

The Significance Of Property Location, Characteristics And Value In Urban Renewal: A Case Study Of Ogbomoso, Nigeria

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Abstract: *Blight housing condition is detestable, yet there seems to be a strong socio-cultural attachment to slum areas, particularly in the core area of cities. This study thus employs the cost replacement valuation procedure to evaluate the objective property value of sampled building to compare with the residents subjective value at the core and the periphery areas of Ogbomoso. 150 structured questionnaire were administered to residence in the study area to determine among others; the subjective property value and the willingness of the people to move, should there be an urban renewal program. The objective and subjective property values were compared using the student's T-test. The study reveals a significant difference between the objective and subjective property values and the readiness of property owners to give up properties for objective value should there be urban renewal program. The study thus recommends a continual process of socially, legally and economically motivating each private and public property developers to maintain their properties and be prepared for urban renewal program whenever the need arises.*

I. Introduction

One of the most sensitive, perplexing and persistent problems associated with urban renewal is relocation (Goodman et al, 1974). Myriads of problems beset especially the relocation aspects of urban renewal. Land prices often jump up sharply between when an area is designated for urban renewal and actual beginning of land acquisition. Unavailability of low rent housing for displaced low income families, thus pushing them into another if not worst redevelopment area, inability of the government to lessen the hardship of the displaced persons and business especially those that depends on a particular neighborhood market area, are some of the already identified problems.

Nevertheless, there is another problem dimension that is common to Africans and especially the south western part of Nigeria, which may constitute additional clog in the wheel of urban renewal relocation exercise. The problem is the land tenure system. While it is easy to import and impose an idea it is extremely difficult to do the same with culture. While it is rational to determine the value of a property using orthodox method of valuation, it is foolhardy to a typical African to forgo his 'family house', acquired through the power of eminent domain and when compensation is paid for his relocation without the extra value above the objectively adjudged value of his property. It is still important to note that the chord of cultural attachment to a particular space or building may not be as strong in the developed world unlike the developing. This may be for the value attached to ancestral origin or the deification of the same. Relocation made or compensation paid to relocate should not also be compared among the developing and the developed world.

Spawned by the knowledge of the fact that land value generally appreciate and which is consequential to the value upgrade of the properties erected on such land, the central core buildings are presumably high value characteristics. This is why "the ability to acquire several blocks of built up city land through eminent domain must be accompanied by the ability to pay property owners for the land and structures they own. Since the cost of inner city is high not only the acquisition of developed land (which is by far the most expensive item) but also for other things that must be done to get the land ready.... (Goodman *et al*, 1964)

In African settings, the high value of the core city land is accentuated by the communal land tenure system which makes a particular parcel of land belonging to an extended family so dear that, it is almost impossible to sell or buy.

Intuitively however, no one is indeed in love with blight or slum condition. Every one prefers a qualitative standard housing, but at a particular location probably for the reason of socio-cultural and economic attachment. This is etched in the fact that naturally, slowly though, renewal occurs in the core area without a governmental help. Why people would prefer derelict houses in the core above better ones in the periphery therefore presents a paradox; the slum is hated but is preferred by the ones living in it for a singular reason of ancestral, family, socio-cultural and economic tie.

The thesis of this paper is the quantification in monetary terms of the ancestral, family, socio-cultural and economic tie which may also be psychological or spiritual, the value to be added to the real estate value of such property in the core area and to be compared with the real estate value of similar houses (with same

number of room and facility) in the periphery. This will show a relationship between the real property value and workability of urban renewal programs.

II. Nigerian/American Urban Renewal Relocation Experiences: Some Useful Lessons.

With specific reference to the relocation aspect of the urban renewal programs between 1958 and 1965 in Chicago U.S.A in comparison to the relocation exercise that accompanied the relocation exercise of the Nigerian pre-independence urban renewal programs. There was a housing act of 1956 in the US which provided for a system of relocation payment whereby payments were made for property loss, moving expenses, direct property losses as a result of the movement e.t.c. the compensation payable as moving expenses started with as low as \$100 for a family, \$500 for elderly individuals and \$3,000 for businesses should there be property loss in the course of movement. As at 1964, even without the claim of property loss, business could be reimbursed for moving expenses up to \$25,000. Apart from this, loans covering a 20-year period would be made available to re-establish a relocated business if there is proof that such business had suffered economic injury as a result of its displacement. All these reimbursements and compensations are in excess of due compensation of the real property acquired through the power of eminent domain.

