

## **PROBLEMS OF LAND DELIVERY FOR HOUSING DEVELOPMENT IN LAGOS STATE, NIGERIA.**

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### **ABSRTACT**

Land is a factor of production, essential to the provision of urban housing and infrastructural services and the production of agricultural goods. The explosive growth of Lagos State, the nation's commercial nerve center and former capital territory, will test the capacity of governments and private sectors to generate jobs and to provide land for services, infrastructure, and social supports necessary to sustain livable and stable environments.

The paper, therefore, examined the operational modalities and the requirements for land delivery in both formal and informal land markets in the state. To accomplish this research, secondary data were collected from relevant agencies and authorities in the state through participant observation backed up with oral interviews.

Consequently, problems emanating from both markets were discerned vis-à-vis their attendant policy implications. For instance, the study revealed, *inter alia*, the dual concept (nature) of land acquisition generally in the city, the cumbersome and bureaucratic process in the land delivery in the formal market in addition to the exorbitant prices of land, the state of insecurity of tenure in the formal sector. Thereafter, some conclusions were drawn with a view to improving housing provision in Lagos State.

**Keywords:** Formal and informal land market, land delivery operational modalities & urban housing development.

### **INTRODUCTION**

Some cities of developing countries are faced with a daunting task of providing accommodation for the urban population. These cities are growing two or three times faster than the country's overall population, reflecting massive migration to cities [Girardet, 1999]. For instance, the population of Lagos state grew at an average of 5.6% per year compared with 3% for Nigeria as a whole [Agbola et al, 2002]. In 1992, Lagos had an estimated population of about 1,347,000. The population of 75 metropolitan areas was about 10.9million in 1996. The United Nations predicts that the city's metropolitan area, which had only about 290,000 inhabitants in 1950, will exceed 20million by 2010, making Lagos one of the world's five largest cities. Thus, recent estimates by Agbola and Olatubara [2003] on projected housing provision for all the states in the country indicate

that Lagos State has the highest projection of 570,000, 350,000, 560,000 and 270,000 housing units during the periods of 1991-1995, 1995-2000, 2001-2005 and 2005-2010 respectively. Given the foregoing and, also, with the globalisation of finance, business services, and production, Lagos State is facing increasing magnitude of housing problem and the clamour for more productive centres for finance and business services. [Dowall, 1991; and Ajanlekoko, 2001].

But housing delivery process involves series of processes by which housing resources such as land, labour, finance and building materials are combined to produce new housing. It also involves the upgrading of existing units as well as the distribution of housing demanders. Housing delivery system encompasses the process that allocates housing units to households in a particular country (Agbola and Olatubara, *op cit*). Nevertheless, the land question constitutes a major problem in home ownership or housing development [Aluko, 2002 and Moss, 2002]. In developing cities around the world, the demand for land for urban use, in the face of globalisation of investment and urban population explosion, is large and growing. Urbanisation does not take place in thin air, it requires enormous amounts of land. This leads to both vertical and horizontal expansion in the size of the cities; although, the vertical or economic supply of land is limited by the land use planning standards, which vary from one city to another. Horizontal expansion into the zone of transition within the city therefore is inevitable. And, lack of access to land is a major bottleneck preventing the urban poor to participate meaningfully in the urban economy. The Presidential Committee on Urban Development and Housing, [2002] identified access to building land as one of the fifteen areas, besides housing, calling for serious attention in the Nigerian cities. They concluded that the constraint on the access to land for prospective developers could be a hindrance to the housing stock responding appropriately to any sudden change in the demand for housing units. In effect, the pressures of globalisation, urbanisation and a fast growing population have wreaked havoc on land delivery and management for housing development in Lagos State. The daunting task is that lands are supposed to be released in adequate numbers, at the right place, right time and at the right (or affordable) prices. Hence, the essence of this study is to examine some of the foregoing issues vis-à-vis problems of land delivery with a view to improving upon land delivery and management in the study area.

