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STRATEGIES FOR MITIGATING RENTAL COST BURDEN BY HOUSEHOLD HEADS IN ABUJA MUNICIPAL

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Abstract
The study examined rental housing affordability burden of 226 household heads and the strategies for mitigating rental burden. Through a cross-sectional survey, a sample of 285 out of 450 households were obtained using simple random sampling of rental households' residents in private rental housing in Trademore estate located in the Lugbe district area of Abuja Municipal Area Council. Among the 285 households, 226 were household heads representing 79.3% of the respondents' households. The household heads were made up of 171 and 55 male and female household heads respectively. Data on household heads' rental housing affordability burden and strategies for mitigating rental burden, analysed by means of descriptive statistic such as mean rating (MR), frequencies, percentages in SPSS 25 were obtained from respondent 226 household heads through semi structured questionnaire and administered conveniently to accessible and willing respondents. Findings revealed that 15.9% of Household Heads were living in affordable rental with majority of HHH (84.1%) experiencing rental burden. Among the strategies for mitigating rental burden, property investment outside Abuja was rated the first mitigating strategies for Male Household Heads. For Female Household Heads, supplementing incomes with other businesses ranked as the first mitigating strategies. The study recommended that rental affordability should be driven by rental consumers, markets, and legislation through policies solutions that focus on protection of affordability for renters. Also, renters' engagement in economic activities can augment households' income needed to mitigate or alleviate rental burden.

Key Word: *Affordable housing, Household, Rental affordability, Cost burden*

Introduction

The number of households living in rental accommodation is increasing in Nigeria. With 51percent of households living in rental housing in the country (Centre for Affordable Housing Finance, 2019), coupled with increasing rental cost and low or stagnant income, households are living in rental affordability cost burden in their accommodation. Okey (2007) defined rental housing affordability as the ability of households in rental tenure to meet their housing costs, expressed as a ratio of income to

rental price not more than 30%. Rental affordability cost burden refers the situation where more than 30% of household income is paid for housing rent (World Economic Forum, 2019; Okey, 2007).

Rental-to-income ratio measure is a conventional indicator and widely used for measuring rental housing affordability (RHA). Rent to income ratio (RIR) is an affordable housing measure that determines the percentage of income a household spends on its rental housing costs. It deals with the ongoing cost of rental housing. It uses the ratio of rent to income both as a measure and an indicator of affordability for tenants, given that a household should not spend more than a prescribed percentage of its income on housing. The model views affordable rental housing as one that does not cost more than the prescribed rule of thumb percentage of household income. Adegun *et al.* (2019) define housing affordability as one that does not cost more than a reasonable percentage of the income of the household. In the USA, 30% of income for housing (including utilities) is the standard threshold for RHA. Anything above this percentage is regarded as being 'housing cost-burdened', and households spending over 50% are called severely cost-burdened. It proposes that affordable rental housing should cost no more than a certain percentage (usually about 20-30%) of household's monthly income (Okey, 2007), and according to Bramley (2011), it represents the level of payment required to secure housing unit for rent by a household. The traditional RIR method for households' rental affordability measurement of not pay more than 30% (or a third) of household income on housing costs gives an indication of affordability to individual circumstances as an indication of distributional issues – indicating how it is affecting different groups in different locations – which is masked in an aggregate average earnings (or incomes) to prices ratio (Affordable Housing Commission, 2019)

Studies by scholars employed "median multiple" to rate housing affordability. The median multiple is a price-to-income ratio, which is the median house price divided by the gross median household income (pre-tax). The housing affordability was rated into four categories: most affordable (affordable), moderately unaffordable, seriously unaffordable, and severely unaffordable (least affordable). A median multiple of '5.1 and above' as severely unaffordable, '4.1 to 5.0' as seriously unaffordable, '3.1 to 4.0' as moderately unaffordable, and '3.0 and less' as most affordable (Cox, 2022; Cox and Pavletich, 2017). Deriving from the standpoint of these scholars, for this study, households' rental affordability is taken as follows: most affordable (affordability) ranged between 30% and less, moderately unaffordable ranged between 31% and 40%, seriously unaffordable ranged between 41% and 50%, and severely unaffordable (least affordable) ranged above 50%.

