

**ASSESSMENT OF THE EFFECTIVENESS OF SERVICE CHARGE ADMINISTRATION AND MANAGEMENT IN
RESIDENTIAL HOUSING ESTATES IN ILORIN METROPOLIS, KWARA STATE, NIGERIA**

BY

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ABSTRACT

This study evaluated the efficiency of service fee administration and management in residential housing estates. The study focused on the facilities that constitutes service charge, procedures for administered service charge, level of tenant's satisfaction and the challenges of service charge administration. For the purpose of this study, pertinent data were gathered from both primary and secondary sources. The study population comprises of the occupiers of the residential housing Estate in Ilorin metropolis. The study analyzed 200 occupiers of residential housing estate by using closed ended questionnaires indicating 66.7% stratified sampling technique response. In the study, descriptive and inferential data analysis methods were both employed. The findings reveals that the facilities that constitutes service charge in the study area are; standby generator, cleaners of the common area, security and waste disposal and also reveal that the challenges of service charge administration in the study is default in service charge payment in the study area and apportionment of service charge. The study concluded that a service charge is a levy paid by tenants to their landlord or property manager for the upkeep of common services provided by the landlord for their enjoyment. According to the study's recommendations, real estate professionals should be encouraged to make service delivery rates flexible so that customers may receive quality services without having to pay high prices, while the aesthetic quality of the property will be improved upon and occupants will be satisfied with what is been paid for.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Statutory regulation of residential service charges was first introduced under the Housing Finance Act 1972 and successive legislation, notably the Landlord and Tenant Act 1985 and the Common hold and Leasehold Reform Act 2002, has afforded residential tenants even greater protection against abuse. The Housing Finance Act of 1972 created the first government regulation of residential service charges (Bello *et al*, 2020). Over time, a number of parliamentary acts helped to build the statutory framework for service charges. Numerous publications from the Chartered Institute of Housing, National Housing Federation, Leasehold Advisory Service, and Royal Institution of Chartered Surveyors provide comprehensive analysis of leasehold and tenant service fee regulations (Peroman

& Davies, 2013). According to the law, landlords are required to disclose in full the costs associated with providing management services to tenants and leaseholders. Tenants and leaseholders should be responsible for paying the fair costs of administering services. Tenants and leaseholders should be given detailed explanations of management costs (Peroman & Davies, 2013).

According to Wali (2012) the routine creation and content of service charge accounts are not legally obligatory, but they must comply with the conditions of the lease or rental agreement otherwise it may be challenging to recover the charges. Additionally, since each judgment may establish a precedent in the administration of leasehold properties, landlords should keep track of pertinent case law. According to the Landlord and Tenant Act of 1985 (as amended), a landlord may only be reimbursed for costs that were incurred in a reasonable manner. Additionally, it states that it can only be recovered if the work done for the charge is of a reasonable caliber. For example, In Ilorin, there is no specific statutory legislation governing the collecting of service fees. Instead, some knowledgeable property managers and landlords rely on the service fees in the commercial property code of practice, which acts as a community-wide guidance (Abolade *et al.*, 2013). A service charge is only due if it is expressly stipulated in the lease between a tenant and a landlord, and the terms of the lease take precedence over any restrictions outlined in the service charge administration code.

Ground rent, which is often minimal, as well as service fees are due from leaseholders (which are not). In order to pay for services like maintenance, repairs, and buildings insurance, the freeholder of a property that a leaseholder occupies levies a fee known as a "service charge," which may also include lifts, lighting, cleaning, and gardening (Purve, 2021). Service fees

must also be paid for large projects such replacing the roof, windows, elevators, concrete, or brick. Most leasehold residents must pay service fees, and some renters in the private leased sector must as well. More than 500,000 families in London are responsible for paying these fees (London Assembly, 2011). This study aims to evaluate the efficiency of service fee administration and management in a few chosen residential housing estates inside the city of Ilorin.

1.2 Statement of the Research Problem

When numerous renters use the same services, a service charge is necessary. The money paid as a service charge is used to maintain such standard services as security, housekeeping, and backup generators. The payment of service fees has frequently been a point of contention between landlords and their tenants. Residents of residential housing estates were only recently involved in a conflict over the increase in service charge by the housing estate's owners (Saad *et al.*, 2022).

Finding a solution is crucial to the long-term viability of a business since service fee on property location is a problem that both new and current assets suffer with. When constructing a supply chain, a company's property location is essential. Even though managing and preserving assets in Nigeria can be costly and difficult, it is necessary if investment in such properties is to be protected. According to Abolade *et al.*, (2013) commentary on Nigerian view, the culture of administration and maintenance has essentially disappeared, having a negative impact on both social and economic lives. When facilities are not properly managed and maintained, it may result in a number of defects that may cause users of those facilities to be bothered and irritated.

The fundamental purpose of the service charge is to maintain buildings in their original functional, structural, and aesthetic states so that they can stay that way and maintain their investment worth during a lengthy existence. It refers to all after-completion operations taken on a structure to maintain it in its original state, from the building's defects liability period to its disposal. Adejimi (1998), cited by Wali (2012), asserts that although theories and hypotheses are posited and advanced on a daily basis, maintenance issues persist and are thus unresolved. As a result, there is a critical need to see the issue from a different angle.

Many landlords have lost their tenants as a result of the exorbitant service costs they impose on them due to the difficulties in effectively managing service charges in residential units in housing estates inside the city of Ilorin. In addition to the fact that rent is normally expensive, service fees tend to make it more difficult for the average person to find an inexpensive rental home. In the Kwara State capital of Ilorin, residential housing estates are where the problem of exorbitant service charges is most acute. The necessity to maintain a high profile environment, which would involve the provision of these many facilities, emerges given the electrical situation and the existence of enterprises, hence the additional fees.

The misconception that service charges are exclusively for maintenance of common areas should be avoided, they are all encompassing, for the preservation of the building fabric of the property. However, the landlord and tenants are at liberty to decide what should be included in the service charge depending on the features of the property. Several efforts have been made to improve service charge administration and management in order to enhance efficient, affordable and effectiveness on residential property. However, it

remained unclear how the management and administration of the Residential service charge is been administered.

1.3 Aim and Objectives of Study

1.3.1 Aim

The aim of this study is to assess the effectiveness of service charge administration and management in residential housing estates in Ilorin metropolis with a view to ascertain effective service charge delivery system in residential housing estates.

1.3.2 Objectives

In achieving the aim, the followings objectives are set out;

- i. To identify facilities that constitute service charges in residential housing estate in Ilorin metropolis
- ii. To examine the process and procedure for service charge apportionment and management in the study area.
- iii. To examine the level of tenants satisfaction on service charge administration in the study area.
- iv. To investigate the challenges involves in service charge administration in the study area.

1.4 Research Questions

The following research questions will be addressed during the project.

- i. What are the services that constitute service charges?
- ii. What are the process and procedure for service charge apportionment and management?
- iii. What is the level of tenants' satisfaction on service charge administration?
- iv. What are the challenges involves in service charge administration?

1.5 Justification for the Study

Several studies had looked into different aspect of this study such as: Peter (2008) among others discussed in detail the frequently contentious topic of service charges from the viewpoint of the occupier. The purpose is to clarify what should and shouldn't be recoverable for the upkeep and delivery of essential services, typically in multi-tenant buildings. Likewise, (Smeby, 2012) identifies the need for a service charge administrator and the expectations of the property owner.

Ojekalu *et al.*, (2018), conducted a research on service quality of property managers of shopping complexes in Ibadan, Nigeria; The purpose of the study was to assess the management practices of shopping complex property managers in Ibadan. Data were gathered using a questionnaire, and mean ranking and stepwise multiple regression were used to evaluate all of the data. According to the study, the aspects of service quality reliability and responsiveness were scored poorly, whereas professionalism, concrete assurance, and empathy were rated fairly. One of the rare studies that examined the property managers of the shopping center's degree of customer service with the intention of improving their management methods. The survey did not examine tenant satisfaction with management and administration of service charges; it only evaluated service quality on commercial property, not on residential housing estates.

Halvitigala (2018) conducted a research on “The impact of service charge obligations on tenants' satisfaction a viewpoint from New Zealand. The study employs a structured survey of 107 significant tenants in New Zealand to assess tenants' opinions, experiences, and satisfaction with paying service charges in that country. Numerous statistical tests and

thematic analysis were used to analyze the data that had been obtained. The findings show that tenants with direct service charge responsibilities are much less satisfied with their operational expense obligations than tenants without such direct responsibilities. They are unhappy with the service fee management process's interpreting, budgeting, calculating, accounting, assigning, and auditing procedures.

An empirical study of the motivating factor of budgetary control and service charge management performance in the real estate sector was carried out by Okpala (2013). The study's goal is to ascertain the impact of the budgetary control's motivating component on how well a Nigerian property management company manages service charges. Four major PMCs make up the sample frame, and 380 employees are divided into two groups. 95 employees, or 25% of the frame, were randomly chosen for the sample size. Data was gathered via a standardized questionnaire, and multiple regressions were utilized to analyze the results. The Z-test was utilized to confirm the hypothesis. Results showed that budgetary control has a substantial impact on employee motivation, which results in savings in the management of service fee expenditures. According to the study, budgetary management should be tightened to encourage staff to pursue service cost minimization in order to save money or at the very least reach breakeven.

Mckeown, (2018), the data show that defaulter levels are a developing problem in multiunit buildings where service fee collection is concerned. Multi-unit complexes in Ireland have inadequate sinking fund reserves and poor financial planning. Eccles, (2011), the article investigates how accounting practice changes, what drives those changes, and how a best practice benchmark fits into those changes. It focuses on the practice of accounting for service charges in commercial property. It looks at the evolution of service charge

accounting in commercial real estate. The results show that, in comparison to customary accounting procedures used by other professions, best practices are neither burdensome nor superior. In order to manage and account for service charges, data were gathered from the original accounting source document that is frequently sent to commercial leaseholders.

Zhang *et al* (2015) conducting a research on “adopting best practices in service charge administration in Nigeria using some selected residential housing estate in Lagos. Data were gathered using primary sources of data through questionnaires. Findings reveals that exorbitant service charges were been charged from the occupants of those residential housing estate.

The uniqueness of this study is born out of the fact that, there were very limited empirical researches that have examined “Assessment of the effectiveness of service charge administration and management in Residential Housing Estate in Nigeria and Kwara State in particular. However, the limited studies that are available examined service quality and effects of budgetary control on service charge administration and management, none of these previous researchers examine the effectiveness of service charge administration and management in Residential Housing Estate. Therefore, By evaluating the tenants' and landlords' satisfaction in management and administration of service charge in Residential Housing Estate inside Ilorin metropolis, To close the gap between what has been previously examined and the current increase in the construction sector, this study is crucial. The growth of service charges in the residential real estate industry led to an increase in initiatives aimed at better understanding and constructively determining actionable ways to enhance the management and administration of such expenses. The relative size and significance of the residential service charge are increasingly understood, and tenants,

landlords, and managing agents are supporting changes to industry best practices more and more (Bello *et al.*, 2020). However, the effects of the service management effectiveness and charge administration need to be analyzed. The gap between what was previously examined and the current development in the residential housing estate in Kwara State, Nigeria, must therefore be filled by this study. As individuals become more aware of the significance of service charges in residential housing estates in Kwara State, it would also assist us as professionals in avoiding the traps in service charge administration effectiveness. It will also help in sharpening proper policy direction in facility management that conforms to international best practices.

1.6 Scope of the Study

The aim of this study is to assess the effectiveness of service charge administration and management in residential housing estate. Four neighborhoods were selected within Ilorin metropolis and seventeen residential properties were chosen in each area, the chosen areas are; Adewole, GRA, Fate/Tanke and Basin-Area, All these areas were chosen because they are within Residential zones of Ilorin, Kwara State. Secondly, because of the natures of the availability and the standard of the facilities provided in the residential housing estate and lastly, majority of the Residential Housing Estate available in the areas were being managed by Registered Estate Surveyors and Valuers and service charge were administered, Hence, this research work is restricted to effectiveness of service charge administration and management in selected residential housing estate within Ilorin metropolis.

The choice of the study areas are based on historical and political developments. Kwara State was created in 1967 with Ilorin as the state capital, the rationale for choosing Ilorin is

that, apart from being older than Kogi and Niger states which were created in 1991 and 1976 respectively, the state is unlikely to be influenced economically by other nearby states..

