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THE HISTORY AND PRACTICE OF
RENT CONTROLS IN KUMASI, GHANA

by

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Working Paper

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This paper is an intermediate product of a World Bank research project on Rent Control in Developing Countries (RPO 674-01), directed by Stephen Malpezzi of the Bank's Urban Development Division, Policy, Planning and Research Staff. A forthcoming companion paper presents estimates of the costs and benefits of controls in Kumasi. Other case studies are underway of controls in Brazil, Egypt, India, and Zimbabwe.

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I. INTRODUCTION

Kumasi, the ancient capital of the Asante Kingdom, is the second largest city of Ghana. In 1970, population was 345,000 (Ghana 1972). Until 1985 the most recent population estimate was 590,000 as of 1980 (Tipple, 1984a and 1984b, Boapeah and Tipple, 1983). However, the recently published census results indicate a surprisingly small population in 1984 of only 488,991 (Ghana, 1985, Table 9.6). The survey of the city, to be conducted to provide data for this project, should, in the near future, give a clear picture of mid-1986 population.

Lying in the belt of high forest which extends across southern Ghana, Kumasi is 180 miles from Accra by road and occupies a series of low hills separated by sluggish streams. The city was destroyed by the British in 1896 during the Second Asante War but became the center of British rule and influence in the interior of the Gold Coast in 1901. It was developed in colonial times on and around its old site as a spacious and well planned city, "the Garden City of West Africa."

The informal settlement activity evident in many African cities takes place in Kumasi only under the control of local chiefs. Their exclusive right to allocate land was hardly disturbed during the colonial period and remained so with independence. While the state has rights to compulsorily acquire any land needed for government purposes (under the State Lands Act, 1962, and the Administration of Land Act, 1962), such action is relatively rare and affects only the few government estates and isolated sites for such uses as sanitary installations and reserves for main roads. Thus, although large areas of housing have been established outside formal planning control and are in this way analogous to squatter settlements, the occupants have legal rights to the land through recognised traditional systems (see Peil, 1976 and Tipple, 1983).

Kumasi is now an industrial center with a formal timber processing industry and large informal woodworking, light engineering, and vehicle repair activities. The regional capital of the modern Ashanti Region, Kumasi also retains its pre-colonial function as the commercial and administrative center of a large area of Ghana, including the cocoa growing areas of Ashanti and Brong-Ahafo Regions. The city's central market at Kejetia vies with Onitsha in south-eastern Nigeria for the claim to be the largest market in West Africa. So universal is trading in Kumasi that, in the author's 1980 data, it was rare to find a household without at least one trader among its members.

There are about 20,600 houses in Kumasi (1) with a total of 165,000 rooms. The characteristic house type is the single story compound which tends to be almost square and up to 30 metres along each side. Ten to sixteen rooms range round three sides of the courtyard facing inwards and usually having verandahs on the courtyard side. The main entrance to the house is usually at the side and can be locked at night securing the whole compound. The fourth side of the courtyard usually contains a bathroom (simply a room with a drain hole at the base of the wall), a kitchen (a shelter open to the courtyard side and used for storage of utensils) and a bucket latrine.

Many houses are built of traditional materials — swish (rammed earth built in courses and known locally as "atakpame") with louvred wooden windows — while others are built of cement blocks. Some have two, three, or (rarely) four storeys with the rooms on upper floors opening onto an access balcony. Some of these buildings may have 50 or more rooms but 15 to 20 is more common. They are almost all built of cement blocks, though some dating from before World War II are in brick with galleried wooden upper stories. More detailed analysis of the housing stock can be found in Chapter 5.

II. THE EARLY DAYS OF RENT CONTROL

According to United Nations (1979, p. 7), "the fundamental purpose of rent control legislation is to set rents at levels which are fair to both tenants and landlords." While this appears to have been so in Ghana at first, it will be seen from the following that fairness to landlords was soon given a low priority.

As with many other countries (UN, 1979), rent controls started in Ghana during the Second World War. During the war, the Gold Coast began to suffer the effects of inflation so that in 1941 a Temporary Relief Bonus was granted to all employees earning less than £66 per year (2). At the same time it was noted that there was a need for Rent Restriction to prevent exploitation in urban areas (Gold Coast, 1951a). In response to this, the Defence (Rent Restriction) Regulations of 1942 made it an offence for anyone to increase rents above those of 3rd September, 1939 except where an assessment had been made by a rent assessment committee. Further, no one could be evicted except by Court Order (Gold Coast, 1951a).

Similar regulations in 1943 introduced an amendment requiring the Rent Assessment Committee to fix a fair and reasonable rent for any class of premises and introduced the concept of a "standard rent" for types of properties. These early, and rather hurried, pieces of legislation set a pattern for rent control ever since: rents are fixed at specific levels for the most common types of property and any other accommodation can be let at a rent assessed by a body appointed to do so or, in some cases, by agreement between tenant and landlord.

Although wartime regulations were removed by the Emergency Powers (Transitional Provisions) Act of 1946, an Order no. 20 of 1946 retained the Rent Restrictions until December 1947 by which time the Rents (Control) Ordinance was passed to continue rent control but only on premises with annual rents of £100 or less. It soon became necessary to add an amendment — the Rents (Control) (Amendment) Ordinance (no. 39 of 1949) — because some landlords, notably in Kumasi, were demanding several months rent in advance. The amendment made illegal the "social evil" (Gold Coast 1951a) of demanding more than one month's rent in advance in monthly (or shorter) tenancies or three months' rent in advance in longer tenancies.

The Mate-Kole Committee appointed to inquire into rentals (Gold Coast 1951a) indicated that the rent controls were being flouted by landlords who were frustrated at the unrealistic levels of the "standard rents" which were mainly fixed at September 1939 levels. Landlords were resorting to the following subterfuges:

- (1) unofficial rent agreements forced on tenants;
- (2) having their tenants evicted to make room for family members (under Section 9.d of the Rent Control Ordinance, 1947) and then reletting after a few months for higher rents;
- (3) removing their properties from control by raising rents to above £100 per year; or

(4) letting the whole house for more than £100 per year to a middleman who then relet its rooms for uncontrolled rents.

By 1951 the daily wage had more than doubled from 18d in 1939 to 39d and the cost of living had trebled (Fitch and Oppenheimer, 1966, p. 97). The Mate Kole Report (Gold Coast, 1951a) therefore declared that the standard rents set at 1939 levels were quite uneconomical in post-war times and should be re-assessed according to valuations used for property rates assessment. Furthermore, rents should include a rate payment over and above the controlled rent.

Rent assessment committees had proved ineffective, because they were part-time, the members were mostly landlords, and they had few powers of enforcement. In Kumasi the local Committee had allowed rents to be raised above the £100 per year threshold although no increase in property rates, which normally enabled matching rent increases, had occurred. It was proposed that the committees be replaced by rent control officers.

Throughout the Mate Kole report, the landlords were not cast as dyed-in-the-wool villains. While their subterfuge was condemned, it is evident that the Committee appreciated their problem. The housing shortage was acute in the big cities, building materials were scarce and expensive -- 200 or 300 per cent more costly than in 1939 -- and tenants were generally badly informed of their rights and, thus, easy prey. It was recognized that scarcity in any commodity bred black-marketeering. The crux of the problem was seen to be shortage of supply. This was being manifested in the letting of latrines and kitchens as living rooms, increasing occupancy rates, and the inability of tenants to resist paying rents which were illegal. It was clear to the Committee that rent control alone could do no good without an increase in the supply of houses.

The idea implied in restricting or controlling rents was that a group of exploitative landlords were preying on their tenants for unfair profit, taking advantage of a shortage of housing to increase prices with the result that the space which a daily paid worker could afford was so restricted that his household was deprived of "moral decency, comfort and health" (Gold Coast, 1951a). During the early 1950s, government's stated policy contained probably the greatest element of direct government involvement in house provision and the least reliance on private investment of any period before or since. Estate building on sites recommended in the 1945 draft plan for Kumasi (Fry and Drew, 1945) was in full swing. Kumasi had 4,035 houses in 1948 (Gold Coast, 1948) and the building programme lasting from 1945 to 1955 numbered approximately 2,500 small dwellings (in Asawasi and North and South Suntresu) (3). The 1951 Development Plan emphasized "no jerry-built houses; no exploitation of the housing shortage; stabilisation of rents; and security of tenure for tenants" (Gold Coast, 1951b). The major thrust of the plan was building estates of small dwellings for workers and encouraging people to build their own single household dwellings. Thus a slightly anti-landlord stance, preventing profit from house-letting, would seem to have been reasonable if a little shortsighted in the light of a long-standing housing shortage (Gold Coast, 1951a and 1951b). It can be seen below, however, that later rent legislation has failed to significantly change this stance even though later government policy had to admit to the heavy reliance on private investment by

landlords (Ghana, 1959, 1964, 1968, 1970, 1971, 1975, and 1977) and did little to reduce it.

The 1952 Rent Control Ordinance (no. 2 of 1952), which followed the Mate Kole Report, came at a time when the government was providing comparatively large proportions of the new accommodation by direct action and seeking stabilization in rents. It modified "standard rent" to that rent which was paid on 1 January, 1948 or such as had been fixed by rent control. The £100 per year limit was withdrawn so that rent control applied to all residential property. Rent assessment committees were put under the direct control of local authorities. The 1952 Ordinance tidied up the law on rent in advance, evictions, etc., but did not depart in any major way from the idea, implicit in previous enactments, that rent should be static except under circumstances special enough to merit the attention of a committee.

In 1959, the Second Development Plan, 1959-1964 (Ghana, 1959) allocated 14.3 percent of its budget to housing of which most was to support private investment through the Roof Loans Scheme, supervised self help, setting up the Building Society and servicing suitable tracts of Crown land for individuals to build houses.

The Rent Control (Amendment) Act, 1960 amended the "standard rents" to those charged on 1 July, 1960.

III. THE RENT ACT, 1963 AND SUBSEQUENT LEGISLATION.

The Rent Act, 1963 (Act 220) has formed the basis of rent control for the last 23 years being only modified by later legislation, not repealed. As it contains provisions not only for setting rents but also for ordering the relationship between landlord and tenant and these have been modified separately in succeeding legislation, these matters will be dealt with separately.

The Fixing of Rents

Under the 1963 Rent Act, the "standard rent," ie. that charged on 1st July 1960, was renamed as the "recoverable rent" and incorporated as the basis of rents to be recovered by landlords. Where a premises has been built since 1960, or material changes had been made to the premises, or there was cause for dispute, rents were to be fixed by the Rent Officer taking into account the following:

- 1) rateable value;
- 2) land value;
- 3) the rates payable;
- 4) recoverable rent assessed for similar premises where they have been assessed by the minister (see below);
- 5) estimated cost of repairs or maintenance;
- 6) amount of rent for like premises;
- 7) current rate of interest charged by the Ghana Commercial Bank for overdrafts;
- 8) obligations of landlord, tenant or other interested parties under the lease;
- 9) justice and merits of each case.
(Section 14)

These appear to be a reasonable basis for assessing fair rents for any premises and for differentiating between premises which represent different quantities of housing benefits. However, in addition, the Minister could assess rents for particular types of property and publish them in an Executive Instrument. Thus, for example, in 1973, by schedule 1 of the Rent (Amendment) Decree, NRC 158, rents were fixed by central government as shown in Table 1. These levels persisted until mid-1979.

Table 1: Prescribed rents for certain premises, 1973.

Premises (room type and size)		Monthly rent payable per room
Sandcrete or landcrete	12ft x 12ft	C7.50
	12ft x 10ft	C6.50
	10ft x 10ft	C5.50
Wooden, swish or iron sheet	12ft x 10ft	C4.50
	10ft x 10ft	C3.50

Source: Rent (Amendment) Decree, 1973 (NRCD 158), Schedule 1.

Note: Minimum wage at the time was C1.00 per day.

