ASSESSING THE FACTORS THAT INFLUENCE RENTAL VALUES IN WA MUNICIPALITY

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DECLARATION

We hereby declare that this project work towards the BSc. degree is a true reflection of our knowledge and skills; it contains neither materials previously published by another person nor material which has been accepted for the award of any other degree of the University, except those that due acknowledgement has been made in the text.

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ABSTRACT

A house is a structure that provides shelter for humanity. Studies have shown that in most parts of the world, urban rents are determined by various factors. These factors include location, level of facilities and services, neighborhood characteristics, space etcetera. Among these factors, the most influencing factor of rent in Wa Municipality is the level of facilities and services provided for tenant use. The objectives of this research was to examine the cost of housing construction, to determine the role played by government in housing provision, recommend policies for housing provision, determine the portion of household income spent on rent. The methodology of this research is base on interplay of deskwork and fieldwork and these took the form of data collection, presentation and data analysis of findings. In the course of this study, both qualitative and quantitative primary and secondary data were collected. A summary of the findings from the research indicates that: cost of building materials is the major contributory factor to the cost of construction aside land and labour cost, the existing rent control law as currently operated have little or no impact on rent charged in the Municipality, current rent levels in the municipality are deemed to be satisfactory, besides the already documented rent determinants, population, occupation, and prospective duration of lease were also identified. One other major finding was that landlords do not take into account the room

let but take into consideration the number of people occupying the room to charge their rent and as such tenants who cannot afford to pay the full recoverable rent has to search for tenants they don't know. The group recommends that, There should be given a high priority to local building materials, which could reduce the cost of building and the improvement of the supply chain of various building materials; there should be a mechanism that would ensure that the Rent Control Board, the house owners and tenants would be provided with a platform where consensus building can be done in order to ensure transparency in rent charge

Finally, the government should also urge the exemption of value added taxes on building components sourced locally as well as import duties on imported goods.

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CHAPTER ONE

1.0 BACKGROUND OF THE STUDY

Housing is an economic unit of investment, meaning investing in housing involves the purchase, ownership, management, rental and/or sale of real estate for profit. Improvement of real property as part of real estate investment strategy is generally considered to be a sub specialty of real estate investment called real estate development. Real estate is an asset form with limited liquidity relative to other investments. It is capital intensive and is highly cash flow dependant. It can also be said to be an important aspect of human wellbeing. Universally, housing is acknowledged as the second most essential human need after food and a major economic asset in every nation (Oladapo, 2006). It is seen as the total socio-cultural and physical environment in which the family lives. The world over, the need for accommodation cannot be over emphasized. Many developing countries such as Ghana are face with problems in housing provision for their people due to population growth, rapid urbanization. Available data put the housing deficit in Ghana in excess of 1.7 million housing unit to be able to address the deficit and accommodate new household, there is the need for a minimum annual delivery of about 85,000 housing units over the next 20 years. (Ministry of Works and Housing, 2014). Presently, due to the scarcity of resources, inadequate equity capital as well as unfavourable loan agreements, a large proportion of the population in both the developing and developed countries resort to rental housing for accommodation as an alternative to home ownership. To rent means payment made by a tenant to an owner or landlord for the right to occupy or use property for a stipulated period of time. Renting of houses as an alternative is practised in most parts of the world. For example in South Africa, about 1.8 million South African households in the middle- to lower-income groups live in rented accommodation, as opposed to about 5.2 million households that own property. The demand for rental housing nationally was expected to increase by about 105,670 units a year until 2006 in the middle- to lower-income groups (Baumann, 2000).

1.1 Problem Statement

There appears to always be shortage in accommodation in the urban areas such as WA, Kumasi and Accra. This is as a result of the influx of people from one city to another city. The high rents paid for basic accommodation are a product of the failure to supply sufficient land for housing, and the weakness in the housing system to finance and construct sufficient accommodation to meet the demands of the rental market. (Baker, 2002).

Despite the need for housing facilities and the efforts being made by the private sector and the government to meet this demand, the issue at hand is the ability of both tenants and prospective tenants such as students and workers to afford these rent charges and still afford a decent living. This problem is predominant in the urban areas of the country including Wa Municipality, where rental housing facilities are most sought after by both migrants and the city dwellers and it runs across all income groupings. In some countries the attempts to increase rents have even led to mass refusal to pay rents at all. (Baker, 2002). The result of these developments may well still be a rapid deterioration of housing and in consequence a risk of ultimate loss of great amounts of capital invested in housing (Baker, 2002). Preliminary survey indicates uncontrolled rent charged. As a result landlord and private developers take advantage of the housing market by manipulating the market forces in place (the demand and supply factors). In relation to the supply of rental housing the factors that also contribute to this increasing rent is the high price of building materials. Most building materials on the market today even though manufactured in the country have their raw materials imported. For example, cement produced by GHACEM has its major raw material clinker imported into the country thereby inflating the selling price of the finished product hence increasing the cost of building construction.

1.2 Research Questions

The study would seek to find answers to the following questions:

1. What accounts for the cost of housing construction in Wa?
2. How does government's role in housing provision affect rent in Wa?
3. How does housing policies influence rental values in Wa?

4. What proportion of a tenant's income is spent on housing or rent in Wa?

1.3 Research Objectives

The issues outlined below are the objectives that this special study would seek to achieve when it is fully implemented:

1. To examine the cost of housing construction.
2. To identify the role played by government in the housing sector.
3. To recommend policies for housing provision.
4. To determine the proportion of household income spent on housing.

1.4 Scope

Geographical scope: The scope of the study is limited to Wa Municipality; specifically looking at Bamahu, Kpaguri and Sombo. Housing types considered under the study include houses built by individuals that have been rented out and houses constructed by private developers that are rented out as well as government apartments.

Subject Scope: the study attempts to assess the structure of rent affordability to tenants and prospective tenants, the proportion of their income that is spent on housing and the factors considered when setting rental values by landlords. It also looked at the role of government and private developers in the housing sector and the measures put in place to check the arbitrary pricing of rent by developers.

Time scope: the study took data on rent within the year of 2013 and 2014. This period captured all the chapters under the study.

1.5 Methodology

This study encompasses both quantitative and qualitative research approaches such as rent levels and population respectively. This was based on the interplay of deskwork and fieldwork; the research looked at three settlements within the Municipality, (Bamahu, Kpaguri and Sombo). This is mostly dominated by rented accommodation.

1.5.0 Mode of Data Collection

The research looked at two key data sources, the primary and secondary sources. The secondary data were thoroughly reviewed and documents from literature that is relevant to the subject matter. This helped throw more light on the issue of rental housing provision by developers and what goes into the pricing and supply of these houses in other countries across world.

In addition, the primary data were collected from tenants and landlords occupying houses provided by developers. Also relevant institutions such as the Rent Control Department, Wa Municipal Assembly and the Lands Commission to give a technical/practical perspective about the trend of rental value rise over the years till date and the effort made by government on this phenomenon.

1.5.1 Sampling Techniques

Under the sampling techniques, the simple random sampling technique and purposive sampling technique were employed to select the households in three settlements within the study for data collection, using a questionnaire designed for the study.

Sample Size Determination

This formula $n = \frac{N}{1 + N(\alpha)^2}$ was used in determining the sample size for the study; where n = sample size, N = total number of population in the Municipality 102,264, α is the margin of error (which is 10 per cent). From the interpolation a sample frame of ninety nine (99) was obtained for the study. The sample size of ninety six (96) thus represents the number of people within the three settlement that were interviewed and three questionnaires to Lands Commission, Wa Municipal Assembly and Rent Control Department.

1.5.3 Data Collection

The data collection tools that were employed by the group were questionnaires, which enabled us obtain required information from the target group. Also a reconnaissance survey was conducted

to help the group familiarize with the physical environment in the study area, this was used to determine the physical conditions of the area and how it affects the condition of houses in Wa Municipality.

