



## ABSTRACT

This research was conducted to inquire the effect of land use planning system on property taxation in Ogun state. The target population of the study are the senior government officials at the Ministry of Physical planning and Urban Development. Structured questionnaires were administered to 16 senior planning officers at the ministry. Results were analysed using relative importance index and frequency table. The study revealed the tools that are in use in land use planning in Ogun state; these are manual digitizing of existing map, use of GIS, manual recording from application, etc. It was however

## INVESTIGATING THE EFFECT OF LAND USE PLANNING ON PROPERTY TAXATION IN OGUN STATE, NIGERIA

**OREKAN, ATINUKE ADEBIMPE**

Department Of Estate Management, College of Environmental Sciences, Bells University of Technology, Ota, Ogun State, Nigeria.

### Introduction

Nigeria is one of the countries with high rate of urbanization in Sub-Saharan Africa. It is endowed with many large towns which grow annually, despite the political and economic challenges. This is also buttressed by Ogundele, (2011); he made it known that most of the cities in Nigeria grow between 4 to 5% per annum. As cities grow, buildings are springing up like mushroom, especially at the urban fringes, without a formal planning or layout.

The influx of people into cities most especially the metropolis and CBD is as a result of attraction in these cities. People are attracted to places having at least a minimal amenities and infrastructure to foster the business and lives of people. This has further resulted to advent of foreigners to develop properties and settlements. The advent of the Europeans however has enhance the developments of some of these settlements and retard the growth of others which invariably created new towns in line with their policy objectives. With all of these, the need for proper control of physical developments became imperative.

Consequently, planning laws emerged in Nigeria as an important tools for the regulation and control of orderly arrangement of physical development. Barry, (2000), revealed from his own study that every new and old town continue to promote campaigns to attract people and business in their cities without necessarily having a deep thought on the effect of property development on property taxation which would also have immense benefits to the community.

It is very vital for planners, land administrators, land economist and others who are involved in community's land resources to be able to accommodate growth and take into consideration all the factors that influence land use process.



revealed that mapping has not really been used as a planning tool in the study area, thus contributing to the inadequacy and incomplete of property data in the study area. This which has affected the assessment of property values since they are not made according to property specification. The study concluded that for adequate and efficient land- use policies and a better sustainable environment, there should be appropriate implementation and monitoring of land use planning, and policies; ensure enforcement of land use planning by the society and creation of adequate development standards. The study concluded that it is Pertinent for government to examine issues that have been identified as a major set-backs in realizing the objectives of land policy system in the state. This will definitely improve government revenue from land resources and also to be able to accommodate growth and development in the state.

**Keynotes:** Land, Land Use Planning, Taxation, Property.

The Canadian Green Homes Initiatives, (2015), it was asserted that city planners need to take mapping of cities more seriously so that they can produce map of land –use which will identify activities in major part of cities and the purpose of areas within every city. This would go a long way in the support of taxation policy in every nation.

Property taxation provides an appreciation of complexities involved in utilizing the property tax to achieve land use objectives. Lack of appropriate classification of properties, mapping and non-availability of adequate property data are major set-backs in revenue mobilization of state government, this is ascertain in the study of Orekan, (2020). Franzsen and McCluskey, (2017) and Kjellson, (2017) also linked the obstacles affecting property tax system to lack of functioning register of property, mapping, poor assessment and registration process.

This study intends to explore the impact of land use planning on property taxation in Ogun state, with a view to improving property tax administration and revenue mobilization for the government. The objective that will help to achieve this are;

to examine land use planning processes in Ogun state, identify some of the objective of land use planning as it affects property taxation and possibly identify some obstacles militating against the relevance of land use planning on property taxation.

It is hoped that this paper would contribute to ways of bridging the gap between community planners, budgetary unit of government and the Estate Surveyors and Valuers involved in the assessing process of properties for taxation. It would also bring uniformity and consistency in property taxation management.

## **Literature Review**

### **Land Use Planning**

The objective of physical planning is the attainments of organized environment that avoids environmental problems and makes land available to prospective users at a reasonable price



so that it is effectively used for the growth of the economy. Planning is directed at the future, leaning from the past and trying to preserve its strength and opportunities.

The overall objectives of planning law are to restrict the use to which an individual may put his land in the overall interest and welfare of the society.