It is obvious that these rents owe little to any of the matters listed above; they appear to have been arrived at more from considerations of what people can afford to pay rather than from any assessment of the property itself. Note, for example, that there is no mention of whether the tenants have access to water supply, toilet, or electricity in the house or whether the roof is waterproof, a ceiling is present, or mosquito proofing is provided. As they cover the majority of all property in cities like Kumasi, schedules such as this have been a dominant factor in rent control for 20 years.

It has been shown elsewhere that, where rents are assessed individually or collectively, they tend to remain frozen until new legislation or assessments are made (United Nations, 1979). This has been true in practice, and indeed in intention, in Ghana. Part four of the Rent Act, 1963, states that no reassessment shall be entertained unless circumstances affecting the question of rent have materially altered since the last assessment or the previous assessment was made on erroneous evidence.

During the 1960's and 1970's government policy as stated in Development Plans was fairly consistent in emphasising the need to encourage private investment while building some houses for specific groups of people. The Seven Year Development Plan, 1963/4 to 1969/70 (Ghana, 1964), contained policies similar to its predecessor, with added encouragement to companies to build for their employees.

After the ouster of Nkrumah, the National Liberation Council (NLC) government introduced a Two Year Development Plan (Ghana, 1968). Although low income housing was seen to be primarily a government responsibility, the plan emphasized an intention to encourage private housebuilding by rationalizing taxation and streamlining the building process. It was hoped that this would lead to large numbers of people putting their money into housing.

The Busia government published one plan, the One Year Development Plan, 1970-71 (Ghana, 1970), and prepared a second which was abandoned when the Acheampong National Redemption Council (NRC) regime assumed power at the beginning of 1972 and set about building its crash programme of government low income housing. During the period of the

above plans, rents were controlled, but low income housing still appears to have constituted a reasonable investment in terms of percentage return on capital (see below).

The NRC appointed a committee on National Housing Policy (under the chairmanship of A. N. Nartey) which reported in 1976. From its recommendations, the housing policy contained in the Five Year Development Plan (Ghana, 1977) was prepared. In the Nartey Committee report (Ghana, 1976, p. 29) rent control provisions to date were summarized. Commenting on their effects, the report contains the following:

The effect of such controls on Housing must be well anticipated with a view to relaxing some of the Controls. It is true that under favourable conditions, with regard to the operation of Controls, especially in urban areas a large section of the population would prefer to invest in houses as against putting their moneys in other less satisfying uses. The speculative builder should, therefore, be encouraged and allowed to earn a return on his capital in addition to normal projects for his venture plus something for maintaining the building. As long as the 'Recoverable Rent' does not represent a fair and reasonable return the speculator will tend to divert from the building industry to other channels. This has the ultimate effect then of increasing the housing shortage.

Although the above is rather muddled, referring to investment by "a large section of the population" as "speculative" and in "the building industry" rather than as building for their own occupation with some rented rooms, it does suggest some understanding of the link between investment and return which was becoming increasingly affected by low rentals. The report enjoined Rent Officers to apply the variables in Section 14 of the Rent Act, 1963 to allow rents to vary with quality of the premises and the services provided. This would be despite the generalizations on rent for certain permises in NRC Decree 158, 1973. (See table 1.)

The report emphasises the need to adopt

the principle of fair rent -- which simply means that rent which is satisfactory to both the landlord and the tenant, and at the same time ensures that returns upon investment into housing compare favourably with at least the interest paid by banks. (Ghana, 1976, pp. 77-78)

As with previous plans, the Five Year Development Plan, 1975/76 to 1979/80, (Ghana, 1977) recognized that a large percentage of the housing stock had been built through private initiative and it was unlikely that there would be a significant change in this trend over the plan period. The housing policy in the Plan had, as its ultimate goal, the provision of

decent housing within a wholesome environment at a cost that most Ghanaian families can afford. The foundation for the achievement of this long term goal lies in the creation of a sound basis for the stimulation and encouragement of private enterprise in house building activities since government can satisfy only a fraction

of the housing needs of the country. (Ghana, 1977, vol. 2, p. 415)

This sounds encouraging but the tone of the plan very much suggested that the private enterprise to be encouraged was for the building of owner-occupied housing rather than for the building of rental housing in the private sector. Only the National Mortgage, Financing and Guarantee Scheme (set up subsequently by SMC Decree 23) encouraged, inter alia, lending money to build houses for letting.

Only one year after the publication of the plan, the Head of State was removed, and a year after that Col. Akuffo's Supreme Military Council (SMC) was ousted in the June 4th Revolution. Thus the Five Year Plan was dogged by political changes in addition to a severe economic recession; its housing policy provisions were hardly noticeable in housing supply. Indeed, rents were unaffected by the Plan -- no fair rent legislation appeared -- and, indeed, rents remained low.

Despite the inflexible nature of rent control when ruled by ministerial decree, and their consistently low level, rents in Kumasi appear to have remained within the levels set by the government and the Rent Control Officers. In the late 1960s Schildkrout (1978) found monthly rents of between £G1/0/0 and £G2/10/0 (C2 to C5) in the Zongo. (For location of housing areas, see figure 4.) Houlberg and Nimako (1973) report rents in Atonsu of C2 per month for swish houses but rooms in new concrete houses near the road could let for up to C6 per month. Pevrah (1976) found mean rents of C7 to C13 per month in his five low-income sectors. This is corroborated by Abankroh (1977) who found a mean of C7.96 in Aboabo, Sarkodie (1977) with C7.94 in Zongo, and Schmitter (1979) with a range of C5 to C8 in Moshie Zongo in early 1978.

At the same time, rents for rooms with exclusive use of sanitation and water supply demanded higher rents. Adjei (1976) reports rents of C25 to C35 per month for two rooms and C40 to C60 for three rooms with exclusive facilities in the Chirapatre area. However, government built housing was cheaper. Adjei (1976) compares the above two ranges with equivalent houses in the adjacent government estate finding rents there of C30 and C45. Ofei (1975) found monthly repayments to purchase houses in the older government estates of Asawasi, North Suntresu, and South Suntresu to be only C1.99 for single rooms with shared facilities rising to C10.35 for three roomed semis with exclusive use of facilities. These payments were still current in July, 1979 (Ghanaian Times, July 25, 1979, p. 4)

It can be seen from Table 2 that there was very little effort on the part of government to relate rent to the general cost of living. As the Consumer Price Index rose markedly, the index specifically for rent remained very consistent with only 19 percent rise between 1963 and 1975.

Table 2: Selected Consumer Price Index Numbers, 1965 to 1975
(March 1963 = 100).

Year	Weight-	Total 100	Local food 50.5	Fuel & light 4.9	Transport 4.7	Rent 7.1
1965 (Dec)(1)		162.4	194.2	139.5	105.5	103.9
1966 (Nov)(1)		142.2	158.0	136.2	104.0	103.9
1967		148.1	156.0	142.6	142.4	108.6
1968		159.5	168.5	146.5	150.6	111.1
1969		171.5	186.2	177.3	156.6	112.3
1970		176.2	189.9	162.3	163.6	112.8
1971		194.4	217.5	175.9	175.6	113.6
1972		216.8	247.6	190.0	193.6	117.5
1973		259.6	312.1	221.5	188.8	119.0
1974		313.1	375.3	285.4	234.5	119.0
1975 (2)		430.5	506.2	395.7	303.3	119.0

Source: Ghana Economic Survey, 1972-4, Table 9. 1

Notes: 1. Kumasi index numbers, CBS Newsletter 48/66, Dec. 1966.

2. CBS Newsletter 30/76, Sept. 1976.

Flight Lieutenant Jerry J. Rawlings' Armed Forces Revolutionary Council (AFRC) government (June to September, 1979), which made no pretensions to do anything but "house cleaning" to eradicate corruption, continued the reduction in real rental levels begun in the 1940's. The short-lived elected government under Dr Hilla Limann (September 1979 to December 1981) made no changes to these low rents. (See tables 3 and 4.)

Table 3: Selected Index Numbers, 1963 = 100.

Year.	Consumer Price Index (urban). (1)	Prime Building Costs Index. (2)	Minimum Wage Index. (3)	Rent, Fuel & Power Index (urban). (4)	Controlled Rent of one Room in Sandcrete. (5)
1970	176.2	123.3	115.4	(112.8)	
1971	194.4	128.5	115.4	(113.6)	
1972	216.8	150.7	153.8	(117.5)	
1973	259.6	176.8	153.8	(119.0)	110.0
1974	313.1	238.2	307.6	(119.0)	110.0
1975	430.5	330.5	307.6	(119.0)	110.0
1976	648.7	360.2	307.6	(119.0)	110.0
1977	1370.4	502.0	461.5	381.5	110.0
1978	2350.2	781.6	615.4	529.9	110.0
1979	3515.1	1214.8	615.4	676.8	338.2
1980	4974.6	1810.7	820.0	1016.7	338.2
1981	10,968.7	3197.2	1846.2	1831.2	338.2
1982	13,397.0	3734.9	1846.2	2529.3	338.2
1983	28,814.0	4777.5	3846.2	3899.0	338.2
1984	40,559.7	-	5384.6	6620.9	338.2
1985	46,209.9 (June)	-	10,769.2	8723.3	338.2
1986	-	-	13,846.1	-	5072.3

Notes:

1. From World Bank (1984) and Statistical Newsletter No. 12/85, 1985.
2. From Quarterly Digest of Statistics, 1981 and Statistical Newsletter No.16/83, 1983.
3. Minimum daily wage set periodically by government. Up to 1974 from Ghana (1974); 1974-82, World Bank (1984); 1982-1985, Bentsi-Enchill (1986); 1986, own data.
4. Before 1977 the index represents rent only. See (1, above) for sources.
5. Of 120 sq.ft.; C6.50 in 1973 (NRC Decree 158), C20 in 1979 (AFRC Decree 5) and 1982 (PNDC Law 5), C300 in 1986 (PNDC Law 138 and LI 1318)

All values extrapolated to 1963 = 100.

Figure 1. Selected Index Numbers, 1970 to 1986 (1963 = 100).

(see Table 3).

