

# Using land registration as a tool to generate municipal revenue: Lessons from Bogota

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April 27<sup>th</sup> 2010

**Cadastre of Bogota**



# Outline

1. Property tax: a challenge for the developing world
2. Cadastral Updating in Bogota 2008-2009: success under institutional restrictions
3. Towards a more efficient administration of the property tax base

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# Property tax: a challenge for the developing world

**In developing countries “property markets are not mature, there is a paucity of evidence on transaction values and administrative capacity is limited”.**

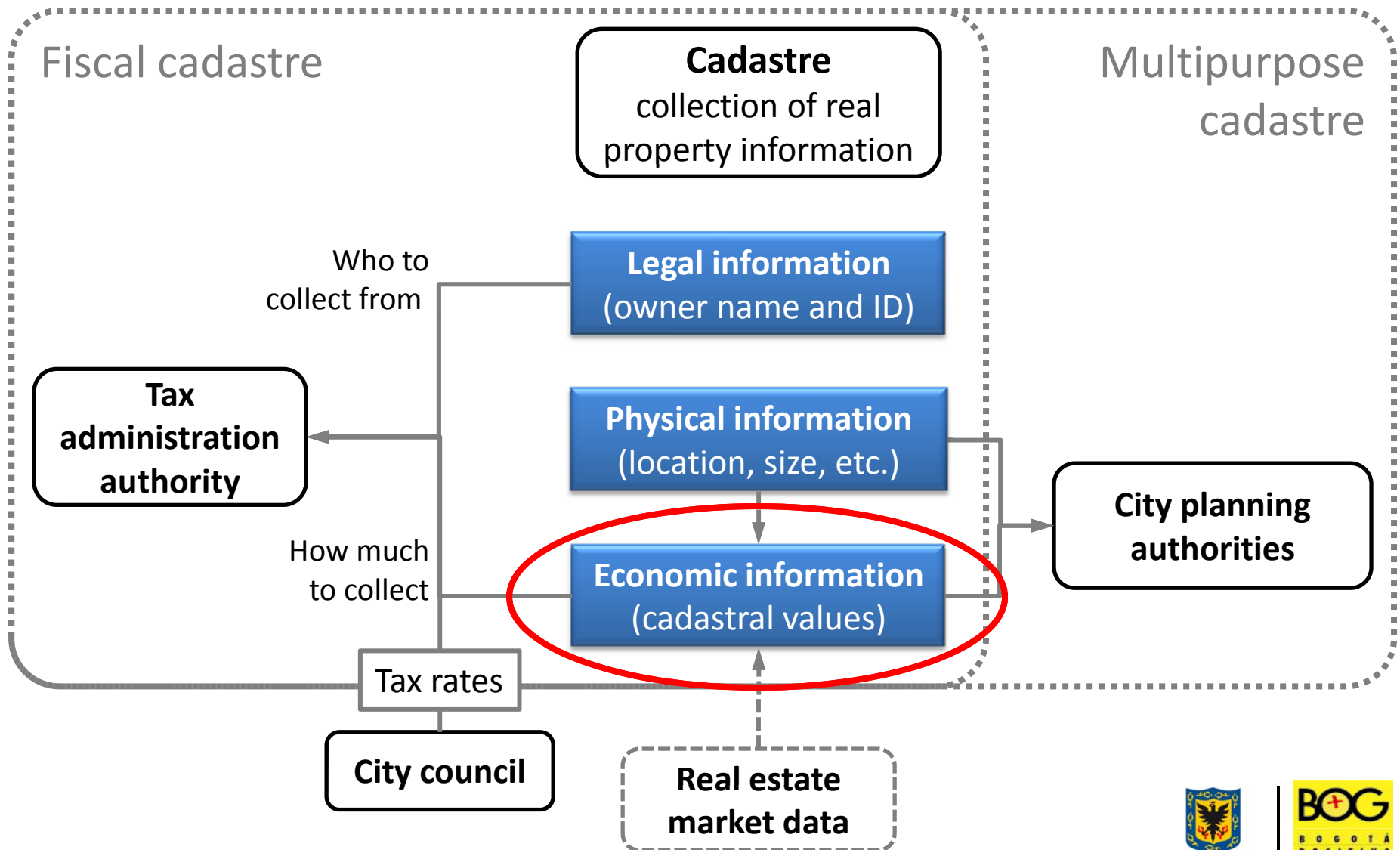
*Bahl et al. (2010)*

in Challenging the conventional wisdom on the property tax

Lincoln Institute of Land Policy, Cambridge, MA, pp 8

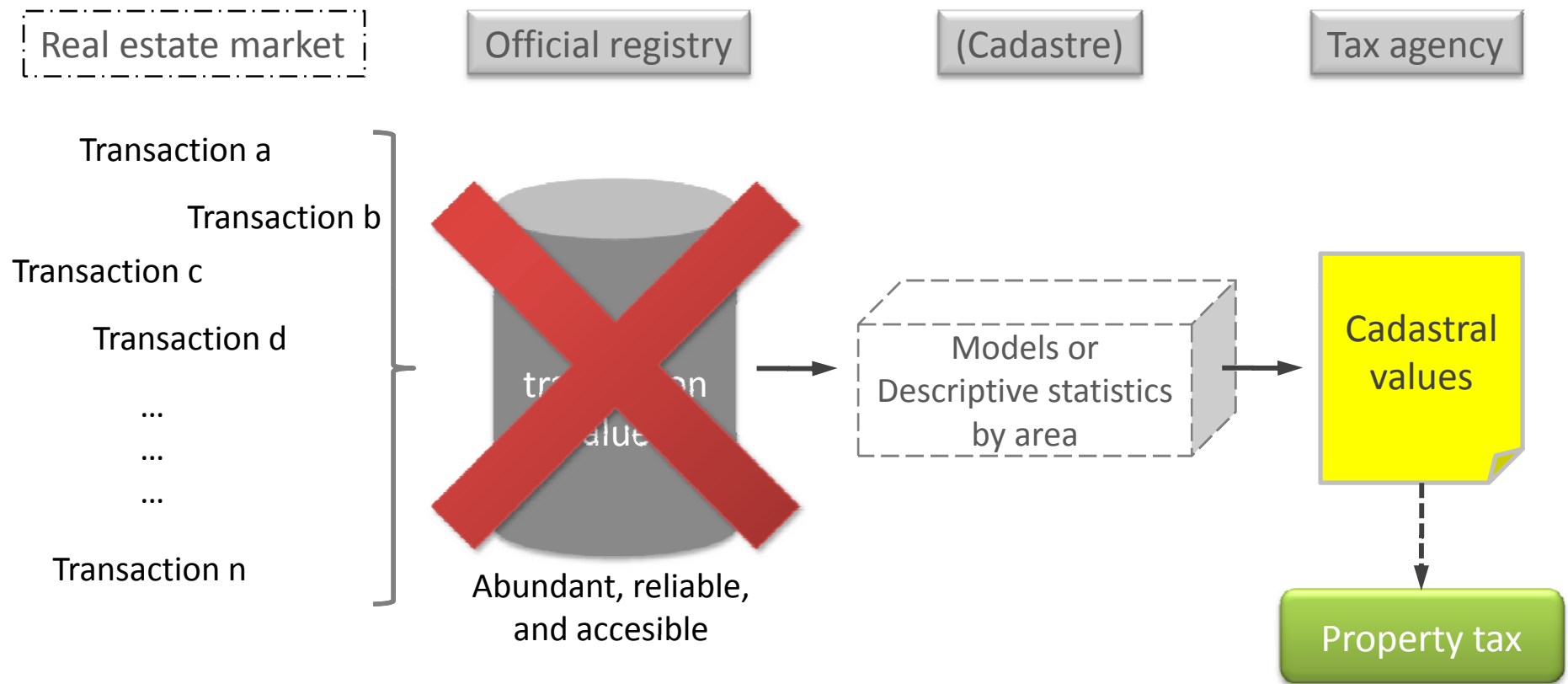


