

LAGOS STATE GOVERNMENT

Affordable Housing Deal Book



2018



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LIST OF ABBREVIATIONS

AfDB	African Development Bank	LASRETRAD	Lagos State Real Estate Transaction Department
CBN	Central Bank of Nigeria	LASRRA	Lagos State Residents Registration
DB	Design Build	MSMEs	Micro, Small and Medium Enterprises
ERGP	Economic Recovery Growth Plan	NGN	Nigerian Naira
FCT	Federal Capital Territory	NSIA	Nigeria Sovereign Investment Authority
FDI	Foreign Direct Investment	PPP	Public Private Partnership
FTB	First-Time Buyer	TSA	Treasury Single Account
GDP	Gross Domestic Product	VAT	Value Added Tax
JV	Joint Venture		

PREFACE

The population in metropolitan Lagos has assumed a geometrical proportion, the provision of urban infrastructure and housing to meet this demand is, not at commensurate level.

The State Government has identified investment opportunities to meet the housing gap in a profitable and affordable manner.



Welcome to Lagos State



Governor Akinwunmi Ambode
Governor
Lagos State
Nigeria

It is with great pleasure that I welcome you to Lagos State – the centre of excellence in Nigeria, the hub of economic activities in West Africa and one of the fastest growing markets in Africa. Lagos is regarded as an important financial nerve centre on the continent and one of the fastest growing cities globally. We are proud to host a vibrant population of over twenty million people with a GDP in excess of USD130 billion.

My administration is committed to improving the quality of life that residents experience and is working towards deepening the enabling environment for businesses to thrive. Our aim is to make Lagos the most desirable destination for businesses seeking socio-economic impact and good financial returns. To this end, we have stream-lined regulation, simplified government processes and invested in improving our people and administrative institutions towards excellence.

As we continue to play our part, we invite private sector participants and investors to join us to hasten the pace of development and improve standards across Lagos State. Opportunities exist across all sectors of our economy and our aim is to showcase such opportunities and provide a guide that simplifies the process of private sector investment in projects and/or partnership with the Lagos State Government to deliver much needed growth and development.

We very much look forward to partnering with you and more importantly to fostering significant and sustainable socio-economic development in Lagos State.

Itesiwaju ipinle Eko loje wa logun!

2. EXECUTIVE SUMMARY

The Lagos State Ministry of Housing has set aside land in strategic locations where they seek partnership and investment to develop housing schemes under the following arrangements:

- Affordable Mass Housing
- Equity Partnership Housing
- Mixed Partnership

The State Government is creating the enabling environment for these investments to bud and has identified incentives which interested investors can benefit from



Enabling Environment

Enabling Environment	- A significant 11 to 18 percent of African urban households—numbering over 2 million—have purchasing power and annual incomes over \$10,000, which puts them in the modest affluent class. Emerging market investors familiar with African markets, are deploying funds to acquire interests in affordable housing projects that are expected to yield high returns in a market that is still very much undersupplied. - Federal and Lagos State Governments have taken strides to provide an avenue for reducing Nigeria's 17 million housing deficit in an affordable yet profitable manner.
Affordable Mass Housing	- The Lagos State Government will provide titled and unencumbered land in strategic areas of Lagos State. - Government to provide basic infrastructures such as Roads, Drainage, Water, Sewage and Electricity from public funds earmarked for such purposes. - Interested developers/ investors will develop the properties according to agreed specification. - Joint marketing and sale of Housing Units from inception and through the project including off plan sales. Profit sharing would be based on the percentage of contribution of each party and collected at the point of sale.
Equity Partnership Housing	- The Lagos State Government will provide titled and unencumbered land in strategic areas of Lagos State. - The Developer/investor will arrange for and provide fund for the project. - The developer will be responsible for constructing the buildings and supporting infrastructure. - Both parties will jointly market the properties off plan and or on completion. - Profit sharing would be based on the percentage of contribution of each party.
Mixed Partnership	- Unencumbered Land is provided by any party other than the Lagos State Government. Lagos State Government will verify the title and status of the land and undertake feasibility and viability appraisal of the project. - Investor/ Financier will arrange for and provide fund for the project. Financier will be responsible for constructing the buildings and support infrastructure. - Parties will share profit according to contribution.
Investment Process	The Investment Process for any of the Lagos State housing projects will involve four stages: - Proposal. - Response from Lagos State. - Submission of Binding Offer. - Decision by Lagos State.

3. ENABLING ENVIRONMENT

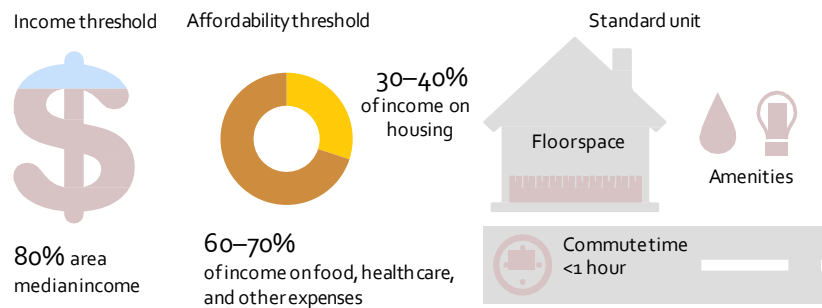
Lagos State policies have been strengthened to create an enabling business environment for private sector-led growth, increase the attractiveness and viability of different affordable housing projects, as well as to ensure more efficient regulation in the sector.

Issues such as approval, permits, taxes and verification of title have been streamlined to make it easier for developers to develop housing projects at affordable rates. The State Government is also driving demand by providing access to credit for many Lagosians through innovative schemes.