Thousands

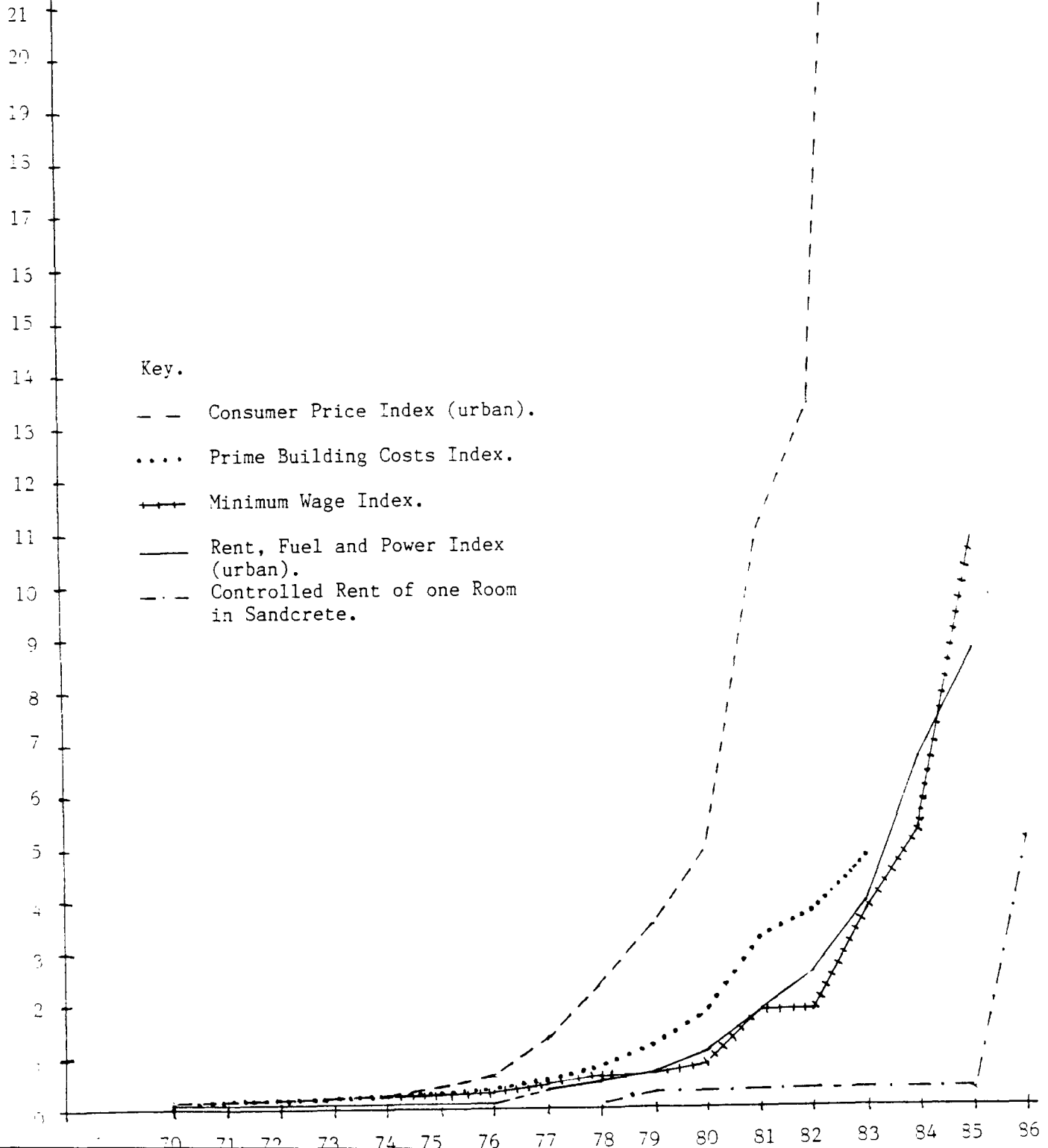


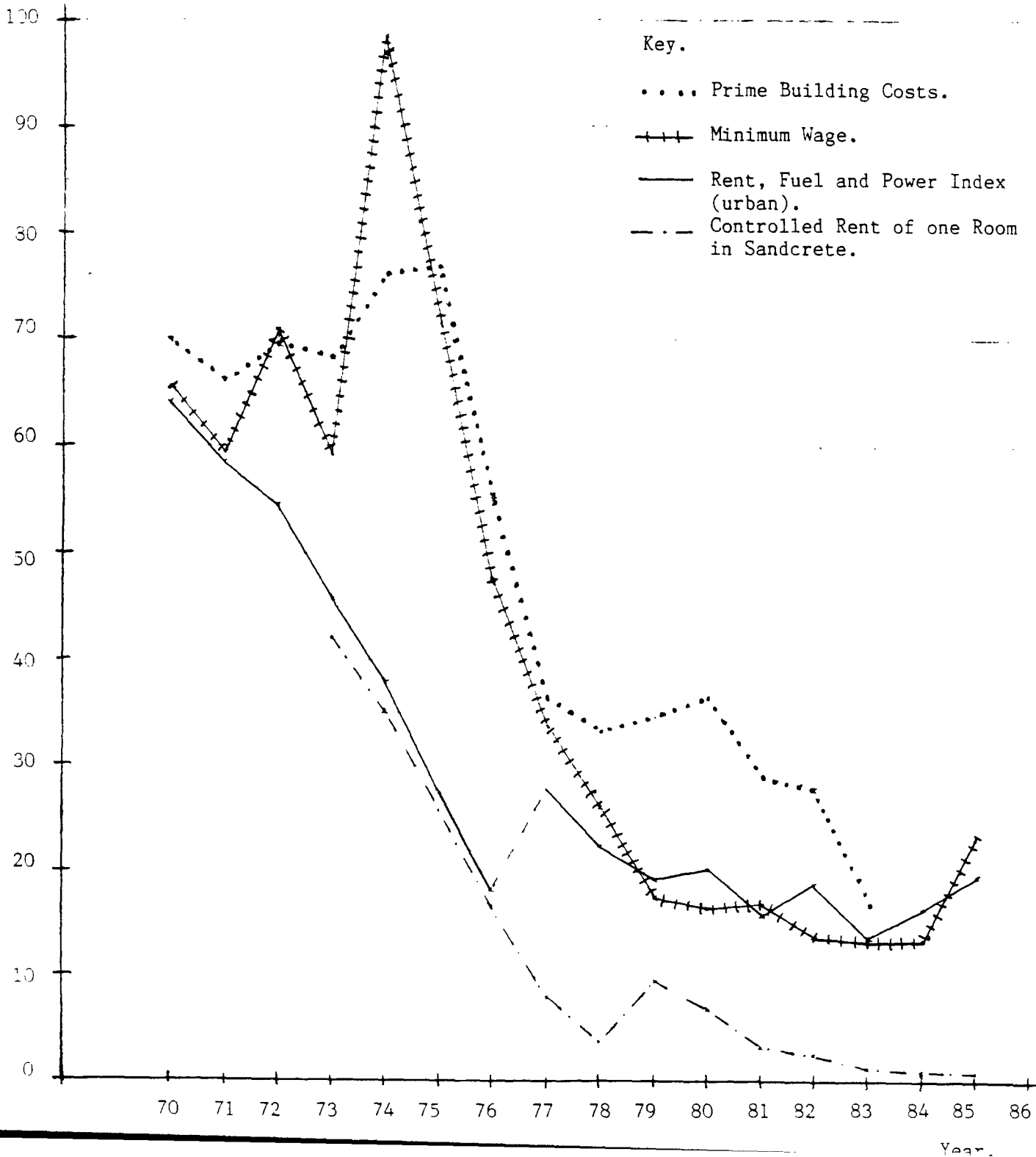
Table 4: Real values of building costs, wages and rents, corrected against the Consumer Price Index (urban), (1963 = 100)

Year.	Prime Building Costs.	Minimum Wage.	Rent, Fuel & Power Index.	Controlled Rent of one Room in sandcrete.
1970	70.0	65.5	64.0	-
1971	66.1	59.4	58.4	-
1972	69.5	70.9	54.2	-
1973	68.1	59.2	45.8	42.4
1974	76.1	98.3	38.0	35.1
1975	76.8	71.5	27.6	25.6
1976	55.5	47.4	18.3	16.9
1977	36.6	33.7	27.8	8.0
1978	33.3	26.2	22.5	4.7
1979	34.6	17.5	19.3	9.6
1980	36.4	16.5	20.4	6.8
1981	29.1	16.8	16.7	3.1
1982	27.9	13.8	18.9	2.5
1983	16.6	13.3	13.5	1.2
1984	-	13.3	16.3	0.8
1985	-	23.3	18.9	0.7
1986	-	-	-	-

Notes: As in Table 3.

Figure 2. Real values of building costs, wages and rents, corrected against the Consumer Price Index (urban) (1963 = 100).

(see Table 4).



Rawlings' AFRC government imposed new rent levels as follows:

Table 5: Controlled rents July 1979 (AFRCD 5, 1979)

Type of accommodation and size.	Location (where specified)	Rent /month
1. 1 room with shared amenities (ie. under multi-occupation) of size 12 ft x 10 ft.	Regional Capitals and Tema	C20.00
	Elsewhere	C16.00
Where size is not specified.	Regional Capitals and Tema	16p/sqft
	Elsewhere	12p/sqft
2. 2 roomed self contained semi-detached house, like State Housing Corporation (SHC) type SH(1).		C150.00 or 27p/sqft
		C175.00 or 30p/sqft
3. 3 roomed self contained semi-detached house, like SHC type SH(2).		C200.00 or 34p/sqft
		By negotiation
4. 3 roomed self contained detached house, like SHC type SH(3).		C200.00 or 34p/sqft
		By negotiation
5. Other self contained houses of more than 3 rooms.		By negotiation
		By negotiation

The rents for government housing under 2, 3, 4, and 5 on Table 5 were doubled by this decree. While the effect of this may seem unfairly negative for government tenants who enjoyed the lowest rents per room in the city, it must be noted that many legal tenants on State Housing Corporation (SHC) estates were, in fact, non-residents extracting rents from sub-tenants. (See below.) Furthermore, most Government housing in Kumasi is not self-contained and, therefore, comes under 1 in Table 5 (1 and 2 in Table 6).

The 1980 survey of 1600 households in Kumasi (See Tipple, 1984a) found mean and median monthly rents per room of C22.23 and C20.50 city wide. When these represented the price equivalent of one yam or two loaves of bread, or US\$0.75 and US\$0.68, it will be seen that rental levels were very low. Means for just the low cost areas were even lower. Government built areas had a mean and median of only C11.45 and C9.50 despite the fact that many rooms were sublet privately. However, wages were also very low. Controlled rent for one 12' x 10' room in sandcrete with shared facilities (C20) took 5 days to earn at the minimum wage of C4.00 (US\$0.13) per day. The 1973 equivalent rent (Table 1) took 6.5 days to earn at the current C1.00 (US\$0.03) per day. As the minimum wage is paid to many daily-paid workers, it is a useful indicator of wage : rent ratios for low income households.

According to the above data on Kumasi, most accommodations with shared amenities were charged for at a level close to the controlled rents before PNDC Law 5 was promulgated. Over 90 percent of all households in the low income housing areas paid less than C25 per room.

When Rawlings resumed power in December 1981 his People's National Defence Council (PNDC) Government started out with the intention of providing large quantities of "workers' housing" to solve the housing problem. The government again tightened up rent control (Table 6). All rents were to be halved or reduced to C20.00 per month for single roomed accommodation and C50.00 per month for "chamber and hall" (i.e., a suite of two rooms). If rents were already lower than this they were to stay at their December 31, 1981 level. Furthermore, no rents could be increased until March 6, 1983 (PNDC Law 5, 1982). These regulations did not apply to self-contained premises or where existing rents exceeded C1000 per month. In the latter case, landlords had to pay fifty percent tax on the rent. Furthermore, any landlord who demanded higher than allowed rents or failed to pay the 50 percent tax would forfeit his premises to the state. These provision underline the basically anti-landlord stance of the PNDC government at the time of this legislation — three months after the coup which ousted the Limann government during which investment in large houses had been rife amongst the elite. New properties let after 31st December, 1981, were to be assessed by the Rent Officer under the Rent Act, 1963.

Table 6: Rental levels under PNDC Law 5, 1982.

Type of Accommodation and size of room.	Recoverable Rent/month (Cedis)	No. of days of basic wage	Rent per square foot (Cedis)
1. Single-roomed accommodation with shared amenities (ie. under multiple occupation)	20.00	1.67(1)	0.16(2)
2. Two-roomed accommodation with shared amenities of the type generally referred to as "chamber and hall"	50.00	4.17(1)	0.21(2)

Notes: 1. At C12.00 per day introduced in 1982.
2. Assuming 120 square feet per room.

This firmly anti-landlord stance mellowed, before any investment in workers' housing could be made, into a proposed housing policy which, among other objectives, sought to improve incentives for investment in housing through a National Housing Fund. No details of these proposals are available at present (August 1986). However, in January 1986 the PNDC once again moved to control rents. Since March, 1983, rents in the cities had crept up following inflation and the reducing value of the Cedi which was devalued from 2.75 per US\$1 to 25 and then, by stages, to 90 per US\$ by December 1985. No empirical evidence of rent levels is available for 1986, although some will be provided by the re-survey of Kumasi which is part of this research project. However, despite the

possibility of forfeiture to the state for charging higher than controlled rents, anecdotal evidence suggests C160 to C200 as typical rents per room in Kumasi by late 1985. Furthermore, large rent advances, sometimes 100 times the monthly rent, were being demanded of new tenants.

By PNDC Law 138, the Rent Control Law, 1986, rental levels were again fixed by government edict. Although levels were set out in the First Schedule in the same way as shown in Table 1, they were immediately modified upwards by Legislative Instrument 1318 to those shown in Table 6.