In the case of Nigeria, the visible arrangement seen in the attempt to relocate the displaced folks (with reference to Lagos island urban renewal program in the 50s) was the erection of a “mini” estate at Surulere for the relocation prior to the clearance of their former homes and businesses. There is no formal legal force to take care of the welfare of the displaced persons and businesses as at the time. Again up till today, the compensation payable to the owner of any property acquired through the power of eminent domain in Nigeria is limited to the inexhaustible improvement on the particular land. While little or nothing was said and done regarding the social, economic, emotional and psychological inconveniences of the movement and payment of compensation of relocates from Lagos Island, they are yet financially incapacitated to acquire the new Surulere quarters or maintain it. This may mean a clog in the wheel of Urban renewal programs. This may mean reduction in urban renewal acceptability hence, little or no public participation, the consequence of which may be a failure in urban renewal program.

Method of Study

The study necessarily relied on both the primary and secondary data. For the reason of convenience, a total of 152 structured questionnaires were distributed equally to the core and periphery area using stratified procedure. i.e 76 questionnaires were assigned to each area, while the core areas comprise of Oke-Elerin, Isale Afon, Aaje, Osupa, Tarea, Laka, Oja-Igbo and Masifa, the periphery area comprises of Maryland, Oke-Owode, High school area, Low cost and Blind centre areas, all of Ogbomoso. The variables that reflect the value of each property based on the value judgment of the owners are indexed as the subjective property value while those estimates that reflect the true cost or worth of the properties are indexed as the objective property value. Simple statistical analysis such as chi square, ANOVA and student T-test were used to test the difference in the indices of property values.

Property Value Measurement.

In the context of this study and as a working definition, the property value may be defined as the capital or rental worth of a particular property at a time. The determination of this property value is the process of valuation. Two methods were used to determine the value of the properties in the study area. The first is objective and the other subjective. By objective, the orthodox procedure and method of valuation as posited by real estate experts: while subjective valuation is based on the value of judgment of the valuer and not solely on the physical value of the property.

The subjective value is relevant to this study on the ground that it seeks to quantify the emotional and socio-cultural attachment of the property owner in the monetary terms and examine how dear they hold their properties. The objective and subjective valuation are carried out for both the core and periphery properties. Cost replacement valuation method was used to value objectively both at the core and periphery. In both cases equal number of rooms was ascertained. This is to allow for objective comparison.

III. Discussion of Findings.

Most houses in the core area are traditional compound system (40.1). Most houses in the periphery area are flat system (34.9%). Some Brazilian types are found in the core area while the rest and all the duplex are found in the periphery. It is worthy of note that there are significant differences in the quality of the properties of the core and periphery areas.

Table 1: House Type

	Traditional compound system	Brazilian type	Flat	Duplex	Total
No	61	30	53	8	152
%	40.1	19.7	34.9	5.3	100

Source: Author's field survey, 2012

The variable tested to arrive at this conclusion include: roof material, floor finishing, window type, available and location of facilities like: kitchen, toilet, bathroom, parking spaces etc. the real and perceived adequacy of facilities such as: electricity, portable water, road accessibility, public sewer accessibility, public sewer accessibility, fence and surveillance, parking space, building/plot ratio, wall finishing etc were also used as yardstick to examine the quality of houses at both areas.

Table 2: Prefer the Area?

