, yet the trend is set to get even worse unless something is done to increase the nation's housing stock to acceptable levels. Onyemeluke (2000), reports that in many parts of Lagos the capital city of Nigeria an average of four people live in a single room. All these figures stress to illustrate the enormous scale of homelessness and the global struggle to fulfil the right to adequate housing.

The importance of housing

The importance of 'housing' cannot be over-emphasised and governments all over the world have realised that. Apart from being a fundamental human right, adequate housing fosters physical, social and economic as well as psychological satisfaction, which translates into national economic development.

A good housing system caters for a broad range of household activities. A home is a place for security and a space in which to take leisure, develop and live up a household. It more or less provides the access to work, friends, leisure and when set in a neighbourhood context, embraces environmental quality, local, public and community activity (Urban Studies, 1995). Adequate housing enhances productivity of workers especially where accommodation is sited within reasonable distance from the workplace. It facilitates integration and cohesion, which helps to provide peace of mind. Combined with financial motivation, it enables workers to focus on their jobs, contribute more effectively, thereby enhancing productivity. According to Domfeh (1992), 'housing' fosters physical, social, economic as well as psychological satisfaction for the dwellers. It provides leisure and reflects status and according to Grimes (1976) housing fulfils a social need and satisfies a criterion for remuneration.

Lack of proper housing, induces stress which produces disturbing psychological and physiological reactions that task the individual's ability to cope with day to day stresses of life. (Brown 1978). In fact, a good housing scheme with its attendant social facilitates and good sanitary condition contributes towards the elimination of health hazards. There is even growing evidence that poor housing contribute to a decline in average life expectancy and increased incidence of illness. This imposes extra costs on central government expenditure, the health and social services. To these external costs, we can add the impact of poor housing conditions on the educational attainment level of school children. These negative consequences have even more dramatic ripple effects. The negative consequences reduce the ability of children to study at school and at home, leading to decreased earning capacity later in life as adults. It eventually leads to loss of valuable workdays, decreases the net income with which families can buy basic necessities including food while increasing the expenditure on health care.

Lack of housing, generates slums and squatter communities with their attendant problems. Such communities are more vulnerable to crime, accidents and anti social behaviours and disaster. The poor quality of infrastructure such as unsafe electrical wiring, overhead power lines not only increase the likelihood of accidents such as fires but generate more catastrophic results when they occur. Social workers and Public safety officers may give-up on such neighbourhoods and sometimes view them as dangerous or hopeless and may even ignore crimes that happen within their borders. In Ghana, the shortage of housing has caused poor people to reside on plots of land that are precariously perched on sides of hills, or in low-lying and water-logged areas, where a good rain will leave pools of water to breed pests such as the mosquito. Also, high population densities, toxic effluents in the soil and water, air pollution, smoke from cooking fires and lack of adequate sanitary services contribute to the environmental quality.

The traditional household consists of the husband, wife, children, grandparents, aunts, uncles, nieces and nephews but now consists of the husband, wife, children under the age of eighteen and sometimes grandparents. In developed countries, one out of eight households are completely 'diverse' or 'non-traditional' and includes single live-alones, adult live-togethers of one or both sexes, childless married couples, single-parent families and empty-nesters. Each of these groups has a distinctive set of adequate housing and shelter needs. (Kottler, 2003) Adequate housing was been adopted as one of Man's fundamental rights as enshrined in the 'Universal Declaration of Human Rights' (UDHR) by the United Nation's General Assembly in 1948 and agreed by all member nations. This declaration made the first explicit reference to housing as a fundamental human right. Article 25 (1) states that:

> "*Everyone has the right to a standard of living adequate for the health and wellbeing of himself and his family, including food, clothing,* housing *and medical care, and the necessary social services*".

The World Health Organisation (WHO) defines 'Housing' as

> "*The residential environment, neighbourhood, micro-district or the physical structure that mankind uses for shelter, and the environments of that structure including all necessary services, facilities, equipment and devices needed for the physical health and social well-being of the family and the individual*" (WHO, 1951).

According to the United Nations, adequate housing must be habitable and must provide the inhabitants with adequate space and protect them from cold, damp, heat, rain, wind or other threats to health, structural hazards and disease vectors. The physical safety of the occupants must also be guaranteed.