According to Ilegbune ,(2000), the popular objective of planning law is to obtain economic growth, fair distribution, social cohesion and stability, of psychological stress, and the attainment of a beautiful orderly and healthy environment.

The Urban and Regional Planning Law (decree 88 of 1992) and the National Urban Development (2006) are the main legal/policy instruments that outline the roles of the federal, state and local governments in urban and regional planning. The 1992 NURP law made many novel provisions, for example each tier of government was given some competence in Urban and Regional planning. This law also provided for the establishment of new institutions at the various levels for the implementation of the new plan system, at the federal level, the urban and regional commission, at the state level, the urban and regional planning boards and at the local government levels. With this, it can be asserted that planning authority is represented in all tiers of government irrespective of the ways the land is obtained. Land in Nigeria could be obtained from both private and public sources. The private source of land include those from family, relations and friends while the public source usually is the power of eminent domain granted to public authorities. Urban and Physical planning came into existence in Ogun state on the 12<sup>th</sup> of July, 2005 (Ogun State.gov.ng). The law is saddled with the responsibility of controlling physical developments irrespective of the types of property and to also monitor property developments amongst others. This law over the years has monitored land use and property development in the state.

#### **Classification and Objective of Land Use Planning**

According to Jamal, (2017), he made it known that land use systematic approach has led to the process of identifying, classifying and allocating urban land. This which he believed is based on the socio-economic need of the people in relation to physical and natural attributes of a city. From this, it can be asserted that allocation or zoning of a given piece of land involves what activities to be carried out or exercised on it in other not to cause damage of the land or jeopardize the benefit of the future generation. It is also important to note that land use planning is based on the physical planning standards, development vision, goals and objective, putting into consideration the limits and development constraints. He further classified land use planning into the general land use planning and the urban land use planning. The former which primarily are the non-urban land areas. These are the forest, cropland, pasture, swampland and the quarry, while the later are the residential, commercial, industrial, recreational as it affect the location, intensity and amount of land development.

In the same vein, it is germane for the city planners to have a holistic overview of purpose of areas in cities. It is expected that there should be a map of land use, which can identify parts of city with their major activity, i.e. the land use category; water, industrial, CBD, parks, etc. This will go further to assist in the proper administration of property tax.



### **Challenges of Property Tax Administration and the Land Use Planning**

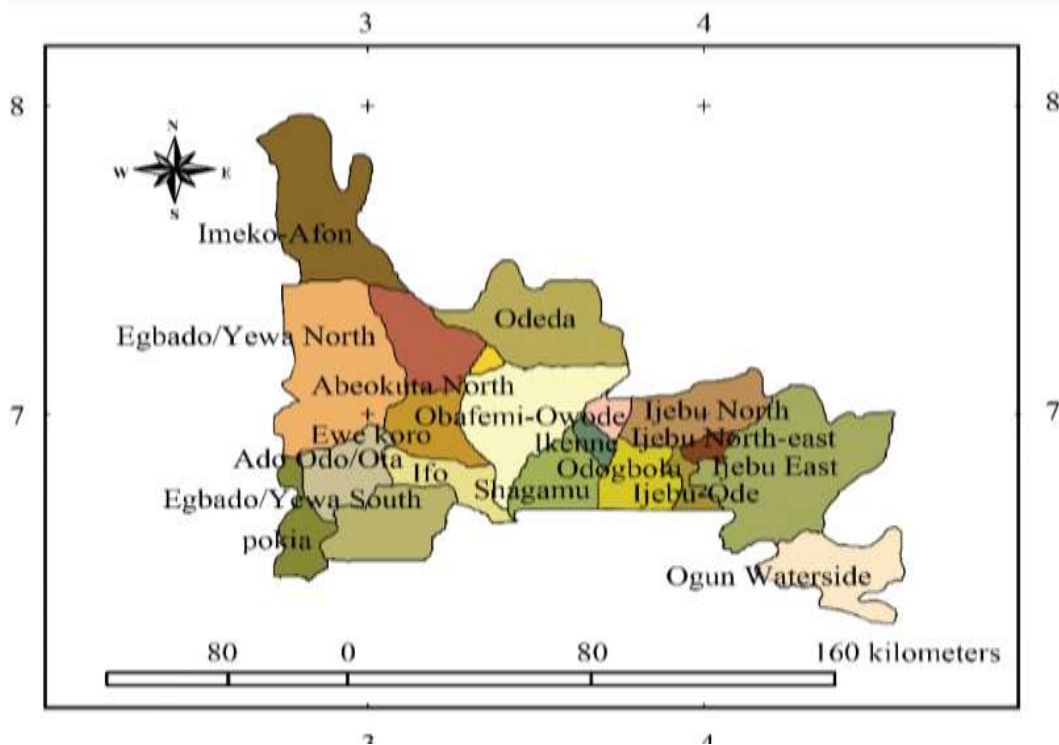
Oates and Schwab (2009), described property tax as a major choice by the government as a means of generating income. It was further clarified that a tax on immovable land and building distorts resource choices less than any other choice. Kelly, (2014) and UN-Habitat, (2011) concluded that the support of property tax as government revenue source remains strong. For a nation to remain developed, tax system serves as one of the major aspect to focus on. It is clear that taxes are not only to source for revenue but can be used in the building of a nation. Nevertheless, it has been difficult to mobilise revenue through property taxation. Khan, (2021) in his study buttressed this by stating that property tax recovery has been one of the challenging factor over the years and this is very obvious in the developing nations. Most property owners evade tax by using illegal ways of hiding their real attributes and status of property. Orekan, (2020) also revealed that there are no enough information and data about properties and their owners. This can likened to mapping of property. In the past, it was made known that the most common way of keeping records of properties is through deed registration. Nevertheless, property mapping will augment the record got from deed registration. It would identify real property units, establishing of property boundaries and also discovering of undeclared property. Cheplong, (2013) disclosed that in property mapping, the extent of any property are marked and also one of the most convenient way for property identification, since each of the parcel of land will be identified with a number. From the foregoing property mapping would determine the value of location of properties and property related attributes like main/off roads, tax status, cost/ meter of areas etc. All of these would facilitate easy tax administration and management. Pareta, (2017) buttresses this by discussing that GIS could assist to monitor the property tax system under mapping of land use. This would help to have the accurate measurements, tax categorization, statistics and property location. Most developing countries are still battling with having a comprehensive mapping of their major cities.