Also Ilorin, metropolitan is selected based on increased population of quality housing infrastructure that is far above the contemporary cities within Kwara State. (Belo & Abgatekwe ,2002). Also, Ilorin encourages real estate business activities with reasonable economic drive. Economic growth generates physical development of land and residential property in the study area thus leads to increase in land demand for residential housing especially for residential accommodation investment. Lastly, data on effective service charge administration and management were easily and readily accessible in Ilorin unlike every other developed town within Kwara State.

1.7 The Study Area

1.7.1 Historical background of Ilorin

Ilorin is the capital of Kwara State, Nigeria with a total land area of 765km². It is located in the north central part of Nigeria bordered by Osun State in the West, Niger and Kogi

States from the North. Ilorin is located on latitude 8°30' North and Longitude 4°35' East. It is about 300 km from Lagos, the former Nigeria Capital. The centrality of Ilorin within coordinates 8°30'N 4°35'E makes it to be easily accessible to all parts of the country by air, road transport or rail. Ilorin occupies an area of about 100km² (Ibrahim, 2014). Ilorin is underlain by Precambrian igneous metamorphic rocks of basement complex which are neither porous nor permeable except in places where they have been deeply weathered or zones of weakness. Large area of the town is also underlain by sedimentary rock, which

contains both primary and secondary laterites and alluvial deposits. The soil type has both sandy and clayey deposits lying on top of each other. While the sandy deposit encourage infiltration, the clayey deposit beneath results in water logging; thus encouraging overland flow (Iroye, 2016).

In Ilorin, Kwara State, residential, business, institutional, transportation, and agricultural land uses predominate. 52% of the land is used for habitation, 19% for transportation, and 12% is used for institutional land use. Ilorin's urban land use consumption rate was formerly around 0.0007 hectares per year, but it rose to 0.006 in 1963, 0.007 in 1973, and then to 0.01 in 1982. This increase in land consumption rate signals a new land use pattern that will become more advanced over time. The three local government areas in Ilorin have varying land use types and densities (Kwara State Master Plan, 1990).

Ibrahim (2014) in his study shows that spatial expansion of Ilorin is propelled by rapid population growth i.e in the 1931 the population of the town was 100, 592, which grew in 1963 to 208, 546 with expected growth experienced in the 1991 census with a population of 532, 088. It is projected that by the year 2020, the population of Ilorin will reach a high figure of 3,518, 771. In spite of the growing population, demand for land to build houses for residential use and industries are on the increase, thereby causing physical growth of the study area. Furthermore, built up area of the study area in the year 1960 was 1235.84 Ha, which rose to 3170.24 Ha in the year 1980. The year 2010 witnessed a rapid physical development of Ilorin to 14,306.71 Ha.

The old city center, which is composed of the following locations: Oke-Lele, Pakata, Adangba, Omoda, Ajikobi, Oloje, Gegele, Sanni-Okin, Eruda, Balogun Fulani, Alanamu,

and Ita-Adu, is primarily made up of high-density old compound and tenement houses mixed in with blocks of flats. Oloje, Kulende, Irewolede, Ganmo, Gaa-Akanbi,

Elekoyangan, Taiwo Road, Polytechnic permanent site campus along Jebbaroad, and the Mandate estate are among the regions with areas of medium density. Their two, three, and four-bedroom bungalows set them apart, as well as by additions and renovations that provide extra rooms to suit larger crowds.

Low-density areas can also be found in the Ahmadu Bello way/Government House area, Adewole Estate, Sabo-Oke GRA, Asa Dam, Pipeline road, and a portion of the Unilorin permanent site area. The majority of the dwellings in these regions are duplexes, maisonettes, and detached bungalows with two to five bedrooms. The Western Reservoir Road, Asa Dam Road, Gaa-Imam along Ajase-Ipo Road, and the recently developed outside suburbs, including Agunbelowo, Olorunsogo, Odota, and Eyeenkorin, as well as Sobi Barracks and Alagbado along the Ilorin-Shao Road to the north and Sobi Barracks and Alagbado along the Ilorin-Kaiama Road to the Metropolitan sections of the city were covered by the residential land use. Traditional Central Business Districts still have a major presence in the city along Taiwo Road, Unity Road, Muritala Muhammad, Post Office, and Challenge.

1.7.2 Geographical location and climate

Ilorin is situated at an average elevation of roughly 290 meters at latitudes 8° 30'N and 4° 33'E. Every year, Ilorin has the rainy season and the dry season, which are two separate seasons. The highest mean monthly rainfall is nearly 340 mm in September, with a mean annual rainfall of 1454 mm (55 inches) (11.7 inches). Beginning in April and lasting until November is the rainy season. The average monthly temperature ranges from 24.1 C (70F) in August to 29.5 C (87F) in March (77F).

1.7.3 Population of inhabitant

Ilorin is the 13th largest city in Nigeria in terms of population, according to the 2006 National Population Census (geonames database, 2007). Most of the settlers in the city are

Fulani and Yoruba. There are a sizable number of individuals from various regions of Nigeria in the population, making it diverse.

1.7.4 Economic profile

Ilorin's economy has grown thanks to a variety of healthy industries. They consist of the 7UP Company, Dangote Flour Mill, Nigerian Bottling Company, Kamwil Nigeria Limited, and others. Since the State was founded in 1967, Ilorin's political economy has improved, which has led to developments like the creation of financial institutions, asset and portfolio management firms, brokers and securities firms, etc.

1.7.5 Property investment in Ilorin

The property investment in Ilorin is becoming increasingly attractive, because the demand for personal home as owner occupied and rented apartments as tenants prompted the private developers and public-private partnership initiative to embark on housing development in Ilorin. Among the private developers' housing development is Olomu Housing Estate along Ajase-Ipo Road and public-private partnership initiative housing development is Harmony Housing Estate at Kulende area of Ilorin. The property investment in Ilorin is booming better to the level of booming the economy of the state (NIESV Kwara State

Branch, Directory, 2017).

Table 1.2: Residential building development, plot size and composition in Ilorin

Activities Observed in Ilorin	Remark
Division of plots	Standard plots of 30m x 30m (900m ²) are being divided into smaller plots of 30m x 15m (450m ²) or 15m by 15m (225m ²) by land owners or land speculators to sell it to any prospective buyer who wants to build for residential purposes.
Clogged Residential Development	Many of the residential buildings are constructed without putting into consideration the development and planning regulations for instance no setbacks, no landscaping, no adequate accessibility and so on, while some do in accordance with the Kwara State Development Board
Building Conversion	More than 90% of the residential dwelling in some neighbourhoods had been converted to commercial properties such as shops and offices and so on. The reason for this high rate of conversion in some of the neighbourhoods is that some streets that have been converted to commercial belts, because the properties in those areas are situated along the major streets.
Vertical Extension of Residential Dwellings	Increase in demand for residential dwellings brings about the conversion, extension, renovation and probably reconstruction of old and obsolete residential buildings jointly by family members or by

individual home owners within the inner city. This is done in order to meet the demand for residential dwellings within the inner city.

Source: Kwara State Town Planning and Development Authority (2021)

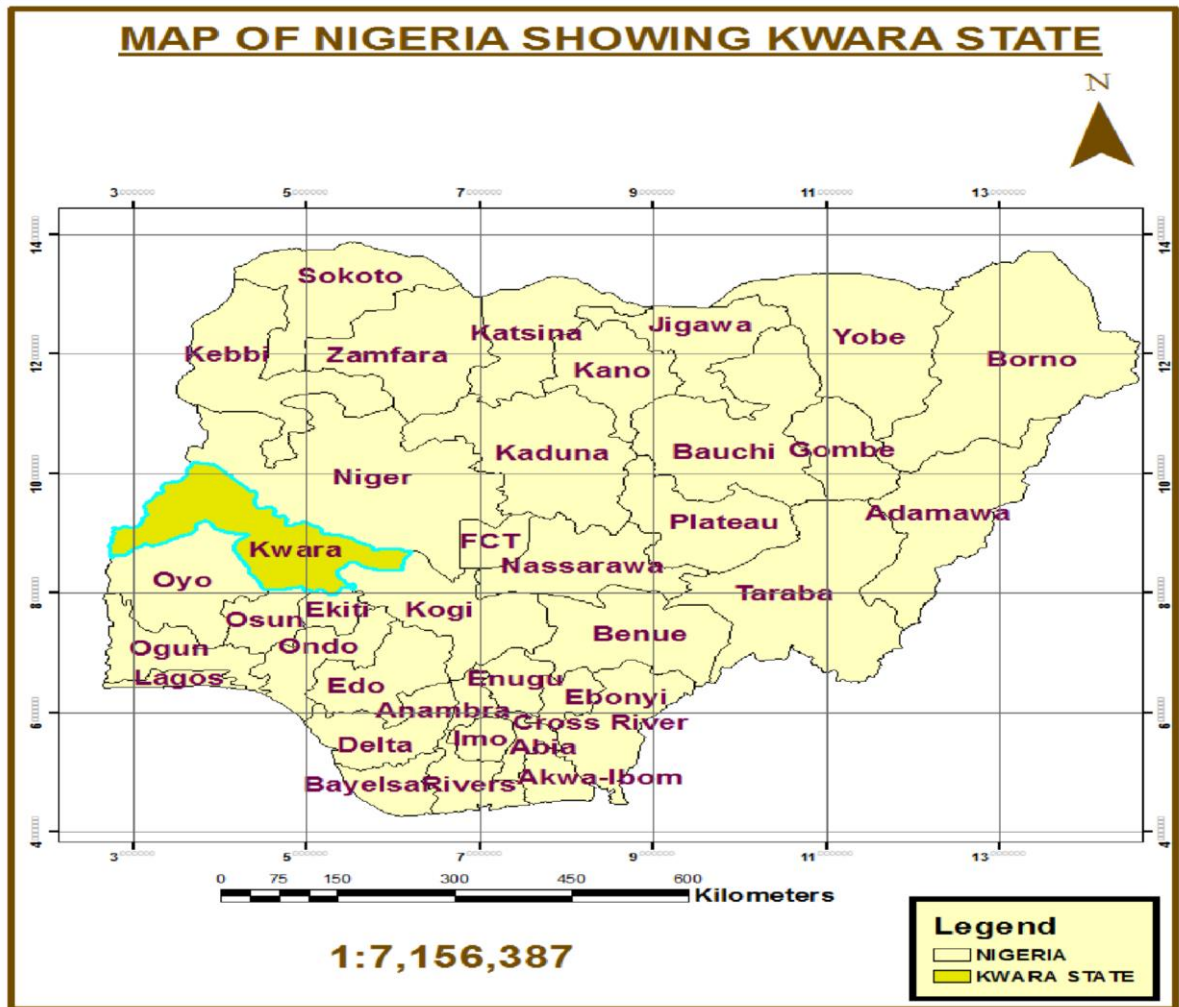


Figure 1: Map of Nigeria showing Kwara State
Source: Kwara State Bureau of Land Cartography Section