Problems arise when households struggle to afford the cost of rental housing. Sara (2019) asserted that unaffordable housing costs can force families to spend less on other basic necessities like health care or food, cut costs by seeking lower- quality child care, and to under-invest in important long-term assets like education or retirement savings. Unaffordable housing costs can also force families and individuals to accept substandard housing or live in

neighbourhoods that lack basic safety and offer limited opportunities. In the most serious cases, unaffordable housing can push households into homelessness. All of these consequences can have spilling effects on health and can shape both short-term well-being and long-term outcomes for affected individuals (Adriana, 2019). This study examined the different categories of rental housing affordability burden confronting household heads and the strategies for mitigating households' rental burden. Given the challenges of housing affordability for rental households, strategies to ease affordability burden are needed in order to meet housing cost.

Methodology

Through a cross-sectional survey, the study employed simple random sampling method which obtained a sample of 285 respondents out of 450 households residing in private rental housing in Trademore estate located in the Lugbe district area of Abuja Municipal Area Council (AMAC). A total of 226 out of the 285 respondent households were household heads. The number of household heads represent 79.3% of the total respondent sample of households. The household heads were made up of 171 and 55 male and female household heads respectively. Semi structured questionnaire research tools were administered conveniently to accessible and willing respondents.

Data on strategies for mitigating households' rental burden as well as the different categories of rental housing affordability burden identified from literature and obtained from respondent 226 household heads were analysed by means of descriptive statistic such as mean rating (MR) score, frequencies, percentages, and presented in chart and table. Mean rating score is commonly used to determine the relative significance of a data set (Field, 2009). It was used to identify the top ranked variables, as deemed appropriate for large samples (Norman, 2010). Therefore, the mean score rating was used to rank the factors which constituted the strategies for mitigating rental cost burden by household heads in the study area. The data was analysed by the computation of mean ratings (MR) of each variable strategies for mitigating rental housing burden using four (4) point Linkert scale with scale values ranging from 1 to 4 given to each factor by the respondent (1 number for Not Employed; 2 number for Less Employed; 3 number for Frequently Employed; 4 number for Most Frequently Employed).

Total number of respondents (TR) rating each variable was obtained and used to calculate the percentage of the number of respondents associating a particular rating point (Rp). The mean rating (MR) was calculated as the summation of the products of each rating point (Rp) and the corresponding percentage response to it (R%) out of the total number of responses (TR) involved in rating of a particular variable as shown in equation 1:

$$MR = \sum_{j=1}^{5} (Rpi.\ R\%) \quad \text{.....(1)}$$

Where: Rpi = rating point ranging from 1 to 5.

Ri = percentage response to rating point i.

Gaining from the standpoint of scholars such as Cox (2022) and Cox and Pavletich (2017), households' rental affordability was taken as follows: most affordable (affordability) ranged between 30% and less; moderately unaffordable ranged between more than 30% and up to 40%;

seriously unaffordable ranged between more than 40% and up to 50%; and severely unaffordable (least affordable) ranged above 50%.

Results and Discussion

The ratio of Household Heads (HHHs) by gender is shown in Figure 1. The HHHs were made of fifty-five (55) Female Household Heads (FHHHs) and one hundred and seventy-one (171) Male Household Heads (MHHHs). The results indicated that there were a greater number of male than Female Household Heads representing 76% and 24% of the HHHs respectively.

