

Formulating A Good Urban Land Policy for Nigeria

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INTRODUCTION

Urban land policy is a part of the overall urban development policy hence it should be viewed within the framework of general development policies whose goal is to mobilize the resources of a given country towards the achievement of socio economic development.

Since all human activities that determine the existence of man are based on land, urban land policy has to be formulated using a socio-economic approach. This implies that we have to examine carefully and carry out a detailed analysis of the roles land has played in the lives of the people and more importantly, how the existing land tenure system has affected the people.

Economically, as with any other factor of production, the value of land is determined by the interaction of the market forces of demand and supply-whether overtly in a relatively free market or covertly as latent value in a controlled society. All these are some of the issues to be taken into consideration in the formulation of an urban land policy.

STATEMENT OF THE PROBLEM

A critical look at the cities in Nigeria today, reveals that they are confronted with plethora of land related problems emanating from the use, allocation, distribution and ownership of land. These problems include inadequate housing, haphazard development, traffic congestion, inadequate infrastructural and social amenities, inefficient use of land, and lack of accessibility to land e.t.c.

The paper tries to find out why these problems exist despite the various urban land policies; the issues to be considered in formulating a good and effective urban land policy taking into cognizance the peculiar nature of Nigeria.

SCOPE AND OBJECTIVES OF THE STUDY

- 1) To examine the issues to be considered in formulating a good urban land policy
- 2) To examine the existing urban land policy in

Nigeria with a view to determining how to make it more effective

- 3) To make appropriate recommendations.

WORKS REVIEWED

Land policy consists of government actions designed to modify existing land tenure institutions in the interest of national development objectives in general, and particularly as an instrument for achieving greater equity and social justice. (Udo, 1990) while Fabiyi, (1990) views urban land policy as an integral part of the politico-economic systems adopted by a country which bears relation to the achievement of a new national economic and political order, in which the provisions for national land policies will be fundamental.

Policy may be viewed as a set of measures which aims to achieve the goals formulated by the public authorities. The goals and measures are influenced by the social and economic structure and development of a country. Applied to urban areas, land policy may be viewed as one of the means of achieving the goals of the overall development level of a given state. The term urban land policy clearly does not refer to a small and isolated urban area, rather it refers to government measures and decisions with regards to land, which affect all those socio-economic activities, which require the concentration of people, buildings and machines in a relatively small area. It is thus, the government-controlled means of harmonizing and regulating the use of land in the cities in accordance with the overall interest of the country. Urban land policy is a function of finding the optimal balance of the property market, land use controls and form of tenure.

OBJECTIVES OF AN URBAN LAND POLICY

The unprecedented expansion of urban population in most of the developing world is causing an exceptionally rapid increase in the demand for urban land. The location of land is specific and the existing urban plots cannot be reproduced, thus the rising demand for urban land

tends to be met primarily by converting rural land at the periphery of the existing built-up area.

The basic pressures towards higher urban land values are derived from the increasing demands of a rapidly growing urban population which are accentuated with lengthy and costly processes of transfer of land and the establishment of title; which bear particularly heavily on the supply of small plots for low-income groups. However, the prevalent forms of land tenure in any area have a profound effect on the physical urban patterns and the flexibility in adapting to the pressures of rapid growth. They exert a basic influence on population densities and the ability of the poor to find adequate shelter. Tenure systems largely determined the ease or difficulty of land acquisition and assembly. They make expansion of the urban area difficult and raise transfer cost to levels that are not attainable by poor groups. They affect the attractiveness of the landholdings offered through projects such as industrial estates or site-and-service schemes.

Urban land policies are generally formulated to ensure that the use to which a land is being put brings optimum productivity, through the market forces in the property market, and to make land readily available to all concerned with the use of land. The objectives can be summarized as follows:

- (a) To ensure an appropriate supply of urbanized land for dwellings, for community and recreational activities, and for productive activities including the provision of basic urban services.
- (b) To ensure harmonious urban spatial patterns that minimized the use of resources relative to economic and social benefits.
- (c) To ensure greater equity in wealth and income, including access by low-income families to adequate shelter.
- (d) To ensure a spatial distribution of population and activities at regional and national levels consistent with general national priorities.