THE CASE OF GHANA

Ghana like many developing countries has a high population growth rate. Ghana's population stands at a little over 18,800,000 according to its year 2000 census. The birth rate is falling but most mothers still bear between four and five children. With medical advances, the mortality rate is falling even faster than the birth rate. The culture in the countryside where two-thirds of the population live hasn't changed much despite increasing education and modernisation. Children are still seen as an asset, conferring social status, wealth and recognition. Today about twenty percent of Ghanaians are under the age of 5 years. Half of the population is under 15 years and as much as 62% under 25 pointing to the fact that, the momentum of the young is so strong and simply unstoppable. With the current trend, it is anticipated that the country's population will be over 30 million by 2025. Some forecasters even peg this figure at 38 million based on regional factors and this according to economists, this will define the country in the 21st century (Ison, Peake &Wall, 2002). Apart from internal migration (with people moving from the country to the big towns and cities) there is also external migration, as the country is fast becoming an attractive international destination for tourists, investors and people seeking to relocate. Accra, Kumasi and Sekondi-Takoradi are now bursting out of their boundaries with Accra (the capital) almost twenty times the size it was 35 years ago. Despite these, social services and in particular housing is falling behind. Even at 20 million, it is hard to service the population. Eighteen million more in 20 years means more housing, jobs, schools and hospitals.

In order to achieve this target, a combination of strategies needs to be adopted. A World Bank sponsored Urban Housing Project (UHP) completed in Ghana in 1999 to help initiate the development of a sustainable housing system made some important observations. Among them, the project observed that an unsubsidised housing mortgage finance system could be viable in a developing country such as Ghana in curtailing housing shortage in the medium term, if it has among other things, high calibre management and streamlined foreclosure laws and processes. The availability of housing finance increases demand for housing. Effective demand for housing developments provides a large economic stimulus to the broader economy through stimulating the construction of new houses. Also, it is estimated that there are roughly over 600 other industries with links to housing markets and therefore many sectors of the country's economy stand to benefit from a vibrant mortgage finance system. In the broader perspective adequate housing together with housing finance is a key to economic growth.

In the economically advanced countries, mortgage-financing services have effectively contributed to improving housing quality and supply. Mortgage finance also now counts as a major function of most financial institutions. The aggregate volume of mortgage financing each year is staggeringly large totalling in 2002, more than 50% of GDP in the United States, 88% of GDP in the Netherlands and 62% in the United Kingdom but less than 4% in Ghana the same year. Gh.IS, (2003) In Ghana like many other developing countries, mortgage finance is all but unavailable. Where it is available it is very restrictive. It is only with short-term funds, for a small portion of the overall value of the home using volatile floating-rate funds. But there are a host of positive economic indicators for the use of mortgage on a much larger note. Despite the average wage being just over $1000 and the country still dependent on Canadian, Japanese and U.S aid and help in many sectors, real growth in GDP terms averaged 4.6 % over the period 1995 to

2004. The financial sector was restructured in the early part of the 1990's with the balance sheets of most government-owned banks upgraded. These developments together with the implementation of prudent economic policies by central government have resulted in growth (size and sophistication) of the financial sector with new financial intermediaries springing up by the day. The economy is rapidly expanding, bringing with it, rising incomes for a growing segment of the population working in the formal and informal sectors of the economy who can now afford to take-out and manage a mortgage.

There are also a host of insurance companies and Trusts such as the State Insurance Company (SIC) and the Social Security and National Insurance Trust (SSNIT) who can adequately provide mortgage protection and hazard insurance services. There is also in place, a National Land Policy and a National Development Policy which are being implemented to address fundamental problems associated with land management and development in the country. These developments together with an efficient mortgage finance system should to a great extent curtail the problems of housing.