	Core area	Periphery	Total
No	66	82	148
%	44.59	55.41	100

Source: Author's field survey, 2012

From table 2, 44.59% of the respondent who are majorly supposed to be core area dwellers claimed to prefer living in the core area, the principal reason for their preference for the area is the social attachment (62.12%). 15.15% prefer the core area because it aid one or more form of informal job or business from which they earn their living. The rest 25.76% of the core dweller prefers it because they believe it is safer in terms of security. On the other hand, a greater percentage of the total respondent claimed to prefer the periphery. One of their major reasons for the preference is the 'newness', healthy environment of the suburbia (67.07%). 21.95% preferred the suburbs for reason of convenience. Part of the convenience include: movement to and from work, accessibility, legibility etc. the rest 10.98% prefer the periphery because of access to facilities, utilities and services such as electricity, pipe borne water etc. It follows therefore that majority love the quality of the suburbia; even the core area dweller. However, there is a socio-cultural attachment that seems very difficult for them to mortgage.

Houses Ownership of Respondent

Table 3: if house is a personal property

Area	Yes	%	No	%	Total	%
Core area	16	21.6	58	78.4	74	100
Periphery	49	67.1	24	32.9	73	100

Sources: Author's field survey 2012

The chi square test carried out revealed a significant difference between the response of being the personal owner of the property in the core and the periphery at 99% confident level. Table 5 further explains that the nature of the difference. For instance, 78.4% of the core area respondents have the buildings as their personal property. While it look rational that better value may be attached to one's personal property, it does not negate the fact that core area dweller sees their house both as a personal property bequeathed to them by their fathers and for which they hold obligations to bequeath to oncoming generation for the sake of immortalizing their family or family name.

Table 4: Nature of House Ownership Aside "Personal"

	Joint ownership	%	Family/ inheritance	%	Leasehold	%	Total	%
Core	0	00	49	84.48	09	15.52	58	100
Periphery	2	6.25	4	12.50	26	81.25	32	100

Sources: Author's field survey 2012

The chi-square test performed for the distribution revealed a significant difference in the response of house ownership other than freehold between the two areas at 99% confidence level. While majority of the core area dwellers (84.48%) live in a house owned or inherited by their family their counterparts in the suburbia are majorly tenants (81.25%). The inference is that tenants would not have a strong tie with their residence and therefore, parting with it will not be too difficult. On the contrary, people who see their residence as an inheritance would want it there forever, even if it is not being put to full use.

Objective and Subjective Value Requirement for Property Acquisition

Besides the administration of structured questionnaires, the study selected thirty (30) buildings; fifteen in each of the core and periphery with equally corresponding number of rooms and as alternative occupying approximately same area of land. This gave the basis for comparison. Negotiation with the owners produced the subjective values of the buildings while the cost replacement valuation method was used to determine the objective value of the properties. This is presented on table 5.

Table 5: Objective and Subjective Values of Houses (NGN Millions)

S/N	Core		Periphery		Core	Periphery
	Objective	Subjective	Objective	Subjective	Subjective-objective	Subjective-objective
1	1.20	5.0	5.30	6.0	3.80	0.70
2	2.08	5.0	4.72	6.0	2.92	1.28
3	1.98	5.0	5.10	6.5	3.02	1.40
4	2.60	10.0	5.17	6.5	7.40	1.33
5	3.40	8.0	3.89	5.5	4.60	1.61
6	2.30	7.0	4.09	6.5	4.70	2.41
7	1.09	5.0	5.32	5.5	3.91	0.18
8	2.75	6.0	4.91	6.5	3.25	1.59
9	1.72	8.0	5.61	7.5	6.28	1.89
10	1.98	5.0	6.19	10.0	3.02	3.81
11	2.92	7.5	6.52	10.0	4.58	3.48
12	1.56	6.0	5.75	7.5	4.44	1.75
13	2.01	8.0	5.68	7.5	5.99	1.82
14	1.69	6.0	4.95	8.0	4.31	3.05
15	1.97	5.0	5.11	7.5	3.03	2.39
Mean	2.08	6.43	5.22	7.13	4.35	1.91

Source: Author's Field Survey and Computation, 2012.