### **Land delivery and management**

Facilitating access to land and securing the means of paying for it is one of the most important prerequisites for the development of sustainable human settlement policy. To the land users, accessibility to land consists of four elements. These are: land availability, land affordability, security of tenure to the land question, and the ease with which transaction can take place in land. [Omirin, 2002]. For the sake of simplicity, Farvacque and McAuslan [1992], divided access to land into the following categories:

- (1) Private-private: This type of access is gained through the transfer of ownership in private transactions or through the inheritance of land.
- (2) Public-private: A state allocation process may give private individuals access to state land.
- (3) Private-public-private: There may be a land banking scheme by which private lands are pooled together under state monitoring and then redistributed to the private sector.

- (4) Private/public-private: Private or public lands may be invaded by private individuals. This type of access falls completely outside the formal sector.
- (5) Customary allocation: Land delivery may take place in the framework of customary law, as is still applicable in many parts of Africa, Asia, and the Pacific region.

However, at the beginning of the 20<sup>th</sup> century when Britain made a colony and protectorate of Nigeria, there was a multiplicity of land tenure and management systems in the country [Mabogunje, 2002]. Apart from the system in Lagos colony where an English freehold system had been established following its annexation in 1861, these diverse systems can be grouped broadly into two categories. The first obtained in the Northern Nigeria where the colonial administration had placed all lands under the control and subject to the disposition of the Governor. This was on the basis that the Maliki Law operated by the Fulani over much of Hausaland in the 19<sup>th</sup> century confers on conquerors rights to the land of the conquered. Without the consent of the Governor, no title to occupation and use was valid. An ordinance directed that the Governor shall hold and administer the land for the use and common benefits of the native peoples. The ordinance laid down maximum of 1,200 acres for agricultural grants and of 12,500 acres for grazing purposes [Government of Nigeria, 1953]. By contrast, in Southern Nigeria, the second system recognised that land was owned by lineages or extended families. Individuals have only right of use on such family land. The only land held at the Governor's disposal was that which had been expressly acquired for public purposes as Crown land.

From the above, whether in Northern or Southern Nigeria, land was considered by the people themselves largely within the nexus of a pre-capitalist social formation. This is why in most Nigerian society, the position at the beginning of the 20<sup>th</sup> century was that land was not sold. But, as the colonial era progressed, land alienation and sales not only grew in volume and geographical spread but also became the cause of considerable litigation and communal strife, often resulting in violent confrontation. Besides, the land tenure system of Southern Nigeria created a number of problems for land management which encouraged the practice of multiple sales of the same land to different buyers by land-owning families, land speculation and a sharp rise in the prices of land for urban and infrastructural development, incessant rancour and land litigations, exorbitant compensation for land and, nonavailability of land for government developmental projects. Thus, faced with the above problems and the contrasting land tenure systems, the then federal military Government promulgated the Land Use Decree (now Act) on the 29<sup>th</sup> March, 1978 with a view to unifying the land tenure system in the country. According to Mabogunje [2002], the thrust of the Act was largely to extend the northern system of land management to the whole country as a means of ensuring easier access to land for government and, ostensibly for individuals. Under the law, all land situated in the territory of each state in the country is vested in the Governor for the use and common benefit of every Nigerian. The control and management of urban lands, including allocation, come under the Governor of each state while land located in rural areas becomes the responsibility of the various local governments. For ease of management, urban lands were to be administered by a body known as the Land Use and Allocation Committee, and similarly, a Land Allocation Advisory Committee is provided to advise local governments in like manner. By Section 5 and 6 respectively, state and local governments can grant statutory and customary right of occupancy respectively to any person for all purposes. The maximum area of undeveloped land that any person could hold in any one urban area in a state is one half of an hectare; in the rural areas this must

not exceed 500 hectares and 5000 hectares respectively for agricultural and grazing purposes. In all, the consent of the Governor is required for any alienation of land right. The law is also an integral part of the 1999 constitution currently being operated in the country.

Although, Fabiyi [1990] criticised the Act as an urban legislation, which only superficially touches the tenure problems in the rural areas, Sections 29 and 48 of the Act still give recognition to existing interests, such as customary tenure, in land. Thus, a plurality of land tenure and management systems (i.e. state and customary) prevail in the country; particularly, in the study area. These systems are poorly articulated and increasingly cause problems of contradiction and conflict [Kasaga and Kotey, 2001]. Against the foregoing, the sources of land delivery in Lagos state can be grouped into two, that is, formal and informal. The formal sector comprises institutions operating within the statutory guidelines under the Land Use act, 1978 such as the state Ministry of Lands and Housing, the state and federal governments housing authorities and property corporations. The informal sector includes, individual and families, communities represented by stools, skins and families, private property companies, estate agents and estate surveying and valuation companies.