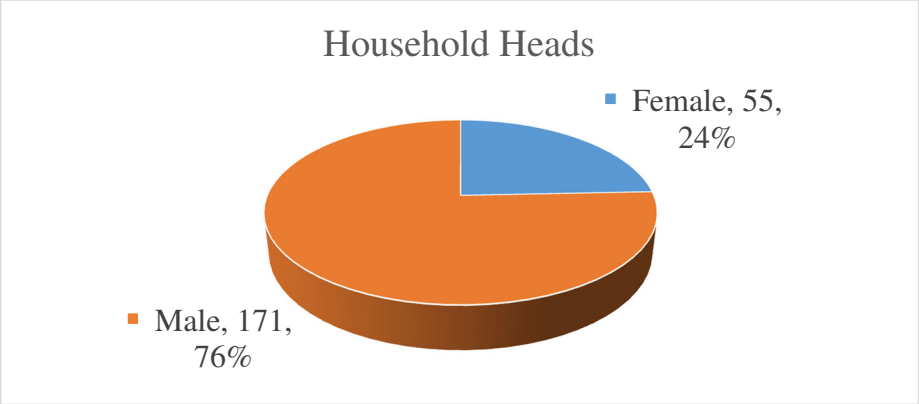

Fig. 1: Gender Distribution of Household Heads

Table 1 indicated gender disaggregated distribution of percentage of annual income on house rent (Rental Affordability) for Household Heads. The result among 171 Male Household Heads' respondents revealed that only 32 Male Household Heads representing 18.71% of MHHH were living under affordable (Aff) rental. That is, expenditure on house rent was 'less than 30% of annual income ratio' (i.e., RA<= 30%) on rent, while only 4 out of the 55 Female Household Heads representing 7.27% of FHHH expend same ratio on rent annually. Majority of both the Female and Male Household Heads expend between 'more than 30% but less than or equal to 40% of income ratio' (i.e., 30% <RA<= 40%) on rent annually. These were the households living in moderately unaffordable (MoU) rentals also called moderate affordability. This showed 44 FHHH representing 80.00% of the total Female Household Heads, and 123 MHHHs representing 71.93% of the total Male Household Heads. Majority of households were experiencing not affordable rental (spend more than 30% but less than or equal to 45% income ratio) on annual rent. This is the modal rental affordability for both Male and Female Household Heads. This is because this rent-income ratio had the highest frequency of Household Heads number of 123 and 44 for Male and Female Household Heads' respondents respectively. Table 1 also indicated that 9.09% of the Female Household Heads and 5.85% of Male Household Heads were experiencing housing burden or serious unaffordability (SrU); that is, they pay between 'more than 40% but less than or equal to 50% of annual income ratio

(i.e., 40% < RA <= 50%) on housing rent. Household Heads who spend more than 50% of annual income ratio (i.e., RA > 50%) on house rent indicated 3.64% of FHHHs and 3.51% of MHHHs among the total Female and Male respondents respectively. These were the households with severe unaffordability (SvU) also referred to as severe housing burden.

Table 1: Household Heads Percentage of Annual Income on Rent (Rent Affordability)

	Rental Affordability (RA)	**Freq**	**Percent**	**Cumulative**
Male Household Heads	**Aff:** Less or equal to 30% (i.e., RA<= 30%)	32	18.71	18.71
	MoU: More than 30% but less than or equal to 40% (i.e., 30% <RA<= 40%)	123	71.93	90.64
	SrU: More than 40% but less than or equal to 50% (i.e., 40% < RA <= 50%)	10	5.85	96.49
	SvU: More than 50% (RA > 50%)	6	3.51	100.00
	Total	171	100.00	
	Mean	1.94		
	Mode	**NAff:** 30% < RA <= 45%		
Female Household Heads	**Aff:** Less or equal to 30% (i.e., RA<= 30%)	4	7.27	7.27
	MoU: More than 30% but less than or equal to 40% (i.e., 30% <RA<= 40%)	44	80.00	87.27
	SrU: More than 40% but less than or equal to 50% (i.e., 40% < RA <= 50%)	5	9.09	96.36
	SvU: More than 50% (RA > 50%)	2	3.64	100.00
	Total	55	100.00	
	Mean	2.09		
	Mode	**NAff:** 30% <RA<= 45%		
All Household Heads	**Aff:** Less or equal to 30% (i.e., RA<= 30%)	36	15.93	15.93
	MoU: More than 30% but less than or equal to 40% (i.e., 30% <RA<= 40%)	167	73.89	89.82
	SrU: More than 40% but less than or equal to 50% (i.e., 40% < RA <= 50%)	15	6.64	96.46
	SvU: More than 50% (RA > 50%)	8	3.54	100.00
	Total	226	100.00	
	Mean	1.98		
	Mode	**NAff:** 30% <RA<= 45%		