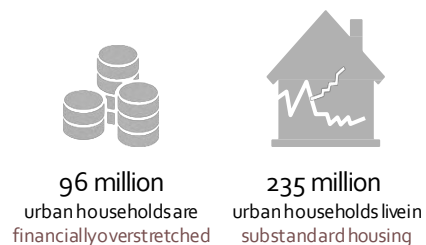


Enabling Environment

Globally, affordable housing is defined by three parameters, which cities need to tailor to their local contexts



The challenge today ...

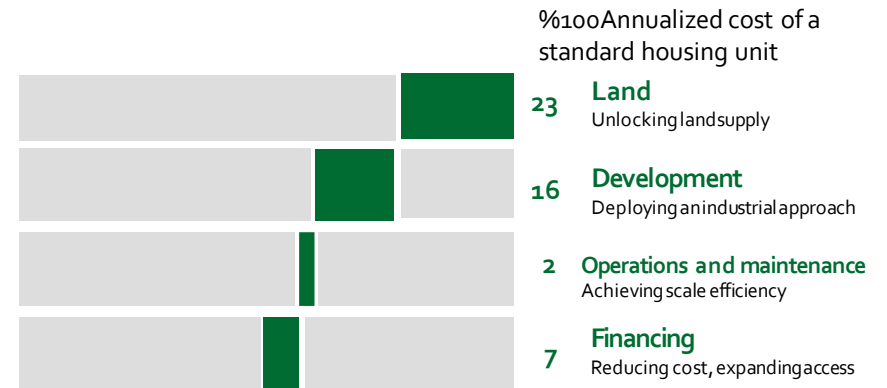


... and by 2025



Source: McKinsey Global Institute

Four levers can address the global affordable housing challenge



The Opportunity

The prospect of trying to fill a gap of 440 million housing units that will be required by 2025 may seem daunting to policy makers, but it could represent a massive opportunity for the private sector.

Building homes for the 106 million new low-income households by 2025 alone could cost \$2.3 trillion, representing a construction market of \$200 billion to \$250 billion annually, or about 10 percent of the global residential real estate construction industry.

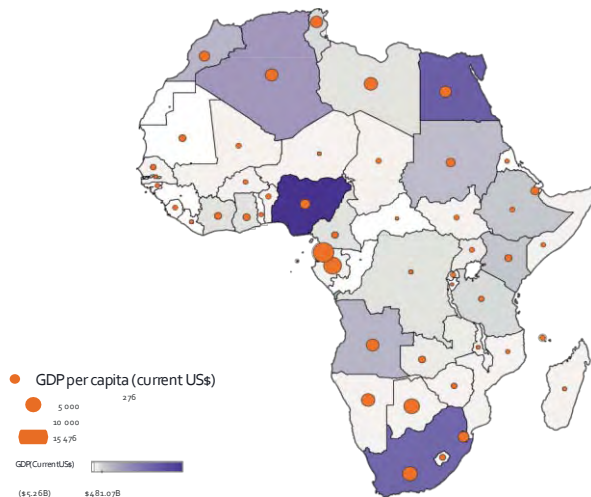
The largest markets for new construction for low-income housing units in 2025 would be in China, Russia, India, Brazil, and Nigeria.



Enabling Environment

Growing middle class will drive demand for affordable housing across Africa

GDP & GDP PER CAPITA (US\$)



Source: WDI, CAHF Housing in Africa Year Book 2016, McKinsey, Harvard Business Review Data

Housing in Africa

- Across Africa, the residential investment opportunity is increasingly driving conversations about economic growth. While the definition of who is middle class and how many such households there are continues, the fact of Africa's rising population and rapid urbanization is palpable in its cities where the inadequate housing conditions of the majority are obvious. For every problem, there is an opportunity for a solution, and in increasingly creative ways, this is what Africa's housing investors are discovering.
- African economies are among the fastest growing in the world, notwithstanding current economic pressures.
- GDP per capita in many of these suggests very real opportunities for lower-middle income housing – a reality that investors are beginning to appreciate and target.
- Given the newness of the residential real estate market, most investors focus on the delivery of middle class, developer-built housing financed by traditional mortgages, where they can achieve a margin to support the perceived risk. However, the bulk of the demand and the opportunity is in the non-mortgage, incremental housing space.
- Africans spent \$860 billion on goods and services in 2008: – 35% more than the \$635 billion spent in India, – Slightly more than the \$821 billion spent in Russia.
- If Africa maintains its current growth trajectory, consumers will buy \$1.4 trillion worth of goods and services in 2020 – A little less than India's projected \$1.7 trillion – More than Russia's \$960 billion.
- Housing expenditures in particular are projected to grow by approximately \$100 billion from 2008 to 2020 (to \$242 billion), at a compound annual growth rate of 4.5%



Enabling Environment

Increased Policy Shift Towards Affordable Housing Across West Africa

Nouakchott

The first neighbourhood-based integrated restructuring programmes were between 2003 and 2007 with a pilot in El Mina. Subsequently, government opted for a more affordable, participatory approach to rehabilitate the other squatter settlements of Nouakchott and Nouadhibou.

Dakar

PSE announced the development of the new city, Diamniadio, about 30 kilometres south west of Dakar. The project is expected to deliver at least 40 000 houses.

Accra

Moroccan company, the Addoha group – 10,000 affordable units. MWRWH and Kwame Nkrumah University of Science and Technology is planning to build 10,000 units for lower income market. The first phase of the Saglemi Housing Project is complete with 1,502 housing units.



43% of countries in west Africa have Housing Policies and 75% have property policies

Niamey

The Project de la renaissance by SONUCI and partners – 1,000 units all over the Nation.