1.5.4 Presentation and Data Analysis

Data sources for the study were from two main areas: Primary and Secondary sources. Primary data refers to all data collected from the field through the use of questionnaires, by way of observations, researcher participation and interviews. Secondary data refers to data that was gathered from unpublished theses, text books, statistical records, journals, and the internet among others. The data was analyzed using various tools like excel, to clearly illustrate the findings of the study. Maps were used where necessary to show the geographical location of the study areas in its Municipal context to allow for easy reference. Based on the findings, appropriate recommendations were outlined to help mitigate the problem.

1.6 Justification

Migration is a bane in third world countries of which Ghana is no exception. The need for adequate accommodation can not be an oversight as a pressing necessity to respond to the rise in population. More and more people are entering the age group where they have to leave their parent's home to start life on their own. This calls for the construction of new accommodation facilities to house them. The reason for this research is to establish what account for the rent tenants pay when trying to find suitable accommodation at reasonable prices. They end up settling for moderately priced accommodation at inconvenient locations or of low quality. This in the long run affects the productivity of workers who are caught in this predicament and their daily activities in general. It also leads to the evolution of slums and deplorable living conditions. On the other hand, it will also contribute to the realization of the government's, non governmental organization, community base organization's priority strategies for housing provision in the urban areas in order to ease the high rent charged by landlords. The recommendation made by the group would be useful in policy formulation to aid the efforts of Governments in controlling rent. It will also inform decisions of NGO's, Civil Society Organizations and other stakeholders in carrying out the functions of influencing decisions relating to housing provision.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter deals with the main issues to be studied as an attempt to delve into existing knowledge on the subject matter. It also attempts to define and explain the basic concepts and terms relevant to the topic. This chapter gives an in-depth overview of how rental housing is portrayed by different scholars in different parts of the world, and illustrates the current level of rental housing and suggests reasons why a drive for ownership has tended to dominate most countries' housing policies. Attempts have been made to catalogue the role that rental housing plays in the housing market of both developed and developing countries, thus to determine the pricing structure within the housing market. It continues with a discussion of recent trends in rental housing, the factors that have accounted for that trend and explains why different patterns are occurring in different parts of the world and current and past rent control policies used in Ghana to guide the rental market.

2.1.0 The Concept of Housing

The United Nations (UN) recommended definition (UN, 2008) of a house as "structurally separate and independent place of abode such that a person or group of persons can isolate themselves from the hazards of climate such as storms and the sun'' was adopted in the 2010 census of Ghana. Housing or shelter is considered one of the most important basic needs in every society. Some schools of thought argue that improved housing markets will provide a number of positive externalities, as well as direct consumption benefits.

Housing production and consumption affects the socio-economic development process in different ways. It promotes economic growth through the expansion of the construction industry and contributes to reducing poverty by increasing the demand for low-skilled workers. Hence, the development of housing solutions has proven to be one of the most cost-effective ways of expanding the asset base of low-income households and enhancing growth. Nevertheless, most developing countries have systematically failed to provide adequate shelter to their people probably because of poor housing finance system, improper housing

policies and therefore unable to take full advantage of the economic benefits of a well-functioning housing sector. (Oladapo, 2006). Improvements in the rental housing sector's performance are broadly accepted as a critical public policy with vast social and economic impacts.

2.1.1 The Concept of Rent

Rent can be defined as a sum or amount agreed in the lease or tenancy agreement, to be paid by the tenant to the landlord, for exclusive possession of the property leased for the period of the lease (Stewart and Burgess, 1999)

It is apparent that rent involves some form of exchange between two parties. The said exchange is usually in monetary form, and is based on an agreement reached between the parties. Due to the high demand for residential apartments, landlords may take undue advantage of tenants and increase rent without adhering to rent regulations. A high proportion of the population in Ghana rents rather than own homes because many cannot afford to own. There is frequent movement of workers from one city to another, especially to urban areas, resulting in increases in demand and price of rented accommodation. (UN HABITAT, 2003).

2.2 Rental Housing in the Global Perspective

Many years ago, renting and sharing in the cities of developing countries were neglected topics of discussion. They were neglected in two senses. First, there was profound ignorance about who most tenants and sharers were, about the conditions in which they lived, and very little was known about those who provide rental accommodation be it private individuals or the public sector. Second, governments were wholly uninterested in tenants and sharers, except to convert them into homeowners (UNHRC, 2003). Rental housing market and real estate for that matter has a heavy repercussion on social and economic development and should therefore be given the necessary attention especially in emerging economies such as Ghana, where rental housing grew from 22.1% in 2000 to 31.1% in 2010 (2010 PHC).

Generally, properties that are rentable are considered commercial property, and these are Offices, Retail and Industrial properties not excluding residential properties that also generate a huge income for Landlords and investors globally.

At the turn of 2000 millennium, there were about one billion people living in inadequate housing conditions in developing countries (UN, 2000). The need for scaling up housing supply has become an urgent focus of policy debate, with the need to expand the role of private markets (Keivani and Werna, 2001). Roughly 40 percent of the world's population lives in rental housing (Malpezzi, 1993). Far more people rent than own their own homes in developed cities in the world, especially among households who opt for apartments (Opoku and Abdul-Muhmin, 2009). About 90% of the residents in Berlin are renters, 85% in Geneva, about three-quarters of the population are renters in Vienna and Amsterdam, and in Paris, more than half the residents do not own their own homes (Benjamin 2007). In Saudi Arabia, about 67% of low-income households living in apartments prefer renting to buying their own house (Opoku and Abdul-Muhmin, 2009). In South Africa, almost 90 percent of migrants in Johannesburg either rent or share accommodation upon arrival in the city (UN HABITAT, 2003). All over the world, renting offers a more affordable way for many people to gain access to accommodation. The provision of adequate housing is a very integral part of the needs of every society and has great value for individuals, families, communities, and society at large (Opoku and Abdul-Muhmin, 2009). In Ghana, rental growth is about 31.1 (2010 PHC). This growth puts pressure on the rental housing market.

According to the (UN-HABITAT, 2003), the incidence of renting in some parts of West Africa is also high. For example, Côte d'Ivoire, Port Harcourt, Nigeria as well as Ghana. This is not different in Wa Municipality where the influx of people from elsewhere to the municipality moves in to seek rental accommodation to engage in their activities. A preliminary survey indicates that, most people prefer renting to owning an apartment because it is cost effective. In Europe, factors such as affordability, interest rates and supply and demand affect rental values in Europe. Today, a lot of younger people cannot afford to get onto the property ladder, thus in turn this will mean a greater number of people are renting property and a greater number of newly built or first time buyer houses or flats are getting bought by property developers. With the current market first time buyers are finding it harder and harder to afford to get onto the property ladder, more people are renting property for longer and property rental values continue to rise, all be it slower than has been seen over the last few years. (UN HABITAT, 2003).

Another factor that can contribute to the number of people within the rental market is interest rates. Higher or lower interest rates have a huge impact on the rental market. Lets take a scenario where interest rates rise significantly, this leads to a big change in the market, firstly, the impact on landlords is high, mortgage values on property will rise (unless on a fixed rate) rental values will increase and depending on how high the interest rate hike is, it can have a huge impact on the market. It can then lead to an increase in the number of people who are renting properties, landlords selling property due to the increase in the mortgage payments or an increase in rental prices. (UN-HSP, 2003). Interest rate as an economic indicator does not only affect other economies of the world, but also affect the Ghanaian economy, most especially when there is increase in interest rate as a result of higher inflation, mortgage values increases as a result people find it very difficult to go for loans to secure home ownership, hence resort to rental housing (bank of Ghana, 2007). In relation to Wa Municipality, a preliminary survey indicates that when interest rates rise it affects loan payments as such developers find it difficult to contract loans for housing construction and also affect prices of building materials and finally exert pressure on the housing market.