SvU: Severely Unaffordable**; SrU:** Seriously Unaffordable**; MoU.:** Moderately Unaffordable**; Aff:** Affordable

In general, the 226 Household Heads data indicated in Table 1 also found that 36 HHHs, representing 15.93% of total Household Heads were living in affordable rental; they spend 'less than 30% of annual income ratio' (i.e., RA<= 30%) on rent. Majority of the Household Heads were living in moderate unaffordable (MoU) rental also called moderate affordability; they expend between 'more than 30% but less than or equal to 40% of income ratio' (i.e., 30% <RA<= 40%) on rent annually. This showed 167 representing 73.89% of the total Household Heads. Also, 6.67% of the Household Heads were experiencing

serious unaffordability also called serious burden; they pay between 'more than 40% but less than or equal to 50%' of annual income ratio (i.e., 40% < RA <= 50%) on housing rent. Table 1 also indicated 3.54% of total Household Heads with severe housing burden known also as severe unaffordability (SvU); who spend more than 50% of annual income ratio (i.e., RA > 50%) on rent.

On the strategies used by household heads to mitigate rental housing affordability burden Figure 2 indicated five (5) mitigating strategies employed by household heads to tackle rental housing affordability problems obtained from the responses of 226 Household Heads. The strategies were: Supplementing incomes with other businesses (STRA 1); Cutting cost by seeking less expensive child care (STRA 2); Spending less on basic necessities (health care, education, etc) (STRA 3); Under-investing in long-term assets (retirement, shares, etc,) (STRA 4); and Property investment outside Abuja (in the form of build-to-rent) to augment the expenses of rental burden (STRA 5). Supplementing incomes with other viable businesses (STRA 1) was the only strategy mostly frequently employed with (19.50%) responses by all Household Heads. STRA5 had the highest 'Not employed' strategy.

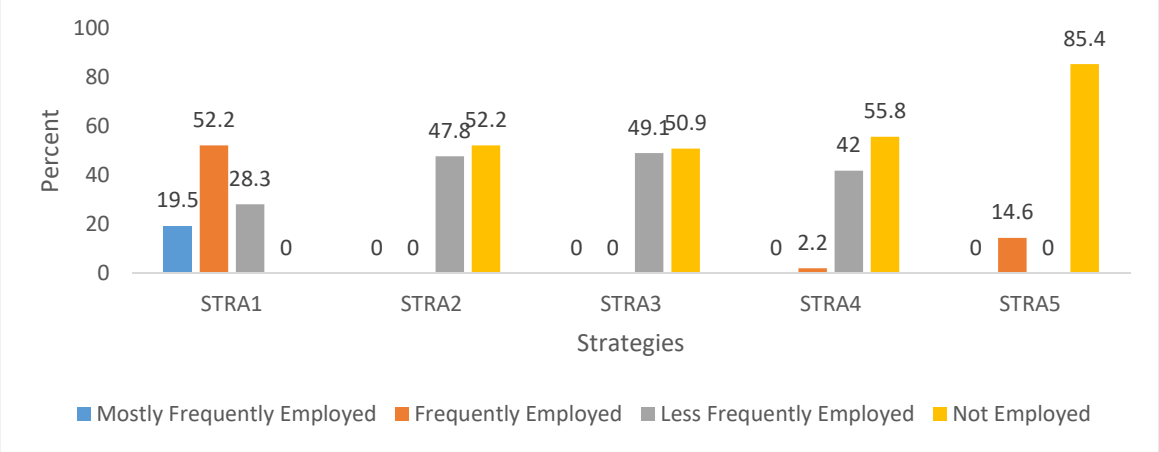

Fig. 2: Response on Mitigating Rental Housing Burden

The mitigating strategies were analysed and ranked as indicated in Table 2 using mean score in Microsoft Excel. Results indicated that Supplementing incomes with other viable businesses (STRA1) ranked top with 2.91 mean score. Spending less on basic necessities (Health care, education, etc) (STRA3) was second with 1.49 mean score, while the third ranked strategy was cutting cost by seeking less expensive child care (STRA2) with 1.48 mean score. Also, STRA1 ranked 1st for Female Household Heads, while STRA5 ranked 1st For Male Household Heads.