The chi-square tests performed show a significant difference between the response of the core area and suburb residents at 95% confidence level for a number of variables regarding property value. These variables include the preferred government action in cases of relocation, estimated cost of building and its land and owner asking price of properties. In all, quite exorbitant are the value placed on the core area buildings. The prices are ridiculous for the corresponding objective value resulting from the cost replacement valuation computation. The asking prices are generally and intuitively higher for all buildings either in the core or the periphery compared to the objectives computed values. While negotiation can be a panacea to the objectives and subjective value disparity in the periphery, the margin between the objective and subjective value of properties are ridiculously wide for the core buildings. It connotes that when the average objective values of houses in the core area is 2.08 Million some additional 4.35 Million should be made ready augment the payment for compensation and relocation, whereas, about 1.91 Million which is still negotiable may do at the periphery.

Table 6: Core-Periphery Paired Samples t-Test

Mean	Std Dev	Std Error	Lower	Upper	t	df	r	P. value
2.44	1.72	0.44	1.49	3.39	5.5	14	.794	.000

Source: Author's Computation, 2012.

The result presented on table 6 reveals that there is a significant difference in the monetary requirement to conduct urban renewal program in the core and peripheral areas at alpha of .001. the lesson to be learnt here is that urban renewal is more expensive than what obtains in the theory and the laws guiding the program. This is a pointer to the fact that, urban conservation, rejuvenation, spot clearance and other tempered approach compared to the comprehensive redevelopment should be encouraged and done frequently so that the city may not rot and we start to pursue the very expensive urban renewal as the ultimate remedy.

Table 7: Preferred Government Action in Case of Relocation

	Another building elsewhere	Payment of building worth	Continuous annual rent payment after the upfront	Total
No	13	86	48	147
%	8.84	58.50	32.65	100

Source: Author field survey, 2012

Table 7 shows that in case of relocation during urban and renewal programme, most of prospective relocates does not prefer the erection of another building elsewhere. They seem to want the choice of their building site to be at their instance. They therefore (58.5%) prefer the payment of the worth of their building and be left to decide on what, when and where to build. More so, a good percentage of the respondent, most of which are core area residents (32.65%) want a continuous annual payment of rent after an upfront payment has been done. They either defy or are ignorant of the land use decree of 1978 and other legal force that have shifted land ownership to the government; they therefore want to retain their houses or at least their compound's name in Diaspora.

Core-Periphery Objective-Subjective Property Value Disparity

TABLE 08: Analysis of Variance

		Sum of squares	Df	Mean square	F	Sig.
Preferred govt action in case of relocation	Btw groups	14.222	1	14.222	53.642	.000
	within groups	38.444	145	0.265		
	Total	52.667	146			
Estimate of the building and its land	Btw groups	4.43E+13	1	4.435E+13	29.835	.000
	within groups	1.25E+14	84	1.486E+12		
	Total	1.69E+14	85			
Asking price of building	Btw groups	4.43E+13	1	4.490E+11	31.355	.000
	within groups	1.25E+14	84	1.146E+13		
	Total	1.69E+14	85			

Source: Author's computation, 2012

The ANOVA test revealed that there is significant difference at 95% confidence level within and between the responses of both the core and periphery house owners. The T-test also revealed that there is a significant difference at 95% confidence level between the objective and subjective value. This implies that, the demand for compensation in the core areas is significantly higher compared to the peripheral areas. Incidentally, the core area is always the real culprit when declaring areas as urban renewal area. In all, the government should expect to spend more on compensation and relocation in African cities as social overhead if it should embark on successful urban renewal.

IV. Summary

The study shows that though the core area buildings physically and structurally have less value, they ironically attract high value on demand by their owners. The value on demand by the periphery house owners is also a bit high but with negotiation, it may be proper; given the inconvenience and other costs incurred before permanent relocation. It may be inferred therefore that it is easier to acquire buildings through the power of eminent domain in the suburbia compared to the core. This may be due to the spatial characteristics of nativity, educational status, incidence of informal job etc in the core and periphery, socio-cultural tie and the desire to immortalize the origin of each clan and family.