FINANCING OPTIONS FOR HOME ACQUISTIONS

Mortgage

Most homebuyers have to borrow money in order to purchase their home because few have enough money sitting in the bank or in other easily saleable assets to pay the entire cost of the home at once. Even those few who do have enough money usually find it financially advantageous - perhaps for extra tax relief, to borrow some of the money. The loan they receive to purchase the home is called a mortgage. Mortgage therefore is a loan of money to the homeowner secured by a 'lien' on the real (estate) property. According to the Oxford Dictionary of Finance and Banking a mortgage is:

> *"An interest in property created as a security for a loan or payment of a debt and terminated on payment of the loan or debt. The borrower who offers the security is the mortgagor and the lender who provides the money is the mortgagee".*

Mortgage is a method by which individuals or businesses can buy residential or commercial property without paying the full value up front. The borrower (called the mortgagor) uses a mortgage to pledge real property to the lender (called the mortgagee) as a security against the debt (also called hypothecation) for the rest of the value of the property. Mortgages are repaid by instalments over a fixed period often 25 years, either of capital and interest called 'repayment mortgage' or of interest only, with other arrangements being made to repay the capital, for example by means of an endowment assurance policy, known as an endowment mortgage.

Types of Mortgages

There are many mortgage-financing options for home purchases. The most popular mortgages typically available to prospective homebuyers (for purchase or refinance) are the Fixed Rate Mortgage, Adjustable Rate Mortgage, and Balloon Mortgage and until recently the Flexible Mortgage. Less popular ones include the Islamic Mortgage, the Shared Equity Mortgage, the Reverse Mortgages and the Buy Downs.

Fixed rate mortgage

A fixed rate mortgage carries an interest rate that will be set at or before the time of the loan and remains constant for the length of the mortgage. Illustration: If you have a 25 years mortgage, the rate you pay will be fixed for all 25 years. At the end of the 25^{th} year, if payments have been made on time, the loan is fully paid. To a borrower the big advantage is that the rate will remain constant and the monthly payment he makes will remain the same. Thus it reduces the risk that the borrower may be called upon to make higher interest payments than he/she counted on. The trade off is that the lender is taking the risk that interest rates will rise and it will get stuck carrying a loan at below market interest rates for much of the 25 years. (If the rate fell, the homeowner could always pay off the loan, usually by "refinancing" the house at the then lower interest rates. As a result, lenders usually demand a higher interest rate on a fixed rate loan - which means higher monthly payments than the initial rate and payments on adjustable or balloon mortgages.

Adjustable rate mortgages

An Adjustable Rate Mortgage (also called ARM) offers a fixed initial interest rate and a fixed initial monthly payment. However, both are 'fixed' not for the life of the loan, but for a much shorter period often 6 months to 5 years. With an ARM, after the initial fixed period, both the interest rate and the monthly payments adjust on a regular basis to reflect the current market interest rates based on an index. (Each lender uses his/her own index and formula) and some may be more or less advantageous to borrowers

Lenders may also use different adjustments periods. For example some ARM's may be adjusted every 3 to 6 months while others may be adjusted once a year. The ARM transfers part of the interest rate risk from the lender to the borrower and this is widely used where unpredictable interest rates make fixed rate loans difficult to obtain. Since the risk is transferred, lenders will usually make the initial interest rate of the ARM lower than the average 30-year fixed rate. In most scenarios, the savings from an ARM outweighs its risk making them an attractive option for people who are planning to keep a mortgage for 10 years or less.

Balloon mortgage

The Balloon mortgage also known as the partial amortisation loan is one where the amount of monthly payment due are calculated (amortised) over a certain term, but the outstanding principal balance is due to some point short of that term. A balloon loan can be either a fixed or adjustable in terms of initial rate. Many second trust mortgages use this feature. The most common way of describing a balloon loan uses the terminology X due in Y, where X is the number of years over which the loan is amortised, and Y is the year in which the principal balance is due.

Flexible mortgage

A relatively new type of mortgage originating from Australia is the flexible mortgage. As the name implies it is flexible. It is structured to enable the borrower make over-payments, underpayments and even take mortgage holidays without incurring penalties. Most flexible mortgages have their interest calculated daily, which has an obvious benefit if one is overpaying. Regular over-payments can lead to the mortgage being paid off much sooner and that saves the mortgagor some money. It is also called the 'flexible loan' because the loan repayment can also be adjusted to meet one's current financial situation and lifestyles as long as one does not exceed the original mortgage threshold but MUST be paid off by mortgagor's 65th birthday. The mortgagor should therefore make sure to catch-up on any payments or holidays taken.