Ouagadougou

Eight developers are implementing the new urban pole of Bassinko programme (e.g. P&N Burkina Faso). Producing 1,000 bioclimatic houses ranging from US\$ 12,804 to US\$ 20,486.

Urban Shelter Limited project

Porto-Novo

A development of 132 housing units in Green Park City was launched by a Chinese company. Construction of 10,000 affordable housing units launched in 2008 of which 2,650 units have been built.

Global Service Immo launched in 2016 its affordable housing programme offering to those already owning land to build their house, starting from US\$3,626.29 for a basic one-bedroom housing unit.



Enabling Environment

Increased Policy Shift Towards Affordable Housing Across West Africa

Average cost of buying a house in West Africa

	Low income	Middle income	High income
Benin	\$15K	\$40K	\$65K
Burkina Faso			\$101K
Gambia, The			\$75K
Ghana			\$280K
Liberia			\$43K
Mali	\$18K	\$45K	\$71K
Niger	\$8K	\$97K	\$316K
Nigeria	\$7K	\$100K	\$1200K
Sierra Leone	\$28K	\$60K	\$450K
Togo	\$12K	\$20K	\$29K

Policy.

- Government policy in the region is increasingly focusing on providing access to affordable housing for its population.
- International Development Finance Institutions such as the West African Development Bank (BOAD), the WAEMU Commission, the West African regional mortgage refinance company (CRRH-UEMOA) and the World Bank are initiating policies to drive access to credit.



Finance

savings informal
lenders self-
financed micro-
finance
institutions

savings
mortgage
government finance
credit and savings
associations

mortgage
government finance
bank loans
savings



Delivery

government
incremental
NGOs & government
self-built

self-built
private developer
model house
government

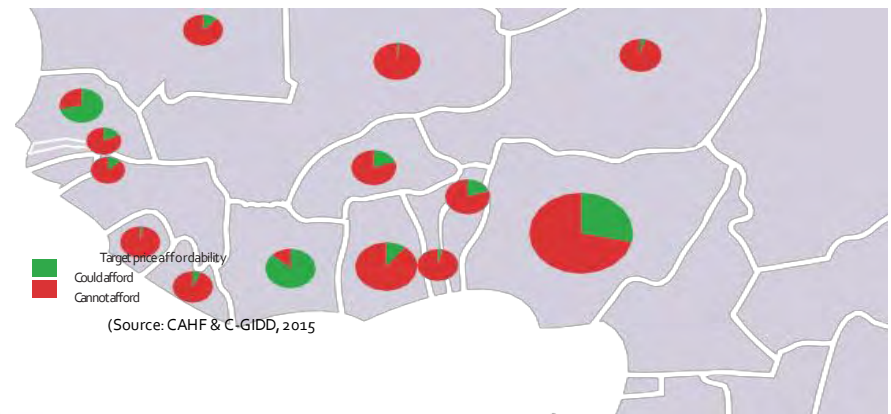
private developers
incremental
self-built
international developers

n low income

n middle income

n high income

Number of households that can afford a \$10 000 house?





Enabling Environment

Nigeria's Housing Sector



KEY FIGURES

Main Urban Centres	Lagos (capital), Abuja, Port Harcourt
Exchange Rate: 1 US\$***	306 Nigerian Naira (NGN) 7.8
Inflation 2014 2015 (est.) 2016 (prov.) 2017 (prov.)*	9.0 10.1 9.4
Population^ Population growthrate (2013)^	182 202 000 2.63
Urban population (% of total)^ Urbanisation rate (% in 2013)^	47.78 4.39
GDP per capita (current US\$)^ GDP growthrate (annual %)^	2 640 2.65
(Current US\$)^	481 066 152 870
GNI per capita, Atlas method (current US\$)^	2 820
Population below national poverty line*	46.0
Unemployment rate (%)*	7.5
Gini co-efficient (year of survey)^	42.97 (2009)
HDI (Global Ranking)^ HDI (Country Index Score)^	152 0.514

(Source: CAHF & C-GIDD, 2015)

Overview

- The Nigerian real estate sector is growing fast and is now the sixth largest sector in the economy.
- The government is framing its housing agenda on addressing legislative hurdles around housing and producing 1 million standardized affordable housing units yearly.
- In 2016, the Federal Government budgeted N40bn (\$134.06 million) with the intent to build 250,000 homes. State Governments are also expected to collectively produce a further 250,000 units.
- 50% of the housing supply deficit is expected to be covered by private investors. The Minister for Power, Works, and Housing, Babatunde Fashola has declared this as the policy the administration will follow while it finalizes a specific national plan.
- Almost half of Nigeria's population lives in cities, with 64.2 percent living in slum conditions. Rapid growth of cities have engulfed nearby towns and villages, and pushed back mangrove, while the lack of adequate infrastructure and planning have caused deforestation, congestion, poor health, and poverty.
- Lagos, Nigeria's commercial hub has a quality of life of 0.63, which is low compared to commercial centres in Europe like Paris with 0.93 or London with 0.90 according to UN Habitat.
- The Nigerian Mortgage Refinance Corporation (NMRC) raised an additional equity capital of N7.05 billion (US\$24.96 million) through general shares flotation. NMRC are looking to further subscribe shares with the International Finance Corporation (IFC) and Shelter Afrique.
- The move to raise additional capital was to generate confidence in the credit standing of the NMRC as a bond issuing institution. NMRC has disbursed N1 billion to Imperial Homes Mortgage Bank Limited (formerly GTHomes Limited), in the last quarter of 2015 making them the first mortgage bank to benefit from the refinancing.