MAP OF KWARA STATE SHOWING ILORIN

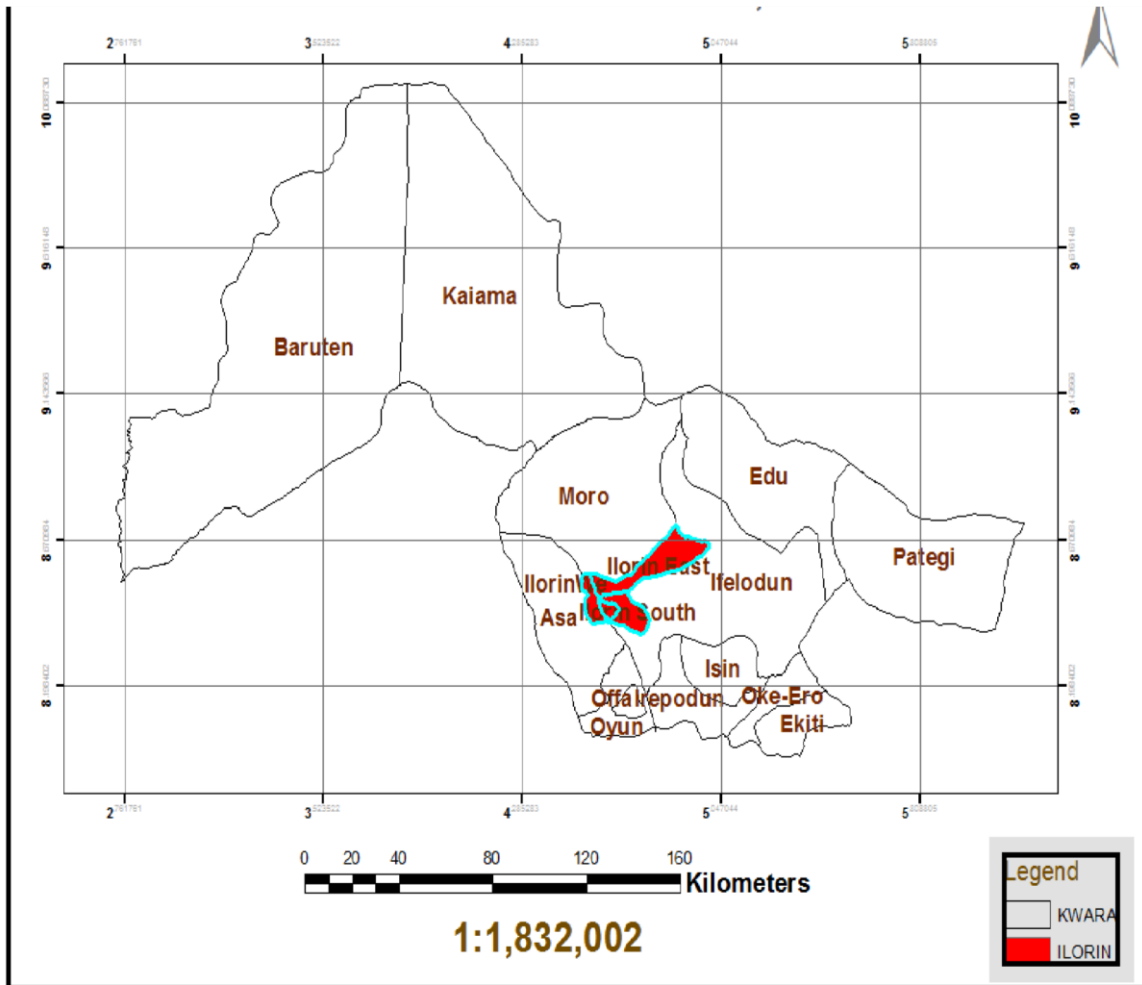


Figure 2: Selected neighbourhoods in the context of Ilorin metropolis

Source: Kwara State Town Planning and Development Authority Cartography Section

(2021)

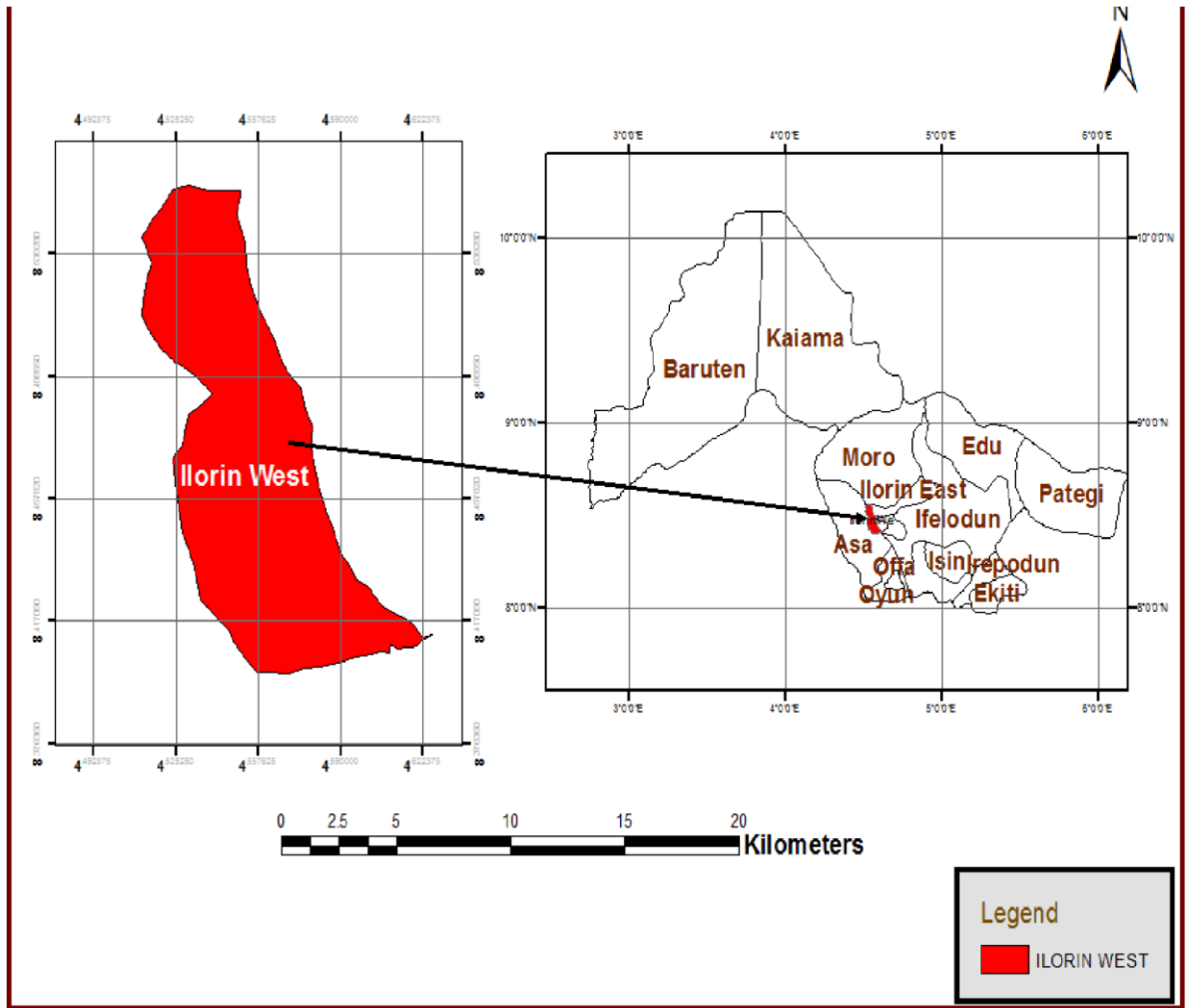


Figure 3: Selected neighbourhoods in the context of Ilorin metropolis
 Source: Kwara State Town Planning and Development Authority Cartography Section (2021)

CHAPTER TWO

LITERATURE REVIEW

2.1 An Overview of Property Management

Olajide & Kolawole (2013) reference Thnicroft 1971 as saying that different academics have given management various definitions. Depending on the school of thought they follow and their background, these academics approach management from various angles. Given this, property management refers to the direction, monitoring, and control of an investment or interests in landed properties with the goal of obtaining the best returns. These benefits need not simply be monetary; they could also involve fame, influence, or other objectives.

Miles (2005) opined Property management is the proper up-keeping of land and building, the provision and maintenance of capital works full and property use of estate resources to pressure, converse, exploit and reassure them for good of the estate and of all those who may derive profit, pleasure and enjoyment from them and further analyse that management varies from property and various techniques of management are mostly applies to various properties. Hence, some system of management applied to different properties might not yield the same expected return, this lead to the awareness of change and modification in property management which are as follows:

- i. Satisfaction of economic and social needs.
- ii. Profit or optimization of return.
- iii. Social benefit.
- iv. Continuity.
- v. Prestige and political power.

2.1.1 Satisfaction of economic and social needs

It can be said emphatically that this is the first aim of every estate or business concern, each estate or property has an economic function whether is to produce shelter in the form of building or to provide land which may yield raw materials. These functions are the reason for the existence of the estate in its existing form.

2.1.2 Profit/optimization of returns

For private ownership, profit or at least avoidance of losses is usually essential. The usual path making profit is by maximizing returns and frequently restricted, especially on estate subject to lease. It is necessary to note that profit aim of estate management need to be directly financial. For instance, the enjoyment of an owner occupies his house, shops or factory that would otherwise cost him rent is obviously a profitable return.

2.1.3 Continuity

This is the wish of many estate owners, to safe guard the continuity of their property for their children. The wide spread concerned of estate to be held in their ancestral ownership account for devise and use of the strict settlement as a means of keeping properties within their families.

2.1.4 Prestige and power

The word estate and status have the same root for a long period in history right to present a man's position in many societies is determined by the extent of his land ownership.

2.2 Concept of Residential Property

Residential property goes beyond simple housing and includes the amenities and other facets of the social environment that connects a person to their immediate and distant

neighborhood (Adeniyi, 2007). It is uncommon to discover a residential home unoccupied for more than a few weeks without effective demand from potential tenants. Real estate developers would continue to be drawn in by the rising demand for residential real estate in our urban centers. This is a result of the rising rent, which is typically associated with the property (Adeniyi, 2007).

House prices are not just determined by convenience, but also by the area's environmental qualities. The surrounding environment must be considered, including neighborhood amenities, parks, and levels of neighborhood security. The site under study is also pertinent to the overall urban structure. According to Adeniyi (2007), existing infrastructure is used more effectively in built-up urban regions to balance urban structure and the expense of constructing urban infrastructure. Sewage and drain systems, public transportation, roadways, and social infrastructure including hospitals, schools, and other neighborhood services are all included in the infrastructure.

Residential property is a property use as an accommodation. (Royal Institute of Chartered Surveyor (RICS), 2006). Okunola *et al.*, (2012) in his book principles of property development and management state that residential property is used as dwelling accommodation which is otherwise known as houses which can be rural, urban, sub urban and also varies in design which can be mansionette, duplex, block of flats and tenement buildings. The value which a residential property can command depends on a location, position and physical characteristics.

2.3 Residential Property Development

On the pattern of residential property development in connection to metropolitan expansion and development, there is a variety of literature. In the literature, there has been discussion of geographic mismatch, jobs/housing balance, rent gradients, population density, and monocentric and polycentric models. Less emphasis has been paid to the factors that determine the precise location of residential development among the numerous prospective suitable sites that are available (Miles, 2005). Miles (2000) believes that major locational determinants for residential development include the following;

- i. Physical development suitability: slope, soils, hydrology, and land availability
- ii. Legal limitations and governmental directives (zoning and other land use controls)
- iii. Existing land use patterns and where other residential developments are located
- iv. Accessibility, includes being close to interstate roads, and distance from potential employment sources
- v. Accessibility to facilities;
- vii. Distance to the nearest store (water, restaurants and shopping, golf, parks)
- vi. Neighborhood considerations include the age of nearby housing stock, nearby schools, and the crime rate.

When compared across the spectrum of criteria, numerous sites might be suitable, but only one gets created. Although there are viable sites in various sections of a city, further growth may only go in one sector or direction. This implies that some elements might be more crucial than others when deciding where to locate a new project.

According to Olujimi & Bello (2009), the rising demand for residential real estate in our metropolitan centers would keep real estate investors interested. This is because property rents would continue to rise. This is backed by the land economy hypothesis, which contends that supply and demand are balanced if there is a home available for rent or purchase at a cost that enables supply to balance demand for each new household that effectively uses demand.

Therefore, it should be assumed that when housing demand rises, so will the price or rent for such homes, which eventually motivates investors to start new developments. Accordingly, cities grow as a result of the economic needs that need the concentration of people and activity in a particular location. Urban areas transition from agrarian societies to contemporary industrial economies in terms of lifestyle. This is brought about by improvements in transportation infrastructure, an increase in cross-regional trade, and the growing relevance of service industries.

2.4 Factors Affecting Residential Property Development

Government regulations, particularly those that restrict land development, have the effect of reducing the supply of land. Land use zoning, in particular, can influence the supply of land and, consequently, land prices (Hui, 2004). The relative shortage of land is the biggest issue facing property development. The supply of land is generally fixed. However, competition between several possible uses may result in the best possible use of the property. While the aforementioned factors can have a significant impact on the supply of urban land in the majority of emerging nations, there may be special factors associated to a specific place.

Residential land value is a complex good that is determined by supply-side spatial fixity, durability, and structural rigidity. Each residential unit has a specific characteristic, such as its proximity to a workplace, hospital, school, transportation service, neighborhood, and environmental quality.