# Cadastre and the property tax in a nut shell



# Establishing the base for the property tax

## OECD countries



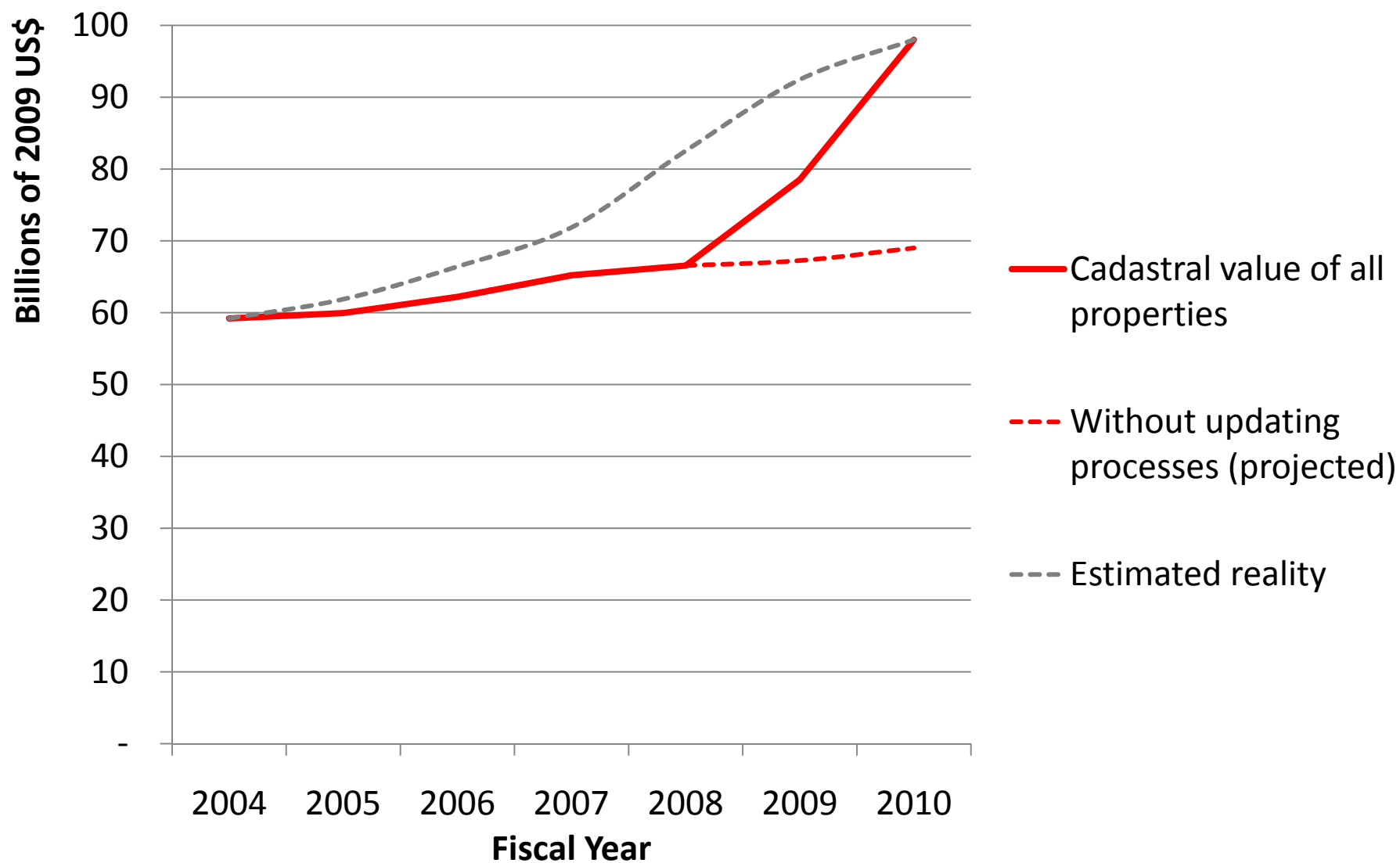
In developing countries, "property markets are not mature, there is a paucity of evidence on transaction values(...)"

Bahl et al., 2010, pp 8

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# Results of cadastral updating in Bogota 2008-2009



## Keys behind success

- Political juncture
- Transparent management of human resources\*
- Implementation of a *taylorist* approach\*
- Introduction of information technologies: PDAs, Web applications\*
- Mitigation of the project's impact on the property tax
- Engagement of stakeholders and career civil servants\*
- Openness to review the project's results\*
- Improved massive assessments\*

\* described in detail in Uribe, Maria C. in *Land information updating, a de facto tax reform: Bringing up to date the cadastral database of Bogota*. World Bank (upcoming)