The problem with the above objectives is not only that they overlap and raise familiar conflicts between efficiency and equity, particularly in the short term, but also they are also too vague to be useful. They do not define the concepts needed to determine operational priorities and to adjust these priorities to rapidly changing conditions.

A good urban land policy intends to ensure rational allocation of land among competing uses. The level of socio-economic development, the

rate of urbanization are some of the problems that necessitate the formulation of urban land policy. The rapid process of urbanization which is being witnessed in almost all the countries in world wide, has created the problem of land scarcity in the cities. This problem depends on the socio-economic structure and the level of the country.

ISSUES IN THE FORMULATION OF URBAN LAND POLICY

In formulating an urban land policy, three fundamental things are intended to be controlled and regulated. These are availability of land through the existing tenure, affordability of land at reasonable cost through the property market and accessibility of land by all especially the low-income groups through government intervention.

The three fundamental issues are as follows:

1. The land tenure
2. The property market
3. Government intervention

The Land Tenure

Institutions for defining the rights of ownership and use of land (tenure) have been a concern of every organized human society and have frequently been interwoven with fundamental social structure and religious belief. Often plays a critical role in the individual's sense of participation in a society, as well as in the investment of labour and capital likely to be made on any parcel of land.

Land tenure is a basic instrument of overall development policy, performing both an indirect facilitating role and a direct and active one. It interacts strongly with other elements of the urban economy being closely linked to the mortgage market, which takes a substantial proportion of borrowed funds in most countries; it is a major determinant of the local tax base and significantly affects the quality and return of investment undertaken in land and structures.

The prevalent forms of land tenure in any area have a profound effect on the physical urban patterns and their flexibility in adapting to the pressures of rapid growth. They exert a basic influence on the ability of the poor to find adequate shelter. Tenure system largely determine the ease or difficulty of land acquisition and assembly. They make expansion of the urban area difficult and raise transfer cost to level that poor

group cannot afford.

Security of tenure appears to be essential to stimulate the individual initiative necessary for the provision of the urban population of developing countries. As a result of rapid urban growth and lack of resources, land holders will normally invest in building or improving their dwellings only if they are assured adequate security of tenure. Tenure arrangements should be designed to facilitate changes in land use, as they become needed.

The Property Market

What happens to a given piece of urban land is a product of three basic forces; the market land use controls and form of tenure. This is the market where property rights are sold and bought with the price being determined by the interaction of the forces of demand and supply.

Even in free market economy, there is rarely complete freedom of contract with respect to land and real property. The law may specify the uses to which the land must be let to a sitting tenant at a specified rent. These are being done in order to check the exorbitant price of land in a free market economy without government intervention. Although the market can be highly flexible, it is subject to some limitation, which may tend to make it inefficient; Existing buildings are often not easily converted in response to new market pressures.

- (a) Information is imperfect.
- (b) Decision makers are often dependent on credit.
- (c) Individual decisions are affected by unpredictable externalities such as public decision with respect to transportation and infrastructures and the action of adjoining landowners.

Due to these inefficiencies, it is wise for the government to intervene and control the market. It is possible to argue that left to itself, the free market would tend to allocate land to its most desirable use and that therefore government intervention is at best unnecessary and at worst counterproductive. This is true given both a perfect market and an equitable distribution of income. The prerequisite for these conditions, however, are extremely stringent and cover all aspects of utilities, goods and markets.

Both market failure and the maldistribution of income are thought to be particularly prevalent with respect to urban land and services because

land, being locationally specific, is inherently heterogeneous. Since the optimal conditions do not exist, there is a prima facie case for intervention to modify the allocation of land that would arise from market pressures.

Government Intervention

The market mechanism is unlikely, on its own, to produce an efficient allocation of land uses (Whitehead, 1983). Moreover, the ownership of land is generally unevenly distributed among members of the community and market cannot allocate the income from land in the way the community would wish. For these reasons, most governments world over intervene in urban land markets, although to varying degrees, at the limit, administrative procedures completely replace the market mechanism.