Traditional theory looks at how proximity to employment centers, property prices, and accessibility to central places all affect one other, with individuals who pay more benefiting from lower transportation expenses to the CBD. People frequently relocate to less accessible areas where property prices are allegedly lower when land value grows. The real estate market, however, is a dynamic and stochastic entity by nature. The market's heterogeneity combined with hidden changes in location across properties is what causes the link between land prices and geographical characteristics.

2.5 Types of Residential Property

This can be sub-divided into different design/density groups – rooming houses, multiapartment blocks, terrace houses, semi-detached and the detached. Rooming houses colloquially referred to as ‘tenements’ is commonly understood as accommodation units in single or double room apartments per family. There are usually rows of rooms or combination thereof either taking the ‘face-to-face’ Brazilian design, the ‘back-to-back’ Hausa architecture or any other configuration having combined kitchen, toilet and bathroom facilities. This type of accommodation is of high density, found near city centres and generally occupied by low income earners. Rooming houses have high occupancy rate

(low vacancy) and high rental income vis-à-vis the low standard cum cost of construction (high yield) but also tend to witness high rate of rental default, much friction among occupiers and a high cost of management (Brandy, 2003).

Multi-apartment blocks can be more than a floor with each accommodation unit on one floor and providing exclusive kitchen, toilet and bathroom for each family or apartment. This could take the form of one, two or three-bedroom flats. A terrace house is usually a family apartment on more than one floor but with the building being comprised three or more of such accommodation units in a row form. This is another form of medium density residential. Semi-detached residential provides for two units of accommodation either sharing a common partition wall or as combined within a defined premises. This can apply to either a bungalow or a storey (or more) block. Two apartments in bungalow (single floor building) separated by a common partition wall may also be viewed as a block of two flats which descriptions does not however, fit two bungalows sharing the same fenced premises. When the semi-detached block is on more than a floor either separated by common partition wall or as separate blocks within one cartilage, it is referred to as a duplex. Fully detached block is for single family accommodation either as a bungalow or storey blocks (on two or more floors). This usually represents the highest hierarchy of residential units in a low density setting and occupied by the high-income group but prone to high vacancy rate (Peter, 2008)

2.6 Concept of Service Charge

One of the things that is hardest to pinpoint is the service description. Services cannot be easily measured since they are intangible items, in contrast to manufactured goods that have particular dimensions, measurements, and attributes connected with them, claims Brandy (2003). It is challenging to obtain consistent results from individuals who are involved in the service process because people frequently operate from their own frames

of reference and provide the kind of service they feel most comfortable giving or receiving in the absence of defined criteria (Shostack, 1992).

According to Moran (2007), the services offered would depend on the type and nature of the premises and may involve repairing, decorating, and maintaining plants, machinery, air conditioning, and lighting of retained parts, fire safety precautions, equipment, garbage collection, and garden cleaning, as well as maintaining structural components of the premises border, such as signage, paying for legal and other professional costs, hiring employees for security purposes, and more. A wide range of services, including those for the lessor, lessee, and others, must be offered in order to be extremely beneficial and pertinent to the needs of the property. Royal Institute of Chartered Surveyors (RICS, 2006). A service fee is described in the Tenancy Occupation Act, Section 18(1), as "a sum payable by a tenant of a home which is payable, directly or indirectly, for services, repairs, maintenance, improvements, insurance, or the landlord's costs of management; and the whole or portion of which fluctuates or may vary according to the relevant costs in Estate Ma Stapleton" (1994).

According to Nwankwo (2004), a service charge is an additional rent sum that landlords or managing agents receive from tenants or other property occupants in exchange for performing common activities that have been agreed upon by the landlord but which the renter is unable to perform on their own. According to the Royal Institute of Chartered Surveyor (2011), service charges are a way for property owners to recoup from building occupants all costs incurred in the maintenance and repair of the building's common areas, equipment, and plants as well as the provision of shared amenities. The amount of the service charge varies yearly depending on the type of work completed in a given year.

Ogunleye (2013) expressed that service charge could be a fixed variable amount and it is not just paid by tenant alone but property owners also pays service charge a times where the owner or property agent controlling the property employ an outside manager to take care of maintenance of its property. Depending on the tenancy agreement, service that come under service charge could be structural repairs and insurance, lifts, cleaning of the surroundings and it can also be referred to as service maintenance charge” (Kuye,2000). According to Mucunguzi (2014) service charge is the sum paid by a tenant to protect the landlord against actual and anticipated costs for the upkeep, repair, and replacement of specific components of the building's structure, finishes, and equipment that are not directly the tenant's responsibility. It also covers other expenses referred to as sinking funds, replacement charges, and reserve funds. A service charge is a way for a property owner to recoup costs for a building with several tenants' common facilities (Holt & Eccles, 2011, RICS, 2010 cited in Halvitigala, 2018).

According to Perroman & Davies (2013), service costs are the sums that landlords charge renters to pay for any additional amenities or services they may offer. The provision of a generator, routine compound cleaning, the installation of air conditioners, gardening, and general maintenance are some examples of these services. These service fees in the majority of brand-new rental homes and flats can amount to up to 50% of the apartment's initial rental price. Service charge expenses ought to be limited to fees and related overhead expenses that the owner has legitimately incurred in operating the property, such as reasonable maintenance, repair, and replacement costs (where feasible) for the building's structure, machinery, equipment, and supplies.

A service charge is a sum paid by a tenant as a fraction of or in addition to rent for services, repairs, maintenance, insurance, upgrades, or management costs, according to the Royal Institute of Chartered Surveyors (RICS). In accordance with the provisions of the lease agreement between the parties, the service charge's amount may change depending on the cost already incurred or still to be incurred.

Landlords prefer a clear lease that enables them to renounce their duties to pay for the expense of providing the renters with necessary property-related services. The fundamental goal of any service charge clause in a lease is to make sure that someone is in charge of the upkeep and repair of every component of the property (Edward & Krendel, 2007).

2.7 Service Charge Structure

Generally speaking, the landlord is required to fulfill certain obligations under the lease and may do so in exchange for a service fee. The dates of the service charge period and the frequency of payments are often specified in the lease. The service charge period is typically one year, however payments could be required every six months, every three months, or even after the costs have accrued in some circumstances. The percentage or proportion of the service charge that you must pay will often be outlined in your lease. For instance, you can be required to pay a portion of the fee based on the apartment's square footage relative to the size of the entire building. You could also base your portion of the fee on a straightforward percentage of the overall service charge or, in older leases, on the rateable value of your apartment as a percentage of the apartment as a whole. It is not uncommon for the lease to simply state that each lessee is responsible for paying a "just" or "fair" share of the service charge. There may be separate service fees for the various groups of renters

if they receive different services. The terms of the lease include whether the renter must make advance payments and, if so, whether they must be based on the cost from the previous year or an estimate for the upcoming year. If the costs are not covered by the payments that the tenant had initially made, there will frequently be a final charge required at the end of the year when the real costs are known. In this case, the landlord will issue a bill and request payment from the renter for the deficiency. According to the terms of the lease, additional funds may be paid to leaseholders if the total payments made to date exceed the actual expenditures (Moran, 2007).

2.8 Facilities that Constitute Service Charge

Bello *et al.*, (2020) opined that Facilities that constitute service charge in a residential building varies based on the type of building which could be high rise, duplex, bungalow and mansion. Below are items that constitute service charge: maintenance and repairs of lifts and air conditioning system, maintenance of standby electricity generator, provision of security, maintenance of fire system in case of an outbreak, cleaning and lightening of common parts, clearing of septic tanks, cess pool and soakaway pit, refuse disposal, allocation of parking lots, maintenance of sewage treatment plants, furnishing of common part and maintenance offices and pest control and rodents eradication, and any other services to be jointly offered to the tenants (Bello *et al.*, 2020).

According to Smeby (2012), service fees are frequently charged in Nigeria for multi-tenant properties when it is necessary for the landlord and his agent to arrange for services including gardening, cleaning, security, waste disposal, and generator fueling. The service fund is used to maintain the landlord's amenities that tenants share, including cleaning of common areas like parking lots, lawns, stairwell compounds, and landscape areas, clearing

of trash from the property, repainting of common areas, and maintenance of operator salaries, replacement and rechargeable fire extinguishers, maintenance of drainage channels and estate roads, and lighting of common areas.

According to Mckeown and Sir (2018) classified facilities that constitute service charge as follows: repair and maintenance of common areas, car parks, footpaths, roads; cleaning of public spaces, windows, carpets/mats, gutters, and drains; lift maintenance and inspections; lighting and power for public spaces; pest control; gardening and landscaping; internal and external locks, intercoms, and gates and doors for security; Fire extinguishers, smoke alarms, health and safety inspections, garbage collection, and recycling are all aspects of safety;

Saad et al, (2022) asserted that service charge costs shouldn't include any of the following: any upfront costs (including the price of leasing equipment) associated with the initial design and building of the fabric, plant, or equipment; any setup costs, such as those associated with furnishing and equipping the on-site management offices that are logically viewed as a component of the property's initial development cost; Any update will be more expensive than routine maintenance, repair, or replacement. When expenditure can be justified following an analysis of reasonable options and alternatives and with regard to a cost-benefit analysis over the term of the occupiers' leases, service charge costs may also include improving the fabric, plant, or equipment. Managers need to offer the data that supports this choice. Costs of future redevelopment. Costs and charges associated with the owner's investment interest, such as asset management fees, rental unit leasing costs, and disputes between the owner and a specific occupant. Activities including the enforcement of lease covenants, handling landlord consents for assignments, subletting, changes, rent reviews, increased operating hours, etc. may fall under this last category.

2.9 Purpose of Service Charge

Okoli (1990) identified the following purposes of service charge:-

1. It ensures that common services are paid for and the working life of all installed equipment guaranteed.
2. Effectively run services put a property in a condition that it continues to command full open market rent.

The services offered vary according to the kind of lodging and lease terms. Leaseholders or tenants are not required to pay if there is no express requirement stated in the lease or tenancy, nor is a landlord required to supply all services itself or to offer any services that are not covered by a lease or tenancy

2.9.1 Procedures for service charge administration

Landlords may impose service charges on renters to cover the cost of any additional amenities or services they might offer within the rental unit. These services may include providing a generator, performing routine maintenance or general cleaning on the compound's communal areas, or installing air conditioning. These service fees in the majority of newly constructed homes and flats for rent could amount to up to 50% of the apartment's initial rental price. The process use in the administration of service charge varies based on types of property such as; bungalow and duplex. Ogunleye (2013) established 5 steps in determining service charge, which is highlighted below:

1. Advisable service charge
2. Determining the amount of service charge.
3. Fixed service charge.

4. Service charge year.
5. Collection of service charge.

In the work of Ogunleye (2013) several subsidiaries aspects of service charge ensued which are itemized below:

2.9.2 Advisable service charge

When properties are managed under revised service charge where a provisional sum of money is collected at the time of leasing or letting as well as the commencement of service charge year and the collection of the balance payment at the end of the service charge year after rendering the account to the tenants

2.9.3 Determining the amount of service charge

Service charge can be fixed or revisable, the amount to be paid by tenants as service charge is mostly determined by the manager through information on comparable property, when the property is a new one especially, if it's a property he has been handling for a while, the previous year service charge will determine the new one to be paid by the tenant for the same building with respect to inflation. Service charge fee should not be too high because it can lead to loss of tenants to a building with a less service charge fee.

2.9.4 Fixed service charge

The service charge fee that is stable i.e. fixed irrespective of the fluctuations in price of material that will be use to maintain the building or level of the economy of the nation at a particular period of time due to the unstable economy of the nation (Nigeria) , it always make this type of service charge high and can allow a few class of human being to let such properties so as to pay conveniently without stress or problem between the lessor and the

lessee.

2.9.5 Service charge year

This is a type of service charge fee allocated to a tenants based on the year or date he or she moves into the property which makes the service charge fee paid by the tenants vary from one another in the building operating with this type of allocation of service charge.

This is done because the units of accommodation is not always let/ get at the same period of time.

2.9.6 Collection of service charge

Service charge fee is collected with rent in a property and its usually demanded before the end of the current year which can be two or one month before and it will be paid by the tenant without any increment by the lessor (owner) or management agents irrespective of the cost to be incurred .

2.10 Methods of Service Charge

According to Saad et *al.* (2022) there are three notable ways in which service charge can be determined and it's as follow:

1. Payment of lump sum per annum.
2. Service charge year.
3. Payment based on space occupied.

2.10.1 Payment of lump sum per annum

This is when tenants pays certain package of his annual rent and service charge. It also done when tenants occupies small space of a building which could be flat, unit rooms

2.10.2 Service charge year

This is the type of fee paid by the tenants after estimating the cost of maintenance by the landlord or managing agents.