### **Study Area: Ogun State**

Ogun state is located in the South-western zone of Nigeria. The state was created in 1976. It borders Lagos State in the South, Oyo and Osun States to the North, Ondo to the East and Republic of Benin to the West as shown in figure 1.0. It covers a total land area of 16,980.55KM<sup>2</sup> (6,556.238sqm) with a density of 220/km<sup>2</sup> (570/sqm). Abeokuta is the capital and the largest city of the State which is fondly referred to as the “Gateway State” because of its strategic location as an entry point to the country from West Africa. It is noted for its concentration of industrial estates and a major manufacturing hub in Nigeria. The major factories located in Ogun State include Dangote Cement factory, Ibese; Nestle and Lafarge Cement factory. Other urban infrastructural services such as road facilities, parks and public utilities are duly provided. The 2006 census recorded a total population of 3,751,140 residents in Ogun state with twenty local government areas. The primary occupation of the people is agriculture and 80 percent of the total land area is arable. About 20% of its total area is constituted of forest reserve suitable



for livestock. Mineral resources available include chalk, phosphate, high quality stones and gravels for construction works. Ogun state population is ranked 16<sup>th</sup> of 36<sup>th</sup> states.



**Fig 4: Map of Ogun State**  
**Source: Biopublisher.ca, 2013.**

**Methods**

For this study, a non-probability sampling technique was used (purposive sampling technique), with this a qualitative approach was adopted. The target population of the study are the government officials at the Ministry of Physical Planning and Urban Development. Questionnaire and interview were conducted amongst seven (16) senior cadres in 4 different unit in the Ministry (planning, research and statistics, monitoring and compliance, physical planning, finance and account), with over 10 years experience. The purpose of the interview was to establish if there are prominent tools used in land use planning and to establish the effect of these tools on property taxation in the study area, and are property owners aware of this?

**Analysis of Data and Result**

**Table 1: Departments/ Units in charge of land use planning system in the study area**

| Options                                  | Cadre                        | Respondents |
|--|------------------------------|-------------|
| <b>Planning, Research and Statistics</b> | Senior Town planning officer | 5           |
| <b>Monitoring and Compliance</b>         | “                            | 4           |



|                            |   |           |
|----------------------------|---|-----------|
| <b>Physical Planning</b>   | “ | 5         |
| <b>Finance and Account</b> | “ | 2         |
| <b>Total</b>               |   | <b>16</b> |

Source: Field Survey, 2022

The above table shows the details of various units/departments necessary for this study and the questionnaire distribution rate with their response level.