The Islamic mortgage

The Islamic mortgage is gradually becoming a popular option for housing finances the world over. Islamic Sharia law prohibits the payment or receipt of interest. This means that practising Muslims cannot use conventional mortgages. However, real estate is too expensive for most people to buy outright using cash. The Islamic mortgage solves this problem by having the property change hands twice. In one variation, the bank will buy the home outright and then act as a landlord. The homebuyer in addition to paying rent will pay a contribution towards the purchase of the property. When the last payment is made the property changes hands again for the last time. An alternative scheme involves the bank reselling the property according to an instalment plan at a price higher than the original price. In all cases, lenders may charge various fees when giving a mortgage. These include entry fees, exit fees, administration fees and lenders mortgage insurance among others.

Accumulated savings and earnings from work and investment

In the absence of loans for home purchases as discussed above, housing ownership may be financed from accumulated savings and earnings from investments or years of working. This is not a reliable option for home finance because, at any given time, only a few people have enough accumulated savings-money sitting in the bank enough to finance home purchases. Although this is a rare option in developed countries it is the most common option in developing countries for home finance.

Receipts from sale of property, gifts and fortunes

A third and less common financing option for home purchases are by receipts from sale self of acquired or inherited assets, gifts and fortunes to pay for the entire cost of the home or in conjunction with other options. Such may include inherited businesses or assets such as land and other real estate and fortunes from gambling such as the National lottery. This is unreliable and a rare option.

MORTGAGE FINANCE IN GHANA

The option of mortgage is relatively new to Ghana just as it is to many other developing countries. The First Ghana Building Society (FGBS) was the first institution set up to provide mortgage but failed to provide mortgage on a sustainable basis until the formation of the Home Finance Company now HFC Bank (Gh.) Limited The use of mortgage is still very unpopular.

In an attempt to aid low income earners and accord people access to housing, the HFC Bank, adopted the Graduated Payment Mortgage (GPM) which provides lower initial monthly repayments, which then rises for a period before levelling off. This idea like the ARM is to tailor the debt service payment on a mortgage to financial needs of the borrower. Some people find this product handy although interest payments are much higher at a later date because the initial low payments do not cover the full amount of interest owed each month.

Ghana: Survey of home-ownership versus means of finance.

To ascertain home-ownership as against the means of finance for meaningful analysis, a total of 152 homes were randomly counted in the three regional capital cities of Accra (capital), Ho and Kumasi between 1st December 2005 and 22nd January 2006. Of the homes/houses counted 117 or 77% were found to be privately owned by individuals, 26 or 17.1% owned by government, quasi-government corporations including local authorities and five representing 3.3% by educational/religious bodies and private firms. The remaining 4 (2.6%) were owned by private builders and estate developers, some members of the Ghana Real Estate Developers Association (GREDA). Table1 below provides a more vivid picture.

INTERPRETATION AND ANALYSIS

Group A (Private individual owned houses)

Of the 117 homes owned by individuals, 105 representing 89.7% were financed from accumulated earnings and savings from investments (e.g. stocks, shares) and many years of working, for periods up to 33 years with 8% of this category haven lived and worked abroad. Some 18 percent of the 105 were built from joint family savings/contributions of up to 3 persons mostly relatives. Their architectural drawings were designed to accommodate the different families units although some service areas such as the lounge and kitchens are shared. The reason of such an arrangement is to cut down cost. One major characteristic of these houses is that, they eventually assume group ownership or what is known in Ghana as the 'abusua fie' literary meaning the family-home.

Interestingly, only 4 representing 3.4% of the 117 individual-owned homes were financed by a mortgage. These were by the HFC Bank mortgage. All these houses are located in the big cities of Accra and Kumasi. Seven of the 117 houses were financed from the sale of other property; 2 from the sale proceeds of inherited land or real estate, 2 from the sale of businesses and 3 from the sale of previous homes. Finally, one of the 117 individual-owned homes was financed by remittance from relatives living abroad.