In any industry, supply and demand are key factors to how the market performs, too much of one and not enough of the other leads to problems. Within the rental market, too many houses available for rent and not enough demand can lead to a decrease in rental prices for property. When demand for rental property is high, lots of people would be looking to rent property and not enough rental property on the market will usually result in an upturn for rental values for property.

One major factor that gives rise to the situation discussed above seems to be low income households in most parts of the world do not have access to credit facilities and therefore resort to rental accommodation which is relatively cheaper to owning. This is perhaps due to the structure and requirements of conventional financial institutions.

Preliminary group survey indicates that residential property rental values are influenced not only by affordability, interest rate on mortgage acquisition but also based on the land values of these areas.

2.3 Land Value Influence on Rental Housing in Ghana.

Land value is a term used to describe the current value of a piece of real estate. Value of this type is increased when improvements are made on the property, such as upgrading any dwellings or adding features to the landscape that are considered valuable and desirable (Mahama, 2006). Determining the land value is important when planning on selling or renting the property, as well as in the calculation of land value taxes. There is a growing perception that land is an asset for which various potential users compete. This in turn increases the need for a functional land market where demand meets supply. This happens in the open market where a particular parcel of land is ripped for a use. Such as residential, commercial, industrial and warehouse properties which result in competition among various land users and investors. Example; preliminary survey indicates that hostel accommodation in Bamahu has had a great influence in the value of land over the last two years. Economic development is a major issue for government, in particular in densely populated areas or in regions threatened by degradation and environmental problems. Urban settlements are expanding worldwide requiring land for housing, infrastructure and social amenities. Land is not homogeneous; each parcel is unique, having a particular location, physical and neighbourhood characteristics. Actors in the land market are diverse and have diverse objectives, expectations and strategies. Land is also a finite resource; hence the available supply of land and demand for land will have a very significant impact on the rent paid for it. If there are impediments to the supply side of land markets, in situations where population and other needs are rising, the price of land will rise. This becomes most apparent in cities like Accra and Kumasi that are growing rapidly (Mahama, 2006). When supply is severely constrained, and pent up demand is very high, land prices become inflationary i.e. when demand for land far exceeds supply, land owners inflate land values leading to high prices of land. This situation is compounded if there are external factors acting in the market, such as the demand for land by expatriate Ghanaians who are prepared to pay European and US prices. (Mahama, 2006). The failure to supply sufficient land to satisfy demand has led to a hyperinflationary and speculative situation in these land markets (Ghana Statistical Service, 2000). The consequences of this are having sever impact on housing construction (capital value) and as a result influence rent charged by land lords

In urban property markets, uncertainty over the ownership of land, long delays in approvals and

the issue of titles, unscrupulous land sales, lack of compliance with planning requirements, delayed provision of infrastructure and other services, ill-disciplined land agents and corruption in all aspects of the industry has led to inefficiencies in urban land markets (CDD,2000). In Ma Municipality, a preliminary survey indicates that the above expression is no exception. The implication of this situation is that, the cost of land to purchasers is much higher than it should be. It also prevents many low-income groups from ever participating in the land and housing markets. The Ghana Living Standard Survey (Ghana Statistical Service, 2000) suggests that less than 25 percent of urban households have an income that is sufficient to participate in the land and housing market. In Wa Municipal this could be as low as preliminary survey indicates that, most dwellers fall between the low income groups. As migration to the city increases, the land supply situation is expected to become even more acute, perhaps necessitating government intervention to bring more certainty to the land market here. An intriguing feature of the land market is the poor understanding most of the population has about the operation of land and property markets. Hyperinflation has created a situation where prices seldom, if ever, drop regardless of supply situation. Subsequently, when a situation arises that supply increases, such as the expatriate rental housing market, owners will hold property vacant for many years rather than rent it at a lower price in the belief that the previous rent is the true market price or rental income of the asset (Tipple et al, 1998). As most land or property leased is often fully paid out, owners therefore are prepared to sit on vacant land or houses until the price rises. The forfeited loss of revenue or profit is often not a consideration, as many land and property assets are not debt financed. (Tipple et al, 1998). Hence there is no urgency in needing to keep property rented or to sell to meet mortgage or loan obligations. The failure of land supply to meet demand means that ultimately land values rise, whereupon the owners re-enter the market and in the intervening time the value of the assets has risen significantly. This situation creates a much distorted land and property market.

The above situation has resulted in very high under utilization of land and property assets in the

Wa Municipality and fuelled land speculation. Preliminary survey shows that the very large number of settlers in the Municipality has even make the situation worse. The size of the land, as well as where it is located, makes a differential values of the real estate as it is determined.

2.4 Factors That Affect Rental Values in the Urban Areas in Ghana

Many developing countries depend on the rental sector for the supply of housing for the vast majority of its urban population. Ghana is no exception. A significant proportion of Ghana's urban population relies on rental housing delivered by both the private and public sectors**.** (Tipple,1987)**.**The increasing demand for housing in Wa Municipality may be as a result of rapid urban growth fuelled by increased population growth . The type of housing people live in is an indication of their level of poverty or wealth and the availability of facilities have implications for health and the environment. Concerns about sanitation arise and there is a challenge of refuse management in Wa Municipality. To some extent, rent has the ability to alter the distribution of population within a society. It tends to reserve some parts of society for particular classes of people. In Wa Municipality particularly, a proof of this can be seen by observing certain well endowed areas such as Bamahu, Kpaguri and Sombo, and comparing them to less endowed places such as Komfabiala and Pisi in terms of health, security, transportation and education among others. This could lead to the variability of rental value. Over the years, one variable factor that has affected demand for accommodation is the price of accommodation (or rent), which is the amount of money paid regularly for the use of someone's land, building or machinery. Revenue from rent serves as the main source of income for many real estate developers and house owners. The attractive incomes from rent have led to the conversion of various structures into apartments for rent. Though there are differences in inter-city rents, very little is documented about the factors that determine the rental charges of apartments, which can constitute a source of distortion in the setting of rents. Urban housing rents differ depending on the unique circumstances that exist in a particular urban area. Thus one can deduce that there appears to be no particular mechanisms upon which rent standards are based even within the same country. The question that then arises from this assertion is 'what factors determine rents charged for accommodation. The determinants of property values can be grouped into many factors. Wilhelmsson (2000) for instance, identifies four main factors that affect demand for properties and hence the price, to include the property's structural attributes, its location or neighbourhood amenities, its environmental attributes and macro attributes like inflation and interest rate. However, independent variables are limited to property structural characteristics and location in terms of neighbourhood quality and accessibility (Bowen et al., 2001). The

location in terms of neighbourhood characteristics and accessibility, the structural property or physical characteristics, are discussed below to show the influence of rental values.

2.4.0 Location

The importance of location in real estate is a high determinant of rent. There is a real estate adage that states that the three most important factors which determine property values are (i) location, (ii) location and (iii) location. Spatially, no two properties are the same and indeed, there is a consensus among valuers that location is the most important factor in property value determination (McCluskey et al., 2000). The importance of location is evident by the fact that location physically fixes a property in space and thereby defines its distance from features such as commercial, transportation and leisure activities. Again, in cases where houses within a particular sub-market or neighbourhood are homogeneous, many of the amenities that are common to those properties are best represented by location (Gelfand et al., 1998). Location is an inherent attribute of a house which directly determines the quality and hence the market value of the house. The theory of housing immobility is premised on location. The location influences on the value of residential property may arise or fall from a number of sources. These are grouped under neighbourhood quality and accessibility (McClauskey et al., 2000). In Bamahu for instance location has been one of the inherent factors that is likely to affect rental values in the municipality since it is closer to University For Development Studies.

