

■■ LAND-BASED FINANCE READER ■■



# LEVERAGING LAND: LAND-BASED FINANCE FOR LOCAL GOVERNMENTS A READER

Leveraging Land: Land-based Finance for Local Governments **A Reader**

Copyright © United Nations Human Settlements Programme (UN-Habitat), 2016  
An electronic version of this publication is available for download from the UN-Habitat website at [www.unhabitat.org](http://www.unhabitat.org) and the GLTN website at [www.gltm.net](http://www.gltm.net)

HS Number: HS/044/16E

ISBN Number: (Volume) 978-92-1-132712-0

## DISCLAIMER

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning delimitation of its frontiers or boundaries, or regarding its economic system or degree of development.

The analysis, conclusions and recommendations of this publication do not necessarily reflect the views of the United Nations Human Settlements Programme, the Governing Council of the United Nations Human Settlements Programme, or its Member States.

References to names of firms and commercial products and processes does not imply their endorsement by the United Nations, and a failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Excerpts from the text may be reproduced without authorisation, on condition that the source is indicated.

United Nations Human Settlements Programme (UN-Habitat)  
PO Box 30030, GPO Nairobi 00100, Kenya E-mail: [infohabitat@unhabitat.org](mailto:infohabitat@unhabitat.org)  
Web: [www.unhabitat.org](http://www.unhabitat.org)

## ACKNOWLEDGEMENTS

Principal author: Lawrence Walters

Coordinators: Jean du Plessis, Solomon Haile, Liz Paterson (UN-Habitat)

Contributors: MaryDawn Barnard, Danielle Doty, Jean du Plessis, Solomon Haile, Danielle Hallam, Joe Hooper, Gulelat Kebede, Brett Lee, Rebecca Ochong, Liz Paterson, Remy Sietchiping, Andrew Wallentine

Expert Consultation Participants: Rachele Alterman, Khaled Amin, Stephen Berrisford, Sarah Boisard, Clemence Chiduwa, Jordi Duatis Puigdollers, Matthew Glasser, Arnau Gutiérrez Camps, Solomon Kebede Mamo, Roy Kelly, Charlotte Lafitte, Jorge Martínez Chapa, Shishir Mathur, Carlos Morales-Schechinger, Marcel Pandin, Richard Rybeck, Siraj Sait, Enrique Silva, Enid Slack, Angela Stair, Kumar Subramaniam, Eric Tudzi, Lawrence Walters, Remy Sietchiping, Solomon Haile, Marco Kamiya, Liz Paterson, Annika Lenz, Joaquin Pardo Díaz, Israel Barroso Tamariz, Carolina García Orner, Vaksvik Skarstad

Editor: Victoria Quinlan

Design and layout: Lucy Cherogony

Sponsors: The Netherlands Government, Norwegian Government, Swedish International Development Cooperation Agency (Sida)

Printed at: UNON, Publishing Services Section, Nairobi, ISO 14001:2004-Certified.

# LEVERAGING LAND: LAND-BASED FINANCE FOR LOCAL GOVERNMENTS A READER

*This training package is intended as a flexible and frequently updated resource. It is distributed free of charge via [www.gltm.net](http://www.gltm.net). Kindly use it in electronic format, printing only those pages or sections you need to hand out in hard copy during training. If you know of updated information on any of the cited cases, have a new case you would like to contribute, or if you have any other comments or suggestions for improvement, please contact us by email at [gltm@unhabitat.org](mailto:gltm@unhabitat.org).*