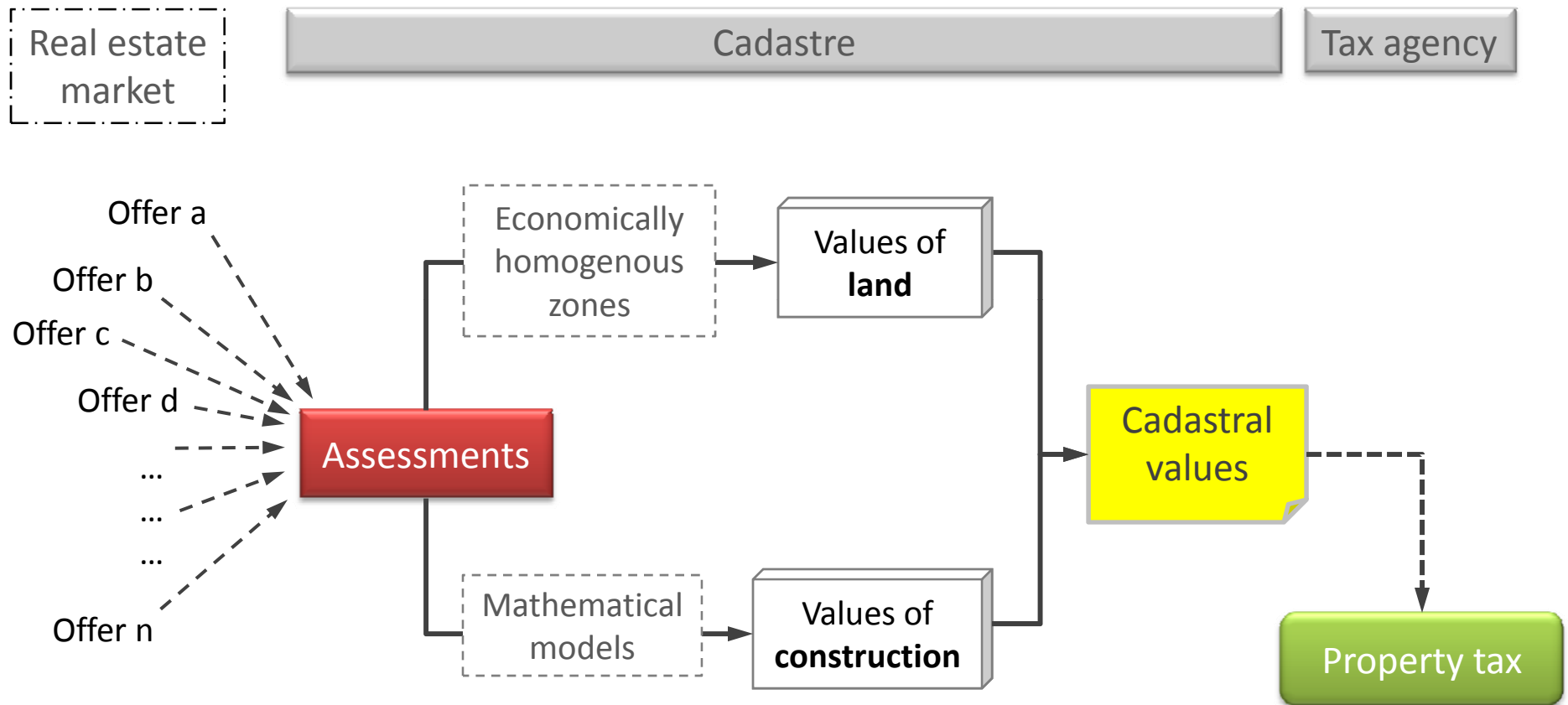


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# Establishing the base for the property tax

## Colombian cadastral regulations



# Improvements implemented in 2008-2009

- Inclusion of location variables (with help from Geoda-ASU)\*
- In depth study of shopping centers' real estate market and key variables: one model for each large mall\*
- Modeling team and assessors worked together to verify consistency at all levels.
- Quality control and sensitivity with market data: Real Estate Observatory—OIC

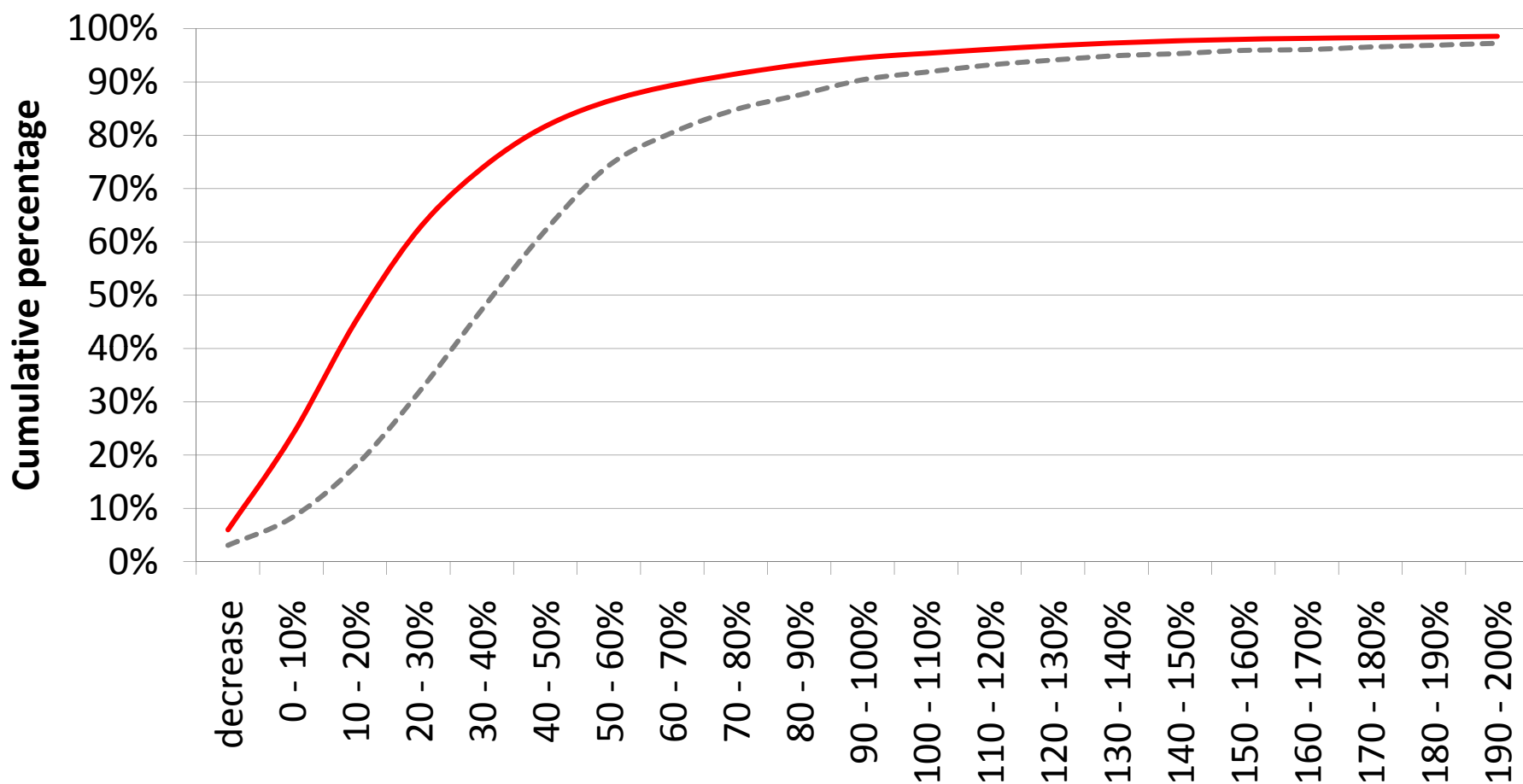
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# 2008 forecasts of increases

