



A Conference Proceeding on
"Urban Regeneration"
organized by Commonwealth
Association of Surveyors and
Land Economists (CASLE) in
conjunction with University of
Ulster, U.K.

Date: 12th-15th September 2008

Venue: University of Ulster, Belfast.

U.K.



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CASLE 2008

Urban Development, Regeneration and Finance
Conference of the Commonwealth Association of Surveyors
and Land Economists.

Held at the University of Ulster, Jordanstown Campus,
Belfast, North Ireland, UK, 27 – 29 August 2008

Peer review process

All papers submitted to CASLE were subjected to a double-blind (peer review) refereeing process. Referees were drawn from an expert panel, representing respected academics from the construction and building research community. The conference organizers appreciate the following members of the panel for their work, which is invaluable to the success of CASLE:

- Prof. Alec McEwen, University of Calgary, Canada
- Prof. Peter Dale, University College, London
- Prof. Phillip White, University of British Columbia, Canada
- Prof. George Henderson, Henderson Associates, UK
- Prof. Rodney Harber, University of Natal, South Africa
- Prof. William Seabrooke, Polytechnic University of Hong Kong
- Associate Prof. Peter Stewart, PMIT, Melbourne, Australia
- Prof. Dr Razali Bin Abdul Hamid, University of Technology, Kuala Lumpur, Malaysia
- Prof. Dr Alan Spedding, Convenor

The CASLE conference is held annually. The aim of CASLE is to provide a platform for the dissemination of original research and new developments within the specific disciplines, sub-disciplines or field of study of:

- Property investment theory and practice
- The dynamics of residential property markets
- Planning and property markets
- Sustainability and real estate
- Law of property, housing and land use planning
- Property market forecasting
- Financial analysis of the property market and property assets
- Property pricing and appraisal
- Global comparative analysis of property markets

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Urban Regeneration as a Veritable Tool for Housing Delivery in Lagos Nigeria

By

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Abstract

Housing deficit in Nigeria is put at between 12 and 15 million. This includes large number of people living in substandard and dehumanized buildings. Unguided urbanization process and uncontrolled rural urban migration in the last five decades has resulted in urban sprawl and slum development in Nigeria. About 70% of Metropolitan Lagos with a total population of about 10 million was declared slum in 1992. Most of the buildings in these slums are structurally sound but lack basic infrastructure which can be provided at cheaper cost than new built. The study enumerates several efforts made to increase the rate of housing supply in Nigeria.

These approaches often focus on development of new housing units, housing estates and satellite towns with total disregard for housing improvement and slum regeneration. This study explains the concept of regeneration and the huge opportunities inherent in urban regeneration as a means of increasing the nation's housing stock drawing lessons from regeneration projects in the United Kingdom. Urban renewal projects carried out in Nigeria between 1960 and 2000 were appraised to establish the superiority of urban regeneration over urban renewal. The study acknowledges the limitation of total reliance on government for funding urban regeneration projects and recommends Public Private Partnership (PPP) as a sustainable means of financing urban regeneration.

Keywords: Regeneration, Renewal, Housing improvement, Infrastructure, Public Private Partnership (PPP).

BACKGROUND OF THE STUDY

Housing plays a significant role in the economy of any nation. In developed economies like United Kingdom, housing accounted for 55% of construction output in 1992 (Isaac 1996). In Nigeria, like any other developing nation, the housing share of construction output, according to Adams (1992) is about 70%, considering the low level of industrialization in the country. Ofoegbu (1997) asserted that in acknowledging the importance of the sector, 3.89% growth in the construction sector in 1985 translated to a corresponding growth of 4.10% in the nation's GDP. The current sub-prime lending problem in the United State and the treat to the entire economy reinforced the pivoted place of housing in a nation's economy.

Despite the above socio-economic importance of housing, it has become so problematic that it has become an everyday discussion in Nigeria where most of the urban population lives in a dehumanizing housing environment while those that have access to average housing do so at very high costs. According to Onibokun (1985) and Ebie (2003), rent in major cities of Nigeria is about 60% of an average worker's disposable income, which is much higher than the 20-30% recommended by the United Nations. According to Mabogunje (2007) housing deficit which was put at 8 million in 2002 has increased to 15 million in 2007.

Costs of construction have grown uncontrollably in the last ten years (Windapo 2002 and Okupe 2002). At the moment, a fairly furnished 2-bedroom flat costs about 2.5 million Naira. At this high rate per unit, the nation requires about two trillion naira or about (18 billion U.S. Dollars) to finance her annual housing requirement. Such a staggering amount requires an integrated finance system that could tap from the global market. As a means of finding a lasting solution to the housing finance problem, the Nigerian government formulated a National Housing Policy (1991). The document is very comprehensive with the following sections: Historical perspective, Land, Finance, building materials, Institutional framework and Monitoring.