2.10.3 Payment based on space occupied

This is used after the total annual estimate a comparison of the subject property's total rentable space and the cost of maintaining the accessible shared facilities. Rent payments used to cover service fees, but as prices and inflation rose, landlords wanted to make sure they recovered all of their costs each year, according to Smeby's (2012) opinion, which was supported by additional information. Some outdated leases and tenancy agreements still call for the imposition of a fixed service charge. Regardless of the actual costs to the landlords, these fees cannot be changed without the tenants' approval, and the landlord bears the risk of any under- or overspending.

The majorities of service fees, on the other hand, is based on the real or expected cost of the provided services and hence change from year to year. These are referred to as variable service fees (Oyedele, 2013)

Setting variable service costs and the cycle on which they will be billed must start with the lease or tenancy agreement. The terms of payment for leases and tenancies vary, ranging from monthly to yearly, in arrears or in advance. Depending on the lease or tenancy, there may or may not be provisions for payment on estimates. Additionally, leases or tenancies may stipulate a specific charge amount, a percentage, or only that the landlord must be just and equitable. For landlords, who might have to adhere to a variety of leases or tenancies, this could be complicated (Oyedele, 2013).

2.11 Demands for Service Charge

According to Saad *et al.* (2022), an agent's name and address is insufficient when a landlord requests a service charge; the landlord's name and address must be included. A "summary of Leaseholders' Rights and Obligations" must also be included in the demand. This provides information on things like the above-mentioned leaseholder's entitlement to apply to the Tribunal. According to the legislation, the leaseholder has a legal right to withhold payment until the service charge is asked properly if the demand does not meet one of these criteria.

Demands for service fees that you owe your landlord must be made in writing and include both their name and address. You do not have to pay the service charge until you receive your landlord's name and address if they are not included on the demand. This does not apply if you are required to pay the service charge to a management firm listed in the lease as opposed to your landlord directly. The demands need not include your landlord's name and address, but they must still be in writing.

Although it is possible for landlords to make requests after the fact, the lease frequently allows them to require the service charge before work is completed or services are provided. If this happens, your landlord must issue the demand within 18 months of the time they become obligated to pay for the finished project or the services provided. This obligation to pay may be established by the presentation of an uncontested invoice from the supplier or contractor or by the actual payment of the invoice. They cannot recover the costs if they issue the demand after this deadline unless they serve you with a notice stating that they have accrued costs for the work or services and that you will be required to contribute to

those costs by paying a service charge within 18 months of the landlord becoming obligated to pay for the work or services (Saad *et al.* 2022)

2.12 Challenges in Service Charge Administration

The problem with service charges, according to Calvert & Lockyer (2005), is that they differ in terms of their name, type, and timing of influence on renters' budgeting and accounting procedures. What's more, the situation is becoming worse. Although there is no cap on service charges, the landlord can only be reimbursed for reasonable costs. Any service costs that you believe to be excessive may be contested by filing an application with the tribunal. Finding out what the present and foreseeable service fees would be is crucial when thinking about purchasing a leasehold apartment. Normally, the seller will be questioned by your solicitor for this information. Since there is no enforceable code of conduct in the sector, every lease is unique and only has a few legal requirements. Rent is obvious, but service fees are an additional cost. Other difficulties include.

2.12.1 Management style

One of the problems is the property manager ways of doing things by not carrying along the tenant in decision making on the use of service charge fee by only giving them report of the expenditure carried out and cut across ;

- i. Lack of transparency.
- ii. Lack of effective communication. iii.
Improper accounting system.
- iv. Lack of supplementary account.

2.12.2 Apportionment of electricity bill

This is the breakdown of the total consumption and charges brought by the (Ibadan Electricity Distribution Company (IBEDC) to the whole of the occupants that is, lessee in the building which depends on the consumption of each tenant gotten from the check meter in the building and problems occur when carrying out this function by the managing firm, which are:

- a. Faulty check meter'
- b. Demand of service charge on PHCN apportionment.
- c. Disparity in check meter as against the direct PHCN mass metre.
- d. Billing unit without metre.
- e. Lack of technology.

2.12.3 Payment of service charge

This is the art of requesting service charge fee from tenant and always come with problems, such as ;

- i. Non payment by some tenant as at when due
and might affect the budget for that period.
- ii. Install mental payment by some tenants. iii.
Void period losses in the building.

2.12.4 Lack of budget

The managing firm doesn't have a budget and only spend when the need arises which makes the service charge fee insufficient for its purpose of collection and causes a gap between the lessee and the lessor and makes the service charge for the following year exorbitant.

2.13 Procedures for the Administration of Residential Service Charge

2.13.1 Planning

The first step in maximizing the management of available resources is planning organizational activities, which entails looking ahead and anticipating the future, making decisions based on available alternative means to achieve specific objectives, and creating action plans to achieve those objectives (Obadan, 2003). According to Calvert (2006), planning is the process of defining the organization's goal and developing an overall strategy for accomplishing the goals. Planning also entails determining appropriate courses of action to carry out the defined aim. creating a thorough set of plans to organize organizational activities and integrate cause.

The first managerial function is planning, which comes before all other managerial functions and is present at all levels of management, with senior management being responsible for strategic planning. Lower management focuses on operational planning and efficiency, while middle management is in charge of administrative planning. A plan's efficiency is determined by how well it contributes to its goals in the most cost-effective way. Planning also emphasizes precise forecasting (Sorqvist, 1997).

2.13.2 Cost projection

One of the most important responsibilities of a service charge administrator is cost forecasting since they must create a budget for the expense of the service charge and keep it under control for the time period in question. Budgeting is the practice of allocating existing assets among individuals for a given goal at a specific time. This illustrates that while human desire is unrestricted, there are insufficient resources to fully satisfy it (Wali, 2012).

2.13.3 Apportionment

Wali (2012), express that after the budget has been drawn, apportionment is the next stage which is the process of dividing among the tenants the portion of the total service charge cost for the property which can be either fixed amount of money or a fixed percentage on the total of the service charge and the method being use must be demonstrated fair and reasonable.

Because it involves using management procedures to achieve the desired results, such as resource allocation, information development, decision-making procedures, and resource management to ensure that the organization stays within the anticipated level of spending, allocation is also sometimes referred to as implementation (Adeniyi, 2007).

2.14 Residents Satisfaction with Service Charge Administration

Residential satisfaction is a measurement of people' contentment with both their living arrangements and the surrounding area (Ogu 2002). According to a study by Mohit and Azim (2012) conducted in the Maldives, the majority of people living in public housing in Hulhumale were not particularly satisfied with their current living arrangements. However,

satisfaction levels for services and public facilities were higher than for the social environment of housing estates and the actual space inside individual homes.

According to Mohit, Ibrahim, and Rashid's (2010) research in Malaysia, the majority of households in newly constructed public low-cost housing in Kuala Lumpur were mostly content with the neighborhood's social atmosphere and the services provided to housing units, but only slightly content with the surroundings and conditions of their actual homes..

The study by Zhang, Ye, Song, and Liu (2015) reveals a significant degree of discontent in Hong Kong, particularly in the areas of estate upkeep and cleanliness, building envelope integrity, and residents' access to public transportation. Similar to this, Ibem, Opoko, Adeboye, and Amole (2013) found that the majority of people living in public housing in the Federal Capital Territory of Abuja were not happy with the buildings' physical and spatial attributes or the estates' general management. However, they were satisfied with the neighborhood amenities.

Similarly, a study by Ha (2008) in South Korea found that while residents were mostly dissatisfied with landscaping and property maintenance, they were generally satisfied with their housing conditions, accounting for about 51% of social housing residents. The study also found that residents were satisfied with the availability of some neighborhood amenities, including banking facilities, healthcare, shopping, and post offices.

In a related vein, a recent poll by Ebiaride and Umeh (2015) revealed that inhabitants of public housing in Ondo State were more satisfied with the size of their living room and its accessibility to places of worship than with its proximity to recreation areas and medical facilities.

Although tenants of public housing in Ogun State were largely dissatisfied with their living arrangements, Ibem and Aduwo (2013) argued that, they were more satisfied with the features of their individual homes than they were with the facilities and services offered in their immediate surroundings.

According to Jiboye's (2009) research, Lagos State's public housing inhabitants were not happy with how the estates were run. However, public housing dwellers in Lagos were least satisfied with the design of the estates, access to amenities, and services, and were most satisfied with housing unit attributes (Jiboye, 2009).

In fact, various researches have demonstrated that residential satisfaction is a highly contextual construct that largely depends on how the residents who serve as the evaluators experience the objective aspects of the residential environment. This means that the constructor's ability to meet the standard and the standard itself will determine how satisfied the customer is.

Jiboye (2010) research has shown a correlation between tenant satisfaction and the habitability of housing units. This implies that a home that is suitable from a design standpoint could not necessarily be acceptable from the tenant's "point of view." Thus, the building materials become one component in a series of factors that affect how satisfied occupants are with their homes.

Bandy (2003) asserted that, over time, the manner in which the public sectors provided and delivered this infrastructure was marred by a number of flaws. The consequences of these issues include the deteriorated condition of the majority of the available infrastructure, including shoddy roads, inconsistent electricity supply, and a lack of political will to start

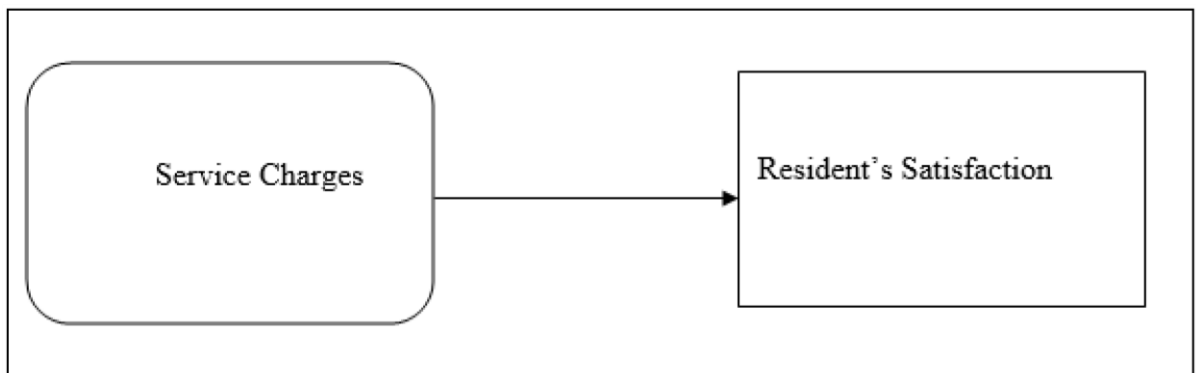
completely dereglementing and privatizing all infrastructures, including roads and electricity supply. In order for housing to function well while urban infrastructure is provided to serve a greater society, housing facilities must incorporate all amenities related to building materials.

Jiboye (2010) argued that the availability of effective infrastructure facilities and services is crucial to the effectiveness of any type of human activity. Akinloye (2009) stated that the functions of housing facilities are disclosed as those comforts that enable the unit to carry out its duty of providing an effective platform for the residents to organize themselves. Facilities were described as items created, put in place, or installed in the Kernerman Webster "college dictionary" (2010) to provide a particular convenience or services. As a result, periodic maintenance or tests are typically required to assess the state of soundness of facilities as a component of a structure in order to prevent failure during usage. The type of amenities offered by a property often impacts the status of residents or other occupiers, as well as their level of happiness. According to a study by Jiboye (2010) and supported by Vera-Toscano and Aceta-Amestoy (2008), people with higher incomes are more likely than those with lower incomes to be content with their housing status since they have the means to buy better homes and living spaces. More so in Malaysia, household size and duration of stay had a negative link with residential satisfaction in newly built public housing, while length of stay and household size had a positive correlation with residential satisfaction (Mohit, Ibrahim and Rashid 2010).