2.4.1 Neighbourhood Quality and its Influence on Property Values

Neighbourhood may be defined as a geographic area within which there is high degree of use homogeneous or similar between contiguous parcels. Neighbourhood is defined in an economic sense as an area within which relatively the same prices prevail for properties that permit approximately the same types of uses and socioeconomic status. Preliminary survey in Wa Municipality shows that neighbourhood quality factors that influence residential property values within these areas are as a result of

(a) Exposure to adverse environmental factors

(b) Neighbourhood amenities

(c) Perceived levels of neighbourhood security.

Depending on the presence or absence of these amenities, residential properties may reduce or increase in value .Neighbourhood amenities are the necessary services and attractions within the neighbourhood that make life easy and comfortable for the inhabitants. If a particular site generally has good and high level of amenities like schools, hospitals, shopping facilities, leisure facilities, road and other transportation networks, etc, then it will be a more pleasant place to live in than other sites with less amenity level. It will therefore be expected that higher prices will be paid to stay in such neighbourhoods. As (Brigham, 1965) note, the level of amenity in a neighbourhood is obviously a qualitative factor. It can therefore be determined subjectively by different individuals. Even though it cannot be measured directly, its value can be measured (Brigham, 1965). In relation to the above augments, Wa Municipality is not an exception. However, resident within the municipality would be able to have easy access to these facilities.

2.4.2 Accessibility to the Central Business District

Easy and convenient accessibility within the urban areas will determine the price to pay for properties within a particular neighbourhood (Brigham, 1965). Especially in Kumasi and Accra , a observation indicates that, Such accessibility measures involve property proximity to market, desirable supporting facilities such as transportation facilities, place of employment, shopping and leisure facilities etc. Looking at Sombo, Kpaguri and Bamahu there is an easy assess to the central business district of the Municipality. Preliminary Survey indicates that these areas that afford relatively easy access to various necessary or desirable activities have higher property values than locations that do not have such easy access, all other things being equal. This accessibility facilitates the movement of people and goods from one site to the other.

2.3.3 Accommodation and Size of Rented Property

The size of accommodation provided by a house can influence the value or price to pay for the house (Brigham, 1965). Such factors include the number of bedrooms and other rooms, the number of floors, floor size, land area etc. Generally, individual buyers have their own needs, taste and preferences concerning the size of accommodation. Such accommodation needs, tastes and preferences are influenced by the size of the family, prestige and status of the individual (Brigham, 1965). Etc. They therefore restrict their enquiries to properties having the number of rooms or size of property that they want. That is east legon in Accra, households with both toilet and bathroom facilities pay medium rent (42.6%) or high rent (almost 47%). (Brigham, 1965)

Having both toilet and bathroom facilities tend to attract medium and high rental charges. With low rent one gets either none of the facilities or at most one of the two facilities. It suggests that the availability of amenities (water and electricity supply) also has a significant effect on residential rental charges. The amenities enjoyed by a household determine the level of rent they pay. If individuals get the amount and size of accommodation they want, they will be willing to pay higher value for it than they would pay for property with more or less the amount of accommodation they require. As Sirmans et al. (2005) find, the number of rooms (bathrooms, public rooms and bedrooms) dominantly affects price in the positive direction. This means that as the number of rooms increase, the price of the property also increases. According to our first hand information received in the study area, the size of the accommodation does not determine the rental value for which a property should go for.

2.4.4 Structural Improvement and Materials Used For Construction of Property

The materials that go into the construction of a property and the structural improvement made to the property affect the price to pay for the property (Brigham, 1965). Physical factors such as the type, style and quality of floor finishes, roof, ceilings etc will influence the utility to be derived from living in a particular property and hence, the rent one may be willing to pay for that property. Structural improvements like the availability of garage, swimming pool, gardens, fence wall affect the value of residential accommodation. These utilities are not found in Wa Municipality. Usually, the availability of improvements like swimming pool, garages and gardens in a property will make rational buyers pay higher price for such a property than they will pay for similar property without such improvements, all other things being equal. (Brigham, 1965). Preliminary survey from landlords in Bamahu indicates that physical improvements such as renovation and other building services make the built environment conducive and affect rental values in this area

2.4.5 Age and Condition Of Building

The age and condition of a property will also influence the price to pay for the property. (Brigham, 1965). In examining the factors that are mostly included in hedonic models to determine house prices, Sirmans et al. (2005) find that the age of property influence the value of the property mostly in the negative direction This is not surprising because as the age of the property increases, the economic value of the property decreases and hence the utility to be

derived from the property decreases. In relation to the study area tenants consider the condition of building before renting and this affect rental values. A preliminary survey indicates that, most rented buildings in Wa Municipality are in a state of disrepair and as such calls for variability in rental values as compared to areas such as Kumasi, Accra etc

CHAPTER THREE

3.0 BACKGROUND OF STUDY AREA

This chapter seeks to give an overview of the spatial and socio- economic context of the study area. Among other things discussed include the location and size, the economy of the municipality and the social infrastructure available in influencing rental values in WA municipality