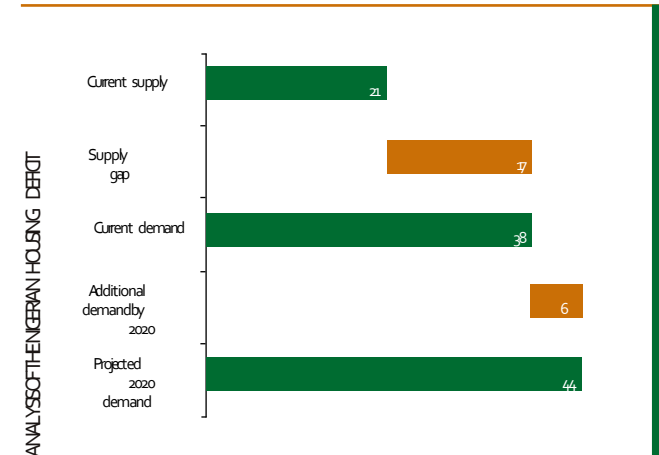


Enabling Environment

Nigeria's Housing Sector-Affordable Housing-Challenges and Opportunities

Overview

- More than half of Nigeria's estimated population of 182.2 million live on less than US\$1 a day. The unemployment rate has been on the increase since 2016, representing a sixth consecutive quarter increase.
- Minimum wage remains at N18,000 (US\$60.28) per month. Home purchase and rent prices have grown ahead of general inflation, a standard three bedroom middle income apartment currently commands a rent of US\$5,000 per annum and purchase price of US\$100,000.
- The Federal Government is also pushing for a reduction in land transaction fees from 16 percent to 3 percent. As a result of the high cost of housing in Nigeria, 51 percent of Nigerians live in rented accommodation, 40 percent of which are paying between N20 000 and N100 000 yearly.



Source: KPMG Mortgage Industry Overview, CHAF



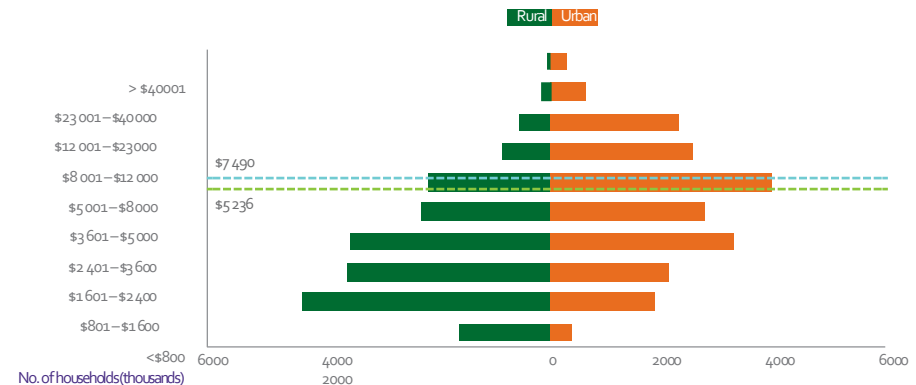


Enabling Environment

Nigeria's Housing Sector-Affordable Housing-Challenges and Opportunities

Overview

- With the majority of the population forced to rent and low regulatory monitoring regarding rentals, landlords and estate agents dictate the market. To curb this, the Lagos Tenancy Bill of 2011 was promulgated as a law. Amongst other aspects, it states that landlords can only charge for one year's rent in advance.
- In some cases this law has led to agencies charging 20 percent to ensure they receive the two years' worth of commission. This is fueling the rise of innovative schemes by property developers such as rent to purchase, in which you pay a larger rent than usual, but have the option of purchasing the home at the end of the rent stay.
- Overall, there is a strong push by the government to focus interventions on lower income earners who are aspiring to be homeowners, and have been traditionally sidelined by the property market which is predominately controlled and used by the elite.



Opportunities

With a surging housing deficit, Nigeria represents one of the biggest markets globally for new housing construction targeted at low-income groups.

In order to meet the supply gap of 23 million units by 2020, 2.6 million homes will have to be constructed annually.

However, optimistic estimates suggest that only around 200,000 units a year are currently being built.

The sheer magnitude of the housing gap should be enough to make businesses and investors sit up and pay attention to the great prospects offered by the Nigerian affordable housing market.



Enabling Environment

Affordable Housing in Lagos State



Affordable Housing in Lagos

- Lagos State is the smallest state in Nigeria with a geographical area of about 356,861 hectares of which about 21% equivalent to 75,755 hectares are wetlands.
- Over 91% of the total population lives in the metropolis with a population density of about 20,000 persons per square kilometer in the built-up areas of Metropolitan Lagos
- The occupancy ratio is 8 – 10 persons per room with 72.5% of households occupying one-room apartment
- In Lagos State, adequate housing has always been a challenge in view of rapid urbanization which has led to tremendous increase in population.
- While the growth of the population in the metropolitan Lagos has assumed a geometrical proportion, the provision of urban infrastructure and housing to meet this demand is, not at commensurate level.
- This has resulted in acute shortage of housing to the teeming population with Lagos alone accounting for about 2.5 million deficit of the estimated national housing deficit of 17 million.
- Lagos state is home to over 20 million inhabitants with an estimated 86 people relocating to the state every hour, housing deficit in Lagos is a real issue with affordability worsening because more people are chasing a limited supply of real estate.