It is very unfortunate that the housing deficit in Nigeria in 1991 was less than 5 million units when the policy was promulgated today the housing deficit has increase to 15 million, a practical demonstration of policy failure.

STATEMENT OF PROBLEM

It is also well documented by Nubi (2005) that Nigerian cities are filled with substandard houses and high incidences of building collapse, which, according to Chinwokwu (2000) are higher than in any part of the world. Among the reasons advanced for the high rate of collapsed buildings is the use of cheap and substandard building materials, necessitated by absence of long-term credit facilities and poor access to land. Why has up scaling, revitalization or regeneration of existing old stock which has been used in several developed countries to increase housing stock has not been effective in Nigeria and Lagos in particular? This research work attempts to tackle by examining the issues, operation and importance as a means of increasing housing procurement in Nigeria.

PREVIOUS HOUSING POLICIES AND PROGRAMMES

The involvement of successive governments in housing delivery including the gamut of policy interventions and strategies that were applied to minimize the housing crisis includes the following:

- ∞ Provision of residential quarters to civil servants initially introduced during colonial period.
- ∞ Formation of the Association of Housing Corporations of Nigeria in 1964.
- ∞ Establishment of the National Council on Housing in 1971.
- ∞ Federal Government Staff Housing Board established in 1971.
- ∞ Establishment of the National Housing Programme in 1972 as a component of the second National Development Plan.
- ∞ Creation of the Federal Housing Authority (FHA) as an implementing agency of Federal Government National Housing Programme.
- ∞ Direct provision of N2.6 billion for housing provision in all the states of the Federation during the third National Development Plan (1975 – 80).
- ∞ Pioneer Federal Ministry of Housing, Urban Development and Environment was created in 1975.
- ∞ Housing problems of the low-income group brought to the fore through the Committee on Standardization of House Types and Policies (1975).
- ∞ Constitution of a Rent Panel in 1976 leading to the establishment of State Rent Tribunals.
- ∞ Promulgation of the Land Use Decree No.6 (1978) a major step in land reform aimed at making land readily available for development.

- ∞ Nigerian Building Society transformed to Federal Mortgage Bank of Nigeria (FMBN) in 1977.
- ∞ Federal Low-cost Housing Programme of the then civilian based on the concept of affordability and citizen participation. It targeted low and medium income groups.
- ∞ World Bank – Assisted Nigerian States Urban Development Programme was negotiated in 1979 with a component on low-cost housing for low-income group.
- ∞ The Mortgage Institutions Act (No. 53 of 1989) was promulgated to regulate and supervise the operation of Primary Mortgage Institutions.
- ∞ National Housing Policy launched in 1991.
- ∞ National Construction Policy launched in 1991.
- ∞ Establishment of the National Housing Fund (Decree No.3 of 1992).
- ∞ Promulgation of Federal Mortgage Bank of Nigeria Act (Decree No. 82 of 1993).
- ∞ New National Housing Programme launched in 1994 under the auspices of the Federal Housing Authority.
- ∞ Creation of the Federal Ministry of Housing and Urban Development (2002).
- ∞ Formation of Real Estate Developers Association of Nigeria (REDAN) in 2002.
- ∞ Formation of Building Materials Producers Association of Nigeria (BUMPAN) in 2004.
- ∞ New National Housing Policy formulated in 2001 and became official in 2006.

Current Housing Scenario

These various policy interventions and programmes were not effective on the housing crisis plaguing Nigeria and the citizenry – the low-income group being the most affected. The housing requirement particularly for this group, which constitutes over 70 percent of the population have made it imperative for government to further intervene, if the swelling number of this category of homeless Nigerians is to be contained. More so, the current estimate of the country's housing deficit is over 15 million and still increasing.