Intervention takes many forms, including a regulatory framework, taxation, subsidies to particular activities, and direct ownership and participation in urban investment and the provision of services. By these means, the operation of the market is modified or superseded in pursuance of community objectives. Such intervention in a market-based economy is supported by the belief that the government can implement these policies in a way that reduces inefficiency and makes the resultant distribution of benefits more equitable. Many immediate goals may conflict with one another, and governments face problems of obtaining adequate information, of defining suitable techniques, and of fully implementing policies once they are introduced. As a result; the benefits of intervention may be far less than expected. The cost of intervention must therefore be counted as the benefits before deciding how to intervene, or indeed whether to intervene at all.

Rationale for Government Intervention: The free market without government intervention is known to face the following problem:

1. The need to provide certain land with public goods that cannot be effectively produced through the private market.
2. The existence of significant location externalities, both good and bad, which private decision makers would not take into account.
3. Imperfect information on which to base individual decision and the general costs of using the market.
4. Unequal division of market power among

- economic agent particularly in the case of monopolistic supply.
5. Differences between how individuals and community value future and current benefits.
 6. Differences between individual and community attitudes to risk
 7. Possible interdependence in utility arising from "merit goods", the consumption of which an individual benefits other members of the city- a situation not readily reflected in individual decisions.
 8. Differences between the actual and desired distribution of income.

FORMS OF GOVERNMENT INTERVENTION

Government can intervene in the urban property market through any of the following ways:

1. Taxation and public ownership
2. Land use regulation
3. Direct participation

Taxation and Public Ownership

The three familiar objectives for land policy (Shoup, 1983) are: Distributional Equity, Efficiency of Resource Allocation, and Government Revenue.

Though taxes are not usually seen as significant tolls to influence land use because revenue is the objective, but there are exceptions. For example, Taiwan and Chile tax vacant land to stimulate development in certain zones, Jakarta has higher tax rates on land not used in accordance with its zoning, and the Republic of Korea taxes speculative gains in land value/. Even when revenue is the only objective, however, property taxation affects Land use; and these effects are often directly contrary to other objectives, such as improving house. Different tax systems can be classified according to their definition of the tax base- the subject of most disagreement over tax policy. The three major contenders for the property tax base are total property value, site value, and betterment.

To evaluate any tax, one must first estimate its incidence. Two approaches are possible: The first is differential incidence in which government revenue and expenditures are assumed to be fixed; an increase in one tax is matched by an increase in some other tax. The problem is really how to estimate the incidence of two taxes at once. Land

value or site value has long been advocated as an alternative to total property value for the real estate tax base. A shift in the property tax base from total property value to land value would reduce some distributional inequalities and introduce others. If the land value tax is a levy on pure land rent and therefore unshiftable, the incidence of the tax change is on the owners of land at the time the tax change is announced.

Because landowners bear the burden of pure site value taxes, the most important element in evaluating the equity consequences of shifting the tax base towards land value is an ethical judgment about the existing distribution of land. If ownership of land is highly concentrated in high income groups, the redistribution accompanying the tax base change would at least be popular with a large number of tax payers. For example, site value taxation was introduced in Jamaica due to unequal distribution of land.

The efficiency arguments for taxation are: that the taxation of buildings or of any capital improvement to land, deters both new construction and maintenance and thus increases the price of housing and other real estate. A property tax on land value alone does not vary with individual decisions to build and thus people are free to build what they think best. A second argument for changing the tax base is that there are direct benefits that are decided from high taxes on land. Since taxes are thought to have no advantage other than the revenue they produce, the claims that site value taxation can actually increase the efficiency of the urban land market set it apart. Some empirical studies have shown that land use pattern differs markedly between areas where general property taxation is used and those where site value taxation is used (Richmond 1965).

Intervention Through Land Use Regulation

Governments in all countries have perceived the interest of the community. The immediate reason for intervention is usually the need of land for public purposes. In an uncontrolled land market, individual owners and users have little incentive to take account of the costs of benefits they impose on others. So governments may provide financial incentives in the form of taxes or subsidies (Courtney 1983).

Land use regulations used by governments include zoning, sub-division regulations, building regulation, approval by government agencies, urban planning, etc. Apart from public purpose,

another objective of regulating land use is to increase efficiency.

Finally, there are distributional aims such as making land viable to all groups in the city and ensuring that the benefits of development go to the city as a whole.