Table 7: Rental levels under L.I. 1318, January, 1986.

Type of Accommodation and size of room.	Recoverable Rent/month (Cedis)	No. of days of minimum daily wage	Rent per square foot (Cedis)
1. Single-roomed accommodation with shared amenities (ie. under multiple occupation) of a size say 12' x 10':			
(a) Sandcrete	300.00	3.33	2.50
(b) Landcrete	250.00	2.78	2.08
(c) Swish	200.00	2.22	1.67
2. Two-roomed accommodation with shared amenities of the type generally referred to as "chamber and hall" of say 12' x 10' per room:			
(a) Sandcrete	400.00	4.44	1.67
(b) Landcrete	350.00	3.89	1.46
(c) Swish	300.00	3.33	1.25

Despite the evidently large increase from the 1982 level, the new rents are, in fact, little or no higher in real terms. Figure 1 and table 3 show the changes in the Consumer Price Index and the Prime Building Cost Index against wage and rent increases. It is obvious that, although both wages and rents have increased, they have failed to keep pace with the massive inflation which has dogged the Ghanaian economy since the mid 1970's.

While controlled rent for one room in sandcrete had an index about one sixth of the CPI in 1976, when the Nartey Committee reported, by the end of the NRC/SMC era in 1979 it was about one tenth of the CPI, and by 1985 the tight controls of the AFRC and PNDC had reduced it to one 136th of CPI. Thus, despite intentions towards fair rent, the reality was the continuation of low rent at least in non-self contained housing.

Neither have rents kept pace with the cost of building. The Index of Prime Building Costs is the only measure published by the government by which to judge the cost of building but it is probably considerably lower than the real cost to the public. The numbers are collected from

a few large contractors whose supplies are more likely to be through government subsidized sources than those of smaller contractors. This can make a considerable difference. For example, in early 1986, cement cost C650 per bag through the formal suppliers where it was scarce but C1200 on the black market where there was plenty. Furthermore, the index is influenced by the low wages paid to the workers. While wages of skilled and unskilled labor had only increased by 3.0 and 3.2 times respectively between 1977 and 1983, steel had increased by 5.9 times, cement by 8.4 times, and timber by 15.3 times (Statistical Newsletter 16/83).

Figure 2 and Table 4 show the effect of inflation on real building costs, wages, and rents. These clearly show the fall in the real cost of building as measured by the only available index. However, anyone familiar with Ghana will be amazed by this evident decline as the impression gained from living in the country and trying to build a single house is that building costs have at least kept up with other prices. Herein lies the difference between large firms' (from whose experience the index is compiled) being able to obtain materials at controlled prices and the reality of a householder having to buy his cement at Kumasi station and his nails in Anloga where black market prices (which reflect the real value of the cedi) prevail. The effect of the change in the CPI categories in 1977 from rent only to rent, fuel and power, is very evident from Figure 3. It is likely that, but for this change, the rent curve would closely follow the curve showing the controlled rent for one room. By the end of 1985, just before PNDC Law 138, controlled rents had lost touch with the CPI to such an extent that they represented only 0.07 percent of their 1963 value.

As we have already noted that 74 percent of households in Kumasi live in only one room, it is reasonable to assume that the difference between the curve of controlled rent and that of rent, fuel, and power is mainly taken up with the cost of lighting and cooking. Thus, though the index may be a fair representation of the total cost of housing to the tenants, it reflects landlords' costs and income less accurately than the controlled rent curve.

It is evident from the rent per square foot figures in Table 7 that landlords letting pairs of rooms are not getting as good value as they would from letting the rooms separately. When asked how many rooms they would prefer to occupy at their current rent per room, 65 percent of households in the 1980 sample opted for more than one room (Tipple, 1984a, Table 3.6). Thus, a chance to occupy two rooms is highly prized but can be seen to be discouraged (probably unintentionally) by the current rent control legislation.

The threat of forfeiture to the state is not included in the 1986 legislation which repeals the 1982 law.

Coverage

Initially rent control only applied to housing occupied by low-income households. Anyone who could afford to pay £100 per annum rent during World War II was regarded as too well off to need protection (Gold Coast, 1951a and Legislative Council Debates No. 2 of 1949, p. 68). The 1952 Ordinance removed this upper limit but excluded any

government housing or housing used by government officers as a consequence of their employment. These have been excluded throughout the legislation since that date and are discussed in detail below. The 1963 Act also had no upper limit to controlled premises.

Where premises have been liable to control but fall outside the limits of collective treatment, the recoverable rent has been assessed on an individual basis. The United Nations (1979) points out that, where this happens, the extent of coverage is generally lower than that obtained by across-the-board measures but the rents assessed generally come closer to the true value of each property.

The Rent (Amendment) Decree, 1973 stipulated rents for single rooms but excluded from control any single room occupied by a tenant whose income exceeds C1,000 per annum. At that time, minimum wage was C1.00 per day but mean wage rates for Africans in reporting industrial establishments was C950 per annum (Ghana Economic Survey 1972-4, p. 125). Thus, anyone on more than mean industrial wage but living in one room was liable to be outside the protection of rent control.

The 1979 and 1982 legislation removed any limit to controls but the 1986 Rent Control Law again removed premises at the top end of the market, this time with rents above C1,000 per month. This is again quite low -- being only 3.3 times the rent for a sandcrete room. At this level, the tenant pays whatever rent is estimated to be recoverable but the landlord should pay half as tax to the state.

There has never been any differentiation between sitting tenants and new tenants in the application of rent controls; neither has there ever been any exemption of new properties. Although landlords have been able to remove tenants to restore, renovate, or improve properties, there has never been any incentive given, such as removal from rent control, unless the renovations removed the premises from the range in which controls operated at the time.

Advances and Side Payments

In countries where rent control is imposed, the demanding of side payments by landlords is very common. It provides a simple way for landlords to make up the difference in income between market rent and controlled rent, through one-time payments at the beginning of a tenancy or through periodic extra payments in cash or in kind. As the Mate Kole Report (Gold Coast, 1951) pointed out, some landlords, notably in Kumasi, began taking advantage of wartime conditions to demand up to one year's rent in advance from would-be tenants. This "social evil" was prevented by the 1947 Ordinance, amended in 1949, making illegal the demanding of more than one month's rent in advance of monthly tenancies or three months' in the case of longer tenancies.

Under the Rent Control Ordinance of 1952, it was an offense to demand or receive "any consideration, whether in money or in kind or in any other manner whatsoever and whether by way of rent, fine, premium or otherwise, for the grant, renewal, continuance or assignment of any tenancy" (S. 12 (1) (b)). This obviously applies to tenants vacating premises' asking for key-money as well as landlords demanding rent in advance. The 1963 Act repeated this clause verbatim; rent in advance

was limited to one month in monthly tenancies and six months in longer tenancies. No legislation since enacted has changed the illegality of accepting or demanding advances.

With very low rents, it might be expected that recent empirical evidence would show side payments being made to landlords to secure accommodation. In Cairo, Mayo et al. (1982) found that, even in a tightly controlled rental market, new building was still attracting investment because, inter alia, landlords could demand a large advance from prospective tenants. Thus, although rents remained low, the price tenants paid for housing (monthly rent plus one-time advance) remained reasonably attractive to investors. In 1981, following sufficient preliminary analysis of the 1980 data to show how low reported rents were in Kumasi, a survey was done, under the author's guidance, as a final year project by a student of planning. She interviewed junior staff in three departments at the University of Science and Technology who were not living in university accommodation. As the interviews were conducted at the work-place, possible bias from the proximity of the landlord was removed. The respondents were asked about their rent, the utilities to which they had access, and what side payments, gifts, advances, services, and similar inducements and enhancements, they made to the landlord. It was found that they did indeed only pay controlled rent and the proportion of rates and utilities charges for which they were legally liable (Edoo, 1982).

Although no empirical evidence is yet available, anecdotal evidence suggests that advances, which were not a feature of the rental scene before 1982, are becoming universal for new tenancies in Kumasi. Since 1982, landlords have been demanding advance payments of 20 to 100 times the monthly rent of the premises. Although this is followed by a six month rent holiday, most of the payment is never offset against rents due. Discussions with local authority staff involved with rent control indicate that they are unofficially aware of these payments but have chosen not to act against the landlords, who are seen as taking heavy losses on their premises.

In some countries, advance payments, known as "key money," can be regained by a tenant on vacating the premises (United Nations, 1979) and, therefore, represent a form of equity. This is unlikely to be the case in Kumasi as the landlords are more likely to use it as part of the rent paid during the tenancy.

Eviction

Until and including the 1963 Rent Act, the grounds on which tenants could be evicted were broadly as follows:

- (1) One month's rent arrears;
- (2) Any other of the tenant's obligations being neglected;
- (3) The tenant or anyone living with him causing a nuisance;
- (4) A conviction for using the premises for immoral or illegal uses;
- (5) Waste or damage of the premises by a tenant;

- (6) The tenant having given written notice to quit and the landlord having acted upon it by selling or letting;
- (7) Where the premises are reasonably required by the landlord for occupation by himself, his family, or his employees (if used to house employees);
- (8) Where the lease has expired and six months' notice has been given by the landlord;
- (9) Where the lease has expired and the landlord intends to:
- i. pull down premises and construct new ones,
 - ii. remodel in a way which requires them to be vacant,
 - iii. carry out redevelopment which requires them to be vacant;
- (10) Where the lease is tied to employment which has ceased;
- (11) Where the landlord returns from away and requires the premises to live in.

These can be seen to provide a balance between secure tenure for tenants who behave according to the terms of the lease and the ability of an aggrieved landlord to eject bad tenants or recover their premises in case of family need. However, the recent revolutionary government has changed this balance. Under PNDC Law 5, 1982, no complaints against tenants would be heard unless a landlord had complied with providing rent cards to tenants and details of all tenancies and rents to the rent officer.

Further reductions of the landlords' rights were achieved under the 1986 Rent Control Law. No application for the eviction of a tenant or recovery of possession will be entertained by the new Rent and Housing Committees before March 6, 1987, except where the landlord establishes that the premises are reasonably required for residential use by himself, his family, or persons in his whole time employment or for business purposes by himself. Once again, this is only entertained if the landlord has issued rent cards and tenancy details to the Rent and Housing Committee. While Section 19 modifies existing legislation to give effect to the new law, nothing in it seems to prevent the other conditions for eviction contained in the Rent Act 1963 from being relevant again after March 6, 1987.

This interruption of major portions of the legislation affecting landlord-tenant relations can cause confusion and reduce the ease with which landlords relate to their tenants. It allows almost carte-blanche for tenants to misbehave in their year of grace. After the year's moratorium from PNDC Law 5 in March 1982, rents appear to have risen illegally but quite sharply. It will be interesting to see if a spate of actions for eviction of tenants follow 6th March, 1987.

Supervision

In the wartime provisions, a Rent Assessment Committee of five members appointed by the local Chief or Provincial Commissioner had powers as follows:

- a. to fix, of its own motion or on the application of either the landlord or the tenant, a fair and reasonable rent for any particular premises having regard to all the circumstances;
- b. to permit, upon the application of the landlord, an increase of rent on the ground that under the terms of the tenancy the rent is inclusive of rates and the rates on the premises have been increased since the contract of tenancy was entered into. (Defence (Rent Restriction) Regulations, 1943, S.7(1))

In addition, the committee could, by Gazette notice, fix a fair and reasonable rent for any class of premises.