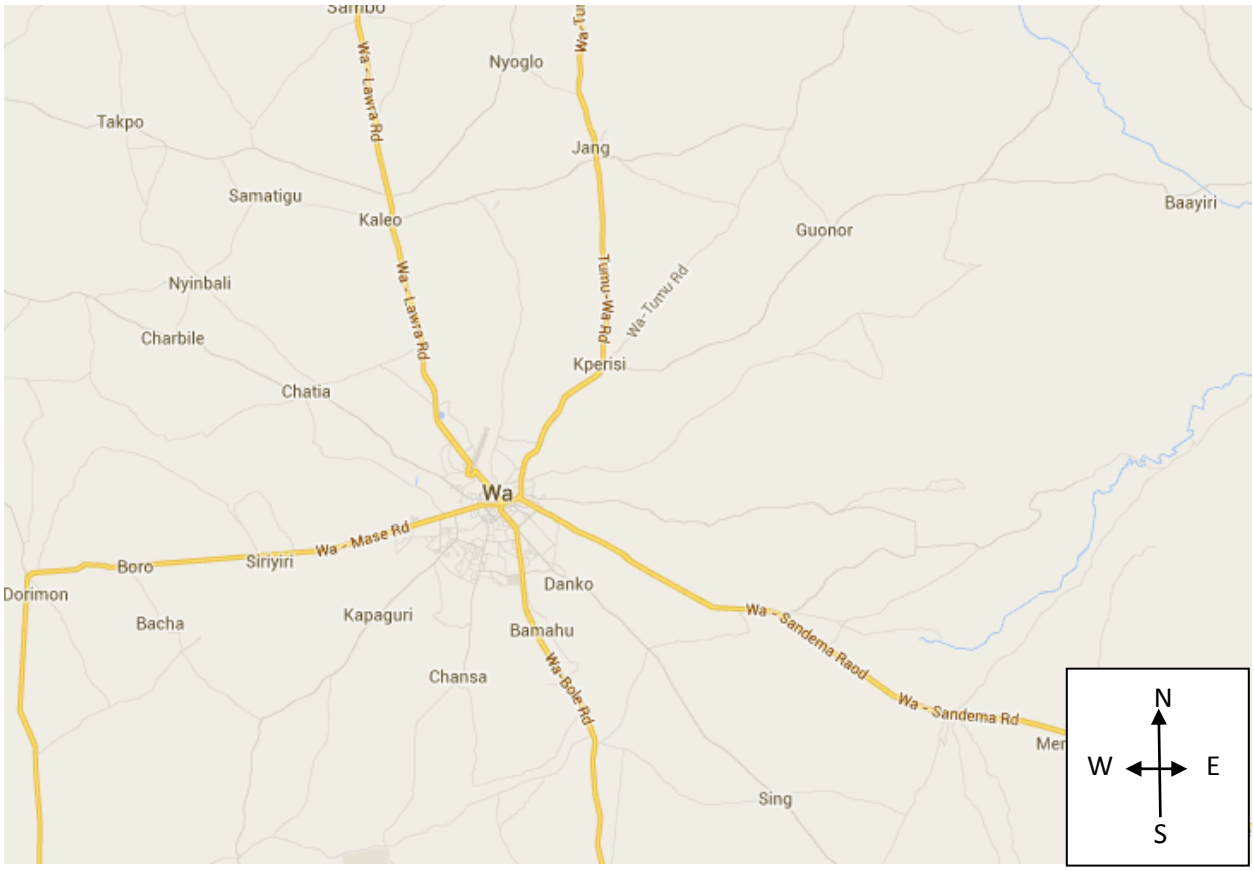
3.1 Profile of Study Areas

The area under the study Wa Municipality located in the upper west region which is one of the largest and most populated Municipality in the Upper West Region. The Municipality attracts a large number of rural-urban migrants from other regions and neighbouring countries, and this has led to the diversified demographic characteristics, economy and functions it possess in the provision of housing, infrastructure and other social services. The municipality as at 2012 housing and population census has a population of 102,446. Features of the town include several mosques, the Wa-Na palace, churches, educational institutions, good roads, health facilities and neighbourhood securities. The geography of Wa is notable for the dramatic Sombo Mountain, that is visible from much of the town. These features could influence rental values in the Municipality

3.2 Ethnicity

The major ethnic groups are the Dagaaba, Sisaala and Wala. The Dagaaba live in the western part of the region, the Sisaala live in the eastern areas, and the Wala live in Wa and a few of the nearby villages. The Sisaala and Dagaba are mostly Christians, while most Wala are Muslim. Wa is the largest predominantly Islamic city in Ghana. (Sources: municipal assembly).

Figure3.1 Map of Wa Municipality



Source: Wa Municipal Assembly

3.3 Location and Size Of Wa Municipality

The Wa Municipality is one of the eleven administrative areas (District Assemblies) that make up the Upper West Region (UWR) of Ghana. It shares administrative boundaries with the Nadowli District Assembly to the North, the Wa East District Assembly to the East and South and the Wa West District Assembly to the West and South. It lies within latitudes 1º40’N to 2º45’N and longitudes 9º32’W to 10º20’W. It has a total land mass of 234.74 sq. km which is used for agriculture, housing and other services or purposes

3.4 Economic Structure and Existing Conditions in the Wa Municipality

The structure of the economy of the municipality has not changed since 2009 which reflects the same economy currently. It is still dominated by agriculture (about 70%), followed by commerce (about 9%) and industry (about 3%). Which determines their ability to own or rent an apartment? The agricultural sector has been dominated by 70% of the overall population. This implies that their incomes that are earned do not allow them to purchase a home. Other key sectors of the economy are transport, tourism, communication and energy. Wa Municipality falls within the Savannah Zone where poverty has becomes very wide spread. Currently, nine (9) out of every ten is said to be poor. (Source: Wa Municipal Assembly)

Average household incomes are very low. Bread winners are few based on our information from our study area conducted. An analysis of household's expenditure shows that about 80% of their income is spent on food and 20% on rent, education, health, utility charges and funerals. When that happens the ability of individual owing their home will be at stake thereby increasing the housing deficit from regional context to the national level. Therefore their income spent on rent may not allow them fall within a category of the housing finance system if government does not subsidize or intervene. The agricultural sector provides more than 60% of the municipal population's sources of jobs, livelihood and business. It is a sector crucial to the local economy, because it is currently the major provider of jobs. Aside its strategic role in fighting poverty, better improvement strategy can be adopted in order to enhance the level of agricultural production to provide enough income earn by citizens to afford rent. Traditional technologies still dominate agriculture production, processing, storage and marketing. Programs are therefore required to enhance development of sustainable agriculture production systems e.g. irrigation systems, enhanced farmer education.

SOURCE: (Wa municipal assembly)

3.4.0 Residential Landscape Features of Wa Municipality

Wa currently has three main residential landscape features:

An inner city area of very low density development with under-utilized service infrastructure on the one hand and an indigenous, low income and high density development with depressed conditions and overburdened infrastructure on the other Peripheral residential development which is haphazard, with barely sufficient infrastructure to support it. Large numbers of uncompleted houses and pockets of undeveloped land interspersed with improper settlement pattern (GSS, 2012)

3.4.1 Income Classifications for Housing

Low-income housing, which incorporates 62% percent of Wa Municipal Area (WMA) population, usually exhibits the following characteristics:

Housing most informal businesses (especially commercial)

Usually the first place of abode for new job-seeking migrants

Built-up with little room for expansion

Generally depressed with poor social and physical infrastructure

Poor quality housing and sanitary conditions

Haphazard development

Inadequate housing infrastructure

Poor drainage and erosion

High population concentrations

Improper settlement pattern

Communities can be classified as indigenous (Example, Bamahu, Sombo, and Kpaguri)

About thirty-eight percent of WMA's population lives in middle-income area. These areas are recognizable by:

Better quality building materials and better housing condition

Residency by families headed by business and administrative professionals

Housing infrastructure provided by the state, private sector organizations, and individuals

Well planned developments with fair infrastructure services (Example, Ministries, kpalsaka)

An increasingly prominent feature of development in Wa Municipality is middle- and high-income settlement in peripheral areas. Though they cater for a population similar to those residing in wealthier areas of the core city, these communities are developing much more rapidly. Some of these areas develop ahead of municipal infrastructure provision and therefore lack services (GSS, 2012; Ministry of Local Government, 1991). This is contrary to the low-income areas which lack basic amenities and adequate housing infrastructure, which lead to slum formation and squatter settlements.

3.5 Rental Values and Income Spent On Housing

Rent can also be defined as a sum or amount agreed in the lease or tenancy agreement, to be paid by the tenant to the landlord, for exclusive possession of the property leased for the period of the lease (Stewart and Burgess, 1999). Landlord under a license of appraisal, it is the amount that would be paid for rental of similar real property in the same condition and in the same area. The amount of rent that an individual pays to enjoy occupational right or be in possession is dependent on their income received. Therefore with regards to our study areas preliminary information shows that most people are employed within the agricultural sector and thereby resulting in low income payment at the end of the month. Aside their income being low, their income is also affected by a lot of factors that hinder them to afford housing from their income. These factors include location, economic growth, interest rate, and cost of material for construction.

Location, Location, Location: Just like buying a home, a rental properties value will be greatly affected by its location. Is it close to good schools, parks, or other commonly travelled areas? This necessitates the amount to be paid to occupy a home.

Economic growth: Demand for housing is dependent upon income. With higher economic growth and rising incomes people will be able to spend more on houses; this will increase demand and push up prices. In fact, demand for housing is often noted to be income elastic (luxury good); rising incomes leading to a bigger % of income being spent on houses. Similarly in a recession economy, falling incomes will mean people can't afford to buy and those who lose their job may fall behind in their mortgage payments and end up with their home repossess.

Interest rates: Interest rates affect the cost of monthly mortgage payments. A period of high interest rates will increase cost of mortgage payments and will cause lower demand for buying a house. High interest rates make renting relatively more attractive to buying. Interest rates have a bigger effect if homeowners have large variable mortgages. For example, in 1990-1992, the sharp rise in interest rates caused a very steep fall in UK house prices because homeowners couldn't afford the rise in interest rates.

Cost of constructional materials: The cost of material and it type determines how much a particular property should cost in the market. This has a great influence in value since it is a basic determinant of rent. With regards to our study area most of the predominant buildings are single family house, detached, semidetached and among other which is constructed of sandcrete blocks, mud brick, roofed with aluminium and corrugated roofing sheet, panel door type, cement sand screed floor and tiled floors among other. This material comes into the market of high prices due to the increase in price of goods and services. Therefore developers push this cost in the rent thereby increasing the value of rent.

