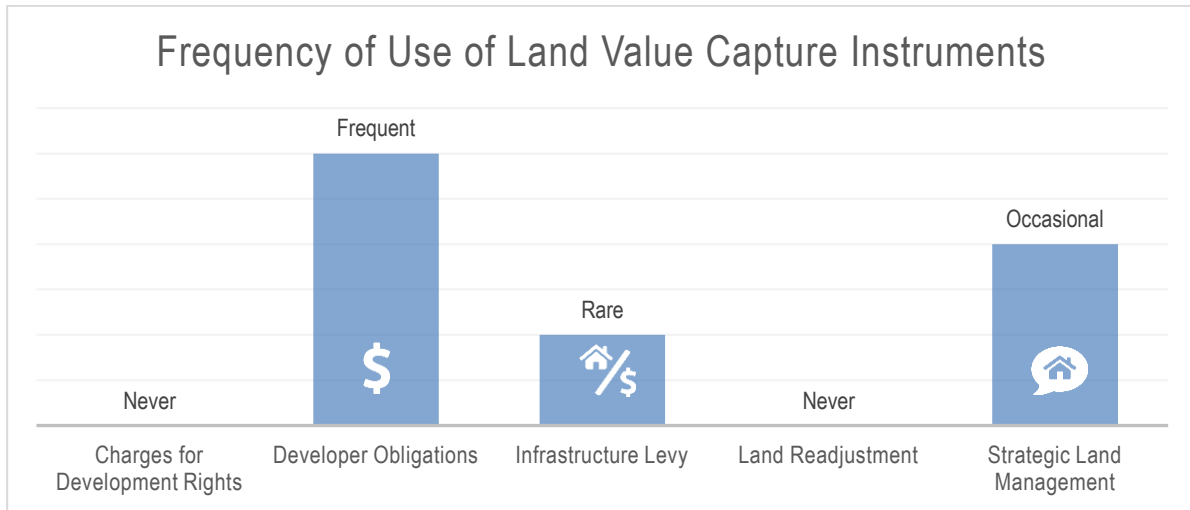


Nigeria



Several land value capture instruments are used in Nigeria although national laws do not explicitly enable their use and no legal definition of land value capture exists. Certain instruments are used to recover costs from the impact of developments on infrastructure use, to control urban growth, and to influence spatial planning.

The main obstacles that limit broader use include the lack of a legal framework, of administrative capacity and of funds for the acquisition of land. Revenues raised from land value capture do not justify the cost of enforcement. The prevalence of informal settlements, resistance from landowners and an inadequate land registry also hamper land value capture.

Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Developer obligations	Conditions of Development Permit	<i>n/a</i>	Local governments	Frequent
Strategic land management	Land use planning and development control	<i>n/a</i>	Local governments	Occasional
Infrastructure levy	Betterment Levy/Premium	<i>Lagos state Neighbourhood Improvement Levy (via Lagos state Neighbourhood Improvement Charge Law)/2019</i>	Local governments	Rare



Enabling framework

Nigeria is a federal republic with two subnational levels of government: 36 states, 1 federal capital territory not considered a state, and 774 municipalities (6 of which are council areas) (OECD and UCLG, 2019^[1]). The Constitution of 1999 granted far-reaching responsibilities to local government, including increased local authority over economic planning and development (ibid). Subsequently, state and local levels of government are chiefly responsible for local and regional urban and land use planning. However, there is no enabling framework for, nor legal definition of, land value capture. Public officials have a high level of discretion when deciding the granting of planning permits.

Major gaps exist in Nigeria regarding the updated status, accuracy, or completeness of land registry records in urban areas. Land is valued using a non-market approach based on proxies, and valuation is the responsibility of the state level governments, although recently some states such as Lagos and Kaduna have engaged specialists to determine property values using a hedonic valuation approach towards property tax collection. Unclear and unsecure property rights as well as the dominance of some landowners or developers hamper land markets.



Infrastructure levy

Infrastructure levies in Nigeria are only applied in Lagos (Neighbourhood Improvement Levy, see table), and only rarely. Landowners pay a levy for infrastructure that the government builds and from which landowners benefit, if it is adjacent to or within a defined distance from their land. Improvements of public infrastructure or services that may trigger levies include public space, roads or parking, neighbourhood services (e.g. schools, elderly care), public utilities, safety (e.g. police patrols), or other public facilities.

Projects that result in infrastructure levies on landowners are typically initiated by public entities. Levies are only charged to landowners when such a public improvement or service increases the landowner's property value.

