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## Evaluation of Compensation Value on Demolished Properties along Ita - Eko / Totoro Road, Abeokuta, Ogun State.

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**Keyword:**

*Compensation, Value, Compulsory Acquisition, Valuation Method, Ita-Eko/Totoro*

**Abstract**

*This Study evaluates the compensation value on demolished properties along Ita – Eko / Totoro road which is compulsorily acquired for the expansion and standardization of the road. To achieve this, in-depth interview was conducted amongst 4 (four) senior cadre staff of the compensation department at the Bureau of Lands and Survey. Data were also retrieved from the archive of the state government for review of documents. The interview conducted guided the study on the factors used in determining the compensation value, the method of valuation used and the present effect of the road expansion on the properties in that neighbourhood. It was found out that there is unfairness and absence of transparency in the compensation value granted to property owners. The Study recommends that there is a need to amend sec.2(2) and 30 of the Land Use Act requesting that disputes on compensation be referred to a committee whose entire membership is determined by the governor, so that justice and transparency can be established*

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**Introduction**

The continuously increasing population of people residing in Abeokuta, precisely Ita – Eko / Totoro area has led to over utilization of the existing infrastructural facilities such as Housing, Pipe Borne Water, Electricity,

Hospital, Transportation and Road Network, just to mention a few and this warranted the necessity for expansion of Ita - Eko / Totoro road by the former Governor, Senator Ibikunle Amosun. As such, for economic development and improvement for the citizens, the government has the power to exercise the power of eminent domain. i.e. a binding power to acquire peoples properties for public use. The high demand for Land and the pressing pressure on the government to expand the road in order to accommodate the population, necessitate the Ogun State Government to exercise its power of eminent domain along Ita – Eko / Totoro road. Venturing in transport infrastructure will most likely distort locations, and relative accessibility. Also the categories of roads are based on their qualities which are determined by the width, type of surface, number of lanes, and facilities available. Road is any country's greatest investment where every citizen is a shareholder. As such, transportation plays a vital role in social and economic development of an Urban Center particularly in the movement of people, goods and services which is applicable to the Ita – Eko / Totoro area. The expansion of Ita – Eko / Totoro road have tremendously enhanced the social and economic development of the area. Hence, for the successful Road Expansion implementation in Ita – Eko / Totoro road, Compulsory Land Acquisition has to be used. In the cause of road expansion, properties along Ita – Eko / Totoro road were compulsory acquired for public use by the State Government. The law guiding land acquisition principally entails the rules and procedure for acquisition of land and compensation to property owners.

Compulsory acquisition involves the appraisal of an acquired landed property for the compensation value to be known and remitted accordingly. The acquiring authority in conjunction with experts does the appraisal of properties involved and compensation is being paid based on what the authority believed is appropriate and adequate for the property owners.

Ita-Eko/Totoro road has been developed into a commercial centre, and most of the partially demolished properties have been converted to commercial use which in turn has improved commercial developments along this same road.

The purpose of this study therefore is to evaluate the compensation value on the properties demolished along Ita – Eko / Totoro road with a view to assessing the fairness of the value when compared with the market value. The valuation method(s) that is used in the compensation exercise in the study area will be detailed and the appropriateness would be evaluated for a reasonable conclusion

and recommendation. This study is hoped to assist government, estate firm and stakeholders in minimizing the challenges being faced with Compensation and Land Acquisition. The study outcome will also be useful to the Academicians and Record Purpose.

## **LITERATURE REVIEW**

### **COMPENSATION UNDER THE LAND USE ACT.**

The provisions of the Land Use Act on Compensation payable on revocation of right of occupancy by the acquiring authority are found in section 29 and it is provided as follows:

(a) *If a right of occupancy is revoked for the causes set out in Paragraph (b) of subsection (2) of section 28 of this Act or in paragraph (a) or (c) of subsection (3) of the same section, the holder and the occupier shall be entitled to compensation for the value at the date of revocation of their unexhausted improvement. (b.) If a right of occupancy is revoked for the cause set out in paragraph (c) of subsection (2) of section 28 of the Act or in paragraph (b) of Subsection (3) of the same section, the holder and the occupier shall be entitled to compensation under the appropriate provisions of the Minerals Act or the Petroleum Act or any legal legislation replacing the same (c.) If the holder or the occupier entitled to compensation under this section is a community, the Governor may direct that any compensation payable to it shall be paid: (i.) To the Community, or (ii.) To the chief or Leader of the Community to be disposed of by him for the benefit of the community in accordance with the applicable customary law, or (iii.) Into some fund specified by the Governor for the purpose of being utilized or applied for the benefit of the community. (iv.) The Land, for an amount equal to the rent, if any paid by the occupier during the year in which the right of occupancy was revoked.*

