

UNDERSTANDING THE NEW TENANCY LAW OF LAGOS STATE: WHAT LANDLORDS NEED TO KNOW

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Introduction:

Landlords, property managers, and real estate investors play a critical role in the housing ecosystem of Lagos State. This critical role makes it essential to stay informed about the laws that govern the relationships between Landlords, property managers, and tenants.

The Lagos State Tenancy Law of 2011 is one of such recent but critical piece of legislation that every Landlord, property manager, or real estate investor should understand in order to operate successfully and avoid legal pitfalls.

Overview of the Lagos State Tenancy Law 2011 ("Tenancy Law"):

The Tenancy Law was enacted to regulate the relationship between landlords and tenants in Lagos State and provide the framework for the creation, operation, and termination of tenancy agreements while protecting the rights and obligations of the parties, and provides the procedure for the recovery of premises.

The law applies to all commercial and residential premises within Lagos State (S. 1), excluding Apapa, Ikeja G.R.A., Ikoyi, and Victoria Island.

Who is a "Tenant" under the Tenancy Law? The law defines a tenant as any person who occupies any premises **by the payment of rent**, or by the operation of law **NOT** any person who unlawfully occupies under a bonafide claim to be the owner.

Who is a "Landlord" under the Tenancy Law? The law defines a landlord as any person who receives any rent (whether in his own right or as an attorney or agent) from any person for the occupation of any premises in respect of which he has a right to receive such rent. A former landlord, an attorney, solicitor, agent, or caretaker of a landlord is also described as a landlord.

The creation of tenancy: By the definition of who a tenant is, we see that a tenancy is created by an agreement which is deemed to have been created where a landlord grants a person **who pays value**, the right to the use of his premises. Such an agreement can be made expressly or impliedly, orally, in writing, partly oral or partly written, or for a fixed period (e.g shortlets, Airbnb, etc). According to this definition, a tenant can either be an individual or a business entity.

What Landlords must know in relation to business premises: a Landlord should not

- i. Significantly prevent a tenant's access to business premises;

- ii. Extensively obstruct the flow of the customers, clients, or other persons using the tenant's business premises;
- iii. Cause or fail to remove anything that may disturb a tenant's trade within the business premises such that would amount to a loss of profit for the tenant;
- iv. Fail to rectify the breakdown of plant or equipment under his care or maintenance as soon as possible.

Rent control:

What does "Rents" mean under the Tenancy Law? What qualifies as rent includes any consideration or money paid or agreed to be paid or value or a right given or agreed to be given or part of any crop rendered **or any equivalent given in kind or in labour, in consideration of which a landlord has permitted any person to use and occupy any land, premises, or other corporeal hereditament, and the use of common areas but does not include any charge for services or facilities provided in addition for the occupation of the premises.**

It is a criminal offence¹ for a landlord to:

- demand or receive from an existing monthly tenant, six (6) months' rent in advance;
- demand or receive from an existing yearly tenant, one (1) year rent in advance;
- demand or receive from a new or proposed tenant, one (1) year in advance.

A landlord who demands rent in advance will be guilty of an offence and liable to 100,000 fine or three (3) months imprisonment.

Rent increment: Rights of a tenant and how they affect landlords:

? Often asked questions: what happens in a situation where after the landlord has increased rent, the tenant refused to pay the increased rent?

An existing tenant can apply to the court for an order declaring that the increase in rent under the tenancy agreement is unreasonable. The court will then consider the following:

- the rent payable in the same locality generally;
- evidence of the landlord and the tenant
- special circumstances necessitating the increase in rent e.g a new amenity has been included, etc.

The tenant can apply to the court to pay the current rent to the court's registry. The landlord will then be required to approach the court to receive the rent by a sum amounting to 10% of the rent will be deducted by the court before handing over the rent to the landlord.

In **JOVINCO NIGERIA LTD & ANOR V. IBEOZIMAKO (2014) LPELR-23599(CA)**, the court held that a landlord cannot unilaterally increase rent. An increment in rent must be supported by an agreement – since the landlord and tenancy relationship is a contractual relationship.

In **COBRA LTD V. OMOLE ESTATE AND INVESTMENT LTD (2000) 1 NWLR (Pt. 655), 1** the court held that unless there is an agreement between the landlord and the tenant, a landlord's unilateral decision to increase rent is ineffective. See also, **UDIH V. IZEDOMWEN (1990) 2 NWLR (Pt. 132), 357 at 366.**

In a more recent case of **CHISCO TRANSPORT (NIG) LTD V. NJOKU & ORS (2024) LPELR-62333 (CA)**, the court held that a landlord does not possess the power to unilaterally increase rent. The matter of rent increment must be supported by an agreement to that effect.