In spite of these sources, the journey toward the lawful acquisition of a plot of land is a long and confusing one; access to land, registration of land, permission to develop the land involve time consuming, unduly cumbersome, and costly procedures which make the legal system very difficult to access (Farvacque and McAuslan, *op cit*, Mabogunje, *op cit*). Using the case of Harare, Mubvanic and Musandu [1994] noted that the housing land delivery process is riddled with bureaucratic and administrative procedures and processes that render the whole process cumbersome, slow and protracted. They concluded that there are just too many actors involved in the whole process – a factor, which creates procedural bottlenecks in the delivery process. Furthermore, Moss, *op cit*, remarked that the cost of urban land is a big discouragement to urban poor. Only marginal land, with no title document and infrastructure at the periphery are available for the poor to build on. He concluded that the cost of land and documentation account for about half of what is required for housing development. Against the background information, this paper focuses on the state of art problems of land delivery in Lagos state affecting housing development.

## **RESEACRH METHODOLOGY**

The study concentrated essentially on the formal and informal sources of land delivery in Lagos State including the attendant consequences. Lagos state, being a former nation's capital territory and political city, constitutes the commercial nerve-centre as well as the city with the most globalising effects of investments. The data for the paper was obtained mainly from existing literature both published and unpublished. Some secondary data was secured from Lands Bureau, Lagos state Governor's office through participant observation. This was supplemented by open ended and informal interviews, through structured questionnaires, with some key informants: researchers, traditional authorities, public land administrators and private estate surveying and valuation companies in the study area. The data were later analysed, using simple descriptive statistics, to evaluate problems of land delivery for housing provision in Lagos State.

### Allocation and regularisation of lands in Lagos state

Allocation of lands to individuals or corporate bodies can be either from the state government by direct allocation (formal market) or through purchase of privately owned lands in informal market. Private lands may be derived from customary rights, inheritance or purchase of, even, government scheme sites from the original allottees. This section examines below the procedure, requirements and the consequences of such allocations for housing development in Lagos state.

#### Direct allocation by government (old and new)

There are 46 residential scheme sites all over the state owned by the state government. These scheme sites are categorised either into prime or general sites. The prime scheme sites refer to residential sites that are in high demand by the public due to its value, location, accessibility, etc. On the other hand, general scheme sites are located in areas with dense population and lower value residential neighbourhoods. Allocation of lands in urban areas, particularly in the scheme sites, is being handled by the Land Use and Allocation Committee. However, prospective allottees or applicants are expected to buy and fill necessary forms, observe the requisite requirements or procedure and make stipulated payments before such allocations are granted, but subject to the approval of the State Governor. Although this procedure appears simple and straight forward, it is not so in reality as it may take a period of 6 months to 2 years, in some cases, to complete. The process is, therefore, cumbersome and time-consuming. In addition, table 1 below gives the summary of applications received for both general and prime lands within the schemes together with the corresponding allocations approved by the government for 1990 to 2004.

Table 1: Number of applications received and approved for land allocation in Lagos State

Year	General	Prime	Total received	Allocation total granted
1990	1,800	300	2,100	310
1991	1,815	350	2,165	300
1992	1,900	360	2,260	250
1993	1,958	370	2,328	308
1994	1,965	388	2,353	300
1995	1,970	395	2,365	280
1996	2,200	400	2,600	250
1997	2,500	450	2,950	320
1998	2,700	500	3,200	360
1999	2,800	550	3,350	370
2000	2,800	600	3,400	450
2001	3,000	800	3,800	600
2002	3,008	1,350	4,358	1,200
2003	3,100	2,500	5,600	1,850

Source: Lands Bureau, Governor's office Alausa, April, 2004.