The working of the Rent Assessment Committees caused some comment in the Mate Kole Report (Gold Coast, 1951a). There were reports of reprisals by landlords against tenants who had been before them (Daily Echo November 1, 1950). The committees had consisted mostly of landlords who were part-time and unwilling to attend very often; furthermore, they had no powers of their own to enforce decisions. The Report recommended the committees' replacement by rent control officers of the calibre of magistrates or administrative officers; Kumasi and Accra should have one each. In fact, the 1952 Rent Control Ordinance merely changed the constitution of the rent assessment committees to three members each, one of whom must be a tenant, one a landlord, and one a member of the local authority. Any local authority (eg. Kumasi Town Council) could appoint as many committees as it felt necessary. The powers of the committees were augmented to include fixing "standard rents," receiving complaints from either landlords or tenants, and deciding whether cases should be referred to a magistrate.

The committees were given more power to require attendance, inspect documents, enter property, and call in experts to advise. Rent control officers were to be appointed by the Governor to pass applications for assessment on to the committees and investigate complaints. A register of premises, standard rents, and tenants was to be kept in cases where determination had been made under the Ordinance.

In the 1963 Rent Act, a hierarchy of rent officers was set up headed by a Chief Rent Officer for Ghana. The rent assessment committees' powers were mostly vested in the rent officers for each local authority, whose duties were as follows:

- (1) to assess recoverable rent for any premises on application by a landlord, tenant, or any other interested person;
- (2) to investigate complaints of arrears or other matters in the Act;
- (3) to investigate any other matter relating to this act referred to him by the Minister or a rent magistrate;
- (4) to prepare rent registers;

- (5) to maintain a register of vacant premises (4);
- (6) to examine any landlord, tenant or other interested person to see whether the act is complied with;
- (7) to take measures against any tenants who abscond, including right of entry under order from the rent magistrate;
- (8) to make complaints to the rent magistrate;
- (9) any other relevant functions.

Rent officers also had powers to alter the conditions of any tenancy. Anyone aggrieved by a decision of the rent officer could appeal to the rent magistrate.

Either the rent officer or the rent magistrate should issue a certificate showing the amount of recoverable rent, the rates or proportion of the rates attributable, any amount attributable to furnishings, and any other prescribed matters. All these powers were exercised through procedures detailed in the Rent Regulations, 1964 (L.I. 369).

These provisions remained in force until August, 1979 when the Rent (Amendment) (No. 2) Decree, AFRCD 20, gave most of the rent officer's functions to a rent assessment committee remarkably similar to the one stipulated in the 1952 Rent Control Ordinance but with the local rent officer to act as a non-voting secretary, administrator, and technical advisor. Its powers were similar to those of the former Rent Magistrate including examining on oath, requiring production of documents, and entry of premises. However, it had to record its decisions in writing and determine appeals and rent assessments within 72 hours.

The Rent Control Law, 1986 (PNDC Law 138), replaced the rent assessment committee with a rent and housing committee of seven members:

- (1) one representative of the local Committee for the Defense of the Revolution (CDR);
- (2) a representative of the local government authority;
- (3) a rent officer;
- (4) a representative of the landlords in the city or town;
- (5) a representative of the tenants in the city or town;
- (6) two persons of integrity and good social standing in the particular city or town appointed by the District Council.

Members are regarded as public officers and are subject to investigation by the CDR in case of misconduct.

The powers of the rent and housing committees include those of administering rent control, landlord-tenant relationships, etc., but have been widened to include making recommendations concerning any other

housing issue and carrying out any other functions relating to rent and housing as may be referred to it by the Secretary for Works and Housing.

Treatment of Houses in Government Estates

Tenants of houses owned by government or its agencies, chiefly the State Housing Corporation (SHC) and Tema Development Corporation (TDC), have normally paid rents fixed from time to time by the owning authority. Although New Zongo was built as early as 1929, the first major development of government housing in Kumasi took place in the late 1940's and early 1950's when Asawasi, North Suntresu, and South Suntresu were built. They consisted predominantly of rows of single rooms with detached kitchens in blocks, public standpipe water supply, and public latrines. There were, however, some detached and semi-detached 2 and 3 roomed bungalows with attached kitchen, bathroom, and toilet. They were built with subsidy in mind in order to grade rents according to the income and living standards of different classes. The single roomed dwelling was subsidised at 37 percent in order to be let at 9 shillings per month to correspond with 12.5 percent of the minimum wage of 2/9d per day (£3/11/6 per month), while the 3 roomed detached bungalow attracted 15 percent subsidy to rent at £2/5/- to clerical and technical workers earning up to £17/10/- per month (Gold Coast, 1948).

The 1952 Rent Act excluded government owned housing from its provisions. From 1959, tenants were encouraged to buy their dwellings on hire-purchase terms. Since this time, many of those which have been purchased have also been extended to provide rooms for rent. In consequence, there has been a growth in legislation on rents for lettings in government housing. The 1963 Rent Act prohibited subletting without the permission of the landlord. Thus the letting of parts of government owned housing was illegal. However, the act did not apply to "premises of which a public officer is a tenant by reason of his employment and of which premises the Government is the landlord" (S1(2)(a)).

For many years, tenants of houses owned by SHC or other government agencies have been profiting from the very low rents by moving out and letting the whole of their dwelling to another household for a higher rent than they have to pay, or by subletting part of their house to another household for more than a fair proportion of their total rent. Sometimes the room rented has not been intended for habitation. As long ago as 1968, 93 percent of the detached kitchens in Asawasi were sublet to other households. While the tenants were paying between C1.27 and C1.79 for their dwellings, the subtenants paid between C1.50 and C2.00 for the kitchen (BRRRI, 1970, pp. 16 - 17).

In 1973, the Rent (Amendment) Decree sought to control this. According to Section 7, occupants of houses built by TDC, SHC, or any government agency should not charge, demand, or receive on subletting, a monthly rent in excess of an aggregate of:

1. the installment payable per month to TDC, SHC, or similar agency;
2. the equivalent of property rate imposts payable; and
3. 20 percent of the total of (1) and (2).

The installment is taken to be that paid if no deposit were paid and the capital was repaid over 25 years. Penalties for contravention were fixed at C1,200, two years in prison, or both.

In older properties, installments were usually quite close to the rents charged to occupants who remained tenants, and as rates have never been high, the resulting rents to sub-tenants would be very low. They would, however, by virtue of (3) above, guarantee the owner a 20 percent profit on the transaction, something that controlled rents for houses not built by government never openly attempted to do. As the prices charged for the dwellings were subsidized and there was sufficient land for extension, those fortunate enough to possess such a house were thrice blessed.

Table 8: Monthly payments for hire purchase of dwellings in North Suturesu, 1975.

House type	Sale price(C)	Deposit (C)	Period (Years)	Monthly payments(C)
Single room (old)	550	182	20	1.99
Single rm.(improved)	700	230	20	2.07
Pair of rooms	1800	600	20	2.91(1)
2 room semi-d.	1700	560	20	6.98
3 room semi-d.	2300	760	20	10.35
Comb. store & dwg.	2600	860	20	8.22
Dutch Cottage.	3300	1100	25	24.07(2)

Source: Ofei (1975)

- Notes: 1. This does not repay the sale price even at zero interest.
 2. This repays the sale price by a factor of 2.5 at zero interest.

However, in newer estates, the hire-purchase payments were fixed considerably higher than the rents. Schmitter (1979) shows that, while rents were C10 per month, purchasers paid considerably more.

Table 9: Monthly payments for hire purchase dwellings in Chirapatre, 1977.

House type	Sale price(C)	Deposit (C)	Period (Years)	Monthly payments(C)
2 room	6000	700	10	63.83
			15	49.44
			20	42.63
			25	38.84
3 room	7700	1000	10	80.74
			15	62.56
			20	53.06
			25	49.16

Source: Schmitter (1979)

The provisions of the 1973 decree were further improved in 1974 by the Rent (Amendment Decree), NRC Decree 250. By it, where a dwelling acquired from SHC or TDC had been extended or improved, a reasonable increase in rent was to be allowed. Disagreements or doubts could be referred to the rent magistrate.

In 1975, about 80 percent of the detached kitchens in North Suntresu were let to tenants who paid C1.50 to C2.50 per room compared with the hire-purchase "rent" paid by the tenant for the whole dwelling of C1.79 for the one roomed type and C2.91 for the pair of rooms.

When built, the dwellings in Asawasi provided their occupants with a mean of 1.3 rooms. Between the early 1950's and 1973, the owners of dwellings in Asawasi had extended their dwellings to provide themselves with 2.4 rooms per household, while tenants and sub-tenant households were occupying a mean of 1.3 rooms in 1973 (Blankson 1977). In 1980 Asawasi was found to comprise 2400 households instead of the planned 1300 and to have a mean of 1.7 rooms per household (Tipple 1982). It is obvious, therefore, that there had been considerable extension activity and much of it had been used for renting.

In North Suntresu the 400 one and two roomed row-house dwellings provided a mean of 1.8 rooms as built in the early 1950's. However, Ofei (1975) found a mean of 4.0 rooms plus kitchens, bathrooms, and toilets, following extension activities. Of the extended dwellings, over half had tenants. By 1980, the planned 1530 rooms for 780 households (2.0 rooms per household) had been increased to 3200 rooms housing 930 households (3.4 rooms per household) (Tipple 1982).

In 1979, the Ghanaian Times (July 25) carried a list of rents of representative SHC properties. It showed that, though under review, rents were still very low. A single roomed dwelling in North Suntresu was still only C1.90; a pair of rooms, C2.91; and a two roomed semi-detached bungalow with its own water and toilet was only C5.14 per month. More modern accommodation in a two story, three bedroom house in Kwadaso Estate could be rented for C45.00.

The review mentioned in the Times had become law a few days before - on July 21. The Rent (Amendment) Decree, 1979, (AFRC Decree 5) increased the profit margin on rooms in SHC or TDC built houses to 25 percent. Furthermore, rents for single rooms and pairs of rooms were fixed, by Section 1(2), along with all other non-self contained premises, at 16p per square foot in Regional Capitals and Tema, and 12p per square foot elsewhere. Thus, in Kumasi, one room of 12' x 10' would rent for C20. The self contained premises were to rent for between 27 and 34p per square foot; thus a two roomed type would rise from C50 to C150, and three room types from C75 to C175 for the semi-detached and to C200 for the detached bungalow.

By the State Housing and Tema Development Corporations (Ownership of Houses) Decree, 1979 (AFRC Decree 61), the profits available to owners of former government housing were to be redistributed. Besides limiting ownership to one house per person and only allowing employed people to own them, this decree prohibited the subletting of former SHC and TDC property without written permission. Anyone already a sub-tenant should pay rent to the SHC or TDC directly and would receive a

rent card.

Like the 1963 Rent Act within which it operated, the Rent Control Law, 1982 (PNDC Law 5) did not apply to housing owned by state agencies. However, a major modification was made to the standing of sub-tenants of former SHC and TDC houses. Section 5(1) states:

Where any person holds any premises under any lease or tenancy agreement with the Tema Development Corporation, the State Housing Corporation or other similar housing organisation or agency of State and has sublet or sublets the premises against the terms of the lease or tenancy agreement or other law, the person to whom he has sublet the premises shall become the direct tenant of the said body in his place.

Where any sub-tenancy had been approved by the SHC or TDC, the profit margin was removed, any rent being only equal to that paid directly to the agency for that amount of the house sublet. Any illegal sub-tenancy would result in forfeiture of the premises to the sub-tenant who was seen to have been exploited. According to newspaper reports in 1982, such forfeitures did indeed take place.

Under the 1986 Rent Control Law, subletting was once more permitted and the rent charged returned to the cost plus 25 percent of AFRCD 5. Thus the threat of forfeiture was removed.

Reletting After Renovations

Under the Rent Act, 1963, a statutory tenant who is dispossessed in order that the landlord can remodel the premises is deemed to have an option to be reinstated in the premises at a rent to be assessed as suitable for the remodelled premises. The tenant vacating the premises prior to remodelling should give his name and temporary address to the rent officer. He would then be entitled to be a party to proceedings for assessment of recoverable rent.

If the remodelled premises are too small to accommodate all the former tenants, in the absence of agreement between them, the longest standing tenant will have priority. Where they all of equal time, the rent magistrate shall decide between the tenants on the balance of hardship caused by not regaining the tenancy.