CONSTRAINTS TO HOUSING DELIVERY

Many reasons had been advanced to explain housing delivery constraints in Nigeria this include:

LAND

- ∞ Absence of clear property and security rights
- ∞ Mandatory Governor's consent for all land transactions
- ∞ Inefficient land management system
- ∞ High cost of land transactions

FINANCE

- ∞ Absence of long term mortgage finance
- ∞ Housing delivery models not replicable – projects carried out in silos
- ∞ Foreclosure laws
- ∞ Lack of institutional depth
- ∞ Affordability gap between cost of houses and income of end users.
- ∞ High interest rates reflecting risk and source of funds

HOUSING STOCK

- ∞ Acute shortage of housing stock
- ∞ Inadequate scale of delivery
- ∞ Over 80% of houses built by individuals
- ∞ Absence of quality assurance framework
- ∞ Fragmented industry
- ∞ Artisan construction
- ∞ Absence of community management to preserve asset value

It is pertinent to mention that the focus has been on increasing housing stock through newly built houses supplied through the formal market. Unfortunately the population in dire need of housing are in the informal sector in the notorious slum of our cities especially Lagos. After a holistic review of the housing situation in Nigeria and the relevant government institutions involved in housing delivery, there is a compelling need for a re-ordering of priorities and paradigm shift most especially in favor of urban regeneration to meet the ever increasing backlog of houses. This is critical especially in Lagos where housing crisis is most severe and more than 70% of the total land mass had been built up while 70% of this built up areas were declared slum in 1992.

LAGOS STATE

Lagos metropolitan area is located to the Southwest of Nigeria. It is bounded to the south by the Bight of Benin, to the east by the Lagos Lagoon and Majidun Creek, to the north and on the west by Ogun State. The metropolis in early 1990s covered an area of

about 167,700 hectares (1667 sq. km) – about 50 per cent of the state- out of which the lagoon and water bodies occupy 20,900 hectares (209 sq. km). Considering its growth ever since, especially along the major axis of Badagry road, Ikorodu road, Lagos-Ibadan express road and Epe-Lekki road, the metropolis now covers about 70% of the state land mass. Lagos state population was put at 7.5 million in 1987 – about 7% of the national population. About 88% of the population resides in the metropolitan area. The development of Lagos from the time of its settlement went through various stages coinciding with important events in the history of the area. In particular.

- ∞ The metropolis was affected by slave trade,
- ∞ The early missionaries especially in 1852,
- ∞ The commencement of colonial rule in 1862,
- ∞ The political independence in 1960,
- ∞ The creation of states in 1967 and 1976,
- ∞ The period of the oil boom (1972-1982).
- ∞ The development of infrastructure which also brought about an influx of migrants and others.
- ∞ The development of the Lagos harbour between 1908 and 1917.

The introduction of social amenities – banks, schools, hospitals, electricity, pipe-borne water, better transport facilities, together with the relative glamour of city life brought more influx of people and transformation of the urban centres.

By the time Nigeria gained independence in 1960, the city had expanded to approximately 70 square kilometres having engulfed the nearest villages existing on the mainland. In 1976, the metropolitan area covered 17,228 hectares and housed more than 3,300,000 people translating to an overall population density of nearly 200 people per hectare of developed land. By 1963, Lagos had become Nigeria's most populous city and was growing at a rate of about 11% per annum four times that of the entire country. Today the metropolitan Lagos was classified as the world's second fastest growing city. By the United Nations population projection, Lagos will likely be the third most populated city by the year 2015 with a population size of about 25 million.

Lagos Population Trend (1985-2015)

Year	Population (Million)	Global Ranking
1985	5.8	31 st

1990	7.7	22 nd
1995	10.28	Nil
2000	13.42	6 th
2005	16.86	Nil
2010	20.19	2 nd
2015	24.6	3 rd

Source: UN-Habitat

One of the problems associated with this phenomenal growth is overcrowding and the bubonic plague of 1920s which led to the first urban renewal and resettlement scheme at Surulere in the 1940s. This renewal exercise few other renewal projects were embarked upon but the sad news is that these areas like Badia, Iponri, Ajegunle that witnessed large scale urban renewal that cost millions of US dollars about 10 years ago have no trace of such investment.

THE SLUMS OF LAGOS.

52 neighborhoods were declared slum in Lagos in 1992. Among them are settlements along the water front of Lagos Lagoon where land value is supposed to be one of the highest in the country. The investment potentials of these neighborhoods no doubt make them viable for regeneration. Among these settlements are:

MAKOKO, IWAYA AND ILAJE

These three water front settlements are some of the communities that sprang up sporadically in contravention of the wider state settlements patterns and development plans. The areas lie in the Mainland and Shomolu Local Government overlooking the Lagos lagoon and the Third Mainland Bridge to the east.

Local Planning Authority puts Makoko and Iwaya population at 85840 and 50,025 as at 1995 and Ilaje at 42,050 but each have grown to an all population projection based on the 1995 figure of 51336 would put the population of Makoko at 85168.

Table 1: Socio-economic survey of the Iwaya, Makoko and Ilaje.

	IWAYA	MAKOKO	ILAJE
Monthly Expenditure Median Value (N/month)	15220	10773	13613
Housing (% yes)			