As evident from the above table, the numbers of applications are always in excess of the plots allocated and, there has been persistent increase in the demand or number of

applications over the years not matched by supply of plots in the scheme sites. Perhaps, this has meant that the state government has not been able to evolve to cope with the speed, volume, diversity and complexity of land delivery issues in Lagos State. Besides, altogether there are 25, 175 plots in all the Lagos State government residential scheme sites. This is grossly inadequate if it is compared with the projection of housing provision required in Lagos State for the period between 2000 – 2005 put at 560, 000 units as reviewed in the literature. It also explains beyond other reasons like cost etc, why people may be left with no other option than to patronize the informal market or, at times, squat on lands illegally.

### **Cost of obtaining land from the state government**

Aside from other requirements like 3 years tax clearance certificate, perimeter survey plan of the site, payments in respect of development levy and application forms, amongst others, the intending state lessee, after receipt of letter of allocation conveying the approval of the Governor, must pay, within a stipulated period, premium, as assessed by The Land Bureau, for the plot allocated to him. The premium payable varies from one scheme site to other depending on the size of the plot and, whether it is prime or general location. Table 2 below shows the premiums (column 3) and average sizes (column2) of the residential schemes that are still available for allocation in the state. Column 4 in the same table indicates the going rates/values of the plots in the open market (informal market).

Table 2: Cost (premium)/ price of obtaining land allocation in some selected residential scheme sites in Lagos State.

S/N	Location	Average size (plot) area (m <sup>2</sup> )	Premium/prices per plot (₦million)	Market price from informal market (₦million)
	(1)	(2)	(3)	(4)
1	Abijo GRA, Ibeju Lekki LGA	1,000	0.2395	3.0
2	Lekki peninsula phase II, Eti-Osa LGA	900	1.99302	7.0
3	Isheri North Kosofe LGA	700	0.81795	3.0
4	Ikorodu GRA III, Ikorodu LGA	1,500	0.35925	2.0
5	Ewu Elepe, Ikorodu	1,000	0.2395	1.1
6	Ijanikin, Ojoo	800	0.278	1.5
7	Ayobo GRA, Alimosho LGA	800	0.278	1.3
8	Mosafejo-Aradagun GRA, Badagry.	1,000	0.2395	3.0

Sources: Columns (2) & (3) – Lands Bureau, Lagos State, April, 2004

(4) – Estate Surveyors and Valuers Practising in the Areas, April, 2004

As shown in the table, the cheapest plot obtainable directly from Government will sell for ₦239, 500, especially in Abijo GRA, Ewu Elepe and Mosafejo – Aradagun residential schemes. If the estates are really meant for low – incomers, the premiums appear very high. For instance, if our low – incomers are civil servants earning between salary Grade Level 01 and 06 who are within the income bracket of ₦111, 710.40 and ₦190, 648.80

per annum, notwithstanding their budget for clothing and food including other financial commitments, how many years will it take them to acquire plots in the schemes mentioned above? Even, the highest paid civil servant in Lagos State on a salary grade level 017 earning ₦735, 248.52 per annum may still not be able to acquire the plots comfortably within few years talkless of developing a structure. And, since our civil servants are just a fragment of the 28% of the developing world's urban population [Vanderschueren *et al.*, 1996; World Bank, 1994] having incomes below poverty line, what becomes of the others who are even poorer as regards affordability of state lands? In the end, lands meant for the low incomers would be acquired by the rich and highly-placed people. State delivery of land has, therefore, generally worked against the interests of poorer groups while benefiting the government bureaucracy and those able to wield the levers of power in the modern state sector.

In addition to the above, while the legal regime and institutional arrangements appear absolute, they are also, paradoxically, very weak. Staffing constraints, lack of support services, low morale and pervasive corruption (favouritism) are endemic and occur at all levels of land delivery process.