Elsinga and Hoekstra (2005) discovered that in several European nations, owner occupiers had greater levels of housing happiness than renters, but in Malaysia, being able to pay rent

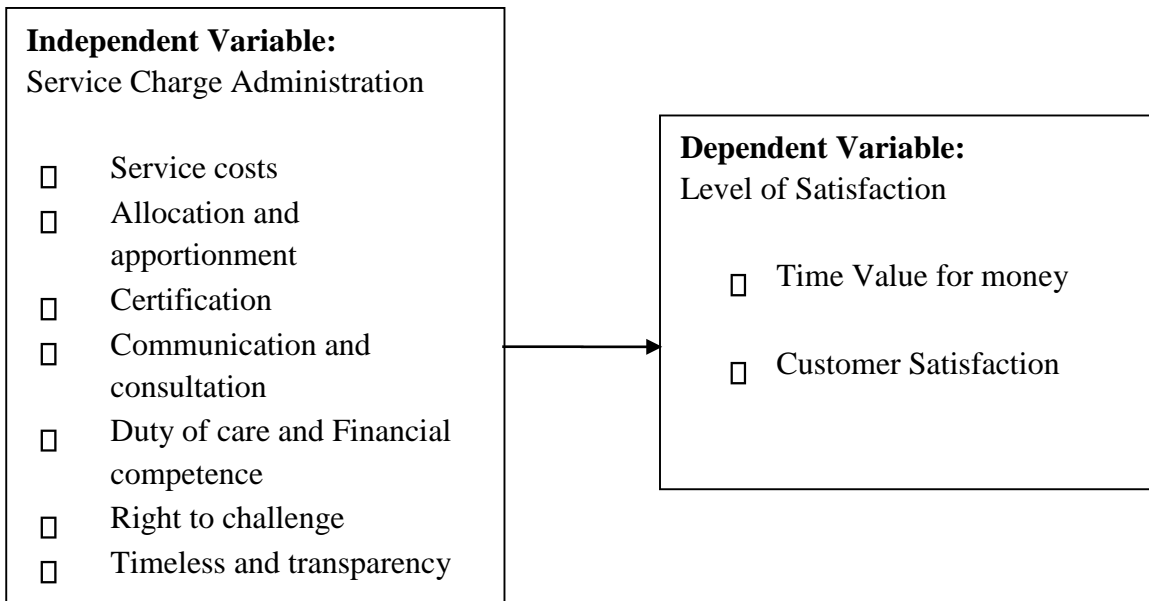
on time is one of the characteristics that has a favorable impact on renters' levels of satisfaction (Salleh., Yosuf, Salleh, andJohari,2012).

Conceptual Study Framework



2.15 Impact of Residential Service Charge Administration on Service Quality of

Residential Estate



Source: Adopted from Shippley 2000

Apportionment: The technical portion provides analysis of various systems for allocating costs among tenants. Whatever approach is taken, it must be unmistakably fair and reasonable, and all occupants should have access to an appointment schedule stating the total apportionment for each unit on the site.

If a property is fully leased, the owner can often recoup all service costs through the service charge, with the exception of any concessionary discounts the owner may have provided. The allocation of costs should take into account any changes in circumstances over time that are taken into account, such as hours of use. The owner should have the option to modify the basis of apportionment in new leases to reflect the value of particular services to tenants. Owners are required to provide a thorough rationale for any modifications made to the calculation's technique or foundation.

Communications: Achieving best practices is thought to depend on effective communication. The code supports healthy working relationships through conversation regarding the necessary services, their quality, and their cost. It also promotes good administrative and business practices between owners and occupiers.

The owner will give occupiers prompt notice if there are any likely major differences between actual year-over-year costs and the budget (for example, more than 2% over RPI).

Transparency: This is thought to be a component of better communication. Conflicts can be avoided if service fee accounts and information given to occupants are transparent. In order to make benchmark cost comparisons easier, the code suggests a cost code format for the presentation of accounts that is consistent with published service charge indices like Jones Lang LaShille's "OSCARTM."

Administration: This could be a divisive topic because many people see the Code as an occupiers' charter to demand more and better services at ever-lower prices. The usual fee based on a percentage of expenditure is no longer suitable, and the code makes it very apparent that this can be perceived as a deterrent to providing value for money. The fees should reflect a fair price for controlling the overall cost of providing the services. The code suggests that the total cost be fixed for a fair amount of time (for instance, three years) and may be subject to indexing. The charge should be fair for the work performed in connection with the management and operation of the services and should take into account the work required to uphold the principles of the code.

Despite the fact that this can lead to cheaper costs for some larger properties, such shopping centers, reflecting the duties of the on-site management team in managing and

administering the services and a commensurate reduction in workload for the managing agent or landlord, Additionally, it can lead to higher rates for smaller or more intensively managed properties, which would represent the excessive workload required relative to the overall cost of the services. Owners and managing agents are therefore likely to investigate this area.

Budgets/Accounts: The Code establishes deadlines for the release of year-end accounts and service charge budgets (one month before the start of the service charge year) (within four months of the year end). The accounts should contain a sufficiently thorough and complete breakdown of the expenditure items, together with explicit justifications for any significant differences.

The Code advises owners to respond immediately and effectively to legitimate inquiries from occupiers and to give them a reasonable amount of time (four months, for example) to do so.

Achievement of Cost Quality Benefit: One of the objectives is to achieve effectiveness in value for money rather than spending as little as possible, thus the service charge administrator is advised to secure quality service standards to ensure that value for money is always accomplished. The level of service provided must be appropriate for the property's setting, purpose, and features (Royal Institute of chartered surveyor RICS, 2014).

Timeliness of Service: According to Tatikonda (1996), who was referenced by Mucunguzi (2014), financial accounting information provides an essential quantitative representation of each firm that supports a variety of contractual relationships and improves the

information environment more broadly by reining in managers' unaudited disclosures and giving to outsiders' information processing.

Service Charge Administration Fee: Only the appropriate amount required for running and managing the service should be included in the rate charged. It is advised that extra expenses like rent collecting and asset management be left out of the service charge management fee (Royal Institute of chartered surveyor RICS, 2011).

2.16 Budgetary Control on Service Charge Management Performance

Each manager must learn how to gain employees' cooperation and focus their efforts on reaching the organizational established goals because financial success is a team effort. The service charge expenditure budget is created by the property management company and agreed by tenants at the start of the rental agreement and then at the beginning of each fiscal year. The PMC will implement this with the appropriate care and budgetary control measures in place to ensure that the actions performed are consistent with the level of spending anticipated (Abolade, Omirin, & Dugeri, 2013).

Some property management companies fail to offer quality service as anticipated throughout the year or have budget deficits at the end of the service season, despite solid budgets being developed, authorized, and generous contributions from the residents. When a property management company is in this scenario, the main concern that can come up is who should be in charge of making up the gap. All parties involved will undoubtedly be disappointed as a result of this. For example, the overestimated cost of lodging will discourage vacations, especially for executives who are employed and have a cap on their lodging expenses. The income of landlords will also suffer as a result of vacant apartments, and PMC will be forced to decide between losing its service contract and taking on the

deficit if tenants refuse to pay because of poor performance. Inability to meet other financial obligations, loss of the current apartment portfolio, late or unpaid staff salaries when due, significant staff turnover, loss of strategic staff, loss of organizational market share, and, predictably, PMC ceasing operations when unfavorable budget variations occur repeatedly and adequate measures are not taken to address them.

The departments of property, facilities, and accounts are jointly responsible for managing the budgets for services charges in real estate. To address the needs found, they should do the following: (i) conduct a baseline investigation to ascertain the market segment's needs for tenancies, followed by (ii) a request for quotes from experts in the field, (iii) market research to confirm the quoted prices for goods and services, (iv) a check on the fairness of the quotation selection process, and (v) the awarding of contracts based on merit.

2.17 Empirical Review

Oyedele (2013) conducted a study on the service quality of shopping center property managers in Ibadan, Nigeria, with the goal of determining the quality of service provided by shopping center property managers in Ibadan and enhancing management practices. Data were gathered via a questionnaire, and mean ranking and stepwise multiple regression were employed to analyze them all. One of the rare studies that examined the property managers of the shopping center's degree of customer service with the intention of improving their management methods. The study only measured service quality on commercial property and not on Residential Housing Estate and also limit to service quality not tenants satisfaction on management and administration of service charge.

A study on "The influence of service charge duties on tenants leasing experience and satisfaction" was undertaken by Halvitigala (2017). a viewpoint from New Zealand. The study employs a structured survey of 107 significant tenants in New Zealand to assess tenants' opinions, experiences, and satisfaction with paying service charges in that country. Numerous statistical tests and thematic analysis were used to analyze the data that had been obtained. The findings show that tenants with direct service charge responsibilities are much less satisfied with their operational expense obligations than tenants without such direct responsibilities. They are unhappy with the service fee management process's interpreting, budgeting, calculating, accounting, assigning, and auditing procedures. Performance of service charge management and budgetary control in the real estate industry: An empirical study the motivating factor was the subject of research by Okpala (2013). The study's goal is to ascertain the impact of the budgetary control's motivating component on how well a Nigerian property management company manages service charges. Four major PMCs make up the sample frame, and 380 employees are divided into two groups. 95 employees, or 25% of the frame, were randomly chosen for the sample size. Data was gathered via a standardized questionnaire, and multiple regressions were utilized to analyze the results. The Z-test was utilized to confirm the hypothesis .Results showed that budgetary control has a substantial impact on employee motivation, which results in savings in the management of service fee expenditures. According to the study, budgetary management should be tightened to encourage staff to pursue service cost minimization in order to save money or at the very least reach breakeven.

According to Mckeown's (2018) research on "Service fee collection in multi-unit developments," there is an increasing concern with debtor levels there. Multi-unit complexes in Ireland have inadequate sinking fund reserves and poor financial planning.

Eccles, Holt, and Bond's (2011) study, "Changing Practice in Accounting for Service Charges in Commercial Property: A Longitudinal Analysis," looks at how accounting practice evolves, what drives those changes, and how a best practice benchmark fits into all of that. It examines how service charge accounting has changed over time in commercial real estate. The results show that, in comparison to customary accounting procedures used by other professions, best practices are neither burdensome nor superior. In order to manage and account for service charges, data were gathered from the original accounting source document that is frequently sent to commercial leaseholders.

2.18 Research Gap

The uniqueness of this study is born out of the fact that, there were very limited empirical researches that have examined "Assessment of the effectiveness of service charge administration and management in Residential Housing Estate in Nigeria and Kwara State in particular. However, the limited studies that are available examined service quality and effects of budgetary control on service charge administration and management, none of these previous researchers examine the effectiveness of service charge administration and management in Residential Housing Estate. Therefore, this study is therefore necessary to breach the gap between what had earlier been studied and the current development in the built industry by examining the tenants and landlords satisfaction in management and administration of service charge in Residential Housing Estate within Ilorin metropolis.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Design

The research design used in this study is exploratory and analytical research design and it serves as a guide for measuring, gathering data, and conducting analysis based on the study's research questions (Sekaran and Bougie, 2016). This research was done using a survey research design. In order to explain the views and opinions of the residents of the residential housing estate, researchers will use survey research designs, which are methods used in quantitative research. The method adopted involves asking the target population for information through questionnaire, one on one discussion as well as personal observation. This design is chosen simply because it involves rapid data collection and ability to understand a population from a sub set of the target population.

3.2 Population of the Study

The target population consists of all the occupiers of the residential housing estates at Deji Mustapha estate at Simeon Fayomi Street G.R.A, Asmau estate located at Olohunshogo Street Geri Alimi, Ogo Oluwa estate located at varsity avenue road Tanke, OBNL property at Yusuf Ali Street, Fate and the Estate Surveyors and Valuers that are managing the residential housing estate. The Estate Surveyors and Valuers are selected for this research since they are responsible for running the affairs of service charge and the provider of the facilities that constitute service charge. The occupiers are been chosen, because they are the current users of those facilities and also made payment for the uses of those facilities.

3.3 Sample Frame

The sample frame is the total number of items of the sample population; the Estate surveyors and valuers are (25) and the occupiers of residential housing estate are (468) of all the selected properties in the research region were constituted the sample frame for this study.

The total number of practicing estate surveyors and valuers within the study area was derived from Nigerian Institution of Estate Surveyor and Valuers, Directory Kwara State Branch (2021), while the total number of occupiers/tenants was derived from the properties managers managing the property within the study area.