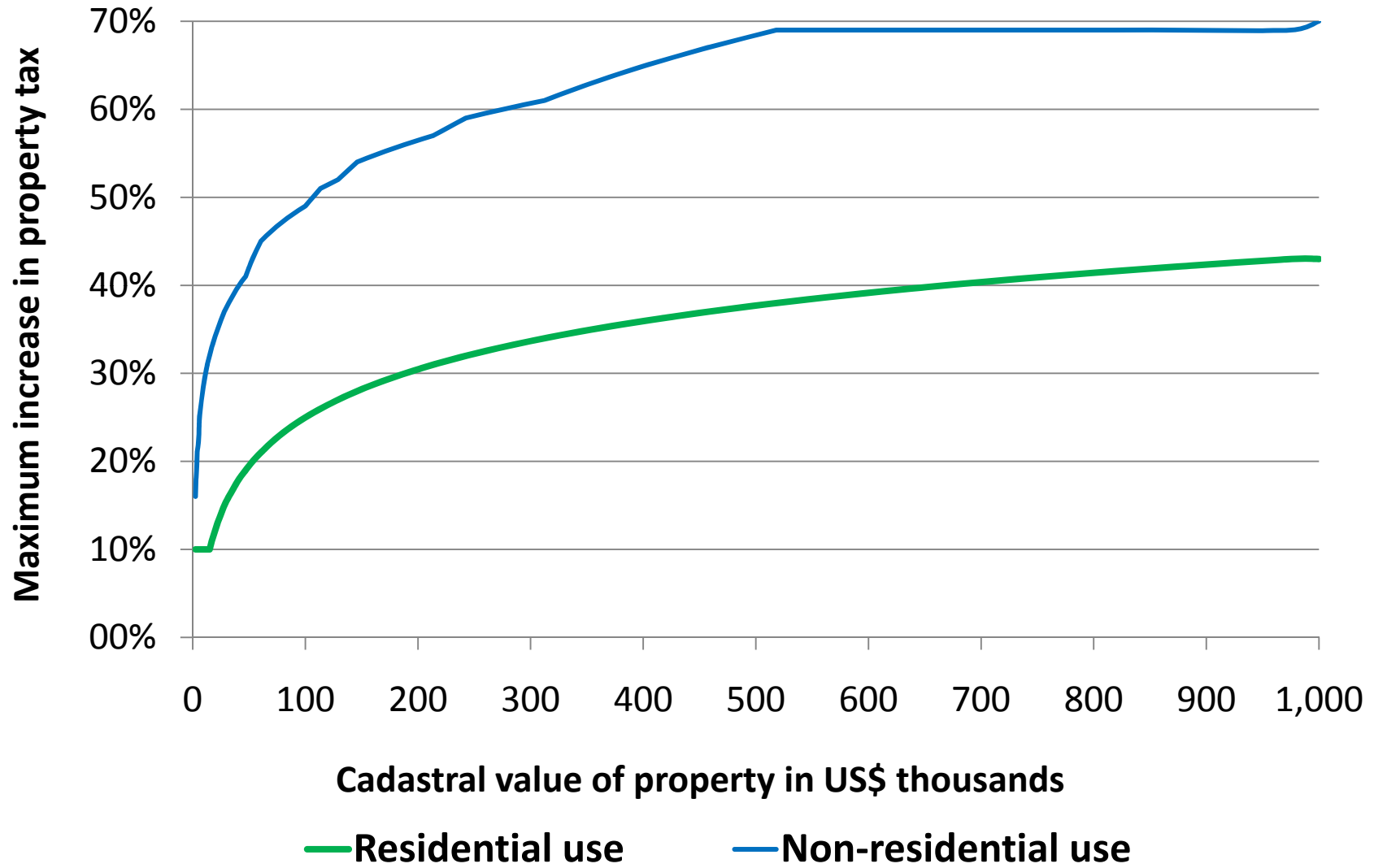


Expected increases in cadastral values from 2008 to 2009

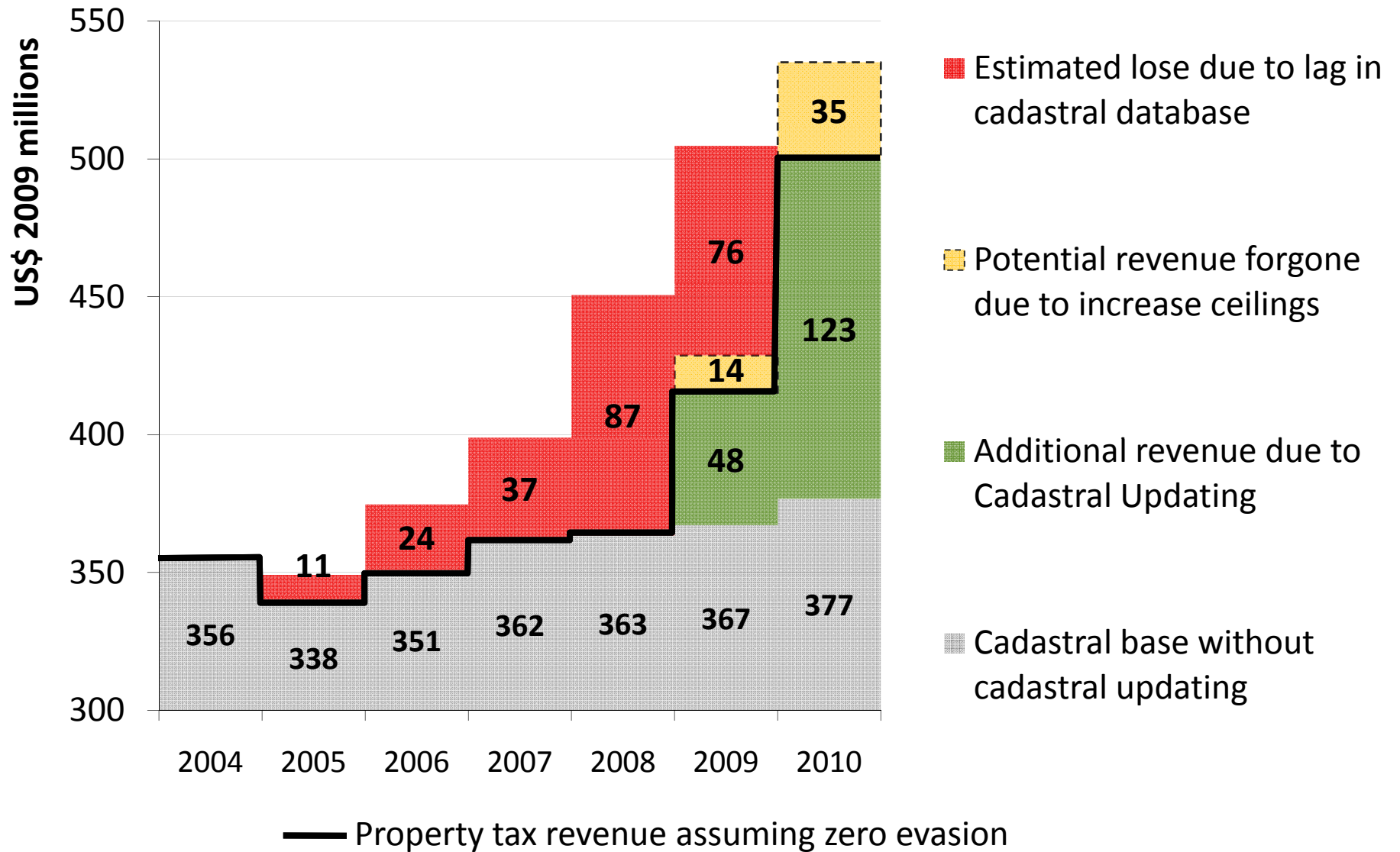
— Properties

--- Assessment disputes

# Increase ceilings



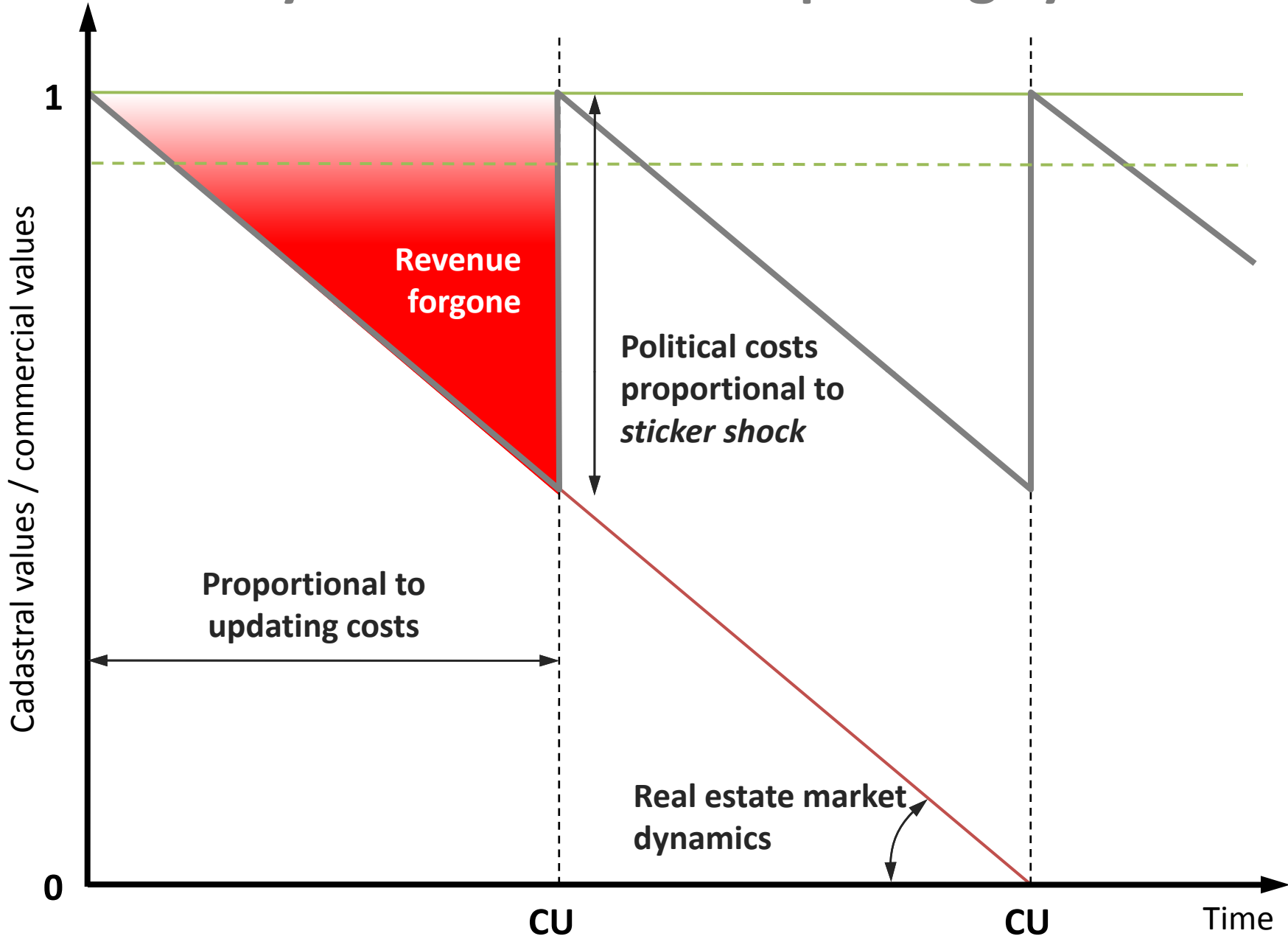
# Increased tax revenue



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# Key variables behind updating cycles



# Costs of 2009 project

<i>Item</i>	<i>Cost (US\$2009)</i>	<i>%</i>	<i>Includes...</i>
Physical component	2,950,000	38%	Temporary employees and supervising career civil servants
Mapping	454,000	6%	Digitizing staff and supervising career civil servants
Legal component	243,000	3%	Temporary employees
Economic component	1,937,000	25%	Assessors, supervising career civil servants, econometric modeling team, temporary employees (OIC and ZHF)
Administrative support	558,000	7%	Managing staff, selection of personnel to be hired, administrative staff
IT support	594,000	8%	PDA's, hardware lease, IT support staff
Communications	79,000	1%	Staff and contractors managing relations with media and communities
Support staff and materials	1,018,000	13%	Project headquarters, vehicles, attires, secretaries, and assistants
<b>Total costs</b>	<b>7,833,000</b>		