(d.) *Buildings, Installation or Improvements thereon, for the amount of the replacement cost of the building, installation or improvement, that is say, such cost as may be assessed on the basis of the prescribed method of assessment as determined by the appropriate officer less any depreciation, together with interest at the bank rate for delayed payment of compensation and in respect of any improvement in the nature of reclamation works, being such cost thereof as may be substantiated by documentary evidence and proof of the satisfaction of the appropriate officer.*

*(e) Where the Land in respect of which a right of occupancy has been revoked forms part of a larger area, the compensation payable shall be computed as in section (4) (a) of this section less a proportionate amount calculated in relation to that part of the area not affected by the revocation, but of which the portion revoked forms a part and any interest payable shall be assessed and computed in the like manner.*

*(f) Where there is any building, installation or improvement on crops on the Land to which subsection (5) of this section applies, then compensation shall be computed as specified here under, that is as respect –*

*a) Such Land, on the basis specified in that subsection*

*b) Any Building, installation or improvement or crops ( or any combination of two or all of those things) on the basis specified in that subsection 4 of this section, or so much of those provisions as are applicable, and any interest payable under those provisions shall be computed in like manner.*

The above section provides for compensation right for Land revoked or acquired for overriding public interest but it is observed that compensation is only on the value of improvement as at the date of valuation (Section 29(1) of the Land Use Act).

### **The Concept of Compensation on Acquired Property**

Compensation payable on compulsorily acquired properties in the cause of exercising of power of eminent domain by the Government for public purpose have been found by researchers to be inadequate, delayed and at times non – existent which was to the detriment of the affected Land Owners. Nuhu (2007) notes that the Land Use Act did not mention the issue “Disturbance and injurious affection” and this indicates that property owners are not compensated for goodwill. Compensation in Nigeria have resulted in controversies, lapses and disputes in the past (Nuhu, 2008). Omar and Ismail (2009) are of the opinion that review should done on the Land Use ACT, especially in the areas of payment on genuine loss, compensation on goodwill and payment of solatium to the affected landowners. Most times compensation are not paid at all, for instance, in Odozi road, Sango – Ijoko road, Alagbole, Yakoyo road, Akute – Ojodu in Ifo Local Government Area of Ogun State, Senator Ibikunle led administration in a bid to improve the road networks in order to ease traffic congestion in that part of the State carried out demolition to clear structures but

it was gathered that the affected property owners alleged that they were not compensated at all or a settlement plan mapped for them (Folarin, 2013). Furthermore, in Abuja, lots of demolition were made by Mallam El-Rufai (former Minister, FCT), revoking land allotted by the area council. This made most Nigerians to lose their properties without compensation. (Otubu, 2014). Akujuru (2016) argued that using a determined rate for the Depreciated Replacement Cost method of Valuation in calculating the compensation value, might result in inequity in terms of compensation to be paid to property owners. He opines that the dispossessed landowners must be compensated for full value of their interest and put in the state they were before the acquisition by applying a rational interpretation of the statutory provisions and composing the value more liberally and that a value composition should consist of the following:

- Cost of construction of an equivalent building
- Cost of removal of properties to alternative building
- Cost of temporary accommodation
- Cost of alternative Land
- Design costs of replacement accommodation
- Cost of securing Planning Approval
- Local development charges believing that adopting these will continue to live in as near a situation as money can afford.

Compensation remains an integral part of the process of compulsory acquisition of Land in Nigeria. It is for this reason that payment of compensation is provided for both statutorily and by judicial pronouncements in the country's decisions of Court.

The Land Use Act as well as constitution provide for compensation to affected Land Owners / Holders but whether such compensation is paid by the Government to affected persons at all or when paid, whether such payment is prompt and adequate at all has remained a problem.

### **Study Area**

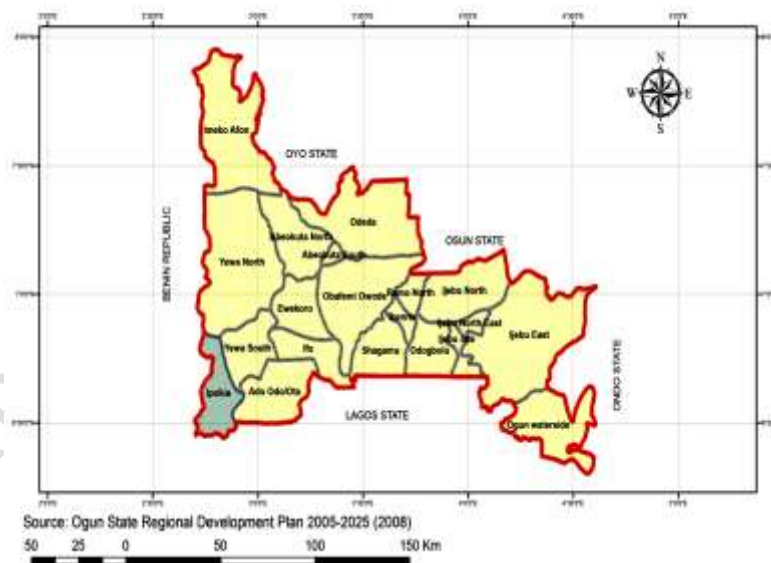
The study area is in Abeokuta South West Local Council Development Area and Abeokuta North East Local Council Development Area in Ogun state. The state was extracted from the Western State by the Military Administration of General Muritala Muhammed and General Olusegun Obasanjo in February, 1976. Ogun state is comprised of Abeokuta (Egbas and Egbados), Ijebu