Table 3.1 Sample frame table

Residential Zone	Residential Type	No of Unit
GRA residential Zone	Peter olohunishola GRA	24
	Deji Mustapha estate, Adisa Street	50
	GRA U18, PatigiRoad, GRA, Estate, Ilorin.	47
	34 Unit of 2Bedroom and 20 units of 3 Bedroom Flat at GRA, Ilorin.	54
	3 bedroom Flat at Abdul Salam Street, GRA, Ilorin.	12
Fate Residential Zone	1 bedroom Flat at Abdul Salam Street, GRA, Ilorin	24
Basin Residential Zone	Engr. Babaita Housing Estate along Taoheed Road, Basin	32
Adewole Residential Zone	3 Bedroom Apartment at Whitefield Hotel, Yebmot, Ilorin	21

1 Bedroom Apartment at Whitefield Hotel, Yebmot, Ilorin	23
3 Bedroom Apartment at NurudeenOluwufunfun Street, Onipako Road, Gerewu, Ilorin	Engr.12
1 Bedroom Apartment at NurudeenOluwufunfun Street, Onipako Road, Gerewu, Ilorin	Engr.20
3 Bedroom Apartment at Old Sawmill, Fate- Tanke,	26
3 Bedroom Apartment at Ekan road, Adewole Estate, Ilorin	10
2 Bedroom Apartment Ekan road, Adewole Estate, Ilorin.	14
2 Bedroom Apartment at Lagos road, Adewole Estate, Ilorin	20
1 Bedroom Apartment Maduguri Road, Adewole Estate, Ilorin.	33
Total	468

3.4 Sample Size

This is the number of elements of the population that will be selected for this research. The choice of various sampling size in this work was based on findings from literature. for instance, proposed that a larger population allows for fewer sampling ratios for similarly good samples. He reasoned that as the population grows the accuracy of the sample size returns decreases. Osuala (2001) noted that for the results to be generalizable, a decent sample size must be as close to representative of the total population as possible. Therefore, the sample size of this research was derived from Krejcie & Morgan (1970) and the corresponding sample size of 468 is 214. The sample size is therefore distributed proportionately across the entire residential zone.

Table 3.2 Sample size table

Residential Zone	Residential Type	No of Unit	Sample size
Peter olohunishola	GRA	24	11
Fate/Basin/GRA residential Zone	Deji Mustapha estate, Adisa Street GRA	50	23
	Engr Babaita Housing Estate along Taoheed Road, Basin	32	15
	OBNL Property at Yusuf Ali street, Fate	46	21
	U18, Patigi Road, GRA, Estate, Ilorin.	47	21
	34 Unit of 2 Bedroom and 20 units of 3 Bedroom Flat at GRA, Ilorin.	54	25
	3 bedroom Flat at Abdul Salam Street, GRA, Ilorin.	12	5
	1 bedroom Flat at Abdul Salam Street, GRA, Ilorin	24	11
Adewole Zone	Residential 3 Bedroom Apartment Whitefield Hotel, Yebmol, Ilorin	at 21	10
	1 Bedroom Apartment Whitefield Hotel, Yebmol, Ilorin	at 23	11
	3 Bedroom Apartment at Engr. Nurudeen Oluwufunfun Street, Onipako Road, Gerewu, Ilorin	12	5

1 Bedroom Apartment at Engr.20 NurudeenOluwufunfun Street, Onipako Road, Gerewu, Ilorin		9
3 Bedroom Apartment at Old Sawmill, Fate- Tanke,	26	13
3 Bedroom Apartment at Ekan road, Adewole Estate, Ilorin	10	4
<hr/>		
2 Bedroom Apartment Ekan road,14 Adewole Estate, Ilorin.		6
2 Bedroom Apartment at Lagos20 road, Adewole Estate, Ilorin		9
1 Bedroom Apartment Maduguri33 Road, Adewole Estate, Ilorin.		15
Total	468	214

3.5 Sampling Technique

The study employed cluster sampling technique for all the properties in the selected locations in which service charges administration and management are applicable. In each of the cluster, simple random sampling technique was used for the selection of required samples. The choice of cluster sampling was applied in that; the properties in which service charges administration and management are applicable are divided for the purpose of the study. Therefore the simple random sampling was adopted in order to select the homogenous sample population for the study.

3.6 Sources of Data Collection

The data employed in this study were generated from two sources. This includes primary and secondary sources.

3.6.1 Primary data source

Primary data refers to data obtained directly from the field. It is also known as firsthand information collected by the researcher. The primary data for this study were obtained through direct observation, and questionnaire administered on respondents of the study area. The primary data include, effectiveness of service charge administration process and

procedure, issue and challenges facing service charge administration effectiveness, effects of budget control on management and administration of service charge effectiveness and the level of tenants satisfaction on service charge administration effectiveness and management within the study area.

3.6.2 Secondary data source

The secondary data required for this study include information on service charge that were obtained through review of relevant journals, articles and textbooks. The total number of property manager and occupants was collected from Nigerian Institution of Estate Surveyor and Valuers, Directory Kwara State Branch, while maps showing the study area will be collected from Kwara State Bureau of Lands.

3.7 Instruments for data collection

The drive used to gather data is referred to as an instrument. Questionnaires, oral interviews, internet surveys, and direct and physical observation are among the devices that can be used to collect data. After evaluating every method for data collecting, most researchers find that using personal interviews, direct observation, and self-administered questionnaire procedures is the most beneficial method for gathering data in the subject field.

To ensure the reliability of data, two main instruments will be used in collecting data in the study, these are;

- i. Self-administered questionnaire
- ii. Direct observation

3.8.1 Self-administered questionnaire

This involved administering questionnaire to members living in the study area. The questionnaire was the major instrument through which the data for this research work is obtained. The questionnaire was designed, constructed, and presented in such a way and pattern as to provide answer to specific questions and then receive the attention of the respondents. The questionnaire contained multiple choice questions being easy to answer, record, present, analyze and used. The aim is to allow different opinions and views to be expressed by the respondent.

3.8.2 Direct or physical observation

This is the oldest method of data collection which involves watching the behaviors, action or event that is taking place and obtains or record required information. This method is commonly used in survey and experiment study.

3.9 Method of Data Analysis

Statistical Package for Social Sciences (SPSS) Version 21 was used to analyze the data. Objective (1) and objectives (2) were analysed using Descriptive statistics (mean ranking) while objectives (3) and objective 4 were analysed using Descriptive statistics and inferential (ANOVA)

Table 3.3: Summary of Research Design

1. To identify facilities that constitute service charges in residential housing estate collection. Closed ended questionnaire analysis (mean ranking) method of data collection. Descriptive statistics Data

2. To examine the process and procedure for service charge apportionment and management collection. Closed ended questionnaire analysis.(mean score and ranking) method of data collection. Descriptive statistics Data

3 To examine the level of tenants satisfaction on questionnaire analysis and inferential service charge administration collection. Closed ended questionnaire analysis and inferential statistics Data (ANOVA) method of data collection.

4. To investigate the challenges for service charge administration in residential housing estate collection. Closed ended questionnaire analysis.(mean score) method of data collection. Descriptive statistics Data

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Data Presentation

Respondents Personal Information

Table 4.1: Personal Information of the Respondents (Tenants/Occupiers)

S/N	Variable	Levels	Frequency	Percentage
1	Gender	Male	120	60.00
		Female	80	40.00
2	Age	Under 30 years	53	26.50
		30 to 60 years	100	50.00
		Above 60 years	47	23.50
3	Educational Qualification	Informal Education	20	11.00
		Primary/secondary certificate	27	13.50
		Diploma/NCE	55	27.50
		HND/Degree	80	40.00
		Master degree and above	18	9.00
4	Type/Description of your building	3Bed room	30	15.00
		2Bed room	70	35.00
		Single room	100	50.00
5	Family Size	Large	35	17.50
		Medium	100	50.00
		Small	65	32.50
6	Duration of your living	0-5years	20	10.00
		6-10 years	30	15.00
		11-15 years	70	35.00
		16-20 years	80	40.00

7	Who is in charge of the service charges administration	Lawyers	55	27.50
		Agents	145	72.50

4.2 Service Charge Administration on Residential Property

The study employed weighted mean to assess the level of service charge administration in the study areas using the mean score decision interval as provided earlier, the following interval decision rule were used for interpretation; (1-1.80) = Very low, (1.81-2.60) = Low, (2.61-3.40) = Moderate, (3.41-4.20) = High, (4.21-5.0) Very high. Table 6 therefore presents the results of respondents perceived level of service charge administration.

Table 4.2: Level of service charge paid and administration in the study area

Facilities/Services	Mean	Ranking	Remark
Electricity facilities	3.70	1	High
Generator facilities	3.61	2	High
Lightening of common part facilities	3.51	3	High
Pest control and rodent eradication	3.33	4	High
Securities service facilities	3.17	7	Moderate
Cess pool and soakaway pit	3.15	8	Moderate
Clearing of septic tanks facilities	3.13	9	Moderate
Garden facilities	3.12	10	Moderate
Fire extinguisher facilities	3.07	11	Moderate

Pumping machine facilities	3.06	12	Moderate
Drainage channel facilities	3.05	13	Moderate
			Moderate
Waste disposal facilities	3.05	14	
Average Mean	3.24		Moderate

Table 4.2 reveals that the level of service charge administration on residential estate in Ilorin is moderate having recorded an average mean value of 3.24 which falls within the moderate range on the decision scale provided earlier.

Also, Table 4.2 reveals in details the level of service charge administration for each of the fourteen services/facilities measured out of which electricity, generator , lightening of common part and pest control and rodent eradition were reported to be highly administered having mean values of 3.70, 3.61, 3.51 and 3.33 respectively. However, clearing and lightening of common part (with mean value of 3.27), electricity bill consumed in running of pumping machine, lift among other (with mean value of 3.17), securities service facilities (with mean value of 3.15), cess pool and soakaway pit (having a mean value of 3.15) and clearing of septic tanks facilities having mean of 3.13 were all reported to be moderately administered. Similarly, garden facilities with recorded mean of 3.12, fire extinguisher facilities (having mean value of 3.07) ,pumping machine facilities (having mean value of 3.06) and drainage channel facilities with waste disposal facilities both having mean values of 3.05 are all implied to be moderately administered service charges.

Table 4.3: Process and Procedures for Service Charge Administration (N =200)

Process and Procedures for service Charge Administrations				
SN		\bar{X}	SD	Rmks
1	The cost that can be charged should be clearly stated by the landlord	3.48	0.56	A
2	The proportion payable by the leaseholder should be read by the lessor to the lessee	3.73	0.60	SA
3	Service charge payment period should be relayed by the landlord to the tenant	3.56	0.56	SA
4	Payment can either be made in advance or not	3.61	0.47	SA
5	The method of calculation should be made simple and calculated based on actual or estimated costs which can vary from year to year	3.46	0.55	A
6	The value of chargeable works above which the leaseholder must be consulted	3.69	0.60	SA

Key: \bar{X} = Mean, **SD** = Standard Deviation, **SA** = Strongly Agreed; **A** = Agreed; **n** = number of respondents.

Table 4.2 shows the process and procedures for service charge administration involved. The proportion payable by the leaseholder should be read by the lessor to the lessee is ranked 1st with 0.60 and the value of chargeable works above which the leaseholder must be consulted is ranked 2nd. The cost that can be charged should be clearly stated by the landlord is ranked 3rd with 0.56 SD while Service charge payment period should be relayed by the landlord to the tenant is ranked 4th, the cost that can be charged should be clearly stated by the landlord is ranked 5th and Payment can either be made in advance or not ranked last with Standard Deviation of 0.47

Objectives three (3)

What are the levels of tenant's satisfaction on the management and administration of service charge within the study area?

Table 4.4: Analysis of variance (ANOVA) of test of significance difference in the mean ratings of Tenants and Property Managers responses on levels of tenants satisfaction on the management and administration of service

Services that Require Service Charge Payment in Residential Housing Estate		Total sum of square	Mean Square	F-	P-value	Rmks
	(Sig)					
1	Cleaning of the common areas	148.661	1.49	4.85	0.00	S*
2	Clearing of refuse within the premises	176.244	0.12	0.33	0.71	NS
3	Salaries and allowances of the security guards	148.918	0.20	0.64	0.52	NS
4	Clearing of septic tanks and soak away pits	130.686	0.35	1.29	0.27	NS
5	Electricity bills consumed	148.244	0.74	2.38	0.09	NS
6	Maintenance and fueling of the standbys generator	172.745	1.27	3.52	0.03	S*
7	Maintenance of lifts and central air condition	292.421	0.19	0.31	0.72	NS
8	Maintenance of pumping machine	186.387	0.45	1.16	0.31	NS
9	Repairs and replacement of pumping	147.381	0.34	1.11	0.32	NS
10	Repainting of the common areas	110.429	0.31	1.34	0.26	NS
11	Maintenance of sewage treatment plant where available	271.445	1.34	3.25	0.01	S* and dislodgement
12	Maintenance of electricity transformer	229.137	0.18	0.37	0.72	NS
13	Replacement and rechargeable of fire maintenance	168.783	0.54	1.16	0.46	NS
14	Maintenance of salaries of the operators	138.728	0.37	2.21	0.34	NS
15	lawn and landscaped maintenance	129.249	0.31	1.32	0.36	NS
16	Insurance services	152.457	1.36	3.42	0.04	S*

Key: NS = Not Significant; S* = Significant at 0.05 level.