V. Recommendation

Urban renewal may not necessitate relocation if and only if the strategy used was not total slum clearance and redevelopment. Meanwhile many situations warrant redevelopment for a proper creation of an ideal environment. To address this paradox, it is suggested here the principle of amortization. The principle as pictured by Haar (1971) suggests that it is a continual process, legally motivating each private developer to maintain their properties and where failure to do so permits the government to acquire the property by paying the objective value of the property to the owner. Meanwhile, the value cannot be too much as amortization notice would be served the property owners for a reasonable length of time; not to renovate or spend more money on the property that may improve its objective value.

The culture of good maintenance may be hard to be imposed ordinally by public enlightenment campaign that is not legally back up. However a good maintenance culture will definitely reduce the cost of urban renewal on the part of the government. This does not mean that there won't be defaulters; probably because of the general poor economic trend or lack of corporation. These defaulters may have their houses amortized and so relocated on the ground that they are economically incapable to maintain their buildings. Such buildings to be acquired by the government will be sold and the proceeds may be augmented to give them new and better dwelling that favors their culture and tradition in another area (relocation).

This means that anyone who respects his "father's house" or culturally or socially attached to such houses should as a matter of law maintain the property to a standard that will classify it better than slum and as specified by the municipal council through her development control department. Inability to do this will give the government a legal ground that is still generally acceptable to the public to acquire such property. This should make property acquisition easy if only for the purpose of urban renewal. It will therefore reduce or forestall the cost of clearance, redevelopment and relocation in the general sense of urban renewal and the cost of acquiring the few implicated buildings even in the core area whenever such acquisition is compulsory. This will ease guarantee a healthy environment, functionally efficient and aesthetically pleasing. It will further make the public inculcate the tradition of maintenance and thus make urban renewal as intuitive as natural.

VI. Summary of the Recommended Strategy

- Let there be a mortgage bank e.g. federal mortgage bank of Nigeria (FMBN) funded by the federal government as a subsidy to housing finance. The bank is commissioned to build a particular number of dwellings annually and a percentage of these buildings is reserved for urban renewal relocation programme.
- Let there be a public enlightenment campaign corroborated with a document served each dwelling especially in the blighted area warning them of the tendency of the government to acquire their houses if it is not kept in good shape.
- Let there be a re-planning done on paper to create functional accessibility, ventilation, legible and serviceable environment. Some buildings will definitely be adjusted or demolished. The planner must have tried as much as possible to avoid the structurally sound building in their re-planning but also considering the nature of the area to make the re-planning as economic as efficient.
- Let only the affected building be served with amortization notice ie to stop attempting to renovate or maintain their properties while management is made for their relocation. Their landed property to be possessed by the FMBN as return for their expenses.
- Let the remaining dwellings with the warning document have access to the FMBN loans so that they can keep their homes in good shape. Collateral security will not be a problem since their landed properties can fend for them. If they cannot pay, they will still be relocated on leasehold till they can pay their debt while their landed property would have been acquired for sale as a return to the mortgage bank.
- It will be easier to relocate people, maintain properties and or acquire properties from traditional area with this method of urban renewal. People do not renovate family houses because of its joint ownership nature but it is evident that they all want something better. This is evidenced by a number of very new and modern buildings found within this family houses. They are therefore not a people with in-grained slum mentality but that they are in abject poverty (Abumere 1987pg.28, Olaore 1987,pg 8).

VII. Conclusion

Urban renewal is a plausible program in the achievement and sustenance of healthy and beautiful environment. However, it may present an opportunity to help the low income earners in quantitative and qualitative house provision which in its multiplier effect may motivate income and population re-distribution. To this end, any urban renewal program should be cognizant of the fact that, due compensation for the core area dwellers transcends the surface economic worth of their buildings to include not only catering for the economic loss of the means of living, but also the socio-cultural and socio-psychological attachment of the residents to their family origin. This may especially apply to African cities. With this consideration, urban renewal would become more acceptable to even the most traditional people of the core area.

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