From the above discussion it is seen that, the fair market rent is entirely not determined but rental values one way or the other are affected by the above factors which undermines the amount taken from their income as rent.

CHAPTER FOUR

4.0 PRESENTATION AND DATA ANALYSIS

4.1 The cost of housing construction

This aspect of the study seeks to find out the cost involve in putting up a housing unit, housing type and facilities available for use and factors that contributed to the cost construction and rent.

4.1.0 Contributory Factors to the Cost of Housing

Under this chapter of the study, much emphasis is placed on the cost of construction as a contributory factor to rent aside the factors that will be discussed later. From the survey conducted by the group, we realized that building materials, land cost and labour cost play a significant role in determining rent. Responses from landlords in the Municipality proved that, the cost of building construction is mainly attributed to building materials. However, landlords concluded that after completion, the rent they charge is based on the three factors presented in table 4.1 below:

Table 4.1 cost of construction as a contributory factor to rent

Factors	Respondents	Percentage (%)
Building material	17	56.6
Land cost	11	36.6
Labour cost	2	6.6
Total respondents (landlords)	30	100%

Source: (field survey May 2014)

From table 4.1 above, it can be deduced that, the most influencing factor that landlords take into account in charging rent is the cost of building materials which attracted a higher percentage of 56.6% of 17 respondents among the factors that contribute to the cost of construction. Land cost and labour cost stand at 36.6% and 6.6% respectively. From this data, it implies that as these

factors continue to play a significant role in the construction industry; building materials will continue to be a major factor in the cost of construction as our field survey has indicated. The current economic realities keep changing over time, thereby increasing the prices of commodities in the market. However, the current economic situation reveals a tendency to be tougher over the next couple of years. (CUC, 2014). Tenants are exposed to higher rent over the next years if the situation doesn't change. From chapter two of this study, it was reviewed that land values influence rental values in areas like Accra and Kumasi (Mahama, 2006). Where demand for land is highly driven by high population growth and an inherent desire in many areas for everyone to have access to a piece of land to build a house. Responses from our field survey confirm Mahama (2006) as land values in Wa Municipality also plays a significant role in the building cost. Landlords therefore take it into account when charging rent. From table 4.1 above, building materials appeared to be the most significant factor in the cost of construction before land cost is considered and finally labour. Hence landlords proved that, rent is based on the cost of building materials and some other factors discussed later in this chapter.

4.1.1 Housing Types

Under this chapter, data was collected from three settlements of different social statuses, different views, different responses and different housing types which include: self-contained houses, compound houses and detached apartments.

Looking at Wa Municipality which is basically made up of the residential units constructed by individual developers, The housing types found in the Municipality includes compound houses, single rooms with wc/bath, and Self-contained houses, and they make up 71%, 18.7%, and 9.3% respectively. This implies that the most housing type acquired in the Municipality is the compound houses.

Table 4.2: Housing type found in Wa Municipality

House type	Respondents	Percentage (%)
Single room with wc/bath	18	18.7
Self-contained	9	9.3
Detached	0	0
Compound house	69	71.8
Total respondents	96	100

Source: (field survey may 2014)

From table 4.2 above, it can be seen that irrespective of the area considered, the housing type is dependant on the tenant's purpose. Considering the Municipality, the most preferred housing type is the compound houses which constitute 71% of 96 respondents where tenants share facilities with other tenants in the house and pay an affordable rent. This indicates that, the housing type that tenants prefer depends on the location. This will then enable development organizations, workers and other private developers to determine the predominant accommodation units in these suburbs and hence easy rental access to such accommodation unit.

4.1.2 Facilities Available in Houses

The housing facilities at the disposal of the occupants (tenants & landlords) varies among the various housing units in Wa municipality, water supply, electricity, internet services, waste disposal and security are considered as basic facilities found in these areas which influences the rent charge. This is illustrated in table 4.3 below:

Table 4.3: Housing facilities available in Wa Municipality

Facility available	Respondents	Ranking
Water supply	61	2nd
Electricity	96	1st
Internet service	11	5th
Waste disposal	34	3rd
Security	11	4th
Sanitation	3	6th

Source: (field survey may 2014)

From the field survey conducted by the group, the most common housing facility provided for tenants is electricity, which is usually shared among tenants within the house or shared among tenants and landlords in some cases in the Municipality. In some housing types, the facilities provided are with respect to the type of housing rented where facilities provided are used by the tenants occupying that house. Looking at a house type like self-contained houses and single rooms with wc/bath, the facilities provided are shared by the tenants occupying the rooms whiles tenants occupying single rooms in compound houses shared facilities available for use in the area. Table 4.3 above shows that electricity is the major facility provided for tenant use which seems to be a common in these areas. Aside electricity being considered as a common facility, the survey indicates that tenants consider water supply and waste disposal when taking the decision to rent. These facilities were ranked to be 2nd and 3rd respectively followed by security and internet services which seem to be considered last aside electricity. This implies that water supply has become one major facility that tenants consider when renting an accommodation aside other facilities provided. This means that landlords will also factor that into the calculation of how much rent they will charge. The study shows that, tenants welcome rental value variations with respect to facilities as expressed by.

It is more convenient to live in houses with its own water supply system or which receives water from the public water system, like; Ghana Water and Sewage corporation even if one would be made to pay a little more

This implies that houses with all these facilities commands higher rent as compared to those with just some of them. It further indicates that those houses with no such facilities attract the least rent ad are occupied by low income people.

4.2 Contributory Factors to Rental Values

In a bid to identify the main factors that determine the rent charged in Wa Municipality, certain factors were outlined and the sampled population was asked to select those they felt were the causes.

The results derived from the study showed that 42% attributes the rent charged to the facilities being provided and 23% of respondents attributes to the location of the houses in the area. One settlement area in the Municipality (Bamahu) is located on the Wa-Kumasi high way which is closer to the University for Development Studies new campus making it highly accessible and advantageous in terms of proximity. This means living in Bamahu enables easy commuting to the University campus.

On the other hand, areas such as Sombo and Kpaguri, the amount of rent charged was dependent on the housing facilities provided, the level of services in the area and the space rented. Housing infrastructure that had their toilet, bath and kitchen provided internally, and not shared with other tenants attracted higher rents, and those that had theirs located within the compound and shared with other tenants attracted less rent.

In the case of Kpaguri in particular, the space rented influences rent than the other factors stated earlier above. But survey indicates that the rent paid with respect to the service provided is normal as shown in table 4.3 above.

Table 4.4 Contributory factors to rent in Wa Municipality

Factors affecting rent	Total Respondents	Percentages (%)
Location of the house	22	23
Facilities provided	41	42
Neighbourhood characteristic	8	8
Level of services in the area	12	13
Others (size of space)	13	14
Total	96	100%

Source: (field survey May, 2014)

From table 4.4 above, the facilities provided for tenant use appears to be the major contributory factor to rent in the Municipality which constitute 42%. Location constituted 23%, neighbourhood characteristics and space attributed 8% and 14% respectively. This implies that, tenants consider facilities provided for use before choosing to rent a particular accommodation. Although these factors influence rental values, it largely depends on the purpose for which tenants, organizations and other individuals intend to use such accommodation facility.