Province of the Former Western State and Yewa/Awori all of the Former Western Region in 1967 (see fig. 1).

Ita – Eko is in Abeokuta South West Local Council Development Area of the 37 newly created Local Council Development Areas in Ogun State. It was carved out from Abeokuta South Local Government, Ake while the Head Quarters is situated at Ijeja in Abeokuta. This Local Council Development Areas shares boundaries with Abeokuta South Local Government and Oba Local Council Development Area. The people of Ita Eko are predominantly traders who engage in all forms of commercial activities.

Totoro is in Abeokuta North East Local Council Development Area of the 37 newly created Local Council Development Areas which was one of the 37 newly created Local Council Development Area on May 31st, 2016 by the Governor of Ogun State, His Excellency, Senator Ibikunle Amosu, who constituted the 37 LCDA.

**Fig. 1: Ogun State Map Showing Abeokuta South West Local Council Area and Abeokuta North East Local Council Area.**



Source: [www.researchgate.net](http://www.researchgate.net)

## Materials and Methods

The study population is primarily government officials at the Compensation Department of the Bureau of Lands and Survey. An Interview was conducted amongst four senior staff members of the Compensation unit to solicit an

answer on construction rates used for different properties (residential, commercial and mixed used properties), number of total claimants that received payment and the ones yet unpaid, and also reasons why some claimants are yet to be paid. Table 1 below provides details of information gathered in the course of the interview.

**Table 1: BUILDING SURVEY ANALYSIS (I)**

<i>Types of Building</i>	<i>Construction value (N)</i>
<i>Mud Constructed Building</i>	=N= 8,000P/M <sup>2</sup>
<i>Block Constructed</i>	=N= 30,000/M <sup>2</sup>

**Source: Field Survey, 2019**

**Table 2: BUILDING SURVEY ANALYSIS (II)**

<i>Types of Building</i>	<i>Analysis of Compensation value</i>
<i>Bungalow Mud Constructed Buildings</i>	=N=8,000 X LXB
<i>A storey Mud Constructed Building</i>	=N=8,000 X 2 =N=16,000, which is (=N= 16,000 X LXB).
<i>Bungalow Block Constructed Buildings</i>	=N= 30,000 X LXB
<i>A storey Block Constructed Buildings</i>	=N= 30,000 X 2, which is (=N= 60,000 X L X B)

**Source: Field Survey, 2019**

Apart from the using of the Construction Rate to assess the Compensation Value of the Demolished Properties, other prevalent factors used as gathered from the interview with the government officials are:

- Age of Buildings in terms of New Age, Middle Age or Total Obsolete.
- Condition of Buildings in terms of quality of Building Materials Use.
- Evidence of Land Ownership in terms of Free Hold, Lease Hold, Purchase or Gift.
- Land Survey (To show the Land Area and Size)
- Building Approval
- Certificate of Occupancy
- Payment of Ground Rent

**Table 3: Compensation Value and Building Types in the Study Area**

PROPERTIES	NOS OF FLOORS	BUILDING TYPES	COMPENSATION VALUE (=N=)
1	2	Mud Building	651,510
2	2	Block Building	2,500,000
3	1	Mud Building	183,000
4	1	Mud Building	192,725
5	1	Mud Building	14,280
6	1	Mud Building	89,100
7	1	Block Building	849,440
8	2	Mud Building	421,600
9	1	Block Building	427,928
10	2	Mud Building	782,450
11	2	Block Building	2,000,100
12	1	Block Building	1,122,500
13	2	Block Building	2,081,515
14	1	Block Building	1,080,695.38
15	1	Mud Building	173,710
16	2	Mud Building	300,490
17	1	Mud Building	72,000
18	1	Block Building	512,562.50
19	2	Mud Building	996,600
20	1	Mud Building	411,387.70
21	1	Block Building	1,237,687.50
23	1	Mud Building	77,910
24	1	Block Building	787,000
25	1	Block Building	1,340,160
26	2	Mud Building	900,386.25
27	1	Mud Building	266,240
28	2	Mud Building	500,620
29	1	Block Building	801,030
30	2	Block Building	2,085,690
31	1	Mud Building	40,500
32	1	Mud Building	114,990
33	2	Block Building	2,900,830