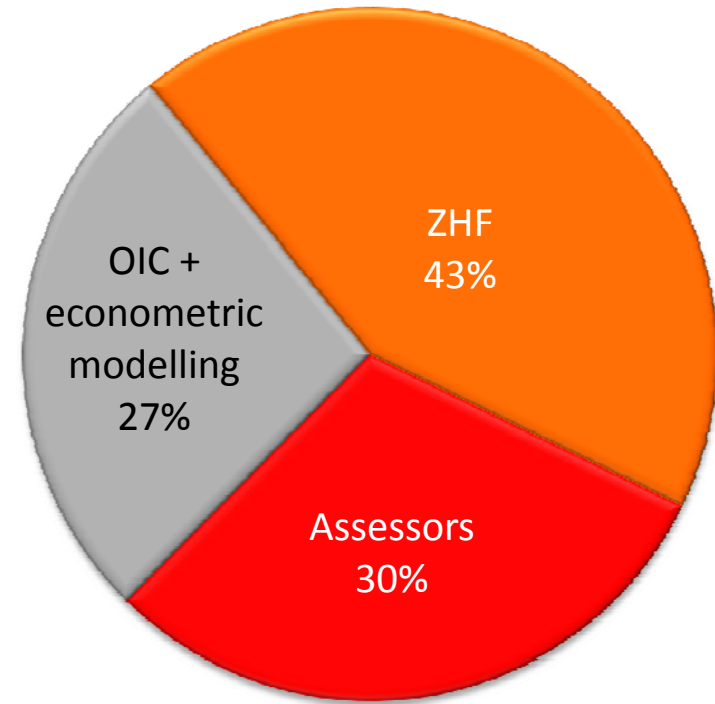
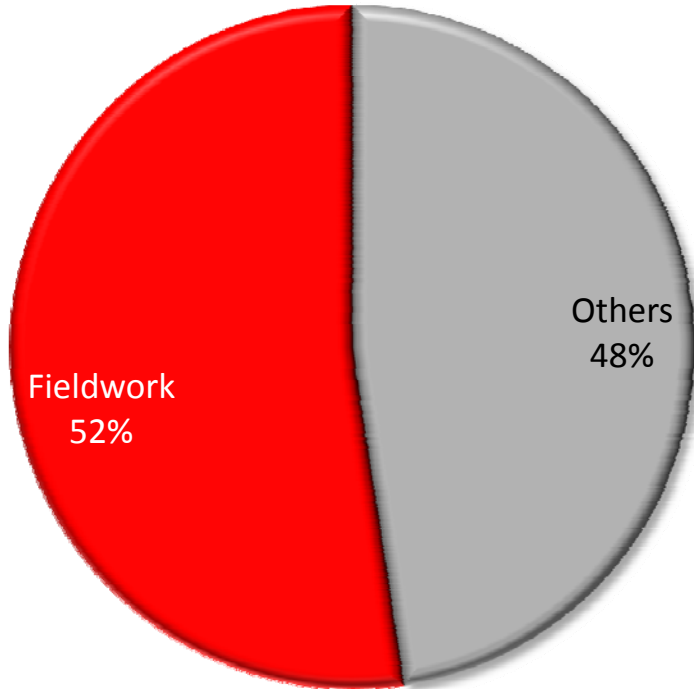
Updated properties: 1.280.000

<b>Cost of updating per property</b>	<b>US\$ 6.12</b>
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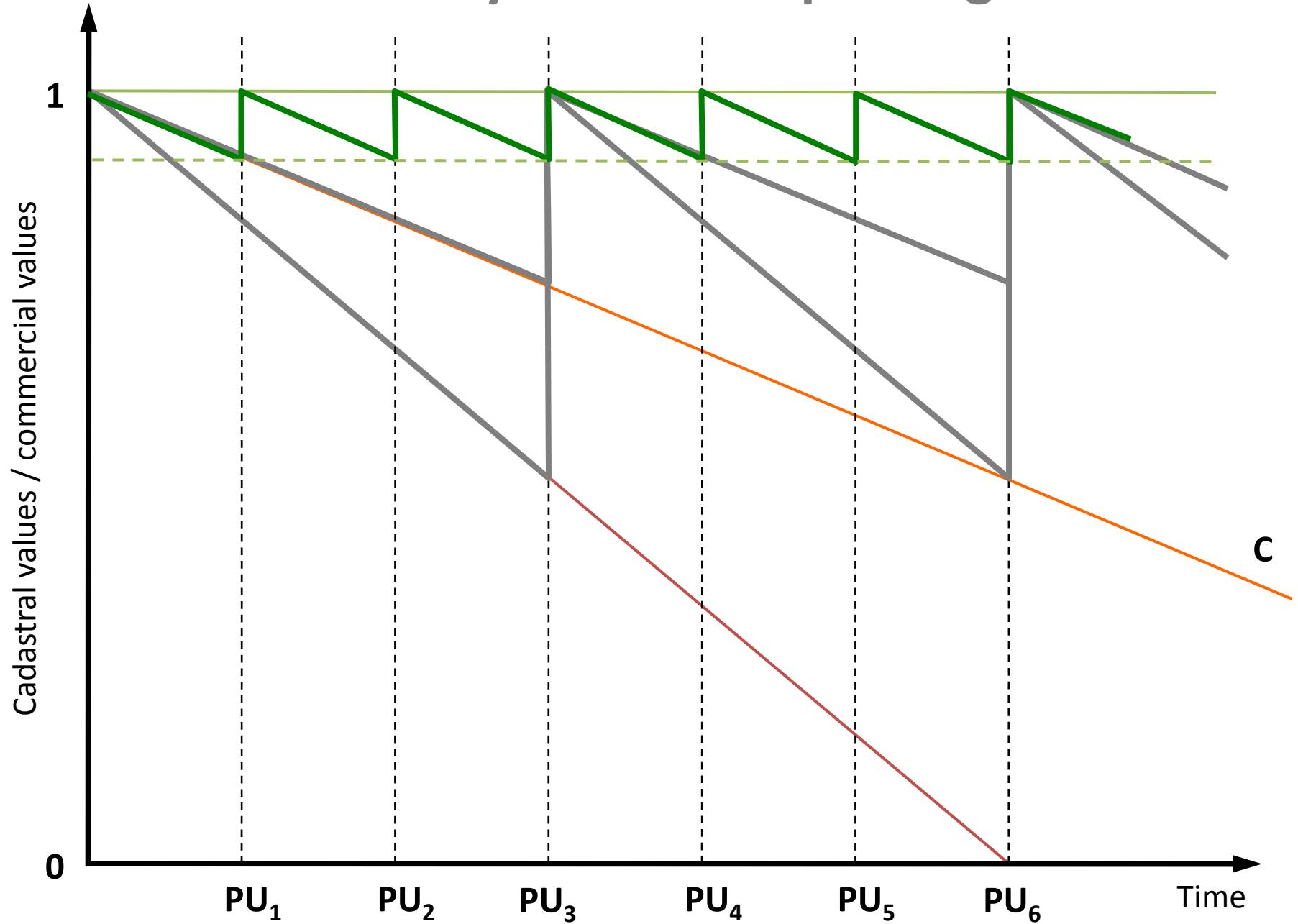
# Regulatory overhead