Group B

All 26 government owned houses were financed by one or a combination of the following:- Pension fund (as in the case of SSNIT), Central government expenditure, World Bank, Japanese, Canadian, U.S. or other grant. 11 representing 42% of homes in this category were flats in sky-rise structures. The remaining 58% are detached 3 & 4 bedroom houses and bungalows occupied by senior civil servants. None of the houses in this category was below 15 years of construction probably buttressing central governments decision in 1985 to stop direct house delivery.

Group C

Fifty percent of homes in this group were financed by HFC Bank Builders facilities one called the Construction Line of Credit (CLC) and the other the Construction Stage Payment Facility (CSPF) available only to reputable builders who met the banks stringent conditions. Builders' own resources in terms of profits, savings and earnings from other real estate investments financed the other 50%.

Group D

Of the five educational, religious and private organisation, staff-accommodation purpose-built homes, one each was financed by mortgage, accumulated savings, a Governments Ministry of Finance facility. The Presbyterian and Catholic churches built the remaining two from remittances received from their mother churches abroad.

FINDINGS

The study concludes that, the main option for home finance in Ghana is from accumulated savings from investments spanning many years of working, followed by Government expenditure, Mortgage, Receipts from sale of other property and Remittances in that order.

Demographic dimension

The study revealed that 88% of homeowners in Ghana are men over 45years. The remaining 12% are owned by women aged average 43 and above. A greater number of first time homeowner's in Ghana (78%) age between 48 and 55. This is also in sharp contrast with countries such as the United Kingdom where 73% of first time buyers fall between 18 and 34 years, with as much as 18% falling between 18 and 24. (Alan Holmans, 2001)

Contribution of owner-builders

The study revealed the important contribution owner-builders make to house service delivery. 106 representing 70% of homeowners revealed that they virtually supervised the construction of their homes from scratch. They acquired the land by themselves, registered the necessary documents at the Lands Department, sought development and building permits for construction at the District/Municipal Assemblies and with the help of freelance builders, masons, carpenters and electricians completed the homes.

They argued in favour of this option mentioning cost saving as the biggest benefit. They however mentioned anxiety, frustration and time involved as the major problems and setbacks. It took 69% of owner-builders between 8 and 19 years to complete their homes. The granting of development permit alone in some instances took up to 4 years.

Mortgage providing institutions

Although there are well over 20 banks operating in the country only three representing 15% will provide mortgage finance. Even where it is available, it is restricted to a few high net-worth customers (HNWC). The survey also revealed that a number of organisations provide some form of home finance package for their staff. The organisations include SSNIT and the HFC Bank.

Critique

There is a general lack of interest by banks and financial intermediaries to provide mortgage. About 76% of financial intermediaries (commercial banks and insurance companies) show no commitment to financing homes and real estate, despite the current government regulations which allows banks to bear only 10% default risk and not investing their own funds. The study identified three reasons for this general lack of interest. First, financial institutions do not consider the 15% per annum commission from central government attractive enough. Some bank officials mentioned the issue of risk, and affordability. It was also found that seventy-eight per cent of all new houses were built by private individuals; and 70% of the homes occupied by their owners. Despite the importance of the owner-builders contribution, not much is done by government to make home owner-building less stressful. Building-materials are expensive and imported from Europe and China. Attempts at encouraging local production of building materials have not been consistent and successful.

The study has revealed that access to institutional sources of home finance is restricted to well-to-do and influential people who form less than 0.05 percent of the entire population. These were also restricted to the big town and cities of Accra, Kumasi, Cape Coast, Sekondi-Takoradi, Tamale and Obuasi. The study views this as a major constraint to the use of mortgage finance, which is also fraught with red tape and bureaucracy. It was also revealed that, the conditions and terms of obtaining mortgage are too stringent for the average Ghanaian. Examples include;

- Application forms have to be purchased by the prospective mortgagor,
- Deposits are too high for the average Ghanaian
- Processing fee of 1.5% of the loan is thought to be too high.
- Also statutory fees and deposits towards registration of title and mortgage deed of 3% were found to be on the high side.