34	2	Mud Building	761,200
35	1	Block Building	700,968.75
36	1	Mud Building	51,500
37	1	Block Building	943,450
38	2	Block Building	5,187,040
39	2	Block Building	2,084,676
40	1	Mud Building	115,500
41	1	Block Building	1,820,000
42	2	Mud Building	408,756
43	2	Mud Building	903,685

**Source: Compensation department, Bureau of Lands and Survey, 2019.**

44	2	Block Building	3,417,820
45	1	Block Building	1,040,000
46	1	Block Building	1,192,500
47	1	Mud Building	432,000
48	1	Block Building	1,373,000
49	2	Mud Building	791,700
50	1	Block Building	1,299,875
51	2	Mud Building	908,950
52	1	Block Building	1,232,660
53	1	Block Building	1,130,000
54	1	Mud Building	252,000
55	1	Mud Building	288,375
56	2	Mud Building	881,270
57	1	Block Building	1,794,000
58	2	Mud Building	878,555.63
59	2	Block Building	2,206,800
60	1	Mud Building	553,080
61	1	Mud Building	59,600
62	1	Block Building	1,108,080

**Source: Compensation department, Bureau of Lands and Survey, 2019.**

Table 3 revealed the analysis and the summation of the compensation amount paid to claimants that own property that falls within the building types.

Meanwhile Table 4 below shows the number of claimants that have been paid and yet to be paid on commercial property and Table 5 on residential property.

**Table 4: Claimants that received payment on commercial properties**

S/NO	CLAIMANTS (COMMERCIAL PROPERTIES)	TOTAL NUMBER
1	Total Claimants that received payment	200
2	Total Claimants yet to be paid	51

**Source: Compensation department, Bureau of Lands and Survey, 2019.**

**Table 5: Claimants that received payment on residential properties**

S/NO	CLAIMANTS (RESIDENTIAL PROPERTIES)	TOTAL NUMBER
1	Total Claimants that received payment	240
2	Total Claimants yet to be paid	15

**Source: Compensation department, Bureau of Lands and Survey, 2019.**

From the two tables above, the number of claimants both for commercial and residential properties outweigh the number of claimants that are yet to collect their claims.

**Fig 2 & 3: PICTORIAL PRESENTATION OF ITA – EKO / TOTORO ROAD**



**The Ogun Standard Fly over Bridge at Ita – Eko**

**Source: [www.ogun.gov.ng](http://www.ogun.gov.ng)**



**The Ogun Standard Ita – Eko Road after the Flyover**

**Source: [www.ogun.gov.ng](http://www.ogun.gov.ng)**

## **SUMMARY OF FINDINGS, RECOMMENDATION AND CONCLUSION**

From the findings of this study, Ita-Eko/Totoro road has been expanded to accommodate the population and economic development of the area. Government made effort to compensate the affected property owners along this road, but from the interview conducted amongst the government officials in charge of compensation, it was realized that some claimants complained about the compensation paid not being adequate compared to their own opinion of the value of their properties. It was noted from the side of the government officials, that government's valuers based their judgment mostly on comparison methods of valuation in determining the value of compensation even though there were proofs that a depreciated replacement method of valuation was also used on some properties. The cost method of valuation would have given a more appropriate value of those properties with less ambiguity. It is also worthy to note that properties acquired are used mainly for public purpose.

### **RECOMMENDATIONS**

1. There is need to amend section 2(2) and 30 of The Land Use Act requesting that disputes as to the amount of Compensation payable under section 29 of the Act be referred to the Land Committee whose entire membership is determined by the Governor being contrary to the rule of natural justice in order to substituting the Land Use Committee provided for therein with the regular Magistrate Court or High Court. This will help to guarantee the independence and impartiality of determining the quantum or adequacy of Compensation assessed payable under the Act. The displaced persons are expected to be sufficiently compensated to make them recover their lost and other assets at the prevailing cost in the open market.
2. Compensation paid should be based on the open market value of the acquired building rather than on a depreciated value.
3. Compensation should be paid to holders of undeveloped Lands, at least to the amount of their investment at securing the Land, even where it is government allocation, cost such as application fee, allocation fee, stamp duty and cost of registration of the title document (Certificate of Occupancy) and it should be in conformity with international best practice to put the affected persons back in the same position as they were before acquisition.

## CONCLUSION

The study has evaluated and investigated the existing practice of compensation value on properties compulsorily acquired for public purposes and discovered that lack of transparency and non-adherence to International Best Practice has diminished trust of the affected Land Owners in the acquisition and compensation practice. As such, the affected Land Owners or their attorney should be involved in the assessment or bargaining or negotiation of whatever amount would be paid to them.

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