These provisions still stand.

IV. TAXATION OF RENTAL INCOME

Allowances

During the 1970's, rent income was allowed free of tax up to a threshold from which income was taxed progressively. The Taxation of Rent Decree, 1973 (NRCD 204) allowed C400 per annum while the Rent Tax Decree, 1974 (NRCD 282) allowed C648. Under the 1973 rent levels (See Table 1.), a landlord letting up to 8 sandcrete rooms of 12' x 10' would not be liable to pay rent tax. Furthermore, a landlord would need to let more than 72 rooms at C6.50 per month before he would pay more than 5 percent tax.

In the Nartey Report (Ghana, 1976) taxation on rent was seen as a tool for manipulating the supply of housing and rental levels but it would only be effective if the deficit of housing could be eliminated. Hence, the increase of the annual allowance against rent income from C408 (NRCD 204, 1973) to C648 (NRCD 282, 1974) had failed to compensate for inflation and stabilize rents because there was still an acute shortage of accommodation. Government's long term policy should, therefore, be to reduce the housing deficit in order to reduce rents on the market.

The Nartey Report produced a varied, and sometimes contradictory, array of proposals which were to inform the Five Year Development Plan (Ghana, 1977). Among them were keeping chargeable rental income low as an incentive to investors, directing the proceeds of rent tax into housing, and enforcing rent control regulations in respect to rents higher than fair rents. This last appears to be misplaced against the foregoing discussion as it makes no provision for those rents which are lower than the fair rent.

In 1977, the Rent Tax Decree (SMCD 115) increased the allowance to C2000 per annum. Thereafter, allowances ranging from 40 percent on the first C5000 chargeable to 5 percent above C50,000 could be claimed against tax. Immediately after SMCD 115, an amendment SMCD 130 was promulgated which allowed another C2000 to be taxed at zero percent -- effectively doubling the tax free threshold -- but this was removed by SMCD 190 (1978) after only one year.

This threshold of C2000 before tax remained in force until 1984. However, in 1980, the Limann government introduced a Rent Tax (Amendment) Bill which sought to streamline the collection of tax from rent (Ghana, 1980). By it, the threshold was to be withdrawn and a 25 percent deduction was to be allowable against the first C50,000 per annum and 5 percent thereafter. This bill failed to become law before the government fell to the second Rawlings coup of December 31, 1981.

By the time the threshold was removed by PNDC Law 82, 1984, it represented the annual legal rent on about 8 sandcrete rooms with shared services. This is consistent with the situation in 1973. Thus, the owner of one single-story compound house, living in two or three rooms and letting the rest, would be liable for little or no tax.

The Rent Tax Law, 1984 (PNDC Law 82) introduced a standard allowance of 30 percent on all rent income excepting only where the landlord has no other income, in which case the first C3000 is allowed

tax free. There was also a set of retrospective provisions to calculate tax and allowances for the period in 1982 during which the tax year was changed from July 1 -- June 30 to January 1 -- December 31. This allowance structure, therefore, removes any tax advantage from investment in housing even for the small landlord.

Tax Rates

Apart from a few exceptions, rent tax in recent years has been charged at progressive rates as income rises. Rates start at 5 percent per Cedi and increase in steps. Typical rates and the effect of several changes throughout the seventies can be seen in Table 10 which compares rates under the Taxation of Rent Decree, 1974 (NRCD 204), with those of the Rent Tax (Amendment) Decree, 1978 (SMCD 190), four changes later.

Table 10: Rates of tax on chargeable rental income, 1974 and 1978.

Chargeable rent income (Cedis)	Rates of tax %	
	1974	1978
1 -- 5,000	5	5
5,001 -- 10,000	7.5	10
10,001 -- 20,000	10	15
20,001 -- 30,000	15	20
30,001 -- 40,000	15	30
50,001 -- 60,000	30	30
60,001 -- 70,000	30	45
70,001 -- 80,000	30	45
80,001 -- 90,000	30	60
90,001 -- 100,000	30	60
100,000 +	30	65

Total tax liability can be calculated by including the current allowances of C400 for 1974 and C2000 for 1978.

In the Rent Control Law, 1982 (PNDC Law 5) any income from premises where the rent exceeded C1,000 per month was taxed at 50 percent. The Rent Tax Law, 1984 (PNDC Law 82) repealed this but introduced new rates as shown in Table 11.

Table 11: Rates of tax on chargeable rental income, 1984.

Chargeable rent income (Cedis)	Rate of tax Per cent
1 -- 480	5
481 -- 1,020	7.5
1,021 -- 1,620	10
1,621 -- 2,580	12.5
2,581 -- 3,540	15
3,541 -- 4,500	25
4,501 -- 5,700	35
5,701 -- 8,100	45
8,101 -- 10,500	55
10,501 + (1)	60

Note 1. In Schedule 1, this is given as "exceeding C13,500" but the writer assumes that this includes the C3,000 allowance before tax for those with no other income.

If we consider the case of our landlord renting out 8 sandcrete rooms with shared services at controlled rents. In 1974 and 1978 he would pay no tax on his C1920 per annum income. In 1986, he would receive C28,800 income of which 70 percent (C20,160) would be taxable. He would pay C9,244.50 (37.9 percent) in tax leaving a net income from rent of C10,915.50. If we consider this against the increase in the Consumer Price Index (urban) from 1974 to June 1985 (the most recent date available), the net income in 1986 represents only 3.8 percent of that in 1974 for, while there has been an increase in CPI of 148 times, the net rent income is only about 6 times more than in 1974. In order to have kept pace with inflation, the net rental income for our landlord would have to be over C280,000 per annum. In order to give this net income, rents per room would need to be C7000 (US\$78) per month.

Comparison with Income Tax

Taxes on earned income have varied greatly over the years but seem to have borne little relationship to those on rental income. The basic legislation, the Income Tax Decree, 1975 (SMCD 5) has been amended many times both to change the allowances and the rates levied. For the purposes of this report, it is sufficient to compare the tax paid by our landlord on the C28,800 income from his house with what he would pay on the same amount of income earned from paid work. If we assume that he has a wife and two children at secondary school; to maximize his allowances under sections 14, 15 and 17 of SMCD 5 as amended by the Income Tax (Amendment) (No.2) Law, 1985 (PNDCL 131); he would pay just over C2000 per annum in tax. Thus, from C28,800 earned income, his net receipt would be in excess of C26,000 -- more than twice as much as from C28,800 rental income. It is obvious from this that rental income is much more heavily taxed, in theory, than is earned income.

Property Rates

Property rates in Kumasi are based on rateable values set at 75 percent of the 1973 value of the building. In the mid 1970s, Peprah (1976) reported rates of 1.75 pesewas (see note 2) per cedi in high cost areas (Asukwa and extension, New Amakom and extension, Nhyiaso, Ridge, Danyame, South and North Patasi, and others). The tenement areas were rated at between 1.2 and 1.4 pesewas, other central areas (Odum and Fanti New Town) attracted 1.08p or 1.75 for residential-only buildings. No data are recorded for most of the indigenous sector but village houses (eg. in Kaasi, Ayigya, Kwadaso, Ayeduase, and Old Tafo) were rated at 0.4p. per Cedi.

In the early 1980's, residential premises in all areas of the city were rated at 5.5p per cedi but the 1986 rates restore differentials as follows:

1st class areas: 6.5p
2nd class areas: 6.0p
3rd class areas: 5.5p

Figure 3 shows the areas used for rates assessment.

Commercial premises, hotels, and industrial premises were rated at 35p in 1986 (Regional Valuation Office, Kumasi).

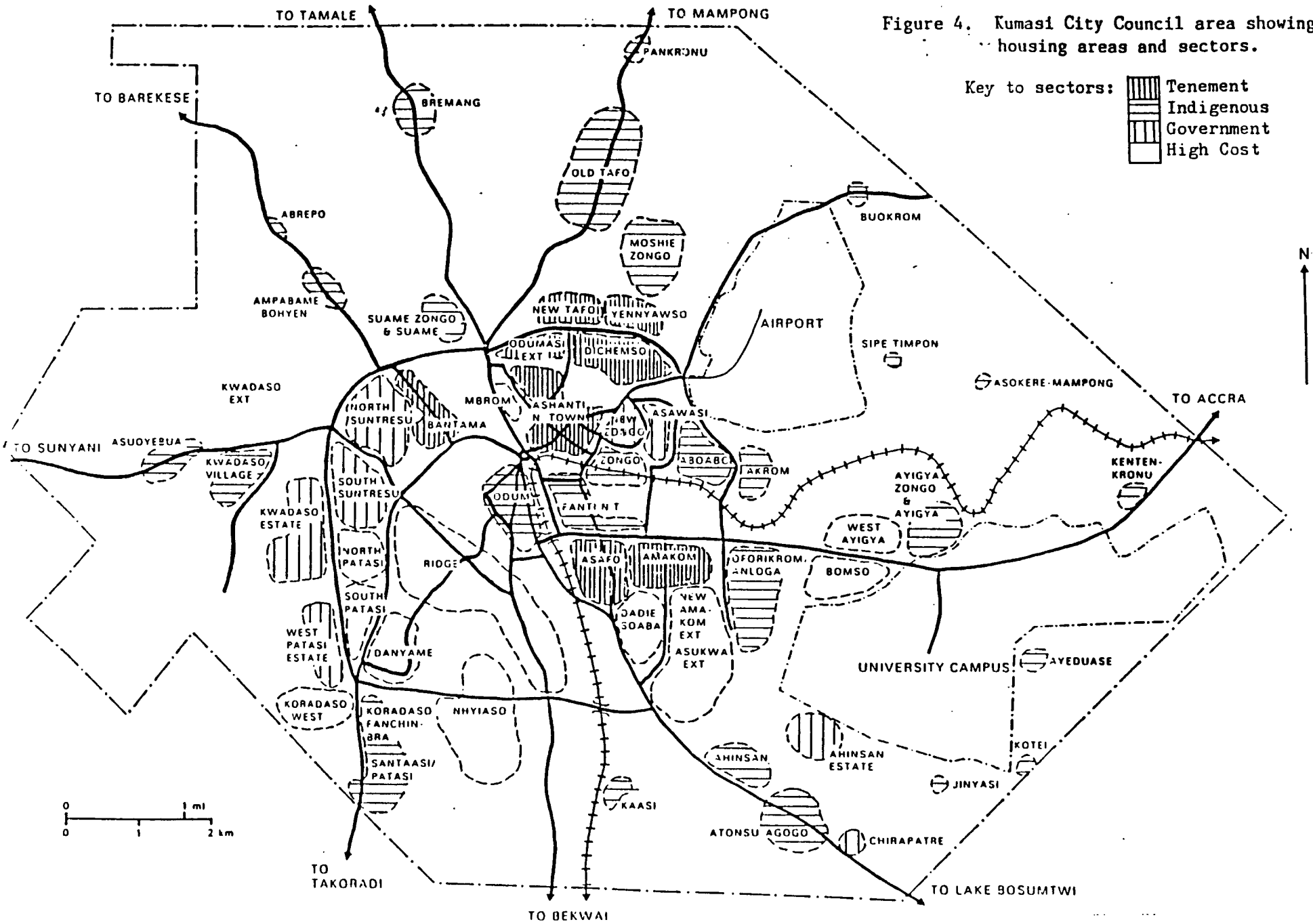
On a sample valuation list made available to the author in 1986, for properties in Aboabo and Oforikrom (3rd class), valued for rates at C35,000 and C39,000, the rates paid per year will be C1,925 and C2,145. A property in Asukwa (2nd class), valued at C58,000 would attract C3,480 per year; and a property in Ridge (1st class) is valued at C76,000 would attract C4,940 per year (US\$55 at the early 1986 bank exchange rate).

Tenants are liable to repay to the landlord that part of the rates which can be applied to their portion of the property. Thus, a tenant with one room in a ten room house will pay one tenth of the rates.