### **Indirect acquisition of land**

This occurs in an informal land market very frequently in the state. The costs of acquiring land in this market are usually very high than what obtains from the government. For example, table 2 as demonstrated in column 4 indicates that if the plots in the identified scheme sites were given out in the open (informal) market, each plot could command as high as 4 times the original cost of acquisition from the state government. Besides, as required under the Land Use Act, 1978, the State Governor's consent must be obtainable to perfect title document in respect of any land transaction in this market. The procedure is usually very long, cumbersome and bureaucratic. For instance, regularisation or ratification of land title including governor's consent consists of about 11 stages, which include:

1. Identification of suitable land.
2. Prior negotiation between the parties and their agents.
3. Title search at the land registry.
4. Preparation of sale agreement/deed of assignment.
5. Exchange of price and documents, which include deed of conveyance/assignment (4 copies), original survey plans/deed of partition/certified true copy of deed of gift or will, original purchase receipt or building lease agreement and, receipt for money paid (family receipt for family land).
6. Purchase of application form for governor's consent at land registry.
7. Payment of stamp duties and stamping of documents.
8. Submission of forms to land use and allocation committee with stamped documents and photocopies of tax clearance certificate for past 3 years.
9. Advertisement of notice in national dailies for 21 days.
10. Payment of relevant fees: consent fee (15% of purchase price), publication fee, survey approval fee, registration fee, stamp duties (C of O), charting fees, development charges, ground rent and capital gains tax (where relevant).
11. Collection of certificate of occupancy (C of O).

Also, the cost of perfecting title, in addition to purchase price apart from other requirements of Deed of assignment or Lease, tax clearance certificates, charting and application fees, tenement rate clearance certificate, etc, as given above, may be as high as 46% to 60% of the purchase price indicated in respect of state lands in column 4 of table 2 above. The additional cost of transfer and obtaining Governor's consent as a percentage of the land cost or purchase price include the following: Agency fees at 5%, legal fees 10%, Governor's consent 15%, Stamp Duty 6%, Capital Gains tax 10% and Registration 1%. Notwithstanding the above, some of the Lagos State Government schemes and private properties fall within areas jointly owned by the Lagos State and WEMABOD Estates Ltd – a subsidiary of Odua Investments owned by the former Western Regional Government. Where this obtains, double consent have to be paid – one to the Lagos State Government as above and, the other, including registration fee usually in the region of 10 to 15%, to the WEMABOD Estates Ltd, making the cost of transfer as high as 60% above the purchase price. This would further make land beyond the reach of the urban poor. Apart from this, land acquisition in informal market may be subject of fraudulent sales, insecurity of title, land speculation, and incessant rancour and litigations. Although, even under direct allocation by the government, allottees are sometimes forced by the customary or original landowners, who had earlier obtained compensation for their land acquired by the government, to pay them the market value of the lands allocated. This amounts to double payment in respect of plots within the scheme sites.

## CONCLUSIONS

The conclusions from the above is that, apart from the state government, there are other actors in the land delivery process in Lagos State. The challenge of globalising finance and investments through privatisation and other means like African Union, European Union or Economic Commission of West Africa States (ECOWAS), therefore, is to rally these actors and promote public-private partnership in land delivery in the state. This is because by nationalising land, the Land Use Act, 1978, which was largely a legislative measure, has not expedite the allocation of state lands as well as issuance of appropriate titles for the grants made. This development, to the extent that it tried to substitute administrative processes for allocation through the free market system to which the society was already responding, must, to that extent, be considered retrograde. More importantly, it is better to have as many landlords or landowners rather than having the state as the only universal landowner if land inflation or speculation and land accessibility to the urban poor are to be controlled. For, in reality, there is no benign, omnipotent, omniscient landlord, but only the clerk in the land commissioner's office and behind an official, both human, prone to the weakness of personal misjudgements, prejudice and preferences along with everyone else; and, as representative of a dumb and blind monopolistic state landlord, the wielders of immense and absolute power. Thus, plurality of land tenure and management systems in Lagos state must be well articulated. Otherwise, to try and eliminate the traditional authority or other actors input into land delivery, as currently obtainable under the Land Use Act, 1978, is to invite the growth of a parallel, unofficial land delivery system as well as conflict and confusion already identified above, in land management. This will further make land to be out of the reach of the urban poor. Land as one of the agents of production must be privatised for global trends toward privatisation of investments to succeed. The land Use Act must be



amended in this light to enable land to be more accessible, less cumbersome and speedier to acquire for housing development. Registration of land document may be handled by government, as it will act as an inventory tool of the state/national land resources for fiscal purposes or it can be used to secure the rights of the owner or occupier of land and to enable him/her conduct transaction safely, cheaply and quickly.

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