Total cost of updating process in 2009:  
US\$ 7.833.000



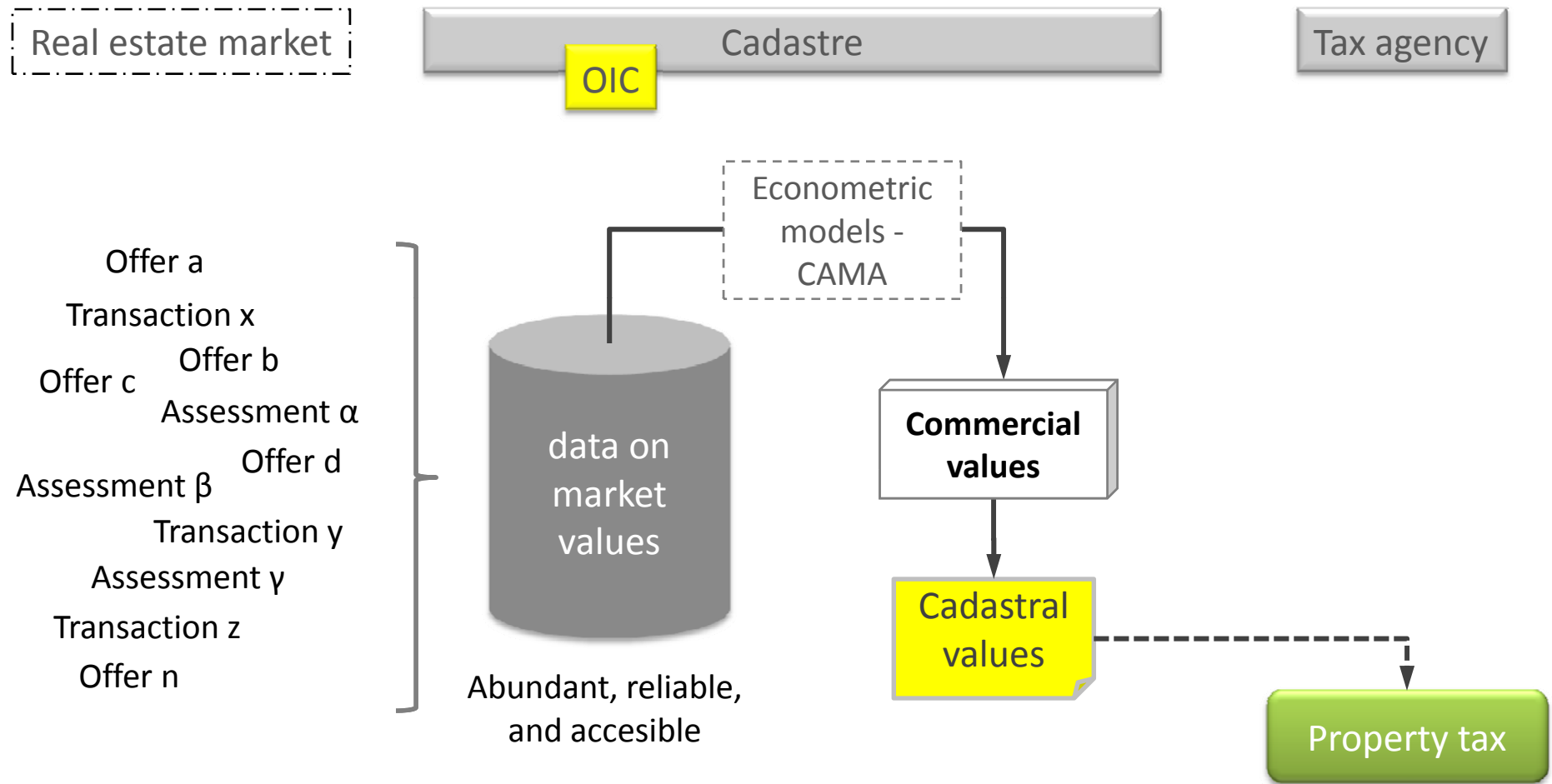
Total cost of revaluating 1,28 million  
properties in 2009: US\$ 1.937.000