Enabling Environment

Affordable Housing in Lagos State



Affordable Housing in Lagos

- In response to this situation, the current administration launched a plan to construct 20,000 additional housing units in the next five years under the Lagos Affordable Public Housing (LAPH) programme. The Government has set out the policy of Lagos Affordable Public Housing programme to address the problem through direct and Public Private Partnership.
- In 2016, the government launched the Rent-To-Own and Rental Housing Policies aimed at providing access to decent accommodation irrespective of income class.
- Prior to this time, the mortgage option under the Lagos Home Ownership Mortgage Scheme (Lagos HOMS) was the cheapest means of becoming a Lagos State housing unit owner. This entailed a deposit of 30% as equity contribution while payment of the balance in monthly instalments is spread over a period of 10 years.
- The new Rent-To-Own policy, individuals are required to pay only 5% of the cost of the housing unit as the commitment fee and the balance is spread over a period of 10 years. This policy allows allottees to live in the property while paying towards ownership at a fixed rent over the 10 year period.
- The Lagos State Government has continued to intervene in real estate transaction matters including tenancy and rent through the Lagos State Real Estate Transaction Department (LASRETRAD) established in 2012 under the Office of Special Adviser on Housing.



Enabling Environment

The Federal and State governments have put in place, policy reforms to improve access to housing

POLICY THRUST

Land Reform

Land cost often is the single biggest factor in improving the economics of affordable housing development. It is not uncommon for land costs to exceed 40 percent of total property prices, and in some large cities, land can be as much as 80 percent of property cost



COMMENTS

Releasing public land- The Lagos State Government has significant land holdings and is committed to making a significant portion available for development of affordable housing.

Ensuring clear titles and formalizing informal land use- The Government is working out an efficient land-registration system that establishes clear ownership rights and will enable transactions to move ahead without risk that another party will later assert ownership rights.

Taxation and approvals: The Government has taken steps to streamline the taxes and approval processes required for property development in the State. In an effort to ensure that land transactions are carried out with minimum difficulty, in 2015, Lagos State cut down land use charges from 13 percent to 3 percent of the property's value.





Enabling Environment

The Federal and State governments have put in place, policy reforms to improve access to housing



POLICY THRUST

Improve Financing To Reduce Costs For Home Buyers And Developers

How housing is financed has a significant impact on affordability. This applies both to home buyers and to developers. While access to finance for low-income households can be improved in advanced economies, it is a particular challenge in developing economies



COMMENTS

- The Federal Government has set up Mortgage Bank of Nigeria (FMBN). The FMBN raises capital through the National Housing Fund (NHF), which obtains funding mostly by contributions from salaried employees earning N30,000 and above monthly. Contributors receive a two percent interest rate per annum and are entitled to apply for the NHF-sponsored loan.
- The Lagos State Government launched the Rent-To-Own and Rental Housing Policies aimed at providing access to decent accommodation irrespective of income class. Under the new Rent-To-Own policy, individuals are required to pay only 5% of the cost of the housing unit as commitment fee and the balance is spread over a period of 10 years. This policy allows allottees to live in the property while paying towards ownership at a fixed rent over the 10 year period.
- The Lagos State Government has steps to reduce the cost of development by partnering with developers to provide land and support infrastructure. The State Government has also made strides in de-risking the affordable housing business by providing access to financing



Enabling Environment

Relevant agencies have introduced several reforms that will promote growth in the sector

 Lagos Homes Ownership and Mortgage Scheme	The Lagos State Government has set up the Rent-To-Own policy, individuals are required to pay only 5% of the cost of the housing unit as the commitment fee and the balance is spread over a period of 10 years. This is a drastic improvement from the 30% commitment fee requirement under the pre-existing Lagos Home Ownership Mortgage Scheme (Lagos HOMS).
 Lagos State Property Development Corporation	The Lagos State Development and Property Corporation (L.S.D.P.C) is now fully commercialized and its prepared to enter into profitable joint ventures with developers.
 Lagos State New Towns Development Authority	The Lagos State New Towns Development Authority (NTDA) has been strengthened to effectively implement the planned growth of Lagos State. The NTDA is positioned to work with developers to provide infrastructure and housing to new areas of the State.



Enabling Environment

The Federal and State Governments have made efforts to enhance access to credit for housing-related projects

Lagos Home Ownership Mortgage Scheme (Lagos HOMS)

The Lagos Home Ownership Mortgage Scheme (Lagos HOMS) is a government initiative to encourage and support home ownership of First-Time Buyer (FTB) residents of Lagos State to purchase decent and affordable homes through the provision of accessible mortgage finance. Lagos HOMS is administered by the Lagos Mortgage Board.

The Rent To Own is the new policy introduced to make housing more readily available to the teeming population of Lagos State. It is a system whereby prospective home owners make a 5% down payment, take possession and pay up the remaining balance as rent towards the ownership of the property over a period of 10 years.



The Federal Mortgage Bank of Nigeria (FMBN)

The Federal Mortgage Bank of Nigeria (FMBN), promotes mortgage lending and manages the Nigerian housing policy. The FMBN raises capital through the National Housing Fund (NHF), which obtains funding mostly by contributions from salaried employees earning N3 000 and above monthly, or 2.5 percent of their salary.

Contributors receive a two percent interest rate per annum and are entitled to apply for the NHF-sponsored loan. Up to N15 million can be borrowed, and the borrower only needs to make a deposit of between 10 percent.



Nigeria Mortgage Refinance Company (NMRC)

The Nigeria Mortgage Refinance Company (NMRC) was licensed by the Federal Government in 2015 with the objective to bring Nigerians affordable housing.

The NMRC is a private sector-driven mortgage refinancing company with the public purpose of promoting home ownership for Nigerians while deepening the primary and secondary mortgage markets.

NMRC raises long term funds from the capital market, to enhance access to affordable housing finance in Nigeria.