Figure 4. Kumasi City Council area showing housing areas and sectors.

Key to sectors:

-  Tenement
-  Indigenous
-  Government
-  High Cost



V. THE HOUSING STOCK.

The Housing Sectors

For ease of description and analysis, the city can be divided into four sectors as follows and as shown in Figure 4.

The tenement sector

This is grouped around the city center to the north and south east and in a band along the northern section of the ring road between the Mampong Road and the Airport. It comprises about 4100 houses, 20 percent of the stock but, because of the large size of houses, accommodates about 35 percent of the population of Kumasi. It consists of those areas where multi-story compound houses are common. In some of them single story compounds occur frequently, ie. Asafo, Ashanti New Town, and Bantama; in newer areas, blocks of flats are found in addition to the multi-story compounds, ie., Dichemso, Odumasi Extension, and Yennyawso. In New Tafo and Amakom all forms are combined. All of the sector has been formally planned, the earlier parts on grid iron plans, the post World War II areas echoing British suburban layouts.

The indigenous sector

This sector is characterized by single story traditional compounds although other house types are found in some areas. Although some parts of the sector follow statutory layout plans (especially the more central areas), large areas have been built in defiance or without the benefit of statutory layouts. Most of the sector has grown up around villages and has been controlled by local chiefs through traditional systems only. These have often been very carefully controlled, for example the use of a surveyor to mark out a plan is quite common (Adubufour, 1977; Schmitter, 1979). However, many houses do not conform to town planning department layouts (Stanley 1975) and are unauthorized in planning terms. They are not squatters, but their right of surface user does not constitute secure enough title for borrowing purposes.

The sector is widespread including some central residential areas: e.g, Odum, Fanti New Town, and Zongo; peripheral areas centered on old villages now absorbed into the city, e.g, Anloga, Ayigya, and Suame; and towns and villages still detached from the city, e.g., Old Tafo, Bremang, and Kentenkronu.

The government sector.

This could more accurately be called government built as it comprises the 7 percent of the city's rooms (Tipple, 1984a) which have been built by the government or its agencies as low-income housing. Many houses have now been sold into private hands and are no longer controlled by government. The oldest area, New Zongo, dates from 1929 and has houses built as three sets of four rooms ranged round walled courtyards. The later estates, however, all date from after the

Second World War and are planned as low density estates with rows of single rooms, bungalows, and some two story villas. Asawasi and New Zongo are to the east of the city center, North and South Suntresu, South Patasi, and Kwadaso Estate are to the west astride the ring road. The newer estates of Ahinsan, Chirapatre, and Airport are peripheral to the city.

The high cost sector.

Originally the home of colonial civil servants along the Ridge west of the city center, this sector has grown to house well-to-do expatriates and Ghanaian businessmen, professionals, and senior civil servants in conditions of some luxury on the high land west and south of the city center and large areas peripheral to the city. Wide tree-lined streets, large plots and palatial single-family houses characterize the sector though some areas, e.g., Mbrom, Asukwa, have smaller plots and a more urban atmosphere similar to that of the new parts of the tenement sector.

Urban Growth

The growth of the city appears to have been rapid since the Second World War. The 1945 draft plan for the city (Fry and Drew, 1945) showed that the developed area was still confined to the two mile square centered around the fort and taken over by the Crown for the city's development. (This is now bounded by the incomplete ring road.) By 1960, government estates had been built, the villages around the city had been extended, and many vacant spaces within the city had been filled up so that there were 11,600 houses in Kumasi (Boapeah and Tipple, 1983). As Misroame (1977) reported, growth continued well into the late 1970's. Official housing completions in Kumasi numbered 447 between 1961 and 1965, 913 in 1966-70, and 1560 in 1971-76; -- a total of 2880 houses. These data show an increasing rate of official development which accompanied major additions to the unofficial stock. Between 1960 and 1981, approximately 9000 new houses were added throughout the city (formally and informally) to bring the total stock to approximately 20,600 houses (Boapeah and Tipple, 1983). The largest proportional growth was in the high cost sector which grew by a factor of 1.5, while the other sectors only grew by between 0.6 and 0.7. This is undoubtedly influenced by the increasing involvement of the Regional Department of Town and Country Planning in drawing sector layouts for all undeveloped parts of the town. The development envisaged in these areas is uniformly high cost, largely ignoring existing villages. Even though the land is still under the control of the chiefs, the allocation of plots has undoubtedly been influenced by these sector layouts and the requirement for official recognition they impose on any development occurring within their influence.

The increasing rate of growth in completions suggested by Misroame (1977) does not appear to have continued much after 1976. Impressions from residence and studies of the housing stock in Kumasi from 1978 to 1982 and a return visit in 1986 show a hiatus in building activity following the decline in the Ghanaian economy, dating from the mid 1970's. Only the high cost sector has witnessed any significant growth in the last ten years, no doubt benefitting from money gained through

activities of questionable legality. During the short-lived Limann government era (September 1979 to December 31, 1981) high cost areas like Koradaso West and Suame Extension were developed, despite gross shortages of cement, with large detached houses in walled grounds, but even here many buildings remain unfinished and empty. There was also an increase in the number of apartment buildings in areas as disparate as Zongo and Suame Extension. These apart, few houses have been added to the stock in Kumasi since the late 1970's.

Evidence from the 1986 survey carried out as part of this project shows very low vacancy rates within the housing stock.

Housing Conditions, 1986

In recent times, the decline in the Ghanaian economy has been reflected in increasingly poor conditions in the city as housing and infrastructure have gradually fallen into disrepair.

Seventy three percent of all households in Kumasi occupy only one room despite a mean household size of approximately 5 persons. Occupancy rates are generally high in all sectors. Twenty six percent of households have no access to water supply other than public standpipes which often do not work properly. Thirty percent of households have no toilet facilities and must rely on public latrines. Most private toilets are of the bucket type which, like house water supplies, must be shared by all households in the house.

Most households rent their rooms. The 1986 data show 62 percent of households to be renters, 3 percent sub-renters, 25 percent living in family houses where they pay no rent, and only 9 percent owning the house in which they live. These percentages have changed since the 1980 survey (Tipple, 1984a) with an increase in family house occupation from only 13 percent and a decrease in tenants from 74 percent.

Landlords tend to enjoy slightly better access to public utilities than tenants. Their households also live in more rooms and have slightly higher incomes but their larger household size leads to per capita incomes equivalent to those of tenants. Median household income in the city in 1980 was approximately C1200 (US\$40 at market rates) per month, median per capita income was C300 (US\$10) per month (author's data). At that time, minimum daily wage was C4.00 per day. In early 1986 median household expenditure on food, transport, rent and services was C11,000 (\$122) per month with minimum daily wages of C90.00 per day.

VI. CURRENT RENTS IN KUMASI

Preliminary analysis of the 1986 data has shown a current concentration of rents around C300 per month; the controlled rent for a single room in cement blocks. A further concentration is evident around C200, the controlled rent for a swish room.

At present, the most up to date data available by which to compare areas around the city are from the author's survey in 1980. Analysis of the survey conducted as part of this research project will provide data for 1986 in the near future. Meanwhile, distribution of rents will be discussed by reference to the 1980 data.

Distribution of Rents in the City, 1980.

The 1980 data show very low rents throughout the city except in the high cost areas where most premises are self-contained. In the remainder of the city rents per room were concentrated in the C10 to C30 ranges. Lowest rents were found in the government built houses, especially in those still rented or on hire purchase from State Housing Corporation rather than being sublet. In the new estates (represented by Chirapatre) mean rent per room was only C7.50, even lower than the older Asawasi and the very old New Zongo, where means of C9.80 and C11.90 were recorded. The tenants of the new estates had not started subletting by 1980, so rents were those officially charged by State Housing Corporation. As the official rent for the majority of the original rooms in the older estates was only C1.90, there was obviously a great deal of subletting for profit there, even though the higher rent was still very low.

The peripheral areas in the indigenous sector also had low rents. The small villages (represented by Kotei), and Moshie Zongo had means below C12. This is probably due to the predominance of swish housing in these areas. Other areas where swish rooms are common also show means per room below the controlled rent for a sandcrete room of C20. Most swish rooms in 1980 were commanding only C10 per month. Thus, the large villages (represented by Bremang), Suame (and Old Tafo), Kwadaso (and Ahinsan), Anloga, Ayigya, and Fanti New Town all had means ranging from C14 to C18 per month. The central northerner dominated areas (Zongo and Aboabo) had surprisingly high means of C26.80 and C21.30 respectively. The central area (Odum) was the only low income area where mean rent exceeded C35 per month.

In the tenement sector, where sandcrete buildings predominate, mean rents per room just exceeded C20. Only in areas where the sample contained several households accommodated there by government agencies who subsidize the rents (Dichemso and Yennyawso) did means fall below C20.

There appeared to be some increase in rents in favourable locations in relation to the central business district and Kejetia Market, and some reduction in more distant areas. However, the differences were probably less marked than those due to the material with which the room was built and whether the premises could be described as self-contained. As far as we can tell from the 1980 data, distance from work opportunities was not a major determinant of rent in Kumasi.

Rent and Service Levels

It will be seen that no attempt has been made in the schedules of rents to link rent with the quality of a dwelling or the services it contains, except for the materials used in the walls and the distinction between self-contained housing (i.e., where households have exclusive use of water supply and sanitation facilities) and the remainder. Edo (1982) and Tipple (1984) both found little or no connection between rents (in 1980 and 1982) and the level of services provided except at the then high rental levels above C75 per month.

Rent as a Percentage of Income

Throughout the city in 1980, households generally paid less than 10 percent of their income on rent. Exceptions occurred only in the group below C200 per month, where the mean was 17 percent of income, and in the high cost sector where the mean was 25 percent of income.

The 1986 data are likely to show no significant change except an even lower percentage of income being spent on rent.

The Effect of Rent Control Policy on the Supply of Housing

It is well known that, ceteris paribus, rent control leads to a reduction in maintenance of housing units and reduces the optimal life of a dwelling (Kiefer, 1980; Malpezzi, 1986). The housing policy contexts described above recognized the importance of the private rental market but did little to encourage its viability. It could be expected, therefore, that there has been a reduction in the adequacy of the housing stock, both qualitatively and quantitatively.

Though no empirical evidence is available at present, the impression, gained from familiarity with the city between 1978 and 1982, and a revisit in 1986 is that the quality of housing has indeed been adversely affected by the negative profitability of low income rental housing in both public and private sectors. The level of maintenance is low. Shortages of cement and other essential materials and a complete unavailability of paint have compounded a slight cultural reluctance to spend on maintenance (Tipple, 1983 and 1984a). Virtually the only maintenance done over the last decade has been in response to storm damage to roofs.

Also during the last decade, there has been a marked reluctance to add to the housing stock except in property beyond the reach of the generalized levels of rent control. In the 1960's and early 1970's, traditional compound housing cheap enough for low-income households was being built informally in Kumasi in areas like Atonsu and Agogo (Houlberg and Nimako, 1973), Anloga (Tipple, 1985), Ayigya (Stanley, 1976), and Moshie Zongo (Schmitter, 1979). In these areas, only the chief's permission was obtained for building even though they were officially also under the jurisdiction of Kumasi City Council. In some areas, swish (rammed earth) was used for walls in contravention of the building regulations. However, in other areas which were then outlying (e.g. Atonsu and Ayigya), swish was acceptable under the 1962 Development Plan for Kumasi (Ghana, 1962).