The primary focus of this study is the issue of factors that influence rental values in Wa Municipality. Having determined the rent levels in the Municipality, the research was able to indicate the major factors that influence rental values. These factors as indicated in table 4.4 above include facilities provided, location of the house, space rented, level of services in the area and neighbourhood characteristics. Some of these rent determinants have been identified and documented in previous researches as having varying degrees of influence on rent levels in urban settlements. It is however important

4.3 Government's Role in Housing Provision

This research reveals that, the government plays a direct role in the provision of housing for the individual's. For example; the erstwhile Kuffour's Affordable Housing Project, the defunct STX deal and the current contract between the Ghana government and the ADDOHA Group of Morocco to provide housing units. Despite the effort made by government in housing provision, it is more of a facilitator in housing provision process. Three institutions were interviewed, namely Wa Municipal Assembly, Lands Commission and the Rent Control Department, all confirmed this fact. The private housing sector is affected by some government policies on taxation, land tenure and costing, import duties, wages, infrastructure development and so on. These policies have effects on the cost of construction, which is factored into the price of the building or the rent charged. This means that the nature of government policies contributes significantly to rental values in Wa Municipality.

Responses from the Wa Municipal Assembly indicates that, the present government policy is to improve the supply of serviced land for housing development, facilitate increasing access to construction finance and mortgage loans, and remove supply bottlenecks on building materials in order to reduce cost of construction and therefore rent. The government intends to work with private developers to build new housing units for rental purposes in Wa Municipality. Land, finance, building materials, and labour are some of the targeted inputs being made available for private developers in the Municipality. Responses from the institutions show that, housing facilities provided to government workers at a low rent helps reduce the pressure on the private rental housing market. Even though the task ahead seems unachievable, government has put in place some measures to encourage and promote private sector participation in housing delivery, particularly in the rental sector to ease the pressure on house ownership.

Aside all efforts being made by government, the private sector also collaborates with the local authorities and the relevant bodies to address the issue of shortages in affordable housing supply, which will in the long run reduce the pressure on existing housing facilities and the rent being demanded.

4.4 Governments Rent Control Policies and Rental Values

One mechanism that governments in various countries use to check escalating rent levels and protect prospective tenants from undue exploitation by landlords is the introduction of rent control policies. However, one are where this mechanism seems to have failed to achieve its aim is in the area of enforcement. Our field survey indicates that 83.3% of landlords and tenants in the Municipality are not even aware that such policies exist, and are therefore unable to take them into account in calculating rent and how much to charge or pay. This implies rent charged does not reflect the true rental value of properties. Interestingly, data from the study area indicates that, a significant proportion of tenants in the Municipality are not aware of the existing rent control law in the country. Tenants has therefore have not taken advantage of it perhaps due to the fact that rent levels from the point of view of most tenants are high. Data collected from the Rent Control Department indicates that, rent laws do not exist only to solve issues relating to high rents, but rather serve as mechanisms that ensure peaceful coexistence between house owners and tenants. This implies that when information is disseminated regarding the operation and services of the landlords to the public, they will know how much rent should charge for a particular type of housing in the Municipality. This information is summarise in table 4.5

Table 4.5: level of awareness of government rent control policies in Wa Municipality

AREA	AWARENESS OF RENT CONTROL POLICIES (LANDLORDS)		AWARENESS OF RENT CONTROL POLICIES (TENANTS)		AWARE OR NOT AWARE (RESPONDENTS)	
Wa Municipality	AWARE	NOT AWARE	AWARE	NOT AWARE	AWARE	NOT AWARE
Total	1	29	14	52	15	81

Source: (field survey, May 2014)

From table 4.5 above, it implies that, governments introduces rent control policies as a means of creating checks and balances in the rental market. This is especially relevant to the rent landlords charge. The Ghana government currently has such a rent law in place. However it appears that landlords in Wa Municipality either have no knowledge of its existence, or have chosen to ignore

it in setting their rents. The landlords who claimed to be aware of the existing rent control laws claimed that even though the rents they charge for accommodation are low, they still would not have taken the rent policy into consideration even if rent in Wa Municipality are high because the rent policies are usually to the disadvantage of landlords. Another reason for the apparent disregard for the rent control policy by landlords and tenants in Wa Municipality is the fact that a greater percentage of tenants in Wa Municipality are not aware of it as expressed by respondent

> Since i started renting three years ago, i have not come across rent control office as a department in Wa Municipality.

4.5 The Amount of Household Income Spent on Rent

The current cost of rental accommodation in Wa Municipality ranges between GHS 400 and GHS 500 per annum for rooms in compounds housing type and most of the tenants in the Municipality seem to be comfortable with the existing rental. The responses given by the respondents in relation to the rent levels in Wa Municipality are indicated in the diagram below. It is important to note that about 90% of the respondents have lived in Wa Municipality for more than three years and as such, the responses indicate their assessment of rent levels based on their observations overtime. Rents in the Municipality are depicted in table 4.5 below:

Table 4.6 Rent in Wa Municipality

Rent ranges (GHS)	Total Respondents	Percentages (%)
200-300	9	9.4
300-400	6	6.3
400-500	38	39.6
500-600	16	16.7
600-700	4	4.2
700-800	6	6.3
800-900	4	14.2
900-1000	1	1.1
1000-2000	12	12.5
Total	96	100

Source: Field Survey, 2014

From table 4.5 above, it can be seen that, the average rent that tenants pay for accommodation falls within GHS400-GHS500 per annum which represent 39.6% out the 96 respondents. This has led most landlords to shift their housing type provided to fall within this range in order to increase the absorption level of housing after completion and as such serves as a basis for development partners who want to engage in housing provision.

4.4.0 Reaction of tenants on level of rental values in Wa Municipality

Rent levels in Wa Municipality appeared to be unsatisfactory from preliminary survey conducted by the group and some few responds from tenants. However, field survey conducted by the group proved that the current level of rent charged by landlords is satisfactory to tenants within the three settlement areas. This data has been presented in the table and the chart below:

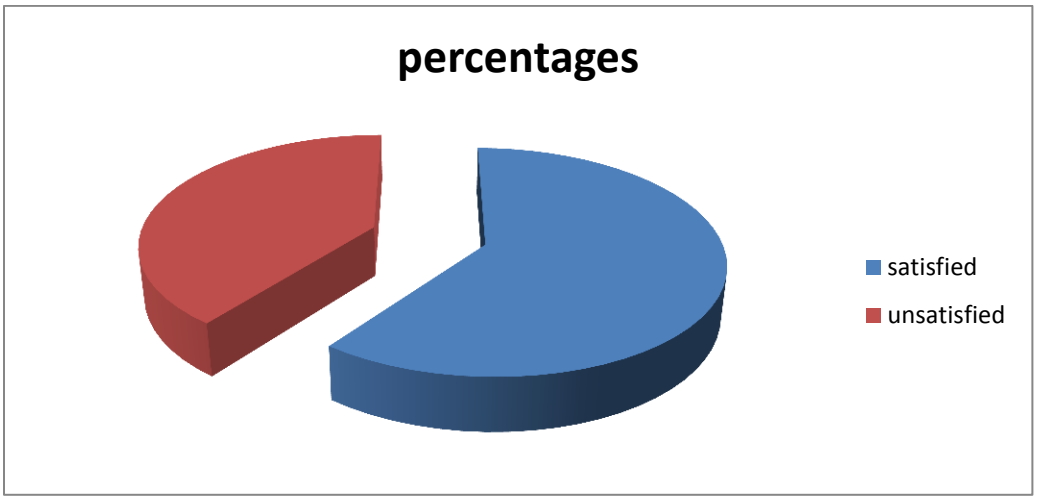
Table 4.7 showing satisfactory level of rent in Wa Municipality

Wa Municipality	Respondents	Percentages
Satisfactory rent	60	62.5%
Unsatisfactory rent	36	37.5%
Total	96	100%

Source: (field survey may 2014)

Satisfaction with rent levels or amount of rent paid from the perspective of the respondents is based on certain factors which include facilities provide for tenant use, location of the house, amount of rent paid which is determined by specific landlords and the expectations of the tenant in relation to the housing environment as shown in table 4.5 above. 62.5% of the respondents in this category claim that they are satisfied with the rent paid which commensurate with the available facilities for use. Contrary to the above assertion, the respondents who indicated dissatisfaction based their argument on the fact that they do not enjoy the levels of facilities and services which the rent they pay should attract.