Mortgagors complained about the length of time involved accessing loans. In all, 57% admitted that, it took at least 15 months to get the loan counting from the date the application was first made. 46% mentioned hidden costs in the application process and admitted that the method of assessing the repayment was not fully explained to them at the time of application as they only got to know at a latter date by which time it was too late to pullout. Finally, the study found that, the use of mortgage was not popular among with the people due to custom, tradition and in some case ignorance. As a result those who understood the practice mortgage still prefer to finance their homes from accumulated savings rather than using "borrowed money".

RECOMMENDATIONS

Governments of developing countries should as a matter of urgency, formulate and implement a carefully structured mortgage code. The Mortgage code should set the minimum standards of service that borrowers can expect from mortgage lenders and intermediaries (brokers, estate agents that offer mortgage services and the like) which subscribe to the code. The code should among others state ceilings (upper and lower limits) of fees chargeable and ensure equitable access to mortgage finance based on the value of the property rather than location as is currently the case.

The few mortgage-financing institutions should develop and introduce more flexible mortgage products to suit the peculiar circumstances of the Ghanaian. They should reduce charges prospective mortgagors pay for certain services. In particular, the study recommends the following:

- That application form should be obtainable free of charge. Because, having to pay for an application form is in itself a disincentive to mortgage finance. Deposits are too high for the average Ghanaian and therefore should be reduced.
- That, processing fee of 1.5% of the loan is too high and should be reduced.
- And that the Statutory fees including deposits towards registration of title and mortgage deed of 3% according to respondents is high and should be reduced.

The current legal and regulatory environment and the fiscal policies of government make no provision for subsides or tax incentives, which is not encouraging. The study recommends the introduction of reforms by government. In this regard, there is urgent need for a well-defined housing policy by government to protect not only real estate developers but also homebuyers. It is very likely that incentives such as tax holidays etc. will increase private sector involvement in real estate construction and finance. There is need for education to break the barriers to the ignorance and perception, as well as the stigma attached to and surrounding mortgage a 'borrowed money'. This is seen as a stumbling block to the survival of mortgage since many local people due to ignorance, custom and tradition would still prefer to wait and accumulate enough money to finance their homes, a process, which takes time.

There is need for government to realise the contribution of the owner- builder who goes beyond the constraints of recognised technology to provide shelter for himself and his family. In line with this, the building Inspector from the planning department of district assemblies should adopt a policy that aims at empowering people to build their own homes. It could transform to become a training and resource centre equipped with the necessary logistics, (staff, books etc) providing construction advice and education to owner-builders on ways to building safe, sound and cost efficient houses and that owner-builders should have free and easy access to them. The building inspector's role should, as a matter of policy be that of a helper so that people regard him as a friend rather than a bureaucrat who has the legal authority to shut down a building project known in Ghana as stop-work power.

The work also recommends that to begin with, special tax incentive systems should be provided to owner builders as a gesture of acknowledging the role they play in providing housing for themselves and their families. For the builder, the main consideration is in the form of construction credit and building materials. The study recommends that builders and developers should consider converting to public listed companies as an alternative means of attracting and raising capital considering the capital intensive nature of the industry. The Ghana Stock Exchange (GSE) is perfect platform for alternative sources of finance.

Private builders and members of GREDA should consider putting-up high rise buildings as a means of cutting cost and protecting the environment while at the same time providing more housing accommodation. The construction of 'tower blocks', results in reduced infrastructural costs in terms of providing services of sewerage and roads. Finally, private builders should increase the use of locally made building materials, some which have been proven to be better quality yet cheaper. This will go to boost funds needed for research.

CONCLUSION

There is no magic formula for solving housing problems in less developed countries, but many lessons can be learnt from developed countries. While modern economic growth may never have begun in developing countries their governments have done more to throttle growth than to encourage it. The work found that, governments have done very little by way of creating the "enabling environment" necessary for development. While few reports of this kind have been documented testimony collected have stressed the need for governments to create conditions that will encourage financial institutions to actively join in home finance. This evolution will lead to a competitive landscape, which will bear fruits in future. Good monetary policies are needed and must be modelled with the sole objective of roping in all players. These will make the provision, availability and accessibility of adequate housing to people in developing countries a reality.

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