Enabling Environment

Lagos Affordable Public Housing (LAPH)



- Lagos State Government is presently constructing more housing units, the State Government is partnering with Private developers and investors to provide 20,000 housing units in the next 5 years under the Lagos Affordable Public Housing (LAPH).
- Lagos Affordable Public Housing (LAPH) initiative was introduced to reduce Housing deficit through improved supply to cater for the increasing demand for housing.
- This initiative tagged LAPH 20,000 : Y2020, will provide a minimum of 20,000 Housing units over a period of 4 years. The initiative leverages on Private Sector funding for the provision of Houses.
- Lagos State Government has structured a Joint Venture (JV) arrangement between the State Government and Private Investors/ Developers with Land being major equity of Government, while the private investor provides fund and construction expertise.
- A memorandum of Understanding (MOU) between the Lagos State Government, Private Investors/Developers and the Nigeria Mortgage Refinance Company (NMRC) had been established to facilitate housing finance.



Enabling Environment

Lagos State Rent to Own Scheme



- The Lagos State Rent-to-Own Scheme is aimed at making housing more readily available, accessible and affordable for the low and middle income earners.
- Through this policy, prospective home owners make a 5% down payment, take possession and pay up the remaining balance as rent towards the ownership of the property over a period of 10 years.
- Applicant must be primarily resident in Lagos State and will be required to submit a copy of their Lagos State Residents Registration Card (LASRRA).
- Applicant must be a First Time Buyer and must be 21years old and above.
- Only tax compliant resident will be eligible under the Lagos State Rent-To-Own policy and must provide the proof of tax payment.
- Applicant must be able to make the 5% commitment fee payment and the balance is spread monthly at a fixed rent over a period of ten (10) years.
- Applicant must pass the Affordability Test and not more than, 33% of the monthly income as repayment.
- Facility Managers will ensure that the quality of the estates is maintained on a regular basis with retrained artisans in the built environment.

Public-Private Partnership Options

The Lagos State Ministry of Housing has set aside land in strategic locations where they seek partnership and investment to develop housing schemes.



Public-Private Partnership Options

Lagos State Government is Providing Land in Strategic High Growth Areas

List of Sites Available for Public-Private Partnership in Affordable Housing

Overview of the Projects

- Lagos State has set aside large acreage of land within the metropolis and its environs and even within urban Lagos where small parcels of land may be available for a mixed development that would include affordable housing for low, medium and high income earners to encourage the decongestion of central Lagos. .
- These lands are located in future growth areas of the state with planned public transport links such as the urban rail transit system in close proximity.
- The state is looking to collaborate with the private sector through schemes like land-for-equity participation to fast track bridging the housing stock gap

Project Sponsor

- The Lagos State Government is the champion of the Affordable Housing Programme and is committed to the provision of relevant infrastructure around project sites
- The projects will be executed through a public-private partnership profit sharing agreement between the State Government and the selected developers and the agreement will provide the terms and conditions governing each project.
- The State Government will indicate her commitment by;
 - Providing value-adding infrastructure such as road, water, electricity, street-lights and planning to identified sites
 - approving deployment to site and operations of the system
 - providing tax and duty incentives to investors
 - Providing facility management services for the development

No.	Location	Area (Hect.)	Certificate of Occupancy
1	Lekki - Epe Corridor (Eleran - Igbe)	300	Available
2	Ayobo, Ipaja	5.65	Available
3	Ayobo, Ipaja	14.724	Available
4	Ayobo, Ipaja	8.376	Available
5	Ajegunle	11.8	Not available
6	Trade Fair Complex	20.0	Available
7	Igbogbo	4.43	Available
8	Ikoyi	0.241	Not available
9	Olokonla	3.726	Not available
10	Ikota	49.46	Available
11	Ajah	A:34,307.76,B:14,483.95C:21,755.59,D:23,673.42E:2,182.42	Available
12	Olaleye	0.612	Available
13	Isolo	1.36	Not available
14	Shasha	1.532	Available
15	Ijora	A1: 0.17,1B:7.2,2: 2.6	In progress
16	Ilubirin	28.6	Available
17	Topo, Badagry	A:10.813,B:1.396	Available
18	Ijanikin	45.058,B24.097	Available
20	Isheri North	5.0	Not Available

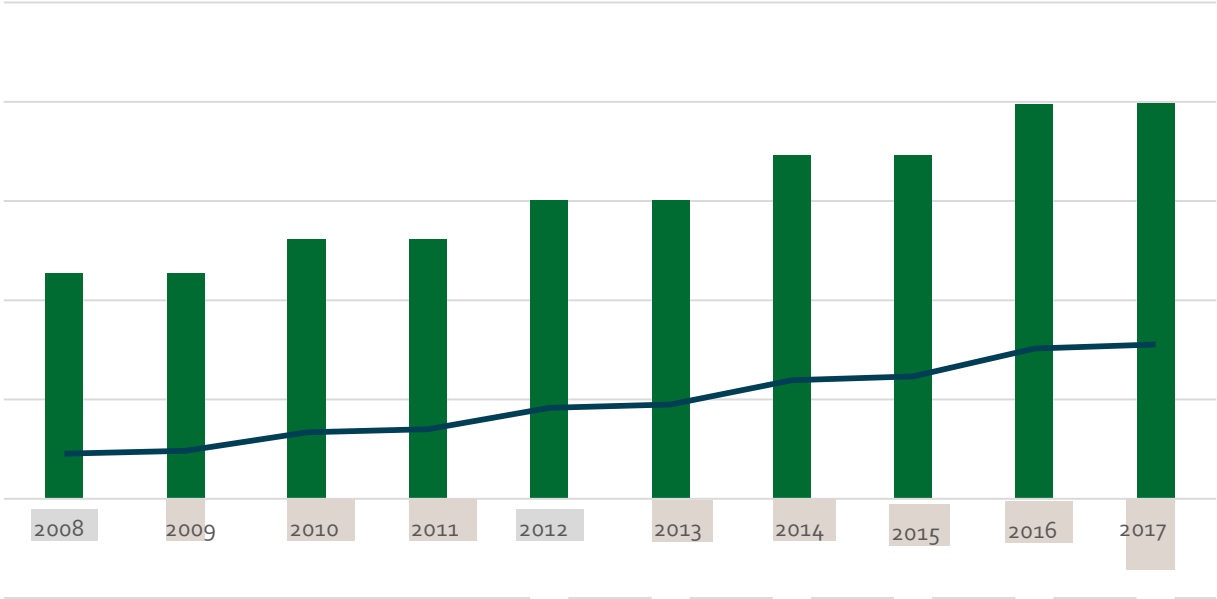
Lagos State Government



Public-Private Partnership Options

The financial assessment depicts positive and attractive terms as profitability in the Lagos residential real estate market has grown steadily