Government Intervention Through Direct Participation

In any urban land policy, programmes and actions affect the pattern of urban development. Although the role of government differs widely, public policy to regulate and control the pattern of urban development is of considerable significance in all parts of the developing world. Many serious problems of urban land use in developing countries are probably capable of mitigation only through some form of government intervention (Rivkin 1983)

Continued immigration produces intense demand for land that cannot be satisfied by available sites. Extremely high densities of use and people are found on inadequately serviced land. Low income workers are relegated to housing far from income workers are relegated to housing far from places of potential employment, extreme traffic congestion and inadequate sanitation produce dangers of public health. In addition, the free market mechanism is not noted for altruism, in rapidly growing cities of most developing countries the market is therefore likely to be a poor vehicle for achieving equity in the pattern of physical development.

The devices used by the government are the devices that are associated with direct public capital investment and finance. These devices include: provision of infrastructure facilities; land acquisition; government serving as developer and financier; instrument to mixed public and private development; slum or squatter removal; planning controls; codes and ordinances; value freezing; taxation e.t.c.

Criteria For Assessing A Good Urban Land Policy

There are four criteria as identified by William A. Doebele (1983) that can be used to assess any urban land policy in order to judge whether it is good or not. These include: Efficiency, equity, compatibility and continuity.

Efficiency: This efficiency test is used to find out

whether the land policy encourages a smoothly functioning land market that permits the maximum productivity of land as a resource; that is responsive to rapid increase in demand allowing the assembly of land as needed to meet such demand and that is responsive to major changes in urban form, whether they result from market forces or government policy.

To answer the above questions using the land use Act No 6 of 1978 as a land policy in Nigeria, one would discover that it does not pass this efficiency test.

Equity: This test is used to find out if the urban land policy provides reasonable access for all groups (particularly those of low income) to land for housing, business, and other needs. In addition, it should enable the government to recapture increments in land value when it is socially desirable to do so. The land use Act has the original intention of making land equally accessible to all but it has never been so. Betterment levy is not guaranteed by the Act.

Compatibility: This tests how well the land policy is able to integrate with other policy instruments dealing with economic development and urban land, such as Federal, state and local government planning, taxation and the management of public service systems.

The land use Act of 1978 as a radical approach to land is a feature of socialism which is not compatible with our capitalist or mixed economy in Nigeria

Continuity: The policy should be the type that will avoid, where possible abrupt breaks with the cultural and political system which led to existing arrangements. The land use Act was a major factor to the failure of the national Housing policy of 1991 which made housing for all by the year 2000 unrealistic.

RECOMMENDATIONS AND CONCLUSION

When formulating a good urban land policy, the focus should be to meet these four criteria: it must encourage efficient and maximum utilization of land through the land market with the forces of demand and supply interacting. Such policy should provide access to land for all irrespective of social and economic status. The policy must be compatible with existing policy instruments for economic development. It should be able to integrate well and continue with the cultural and

political system of the country in focus.

Productivity as mentioned earlier means that the policy should facilitate investment in uses and structure which yield the highest total amount of foods available to the society in ways that do not harm the ability of others to make similar use of their land.

From the foregoing, the three players that determine the efficiency and level of productivity of urban land have been identified as: the land tenure existing there; the mechanism of the property market; and the actions of government.

A good urban land policy should be the type that will balance these three factors in order to bring about high level of productivity and efficiency in the use of urban land.

KEYWORDS Land. Policy. Developing Countries. Problems.

ABSTRACT This paper tries to examine how a good urban land policy that will touch the lives of people living in the cities can be formulated in Nigeria. The objectives include: to highlight the need for a good urban land policy in the Nigerian cities; How such policy can be formulated; to determine the effectiveness of the existing land policy in Nigeria. The land related problems facing most developing countries including Nigeria are alarming. These problems have been one of the underlying factors of all revolution. Governments of various nations have attempted to solve them through the formulation and enactment of various policies and Acts. Nigeria as a nation is not left out of this struggle to find solution to the urban land related problems; hence various land policies have been formulated in the country. These land related problems are majorly due to population explosion which does not match the paucity of resources to provide housing, workplaces, schools, roads, water supplies, transportation, and the many other requirements of urban life.

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