Table 2: Ranking Household Heads Strategies to Mitigating Rental Burden

Strategies	**Female (N=55)**		**Male (N=171)**		**Both Gender (N=226)**	
	MR	Rank	MR	Rank	MR	Rank
Supplementing incomes with other businesses **(STRA 1)**	2.218	1	2.942	5	2.912	1
Cutting cost by seeking less expensive child care **(STRA 2)**	1.491	4	1.474	3	1.478	3
Spending less on basic necessities (Health, education, etc) **(STRA 3)**	1.218	5	1.579	4	1.491	2
Under-investing in long-term assets (Retirement, shares, etc.) **(STRA 4)**	1.600	3	1.373	2	1.465	4
Property investment outside Abuja* **(STRA 5)**	1.800	2	1.129	1	1.292	5

The assertion by Sara (2019) that unaffordable rental housing costs can force families to spend less on other basic necessities like health care, education, cut costs by seeking lower- quality child care, and to under-invest in important long-term assets like education or retirement savings, and the consequences of unaffordable housing costs in influencing families to accept substandard housing or live in neighbourhoods that are lacking basic safety and offer limited opportunities, these consequences can have cascading effects on health and can shape both short-term well-being and long-term outcomes for affected individual households as Shomon and Colin (2021) observed that housing cost burden due to high expenditure on rent for low to middle income households affects the well-being, material hardship, and residential satisfaction of households require the adoption of strategies to mitigate rental burden by households. The strategies of supplementing incomes with other viable businesses (STRA1) and spending less on basic necessities (Health care, education) (STRA3) topped the strategies for rental burden mitigation by Household Heads as results indicated in Table 2 and Figure 2.

These strategies adopted in mitigating the rental affordability are needed in order to overcome the challenges of housing unaffordability and achieve sustainable rental affordability. As Hayles (2006) submitted that consumers, markets, and policies legislation can be used to protect affordability for renters, rental households who are the consumers of rental housing have roles to play in order to alleviate or solve their housing burden.

Property investment outside Abuja (STRA 5) was rated the first mitigating strategies for Male Household Heads. For Female Household Heads, supplementing incomes with other businesses (STRA1) ranked as the first mitigating strategies. This means that households engage in businesses aside the formal job as well as building of rental dwellings (called build-to-rent) at the outskirt of the city to generate more and augment their income in order to meet their housing and non-housing financial needs, thereby mitigate housing burden. This is due to the fact that land costs in city centre are very high, owing to the increased mobility of people in search of jobs and opportunities, etc.

Bryant (2016) observed that high land cost due to its high demand constitute a barrier to procure suitable sites for affordable housing. Build-to-rent is a form of commercial and residential investment that address financial needs of the owners (Acheampong and Earl, 2020). The approach can create affordable housing outcome empirical evidence according to Acheampong and Earl (2020) on the potential financial viability of build-to-rent as an innovation to address the housing affordability challenges.

Conclusion

The top three strategies for mitigating rental burden adopted by Household Heads were supplementing incomes with other viable businesses, less spending on basic necessities such as health care and education, and cutting cost by seeking less expensive child care. However, supplementing incomes with other businesses was the most among the strategies adopted for mitigating rental burden by Female Household Heads. Investing in property outside Abuja in the form of build-to-rent was the most among the strategies adopted for mitigating rental burden by Male Household Heads. The housing affordability according to Hayles (2006), should be driven by consumers, markets, and legislation through policies solutions that focus on protection of affordability for rent. Adopting the position of Hayles (2006) and findings from this study on households' rental burden mitigating, it is recommended that adopting and engaging in economic activities that increase households' income to exceed cost expenditure can contribute to rental burden mitigation.

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