% Growth of Residential Real Estate Profitability



Comments

- Residential Real Estate investments in Lagos State has consistently delivered remarkable returns which is favourable to investors as it depicts healthy growth.



Public-Private Partnership Options

The high demand for affordable housing project will create and provide longstanding benefits to potential investors

Key Success Factors

- **Political sponsorship and control:** clear leadership and political control is necessary for the project success during the development, delivery and sales. The Lagos State Government has made a commitment to support the delivery of the project by providing land and guaranteeing swift approvals.
- **Strong developer contract:** clear PPP contract terms that protect the investors interest and ensure the greatest value possible
- **Effective planning:** excellent infrastructure and town planning that will provide a strong basis for rise in value of the projects.

Socio-economic Impact

- Stimulate economic growth, development and job creation
- Provide suitable accommodation for the teeming population of Lagos.
- Improve life quality within the Lagos Metropolis due to improved sanitation that will accompany such housing projects.



Public-Private Partnership Options

The projects proposes standard and affordable housing compared to existing options

- 1 Resource Assessment**
The designs for the housing project will be standardized and agreed upon by all parties. The designs of these projects are going to ensure the highest quality possible.

- 2 Demand Assessment**
The high volume of people in Lagos who require access to quality housing make these projects very attractive.

- 3 Strategic Pricing**
The houses will be strategically priced for low, medium and high income earners. The state is in the process of negotiating and concluding with a number of financial institutions to provide access to mortgage financing for home buyers.

- 4 Competitor Analysis**
Private development may deliver more luxurious design. However, the affordable housing scheme provides incomparable affordability for value.



Public-Private Partnership Options

The preferred public-private options; however, potential investors can opt for another accepted option

Affordable Mass Housing



Affordable Mass Housing

- Government to provide titled and unencumbered land for the project
- Government to prepare comprehensive development plan including prototype
- Government to obtain requisite approvals for the development. Government to provide basic infrastructure
- Interested Developers would be presented with the proposal and given the opportunity to formally indicate acceptance
- Developer will be screened to establish technical and financial capability
- Execution of Development Lease Agreement
- Developer will be responsible for funding
- Government to monitor the project in line with laid down terms and conditions stated in the executed Development Lease Agreement
- The estimated completion time would be based on the scope of the project
- Joint marketing and sale of Housing Units from inception and through the project including off plan sales
- Profit sharing would be based on the percentage of contribution of each party and collected at the point of sale
- A contingency account to be operated for the project
- Government to commission the project
- Government would issue the Deed of Sublease on each Housing Unit on allocation
- Government to appoint Estate and Facility Managers for the project on completion



Public-Private Partnership Options

The preferred public-private options; however, potential investors can opt for another accepted option



Equity Partnership Housing

- Government to provide a titled and unencumbered land.
- Government to comprehensively investigate the land and ensure availability of the following; Accessibility/Perimeter /Hydrological /Topographic /Bathymetric Survey where necessary Soil Test Report.
- Developer will arrange and provide fund for the project. In this regard, the Partner must show proof of possessing at least 30% of the total project cost at inception.
- Execution of Development Lease Agreement.
- Developer to construct the buildings and infrastructure.
- Government to supervise the project in line with the terms and conditions stated in the executed Development Lease Agreement.
- Joint marketing of the project by both parties off plan and or on completion.
- Profit sharing would be based on the percentage of contribution of each party .
- Government to commission the project.
- Government would issue the Deed of Sublease on each Housing Unit on allocation.
- Government to appoint Estate and facility managers for the project on completion.



Public-Private Partnership Options

The preferred public-private options; however, potential investors can opt for another accepted option



Equity Partnership Housing

- Unencumbered Land is provided by any party other than Government.
- Government to verify the title and status of the land and undertake feasibility and viability appraisal of the project.
- The Land Owner to submit studies & reports such as; Accessibility; Perimeter/Hydrological/Topographic Bathymetric Survey/ Soil Test Report.
- Government to fund the project or involve a third party as Financier.
- Interested Financier would submit the proposals.
- Government to appraise/evaluate the proposals.
- Financier will submit the following.
- Architectural/Structural/Mechanical/Electrical Drawings/Bill of Quantities.
- Government will assist to facilitate obtaining of Planning Approvals/Permits from the appropriate authorities.
- Financier will arrange and provide fund for the project. In this regard, the Government Partner must show proof of possessing at least 30% of the total project cost at inception.
- Execution of Development Lease Agreement.
- Financier to construct the buildings and infrastructure.
- Government to jointly supervise the project in line with the terms and conditions stated in the executed Development Lease Agreement.
- Joint marketing of the project by both parties off plan and on completion.
- Profit sharing would be based on the percentage of contribution of each party.
- Government would facilitate issuance of applicable title.
- Government to appoint Estate and facility managers for the project on completion.