According to the data reported in Table 4.4's Analysis of Variance (ANOVA) section, 12 out of the table's 16 components had p-values that ranged from 0.09 to 0.72, all of which were higher than 0.05. This indicated that there were no significant differences in the mean ratings of the responses of Tenants and Property Managers on the 12 identified required service charge payment in residential housing estate. By this, the 12 items are rated high. On the other hand, the p-values of the remaining four items, specifically cleaning of the

common area, maintenance and fueling of the standby generator, maintenance of sewage treatment plant and dislodgement where available and insurance services with significance level of 0.00, 0.03, 0.01 and 0.04 respectively which were in each case less than 0.05. This implied that there were significant differences in the mean ratings of Tenants and Property

Managers on the 4 items in the table.

Objective 4: Challenges involved in service charge administration

Table 4.5: Mean Ratings of Respondents' Responses on issues and challenges involved in service Charge Administration (N =200)

Issues and Challenges involved in Service Charge				
SN	Administration	X	SD	Mks
1	Problem of choice of good tenants	3.50	0.54	SA
2	Default in payment of rent	3.46	0.51	A
3	Default in payment of rates and taxes	3.37	0.52	A
4	Default in payment of service charge	3.58	0.72	SA
5	Deterioration of facilities	3.40	0.51	A
6	Uncooperative attitude of tenants	3.49	0.50	A
7	Refusal to honour notice	3.56	0.48	SA
8	Illegal activities on premises	3.66	0.52	SA
9	Unacceptable conversion of premises	3.56	0.52	SA
10	Unacceptable installation of gadgets	3.24	0.74	A
		3.55	0.53	SA

Key: X = Mean, SD = Standard Deviation, SA = Strongly Agreed; A = Agreed; n = number of respondents.

From the data presented in Table 4.5 above, it was revealed that the mean ratings of the responses of the respondents shows that problem of choice of good tenant, default in payment of service charge, refusal to honor notice, illegal activities on premises and unacceptable conversion of premises were 3.50, 3.58, 3.56, 3.66 and 3.56 respectively which in each case fell within the boundary limit of 3.50 – 5.00 on a 5-point rating scale.

This indicated that the 5 identified items are “Strongly Agreed” by the respondents on issues and challenges involved in service charge administration. The mean values of the remaining 5 items, specifically default in payment of rent, default in payment of rates and taxes, deterioration of facilities, uncooperative attitude of tenants and unacceptable installation of gadgets have a mean value of 3.46, 3.37, 3.40, 3.49 and 3.24 respectively which are within the boundary limit of 2.50 – 3.49 on 5-point rating scale. This indicated that the remaining 5 items are “Agreed” by the respondents to be issues and challenges involved in service charge administration.

The cluster mean value of 3.55, which was within the range of 3.5 to 5.0, suggests that the respondents firmly agreed that the 10 concerns and obstacles related to service charge were addressed by the identified 10 items. The 10 concerns and challenges related to service fee administration that were listed in the table's standard deviation values ranged from 0.50 to 0.74, which showed that the respondents' comments generally agreed with one another and with the mean.

4.3 Summary of findings

The findings of this study are as follows;

1. The facilities that constitutes service charge in the study area are fueling and maintenance of generator, lightening of common part, security, waste disposal and pest control and rodent eradication.
2. The finding reveals that the procedures for service charge administration are;
 - a. Advisable service charge
 - b. Determining the amount of service charge.
 - c. Fixed service charge.
 - d. Service charge year.
 - e. Collection of service charge.
3. The finding reveals on objective (3) showing that some tenants are satisfied with some aspect of service charge on some facilities that constitutes service charge such as repairing and maintenance of Stand by Generator, security and cleaning of the common areas while they are not satisfy with facilities such as waste disposal and lighting of common area.
4. The findings reveals that the major challenges of service charge administration are; problem of default in payment of service charge as at when due and apportionment of service charge

CHAPTER FIVE
CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO
KNOWLEDGE

5.1 Conclusion

The study discovered that a service charge is a levy paid by tenants to their landlord or property manager for the upkeep of common services provided by the landlord for their enjoyment. This charge ensures that the landlord is responsible for all aspects of the building and its development, including repairs and maintenance. It gives landlords the benefit of a "clean lease," which relieves them of their need to finance the expense of delivering basic property-related services to tenants. As a result, property managers/landlords should use a transparent and consistent approach to the display of service fee expenditure as part of their best practice guidelines.

5.2 Recommendations

To solve the issues raised in this thesis, a number of actions must be implemented, which supports the suggestion portion of the work. The suggestions comprise:

- i. The property will have a higher level of visual appeal, and the residents will be pleased with their purchase. Real estate experts are urged to make service delivery prices flexible so that tenants can receive effective service delivery without paying outrageous amounts, which would further encourage them to pay such charges.

- ii. The report also advises paying for rent inclusively rather than exclusively; doing so will prevent service charge payment defaults and guarantee that funds are managed and used properly to support efficient service delivery. Additionally, it is preferable for property managers to use pre-paid meters for services like power provision. By charging residents only for what they use, this will reduce energy waste.
- iii. Property managers may only have a minor influence on enhancing the aesthetic quality of the property through maintenance and repairs that will be made to the property. For this reason, professionals in the built industry who are in charge of planning and designing properties are encouraged to exert more effort in ensuring a high level of aesthetic quality at the planning and design stage.
- iv. The reason for allocating service charge fees among renters must be made explicit in service charge contracts. Money from the service charge should be stored in a separate bank account, and any interest earned on that account should go toward the occupiers' benefit.
- v. The total consumption within a particular time should be broken down by the facilities manager to show the amount of electricity consumed by the occupants of the residential housing estate within the area.

5.3 Contribution to knowledge

The contribution of the study “Assessment of the Effectiveness of Service Charge Administration and Management in Residential Housing Estates in Ilorin Metropolis,

Kwara State, Nigeria” to knowledge lays in the followings areas:

i. Identification of factors that contribute to the effective administration and management of service charges in residential housing estates in Nigeria ii. The study highlights the importance of effective service charge administration and improving the quality of housing estates, as well as the impact of poor management on the living conditions of

residents.

iii. The study also provides insight into the challenges faced by property managers and residents in the administration and management of service charges, such as inadequate funding, lack of transparency, and poor communication between the lessee and lessor iv. Overall, the study contributes to knowledge by providing a better understanding of the factors that contribute to the effective administration and management of service charges in residential housing estates in Nigeria, which can be used to improve the living conditions of residents and the overall quality of housing estates **REFERENCES**

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APPENDIX (QUESTIONNAIRE)

FEDERAL UNIVERSITY OF TECHNOLOGY, MINNA

SCHOOL OF ENVIRONMENTAL TECHNOLOGY

DEPARTMENT OF ESTATE MANAGEMENT AND VALUATION

Dear Sir/Ma,

This Questionnaire is designed to obtain information on the topic: **Assessment of the Effectiveness of Service Charge Administration and Management in Residential**

Housing Estate in Ilorin Metropolis research project in Department of Estate

Management and Valuation, School of Environmental Technology, School of Post Graduate Studies, Federal University of Technology, Minna, Niger State, Nigeria. The information provided will be used strictly for academic research purpose and treated confidential. Kindly complete the blank spaces and put marks in the appropriate boxes as applicable.

Thank you.

Ajibade, Kayode Rasheed

M. TECH/SET/2018/7938
SECTION A: Demographic Attributes of Respondents

S/N	QUESTIONS	OPTIONS	TICK
1	Gender	Male	1
		Female	2
2	Age	Under 30 years	1
		30 to 60 years	2
		Above 60 years	3
3	Educational Qualification	Informal Education	1
		Primary/secondary certificate	2
		Diploma/NCE	3
		HND/Degree	4
		Master degree and above	5
4	Type/Description of your building	3Bed room	1
		2Bed room	2
		Single room	3
5	Family Size	Large	1

		Medium	2
		Small	3
6	Duration of your living	0-5years	1
		6-10 years	2
		11-15 years	3
		16-20 years	4
7		Lawyers	1
	Who is in charge of the service charges administration	Agents	2

SECTION B: Facilities that Require Service Charge Payment in Residential Housing

Estate.

How would you rate the level of the following facilities that require service charge payment?						
S/N	Facilities	Very high	High	Moderate	Low	Very low
1	Internet facilities					
2	Electricity facilities					

3	Water facilities					
4	Communication facilities					
5	Lift/Escalator facilities					
6	Air condition facilities					
7	Generators facilities					
8	Garden area facilities					
9	Parking space facilities					
10	Waste disposal facilities					
11	Drainages channel facilities					
12	Fire extinguishers facilities					
13	pumping machine facilities					
14	Security facilities					
15	Landscaped facilities					

SECTION C: Services that Require Service Charge Payment in Residential Housing

Estate.

	How would you rate the level of the following services that require service charge payment?					
S/N	SERVICES	Very high	High	Moderate	Low	Very low

1	Cleaning of the common areas					
2	Clearing of refuse within the premises					
3	Salaries and allowances of the security guards					
4	Clearing of septic tanks and soak away pits					
5	Electricity bills consumed					
6	Maintenance and fuelling of the standbys generator					
7	Maintenance of lifts and central air condition					
8	Maintenance of pumping machine					
9	Repairs and replacement of pumping and electrical fittings					
10	Repainting of the common areas					
11	Maintenance of sewage treatment plant and dislodgement where available					
12	Maintenance of electricity transformer					

13	Replacement and rechargeable of fire extinguishers maintenance					
14	Maintenance of salaries of the operators					
15	lawn and landscaped maintenance					
16	Insurance services					

SECTION D: Resident's satisfaction with service charge administration in Residential Housing Estate.

	How would you rate the level of your satisfaction with service charge administration based on the following services					
S/ N	SERVICES	Very satisfied	Satisfied	Moderate	Dissatisfied	Very Dissatisfied
1	Cleaning of the common areas					
2	Clearing of refuse within the premises					
3	Salaries and allowances of the security guards					

4	Clearing of septic tanks and soak away pits					
5	Electricity bills consumed					
6	Maintenance and fuelling of the standbys generator					
7	Maintenance of lifts and central air condition					
8	Maintenance of pumping machine					
9	Repairs and replacement of pumping and electrical fittings					
10	Repainting of the common areas					

11	Maintenance of sewage treatment plant and dislodgement where available					
12	Maintenance of electricity transformer					
13	Replacement and rechargeable of fire extinguishers maintenance					
14	Maintenance of salaries of the operators					
15	lawn and landscaped maintenance					
16	Insurance services					

SECTION E: PROCESS AND PROCEDURES FOR SERVICE CHARGE

ADMINISTRATION

Process and procedures for service charge administration						
S/N	Items	Strong Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	The cost that can be charged should be clearly stated by the landlord					
2	The proportion payable by the leaseholder should be read by the lessor to the lessee					
3	Service charge payment period should be relayed by the landlord to the tenant					
4	Payment can either be made in advance or not					
5	The method of calculation should be made simple and calculated based on actual or estimated costs which can vary from year to year					

6	The value of chargeable works above which the leaseholder must be consulted					
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Section F: Challenges involved in service charge administration

Process and procedures for service charge administration						
S/N	Items	Strong Agree	Agree	Indifferent	Disagree	Strongly Disagree
1	Problem of choice of good tenants					
2	Default in payment of rent					
3	Default in payment of rates and taxes					
4	Default in payment of service charge					
5	Deterioration of facilities					
6	Uncooperative attitude of tenants					
7	Refusal to honour notice					
8	Illegal activities on premises					
9	Unacceptable conversion of premises					

10	Unacceptable installation of gadgets					
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Thanks