Landowners benefiting from a given public infrastructure or service improvement are identified according to an estimate of the actual distance up to which it affects land prices, or by a fixed impact radius based on the type of improvement. The cost is assigned to each benefiting landowner according to the actual expected increase in value. Certain landowners can be exempt from sharing the cost at the governor's discretion. Property owners paying the fee are typically involved in the consultation process concerning the project.

The levy is charged upon completion of works. The state level of the Nigerian government is responsible for levying infrastructure levies and receive the revenues. Subnational governments do not need approval from higher levels. If the national government largely funds a public improvement or service, it encourages regional/local governments to recover the land value increases. However, local governments have no discretion in levying fees, estimating fee amounts, setting the payment procedure, or reinvesting the collected funds.

Landowners sometimes appeal against the fee. The main obstacles to infrastructure levies are by landowner resistance, their inability to pay and the lack of a legal framework or administrative capacity.

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Developer obligations

While the legal basis for developer obligations is not explicitly provided by national law, developers in Nigeria may be charged cash contributions to compensate for the impact of their developments on adjacent infrastructure when seeking approval or support for projects. This includes both new land development and those proposed at a higher density and/or height on already developed land.

Governments can charge developers for approvals by requiring the resubmission of Building Plan Approval requests, usually triggered by proposals that include additional development densities, e.g. adding floors on existing buildings. In the states of Sokoto, Lagos and the Federal Capital Territory, the re-submission of an application for building plan approval requires a 50% additional charge of the initial development permit fees. Charges for additional development are not typically charged in Nigeria. However, maximum building heights and densities are set in the Federal Capital City of Abuja and other cities, and a premium is charged there at the point of land allocation. In Sokoto state, such charges are not enough to offset the impacts of development. If a property owner applies for and receives a permit to build additional floors (within a set limit), 50% of the initial development charge is applied. Charges for additional development are obtained only on an ad hoc basis, for minor amounts, and are typically determined by the volume or size of structure to be built.

Developers are charged whenever there is the potential to do so in exchange for approval, and rarely appeal charges. Charges are calculated using an established rule, according to the type of development, e.g. residential, commercial, etc. However, developers can be exempted if they provide a social benefit that outweighs their impact on infrastructure, e.g. affordable housing, green space. The charge is usually paid before or at the time the development receives approval.

State Urban Planning Boards are responsible for approving development permits in all urban areas within the state, thus do not need approvals from the national government to do so. However, subnational governments below the state level have no discretion in issuing approvals, establishing rules or negotiating with developers on charges, or re-investing collected funds. In general, the division of responsibilities between the boards, local authorities and ministries of urban planning and development is not very clear.

Obstacles hindering charges for development approvals in Nigeria include the low quality of the cadastre, unclear development norms and land use regulations, the lack of a legal framework and of administrative capacity, and unclear rules to calculate charges.

Strategic land management

Strategic land management is used in Nigeria to control urban growth and spatial planning. However, national law does not provide any such legal basis. Land acquired for strategic land management is typically located within the jurisdiction acquiring it and consists of greenfield sites.

It is not possible for the government to freeze land prices before announcing public investment or rezoning, and then buy the land at that price. The government and authorised public entities do not rezone or develop land acquired for strategic land management before sale. There is no limit to how long land acquired for strategic land management can be retained.



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Land is typically acquired, retained, and disposed of by the 2 levels of the Nigerian government and both receive revenues from sale. Subnational governments do not need approval from central government.

The government also leases its land to generate revenues, provide land for real estate development, encourage planned development as well as development with a public purpose (e.g. construction of affordable housing), and to incentivise foreign direct investment.

Obstacles hindering the use of strategic land management in Nigeria include the lack of a legal framework and administrative capacity, the lack of financing for the acquisition of land. Revenues raised do not justify the cost and informal settlements are widespread.

Land swap in Abuja was an initiative by the Federal Capital Territory Administration (FCTA) intended to provide serviced land for development, although the project failed largely because of insufficient planning and implementation. Developers were required to pay the government to cover the cost of technical reports and plans required for development permit approvals, to pay compensation where necessary to displaced populations, and to provide basic infrastructure such as roads and streets. In return, the developers were to receive 60% of the land under a leasehold recognized by national law. Most of the developers did not have the capacity to execute the project but were eager to gain access to the land. Controversies then followed with resistance from the local population, which halted the swap process. Land had been provided for development under this arrangement in some districts of Abuja such as Ketti and Sheretti before the project was halted.

In Abuja, land swaps have been used as infrastructure financing options, however there is no deliberate policy recognising it as a statutory land delivery mechanism. State governments such as Bauchi or Sokoto can adopt a similar arrangement to finance infrastructure provision, such as the Spark light Neighbourhood in Bauchi, and one of the financing options proposed for the Sokoto new city district.