In recent years, the growth of traditional areas has been severely curtailed. Boapeah and Tipple (1983) found that, between 1960 and 1981, the number of houses in the indigenous sector had increased in parallel with the increase in houses in the city. However, it could be expected that this sector would have been the fastest growing in the city, as it is analagous to the unauthorized housing growing so rapidly around other Third World cities. This relatively slow growth cannot, however, be ascribed wholly to the effect of rent control on low rental property. Indeed, Kumasi City Council has put pressure on chiefs to stop unauthorized building. A notable example of this is a letter from the Acting City Engineer to Tafohene (the chief of Tafo and one of the most powerful in Kumasi), dated 14th June 1972, ordering him to stop any development in Moshie Zongo which was not authorized under sections 45 and 46(1) of the Local Administration Act, 1971. Since this time, most development has been of high cost houses built to building regulations requirements on large plots. This was most noticeable during the Limann government when it seemed that, if a person had the right contacts and almost unlimited money, building materials could easily be obtained. Thus, the newly powerful civilian elite started to build large houses in areas like Koradaso West. Also at that time, anecdotal evidence suggests that there was a switch from letting new buildings as flats, which were controlled, to letting them as hotel rooms by the night or the week. Large institutions with shortages of permanent accommodation, like the University of Science and Technology, provided clients for these rooms.

VII. THE POLITICAL ECONOMY OF RENT CONTROL: SOME COMMENTS.

Rent control was first introduced in Ghana as a wartime measure in response to what were then unprecedented levels of inflation and shortages of housing and building materials. It cast the landlords in the role of exploiter of the poor whose prices must be controlled or they would pass beyond the reach of common people; problems of housing the urban workforce would follow close behind. There is an implication in this argument that the landlord is seen to have been, to be, and to continue to be, a major actor in the housing field but one whose presence is not wholeheartedly welcomed by government. This dichotomy is found in most of the sections on housing in the series of development plans since Independence (discussed in Chapters II and III). Governments have consistently admitted their reliance on private landlords for most low income housing while being unwilling to ensure the profitability of renting houses.

All regimes, except the AFRC, have avowed their commitment to encouraging private developers to invest in housing as a source of income through rentals. For example, the Two Year Development Plan (Ghana, 1968) sought to encourage house building by the private sector by rationalizing the incidence of taxation on home owners; following which large numbers of people were expected to put money into housing. It is evident that, during the 1950's and 1960's, landlords could still rely on housing as a good investment. Schildkrout (1978), writing of conditions in 1969, confirms that a house represented a reliable source of income which was safer than transport.

The precise nature of government help for house-owners tends to have been through subsidized loans to civil servants or senior soldiers and the system of formal mortgages available to those in sufficiently secure and well paid employment to be regarded as credit worthy. More creative systems tend to have been confined to rhetoric, e.g. in the Five Year Development Plan (Ghana, 1977) "mobilisation of savings" was to be encouraged through savings cooperatives. Little evidence can be found of their existence.

The favorable homilies and piecemeal assistance have concentrated on motivating building through reducing the cost and trouble involved in the building operation; in reducing the price of housing. There has been remarkably little government concern with increasing the potential return on housing as a spur to building. Rents appear to have been kept as low as possible, only rising when the government perceived that they were too low against whatever measure of fairness and "natural justice" the particular government operated at the time. The most recent increase, in January 1986, from C50 a month to C300, was preceded by informal (and illegal) increases to about C180 in Kumasi. The legislation itself (PNDC Law 138) included C180 as its recommended level for a room built of cement with shared services but was hastily amended by LI 1318 to C300 before publication. However, even this significant rise appears not to have the intention to persuade people that building houses can be profitable.

The questions can be asked whether landlords as a group lobbied for change and, if so, whether they have been a powerful group in pursuit of their interests? There can be no doubt that there has always been some

correlation between possessing power and owning houses. The members of ruling regimes have consistently invested in housing and have often used whatever gains they made in office to build large houses. This has also been true of members of the elite in the civil service and the forces. It has not escaped people's notice that these houses have represented incomes many times greater than the owners could have earned through salaries and allowances alone. Indeed, during the AFRC house-cleaning and the PNDC citizens vetting exercise, houses have been featured in disclosures of ill-gotten gains to be forfeited to the nation. In the light of this, why have house-owning elites been willing to keep controlled rents so low? Part of the answer must lie in the tendency for the elite to invest in the top end of the market which has been excluded from blanket controls at "so much per room" or even from any case-by-case controls on occasions. Beyond this observation, we cannot go in this paper.

Are landlords self-consciously a class apart from tenants? Do they group together to further their interests? Do tenants see themselves as in opposition to landlords? The author has argued elsewhere (Tipple, 1984a) that the concept of class is very blurred in Ghanaian society as traditional loyalties, based on kinship, and transcending any differences in finance or status, survive virtually intact from the pre-colonial era. The respect in which landlords were held by their tenants from their roles as brokers and sponsors (Hill, 1966) appears to survive at least to some degree. Discussions, in which the author asked Ghanaian students and colleagues about the likely reaction of low income tenants to the suggestion that they should be allowed to buy their room from the landlord, produced a consensus that such action would be an unconscionable breach of the landlord's rights. This impressionistic evidence points up the depth of respect tenants appear have for landlords, whether or not the broker/sponsor role is strong.

Undoubtedly much of the tenants' attitude arises from the very real possibility of their inheriting rights of ownership of housing from landlords who are their kinsmen. Every member of a lineage has some chance of this. Some of this attitude may also be a reflection of the closeness of circumstances enjoyed by landlords and tenants. (See chapter 5.)

While the class-consciousness which is part of the PNDC's platform may be emerging in Accra, there is little sign of its emergence in the provinces. Society in Kumasi appears to remain strongly founded on traditional, ascribed statuses.

Despite its revolutionary nature and early moves to freeze rents, the PNDC is eschewing any firmly anti-landlord stance and favoring a housing policy founded on a National Housing Fund to be set up with initial seed capital of about C2.5 billion to encourage private investment in housing. Financial institutions, other organizations, and major companies' are to contribute 5 percent of their annual profits or C10 million whichever is the greater; workers will also have part of their rent allowances deducted at source and added to the National Housing Fund.

Beyond this, the current housing policy being formulated by the PNDC concentrates on reducing the price and increasing the production of building materials, through the very valid use of local clays and other

minerals, and making finance available for house-building. Both of these are necessary but they are far from enough by themselves and they have the added disadvantage of appearing to be helpful and diverting attention from the issue of unrealistic rental levels.

The financial assistance currently available to house-builders is limited and certainly needs extending. However, there is still a huge gap between the cost of housing and the ability of ordinary Ghanaians to pay back loans raised for home-ownership. At current Ghana interest rates, repayments on a single room in a traditional compound built of swish (for C120,000) would be at least C1,800 per month over 25 years -- and this does not include land or servicing costs. It is obvious from this that controlled rents of C300 bear no relation to reality.

As recent food riots in the Copperbelt of Zambia have shown, the removal of subsidies from essential items can cause great opposition. Where that subsidy is borne by government, budgetary necessities may force reductions or withdrawals even in the face of possible unrest. Where the subsidy is borne by private landlords, the government can turn a blind eye for the time being. This is what successive governments of Ghana have done. It is likely that even the revolutionary PNDC will prove less than radical in this direction.



VIII. SUMMARY

Housing in Kumasi is characterized by compounds occupied room by room by renter households sharing services. Rooms tend to be crowded and the fabric of housing has suffered from overuse and low maintenance. While the city grew reasonably rapidly up to the mid-1970's, more recent years have seen a hiatus in building activity despite continued population growth.

Rent control has been in place for the majority of housing since 1942 but current practice is based on the 1963 Rent Act. Despite a continual recognition from government that private provision of housing would continue to contribute the majority of housing, rental levels for rooms with shared services have been kept very low, only being increased by occasional legislation. Their levels have failed to keep up with general prices or with the cost of building. Despite proposals in the mid-1970's for rental levels that would be fair for both tenants and landlords, rents have favored tenants' rather than landlords' interests -- increasingly so during the 1980's.

More expensive accommodation has been either outside of any control or subject to individual assessment on applications by either landlords or tenants. As far as empirical evidence has been able to test, rents have, in reality, usually been close to the controlled levels.

Despite the low level of most rents, side payments and advances have only rarely become a feature of tenancies in Kumasi, most notably in the last three years when they have been between 20 and 100 times monthly rent with only six months' rent free as a consequence.

Grounds for eviction of tenants are those commonly found in rent legislation but they have been suspended for one year until March 1987. Landlord-tenant relations have been supervised in turn by committees and rent officers, and appeals have been handled by rent magistrates. Most recently, rent and housing committees have powers over rent control matters with a rent officer as a member of each.

Housing let by state agencies has been subject to its own rent structure which has generally been lower than equivalent premises in the private sector. Similarly, where tenants have purchased their rooms, the monthly repayments have been kept very low. Subletting of rooms has been common, though often illegal. When it has been allowed, the main tenant has been allowed to cover his costs and, usually, make a profit of at least 20 percent.

Tenants of premises being remodelled have the right of tenancy when work is completed.

Rental income is subject to taxation. Allowances against tax have changed from across the board thresholds to progressive percentages. Chargeable income is taxed progressively, percentage rates increasing for increasing income. Although government rhetoric has intended to increase the attractiveness of housing investment through lenient tax levels, in fact taxation has increased over the years to reduce what little investment attraction has remained in housing in the context of such low rent levels.

Although tenants are liable to repay the landlords the rates on their premises, annual payments are relatively low.

Rents in 1980 varied little across the city in response to differences in either location or servicing. Most households pay less than 10 percent of their income on rent.

The effects of rent control policy on housing supply have still to be assessed empirically. Impressionistic evidence suggests that low rents have contributed to a continual lag in housing completions in response to population growth. Housing appears to be in increasingly short supply and in poor condition both in services provided and in level of maintenance and repairs enjoyed by most households.

NOTES

1. Based on estimates made from a survey by Samuel N. Boapeah and reported in Boapeah and Tipple (1983).
2. Ghana's currency has had what Killick (1978) calls a bewilderingly complex history. Until Independence in 1957, the currency used in the Gold Coast was the Pound Sterling (£). Until 1965 independent Ghana used the Ghana Pound (£G) with shillings and pence (d) as minor units. Their value was at par with Sterling. In July 1965 the currency was decimalised with the Cedi being equal to 100d (C2.4 per £ Sterling, C1.17 per US\$). The minor unit was named the Pesewa (p).

In February 1967 the Cedi was revalued to £G0.50 (10 old shillings), renamed the New Cedi (NC) and exchanged for C1.20 internally. It was valued externally at US\$1.40. In February 1972 the "New" was dropped, and it again became the Cedi (C). It is this that is referred to as the Cedi in this report (even when it was officially called the New Cedi).

Since then various revaluations have taken place as follows:

In July 1967 to US\$0.98;
In December 1971 to US\$0.55;
In February 1972 to US\$0.78, or US\$1 = C1.28;
In 1978 to US\$1 = C2.75;

Since the PNDC government came to power in December 1981, the Cedi has been devalued by stages to US\$1 = C90.00 where it stood in April 1986 when the new survey was commissioned. In September, 1986 a Second Foreign Exchange Market (SFEM) was instigated in which the Cedi is auctioned each week. By December 1986 its SFEM value was C149 per US\$.

In discussing the values of wages and prices in this report, the official external value of the cedi is not useful for the data of 1980 and after. Thus, the "black" market exchange rate of US\$1 = C30, current in 1980, is used. The recent devaluations have been accompanied by further falls in the black market rate until it stood at about US\$1 = C250 in April, 1986. No conversions have been made into US\$ for 1986 except where the rate used is stated.

3. The only other major effort to provide estate housing in Kumasi, the Acheampong regime's crash programme during the early 1970's, only added about 400 small bungalows (in Ahinsan and Chirapatre estates) to a 1970 stock of 11,755 houses (Ghana, 1975).

4. Tewari and Kumar (1986) describe a case in India in which rent officers have the power to allocate vacant premises. This is not the case in Kumasi. In 1982 PNDC Law 7 declared that in a case where any room is vacant and the landlord refuses to rent it, the local community PDC, now Citizens' Defence Committee, and local Rent Control Unit shall let it to any person without a room. The landlord can collect the rent through a rent fund set up to receive such rents.

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