Public-Private Partnership Options

The Lagos State Government provides investors with favourable conditions to support private sector participation

Guarantee Options

- Lagos State Government will offer compensation if demand levels fall beyond the expected supply.
- The State Government has put in place various policies and initiatives that will ensure an enabling environment to do business.

Legal Framework

- Private sector participation in public sector procurement is governed by:
 - ✓ The Lagos State PPP Law 2011.
 - ✓ The Lagos State Public Procurement Act 2011; and
 - ✓ Regulations issued by the State Executive Council (EXCO) governing the PPP process.
- These laws and regulations assures investors that all contracts will be completed in compliance with the PPP contract terms.
- There are several dispute resolution mechanisms for PPP projects and the contract management team will provide guidance on whether an issue can be escalated to arbitration and the courts.



Public-Private Partnership Options

The risk assessment of the affordable housing project

	Areas	Key Risk	Impact	Likelihood	Mitigation
1	Government Policy	Change in government regulation or policy that impacts on the investment by private sector in public projects.	Financial	Low	Agreements should be executed that protect investors rights and offer compensation where policy change is unavoidable.
2	Revenue Risk	Sales may fall below expected level.	Financial	Low	The state's home ownership scheme will guarantee off takers by providing access to cheap credit. The state is in the process of negotiating and concluding with a number of financial institutions to provide access to mortgage financing for home buyers.
3	Construction	This regards pricing, design, quality and possible delays.	Financial	Medium	Utilise an excellent design and planning team with successful experience in housing.
5	Currency	Foreign exchange risks over the duration of the project could impact on project costs outlay.	Financial	Medium	The investor may protect foreign capital by hedging or benchmarking the exchange rate to convert foreign exchange to Nigeria.



Public-Private Partnership Options

Investment Requirement	The requirement for the investment varies based on the project selected.
Investment Purpose	- The purpose of the investment is to provide affordable quality housing for the teeming population of Lagos. - The Investment will facilitate the improvement of the quality of life of Lagosians.
Opportunity Assessment	- A review of the high-level technical, commercial and financial feasibility assessments of the project depict the attractiveness of the investment. - The case for investment demonstrates the potential for private investors and the financial viability of the net profits. - The project also presents societal benefits of urban regeneration.
Management Structure	Lagos State Government is open to discuss management structures and partnerships acceptable under the Lagos State PPP Laws.



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INVESTMENT PROCESS

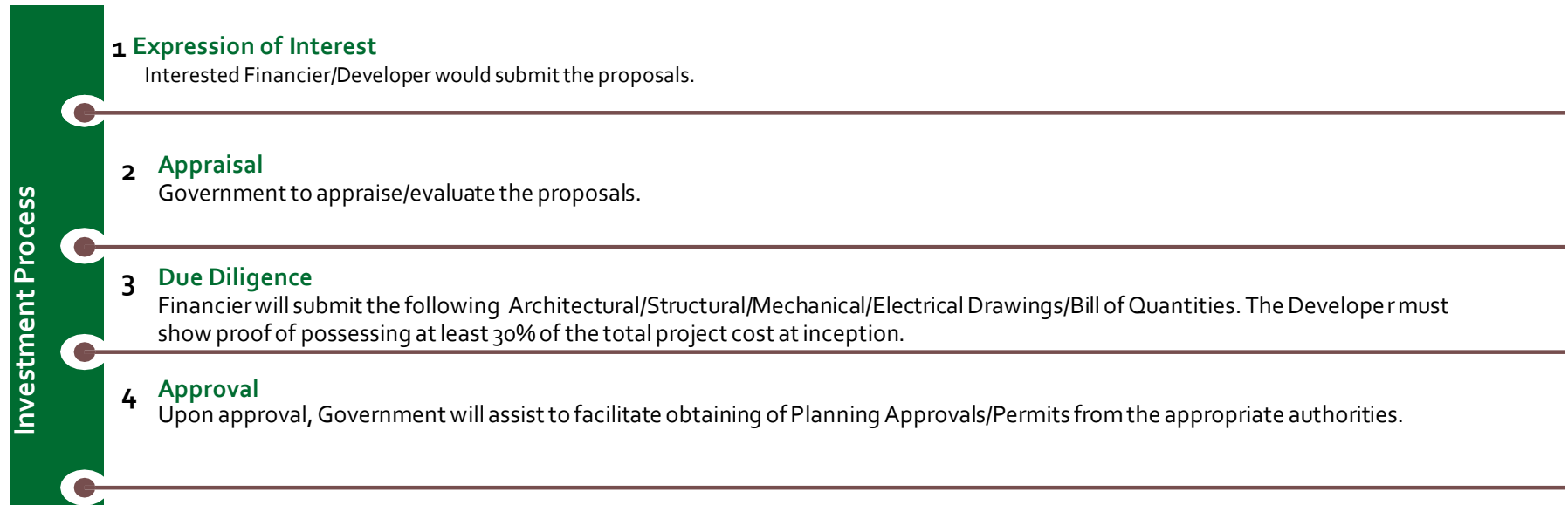
The Investment Process for any of the Lagos State Housing projects will involve four phases:

- Expression of Interest
- Appraisal
- Due Diligence
- Approval



Investment Process

Investing in any of the three housing projects will involve a simple process with four stages





Disclaimer

The bidder expressly acknowledges and agrees that the information in this investment brochure has been provided by the promoter to allow the bidder to conduct its own enquiries in order to independently assess a potential investment in Lagos State and does not constitute a warranty in relation to any binding transaction document or contract.

Cited performance may not be indicative of future results. Therefore an investor should not assume that the actual performance of any specific investment will be equal to corresponding cited performance. Each investment decision should be made with respect to specific information obtained for such investment and independently analysed by the potential investor.

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Affordable Housing Deal Book, 2018.