**Table 2: Prominent tools for implementation of physical planning and development**

| Option                                     | MP | MOP | P | LP | RP | RH   | Ranking         |
|--|----|-----|---|----|----|------|-----------------|
| <b>Manual digitalizing of existing map</b> | 2  | 1   | - | -  | -  | 0.88 | 3 <sup>rd</sup> |
| <b>Mapping exercise</b>                    | -  | -   | - | 1  | -  | 0.13 | 4 <sup>th</sup> |
| <b>Use of GIS</b>                          | 1  | 2   | - | 1  | -  | 0.93 | 2 <sup>nd</sup> |
| <b>Manual recording from applications</b>  | 4  | 1   | 3 | -  | -  | 2.06 | 1 <sup>st</sup> |

MP-Most prominent, MOP- More prominent, P-Prominent, LP-Less prominent, RP-Rarely Prominent.

The above table revealed that manual recording from applications was ranked the highest tool used in land and physical planning in the study area and this is followed by the use of GIS which was ranked 2<sup>nd</sup>.

**Table 3. Methods employed in the evaluation of Property Assessment**

| Option                             | Frequency | Percentage |
|------------------------------------|-----------|------------|
| <b>Area-based assessment</b>       | 11        | 68.75      |
| <b>Flat rate per property unit</b> | 02        | 12.50      |
| <b>Value- based taxes</b>          | 03        | 18.75      |
| <b>Total</b>                       | <b>16</b> | <b>100</b> |

Source: Field Survey, 2022

The table above showed that area-based assessment is majorly used in appraising properties in the study area. The assessment is what is being used in calculating the property tax rate.

**Table 4: Effect of existing land use system on property taxation**

| Option   | Response | Percentage |
|--|----------|------------|
| <b>Inadequate availability of property statistics</b>        | 3        | 18.75      |
| <b>Non- engagement of the required tool</b>                  | 9        | 56.25      |
| <b>In appropriate record of classification of properties</b> | 3        | 18.75      |
| <b>Availability of trained personnel</b>                     | 1        | 6.25       |





|       |    |     |
|-------|----|-----|
| Total | 16 | 100 |
|-------|----|-----|

Source: Field Survey, 2022

Table 3 above revealed that non-engagement of the required tools by the ministry, deter property classification in which it affected property taxation.

### Discussion of Findings

It has been a known fact that property tax recovery has been a major challenge for government most especially in the third world countries. This occurs because most property owners hide their identity and status. The record of government as regards property identification is faulty. Government do not have adequate record and information of properties and their owners.

From the findings in the study, the Ministry in charge of land use planning system in the study area, still depend on the old way of assessing land use planning in Ogun state. Table 2 revealed that government depends more on manual recording of property types through application by property owners, to have record of the types and classification of property. If this is the case, lots of property owners will continue to develop properties without applying to the appropriate authority of the government and this will not assist government to have adequate records of all properties in the state. This might even bring about difficulty in preparing the list of defaulters by tax authority.

Due to lack of appropriate classification of properties in the study area, then property assessment will continue to be a major set-back by the concerned agencies of the government. More often than not, the tax base for calculating the tax liability on property owners might not be appropriate due to lack of mapping exercise. This will affect the revenue government is expected to realise from property. This is also revealed in table 2 and 3. Mapping of cities are expected to be a norm to be practiced by town planners so that a map of land use would be a guide in the identification of parts of cities and towns and major activities that happen there. It is apparent that there cannot be uniformity in property rates, functions and identity. This would go a long way in solving some of the problems of tax administration.

### Conclusion and Recommendation

It is Pertinent for government to examine issues that have served as a major set-backs in realizing the objectives of land policy system in their states. This is very necessary in other to improve government revenue from land resources and also to be able to accommodate growth and development in the state.

In view of the above, the following recommendation are made of the government;

1. Mapping is an exercise that should be adopted by government in every state. When there are appropriate classification of properties, then a proper structure would be on ground in which government can use to appraise property which in turn will have a good impact on revenue from land resources.



2. Most property owners do not always want to pay taxes but with proper classification of properties, it would assist the government in blocking loop holes where property owners are able to achieve that.
3. Government should set up agencies or departments that would be in charge of collecting data and information of property tax data.

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