# Yearly cadastral updating



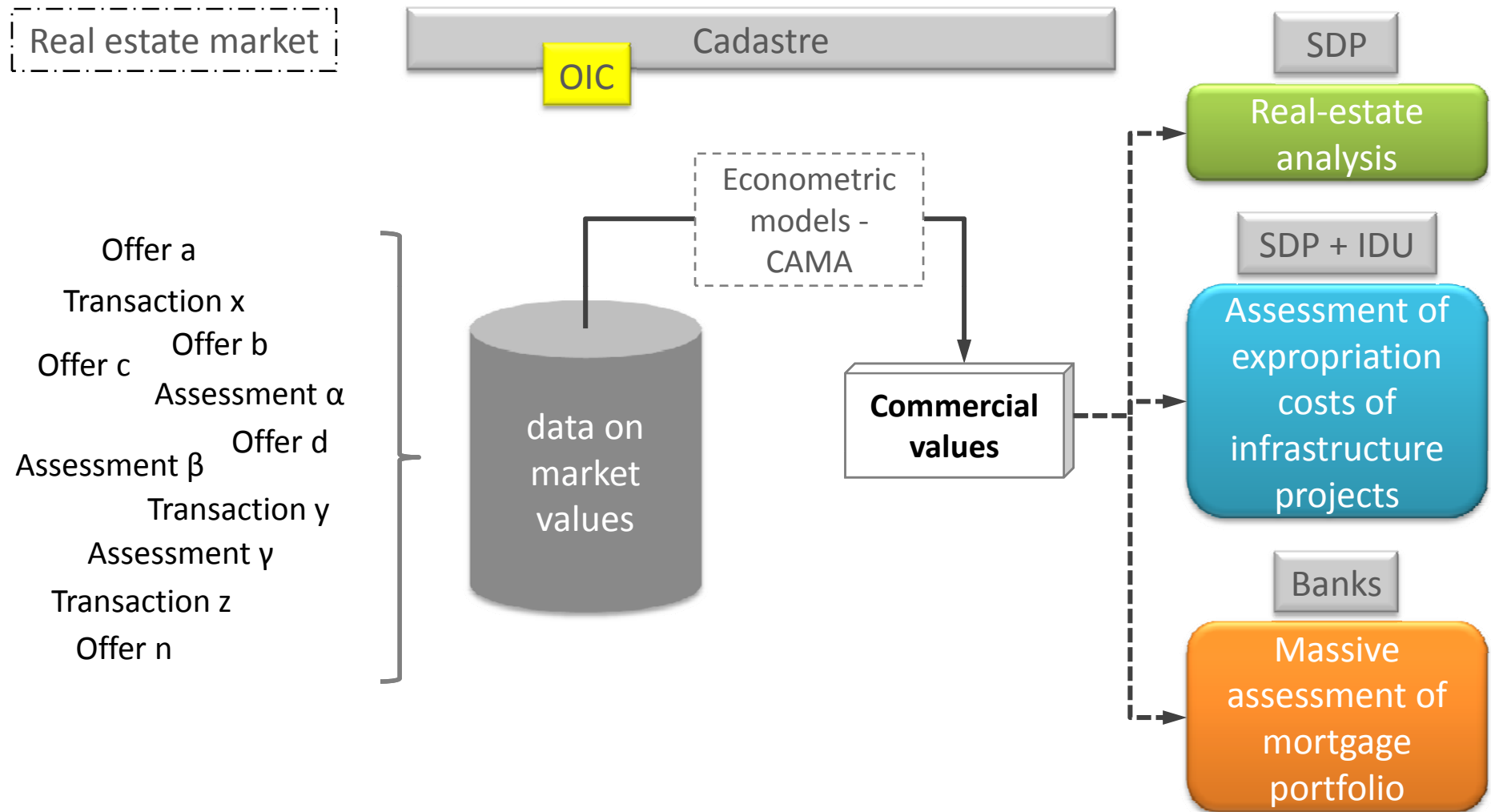
# Establishing the base for the property tax

## Scheme being implemented in 2010

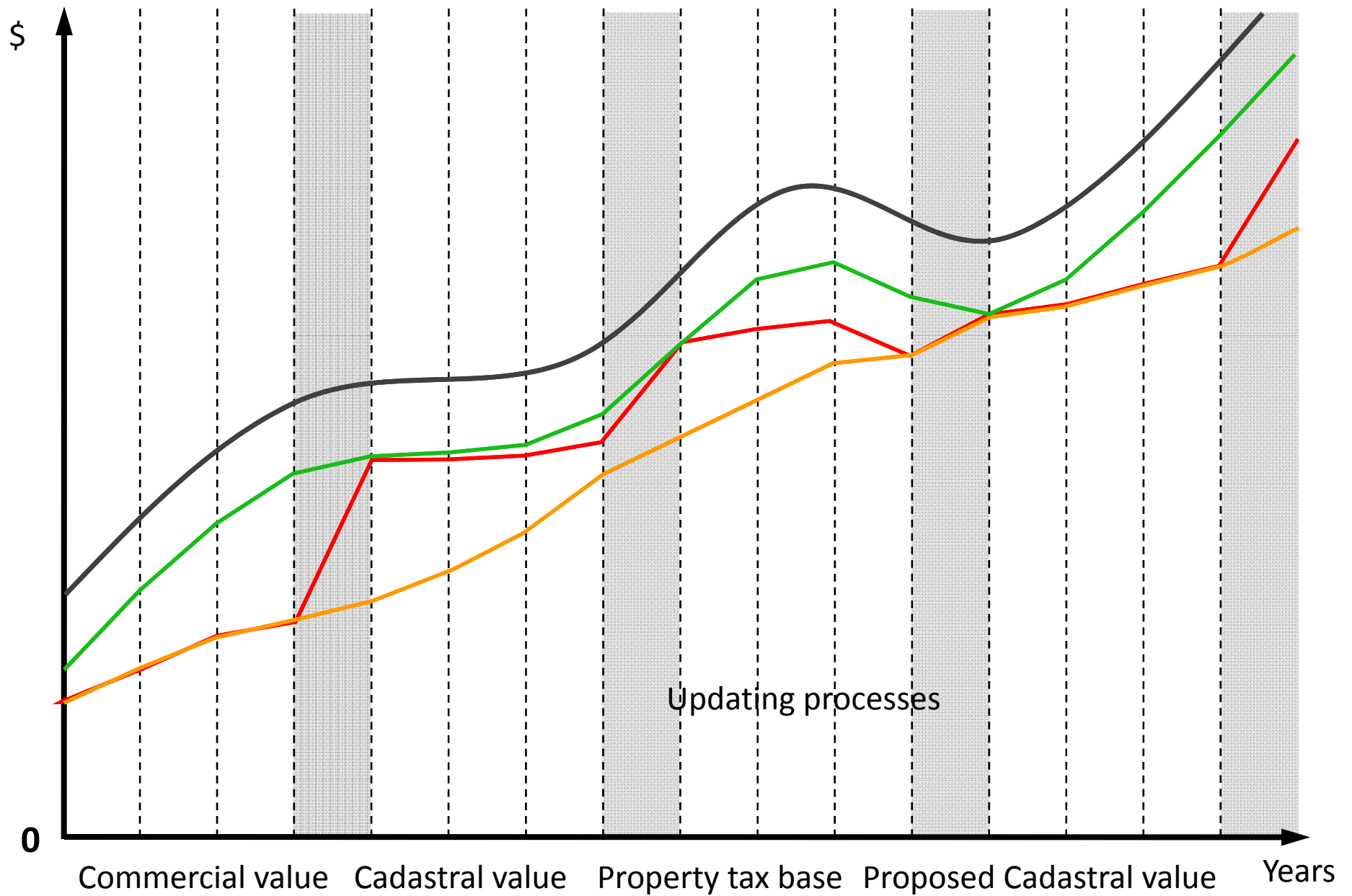


# Establishing the base for the property tax

## Scheme within a multipurpose cadastre



# Commercial value vs. Cadastral value



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