Rights of a Landlord:

1. Right to obtain a court order to re-enter and **end the tenancy** if the tenant breaches any covenants of the tenancy agreement;
2. Right to apply for court order for possession on the grounds that the premises is being used for immoral or illegal purposes, the premises has been abandoned, the premises is unsafe and unsound as to constitute a danger to human life or property, an act of intolerable nuisance by the tenant such that induces a breach of the tenancy agreement.
3. Right to recover the premises where a fixed tenancy has ended
4. The 7 days notice of Owner's intention to recover possession has been served on the tenant.

Landlords obligations:

1. issue payment receipt to tenants for the payment of rent. A landlord who fails to issue a rent payment receipt is guilty of an offence and liable to pay a fine of N100,000.
2. Issue a separate receipt for the payment of security deposit to cover damages and repairs to the premises, services and facilities, service charge.
3. Not to disturb the tenant's quiet and peaceable enjoyment of the premises. Peace and quiet enjoyment include the tenant's right to privacy, freedom from unreasonable disturbance, exclusive possession of the premises, right to common areas for reasonable and lawful purpose;
4. Pay all rates and charges as stipulated by law e.g land use charge, LAWMA, etc.
5. Keep the premises insured against loss or damage e.g providing security.
6. Not terminate or restrict the use of a common facility or service for the use of the premises.
7. Not seize any item or property of the tenant or interfere with the tenant's access to his personal property.
8. Effect repairs and maintain the external and common parts of the premises.

How a tenancy is terminated:

1. By notice to quit:
 - a. One week's notice for a tenant at will;
 - b. one (1) months' notice for a monthly tenant;
 - c. three (3) months' notice for a quarterly tenant;
 - d. three (3) months' notice for a half-yearly tenant; and
 - e. six months' notice for a yearly tenant

- f. tenancy for a fixed term: at the end of the tenancy/ 7days notice of owner's intention to recover possession.
- g. Licensees are entitled to a 7days notice of owners intention to apply to recover possession.

? how to calculate when the notice should be issued: from the date the rent was paid.

- 2. By court order

Illegal/unlawful ways to terminate a tenancy:

- 1. By harassment – wilfully removing the roof of the building, disconnecting electricity supply or water supply.
- 2. Forcefully ejecting a tenant while an action is pending in court against the increment of rent. S. 37 (4), S. 44(1) (b)
- 3. Threatening or molesting a tenant by action or words

They are illegal and unlawful and carry liability in law. A landlord who commits any of these illegal acts is guilty of an offence and liable to a fine not exceeding N250,000 or a maximum of six (6) months imprisonment.

General limitations a landlord should be aware of:

- 1. Rent advance limitation
- 2. Eviction limitation – i.e without following legal procedures.
- 3. Rent review limitations

Strategies for mitigating these limitations:

- 1. Landlords should conduct thorough tenant screening to reduce default risks.
- 2. Drafting airtight tenancy agreements that clarify all obligations
- 3. Ensure compliance with statutory notices for eviction and rent increases
- 4. Immediately take legal action when tenants default to minimize delays.

Resolving dispute under the law:

The Tenancy Law promotes alternative ways of amicably resolving disputes between a landlord and tenant such as reconciliation, and mediation. However, the court can refer a tenancy dispute to mediation (at the Citizen Mediation Centre or to the Lagos Multi-Door Court House) without the consent of the landlord and the tenant. S. 32.

An agreement known as a mediation agreement is typically executed at the end of mediation and enforced by the court.

Conclusion:

The Tenancy Law of Lagos State 2011 is a comprehensive legal framework designed to balance the interests of landlords and tenants while promoting fairness and stability in the rental market. It emphasizes the importance of written agreements, proper notice periods, and due process in resolving disputes. Both landlords and tenants are encouraged to familiarize themselves with the Law to ensure compliance and avoid legal pitfalls.

At Rooth-Kharis, we specialize in guiding both landlords and tenants through the complexities of laws and regulations, ensuring compliance and minimizing legal risks. Whether you are a property owner seeking to protect your investment or a tenant aiming to understand your rights, our expert team is here to provide tailored solutions and unparalleled support.

Do not hesitate to contact us if you have any questions or require further clarifications on this article. Let us help you unlock the full potential of your property or tenancy experience with confidence and peace of mind.