Figure 4.1: A pie chart showing renters' satisfaction with rent levels



Source: (field survey May 2014)

CHAPTER FIVE

5.0 MAJOR FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Summary

This research basically was carried out in a bid to identify factors that influence rental values in Wa Municipality. This research was carried out in three settlements within the Municipality and other findings from other research and articles by various authors.

The primary focus of this research is factors that influence rental values. These factors appears to be the influencing factors in Ghana and around the world since most authors who have researched rent trends in urban areas of the world have identified various factors which have been adopted as rental values influences. These include location, facilities, neighbourhood characteristics, level of services in the area, size of space and among others. On the basis of this, the group focused this research on determining the factors that influences rental values in the Municipality. This was done by selecting three settlements in the Municipality as the research study area.

Having selected the study areas, the group then went ahead to carry out a field study in Bamahu, Sombo and Kpaguri to find answers to questions relating to the factors that influence rental values in the Municipality. These questions include the average cost of renting accommodation, the level of satisfaction of tenant's vis-à-vis the rent they pay for accommodation, the factors that actually determine the rent paid by tenants, the effects or impacts of government rent control legislation, and new areas of intervention.

The answers to the above questions were solicited from two categories of respondents (tenants and landlords). Other stakeholder institutions such as Rent Control Department, Wa Municipal Assembly and the Lands Commission where also contacted to check some of the issues.

5.1.0 Major findings

Contrary to documented research conducted in some parts of the world regarding the factors that influence rental values, the results from the research conducted in the three settlement areas indicates that, despite its location within the Municipality, the study area appears to have

witnessed an alarming increase in rent levels. The high level of satisfaction that tenants in Wa Municipality expressed in relation to the rents they pay for accommodation is an indication that at present, the effects of increasing population have really made significant impact in the housing and rental market in the settlement. Some other major findings from the research include:

5.1.1 The cost of housing construction and condition

The housing condition in Wa Municipality

One of the major findings from this research has to do with the cost of construction. From field survey conducted by the group, it was found that cost of building materials appears to be the major factor of which landlords consider when constructing their houses or buildings. Responses from landlords proved that aside building materials, labour and land cost play less role in the cost of construction. Some landlords said that, the cost of building materials such as cement, iron rods, roofing sheets and among others keep increasing.

On housing condition, Findings from the research revealed that some settlements have peculiar housing characteristics which include an unplanned environment, poor housing conditions, age and poor levels of services and facilities, etc. Despite the fact that majority of the residents in Wa Municipality expressed satisfaction with their environment especially in relation to facilities, the housing situation in the area could do with some improvement. This is due to the fact that, most of the houses were found not to be maintained. Responds from some landlords indicates that, the current economic realities make them difficult to renovate their houses they provide since the rent they charge does not commensurate with their income received from rent to enable them do annual maintenance.

- Factors that influence rental values

In the second chapter of this study, the group mentioned some factors which have been identified to influence rental values in some part of the world. Most of these factors were found to be an integral part of the rent system in Wa Municipality. However, some new factors were identified to influence rental value in Wa Municipality. This includes population, occupation, and prospective duration of rental. These determinants have varying degrees of influence on rent

levels in Wa Municipality. From the field survey it was revealed that facilities provided for tenant use serves as the major factors that influence rental values

5.1.2The role government plays in housing provision

Government rent control policies

This research reveals that, the government plays a role in the provision of housing for the individual's. Example; the erstwhile Kuffour's affordable housing project, the defunct STX deal and the current contract between the Ghana government and the ADDOHA Group of Morocco.

At present, the only mechanism that is open to government in relation to rent issues is the rigorous enforcement of rent control laws. However, from the evidence generated by the research, the existing rent control law as currently operated would have little or no impact on any rent level increases or reviewed in Wa Municipality like Bamahu, Sombo and Kpaguri. However, it is important to state that while rent control policies are meant to regulate rent levels, such policies should be streamlined to reflect current economic realities. At present, the current rent policy appears not to have been so streamlined. However, data from the Rent Control Department indicates that, the department is facing many problems which make them not functioning properly in the Municipality in the rental housing market. This includes, low staff strength, means of transport and lack of funds.

5.1.3 To Recommend Policies for Housing Provision

Solutions to support the housing industry

There were major concerns raised by both landlords and tenant and the three institutions to address the housing situation in the municipality. From group survey, some tenants suggested that there should be housing standard to guide the landlords in their rental charges. Others also made it known to us that, in order to make an effective housing provision there should be a body of which tenants will consult when they need accommodation in the Municipality. Data from the municipal Assembly also suggested that there should be regular education and sensitization of general public to patronize mortgage house to reduce the rent landlord charge which does not commensurate with the facilities provided.

5.1.4 The Amount of household income spent on rent.

- The rental value

One major findings found by the group was that, the amount of rent paid from their income fall within GHS 400-GHS500 for the predominant housing type which is the compound houses.

On other hand, another major finding has to do with the rent charged. During our data collection especially in Bamahu, the group found out that, landlords do not take into account the room let but take into consideration the number of people occupying the room to charge their rent and as such tenants who cannot afford to pay the full recoverable rent has to search for tenants they don't know to stay with as compared to Sombo and Kpaguri where tenants are comfortable with the rent charging process.

5.2 RECOMMENDATIONS

From the foregoing, it would appear that the major factor that influence rental values in Wa Municipality are the facilities provided in the house. However, indications from the research show that, the situation might soon change from facilities provide to other factors discussed earlier since the Municipality is now growing. There is the need therefore to ensure that certain measures are put in place to mitigate some negative effects that may arise from the expected change in Wa Municipality rental housing. Recommendations as to some measures that can be adopted include:

1. There should be given a high priority to local building materials, which could reduce the cost of building and the improvement of the supply chain of various building materials.
2. The government should also urge the exemption of value added taxes on building components sourced locally as well as import duties on imported goods.
3. The introduction of a mechanism that would ensure that the rent control boards, the house owners and representatives of landlords would be provided with a platform where consensus building can be done. This would go a long way towards promoting optimum peaceful coexistence and reduce incidents of exploitation especially in Bamahu where rent charged does not reflect the true rental value

4. Another mechanism that would ensure that relevant partner agencies to the rent boards like Land Valuation Board must be properly equipped to work with the Rent Control Department. The primary task of these agencies would be to conduct rent assessment exercises and determine actual values of premises. This mechanism would to some extent ensure that rents paid for accommodation are deemed as been fair to all players in the rent market.
5. Proper public education and enlightenment on rent related issues, and the means of gaining redress for any form of exploitation in relation to rent matters. This can be done through the print and electronic media. This would ensure that landlords and tenants are kept abreast of the basic tenets of rent related issues, and would be able to access arbitration when necessary.
6. The Rent Control Department and the Lands Commission should be equipped with the necessary staff and logistics to enable them perform their designated functions. The government should in one way provide funds to facilitate the departmental activities since they are financial handicap.
7. The national housing policy that has been at a draft stage should be adopted to give the country a sense of direction in the provision of affordable housing.

5.3 Conclusion

From the research conducted by the group, it was revealed from other studies that, there are numerous factors that influence rental values in different part of the world depending on the type of accommodation the tenant required such as location, facilities provided, neighbourhood characteristics, age of the building, size of space and among others. In conclusion of this research proved that the main factor that plays a significant role in determining rental values in Wa Municipality is facilities provided for tenant use aside location, neighbourhood characteristics, size of space and others. There may be questions which might arise from the findings of this research which the group feels might be a good starting point for further research. The group however hopes that the results of this research have been able to provide a reasonably accurate picture of the factors that influence rental values in Wa Municipality, and that the

recommendations made, if adopted would have a significant impact on rental values in Wa Municipality.

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