# TABLE OF CONTENTS

PREFACE	iv		
EXECUTIVE SUMMARY	IX		
INTRODUCTION TO LAND-BASED URBAN FINANCE	1		
INSTRUMENT 1: RECURRING TAXES ON LAND AND BUILDINGS	24		
INSTRUMENT 2: BETTERMENT CHARGES AND SPECIAL ASSESSMENTS	55		
INSTRUMENT 3: DEVELOPER EXACTIONS	63		
INSTRUMENT 4: LAND VALUE INCREMENT TAXES	73		
INSTRUMENT 5: SALE OF DEVELOPMENT RIGHTS	85		
INSTRUMENT 6: LAND LEASES AND SALE OF PUBLIC LANDS	92		
INSTRUMENT 7: TRANSFER TAXES AND STAMP DUTIES	108		
CASE STUDIES			
Case 1: Recurring taxes on land and buildings: Albania	117	Case 8: Special assessment (Contribución Especial de Mejoras) in Cuenca, Ecuador	141
Case 2: Property tax rates in Singapore	120	Case 9: Developer exactions (Obligaciones Urbanísticas) in Medellín, Colombia	145
Case 3: Property tax reform in Punjab, Pakistan	123	Case 10: Community amenity contributions in Vancouver, Canada	148
Case 4: Administrative reforms in Bogotá, Colombia	126	Case 11: Land value sharing in Taiwan	154
Case 5: Creating a property tax register in Kandahar, Afghanistan	130	Case 12: Capital gain sharing in Bogotá, Colombia	158
Case 6: Property tax reform in Sierra Leone	133	Case 13: Selling development rights in São Paulo, Brazil	160
Case 7: Betterment levies (Contribución de valorización) in Medellín, Colombia	139	Case 14: Mumbai development rights	162
		Case 15: Land leases in Hong Kong	165
		Case 16: Land leases in Finland	171
		Case 17: Land sales in Egypt	172
		Case 18: Land sales in Ahmadabad, Gujarat, India	176
		Case 19: Stamp duties in Singapore	178
		Case 20: Transfer taxes in Tanzania	182
		Case 21: Transfer taxes in Turkey	189
		ANNEX 1: MUNICIPAL BORROWING	195
		ANNEX 2: INCREASING LAND VALUES THROUGH LAND READJUSTMENT	200
		REFERENCES	210

## ABBREVIATIONS

AFN	= Afghan afghani (currency)	LGO	= Local Government Ordinance (Punjab, India)
AUDA	= Ahmedabad Urban Development Authority (India)	LPR	= Land pooling and readjustment
BCA	= Moody's Baseline Credit Assessment	LPT	= Land and property tax
BID	= Business improvement district	LVIT	= Land value increment tax (Taiwan)
CAC	= Community amenity contribution (Vancouver, Canada)	MOI	= Ministry of the Interior (Taiwan)
CAD	= Canadian dollar	NAV	= Net assessable value (Hong Kong)
CDG	= City District Government (Punjab, India)	NLVI	= Natural land value increment (Taiwan)
CEM	= Contribución Especial de Mejoras (Special Assessment Ecuador)	NUCA	= New Urban Communities Authority (Egypt)
CEPAC	= Certificate of additional construction potential (Brazil)	OECD	= Organization for Economic Cooperation and Development
CLT	= Community land trust	OIC	= Cadastral Real Estate Observatory (Colombia)
COOTAD	= Organic Code for Territorial Organization, Autonomy and Decentralization (Ecuador)	PILaR	= Participatory and Inclusive Land Readjustment
COP	= Colombian peso	POT	= Land-use plan (Colombia)
DACD	= Administrative Department for the District Cadastre (Bogotá)	PP	= Microsoft PowerPoint
DANE	= National Administrative Department of Statistics (Colombia)	PRC	= People's Republic of China
DP	= Development plan (Ahmedabad, India)	PKR	= Pakistan rupee
EPM	= Public utility company (Medellin, Colombia)	SGD	= Singapore dollar
FAR	= Floor area ratio	SAR	= Special administrative region (PRC)
FSI	= Floor space index, or the ratio to total building floor area to land area	TDR	= Transferable (or tradable) development rights
GAPV	= Government-announced present value (Taiwan)	TMA	= Tehsil Municipal Administration (Punjab, India)
GDP	= Gross domestic product	TZS	= Tanzanian shilling
GLTN	= Global Land Tool Network	UIPT	= Urban Immovable Property Tax (Punjab, India)
GLV	= Gross land value (Hong Kong)	UO	= Urban operation, or city sector (Brazil)
HKD	= Hong Kong dollar	USD	= United States dollar
IGAC	= National Geographic Institute Agustin (Colombia)	USAID	= United States Agency for International Development
IPRO	= Immovable Properties Registration Office (Albania)	VAT	= Value added tax
LBF	= Land-based finance / Land-based financing	ZHF	= Physically homogenous zone (Colombia)
		ZHG	= Geo-economically homogenous zone (Colombia)

# PREFACE

## THE LBF TRAINING PACKAGE

This Reader is an integral component of the GLTN/ UN-Habitat *Leveraging Land: Land-Based Finance for Local Government* training package. The package is a two-part tool consisting of

- *Leveraging Land: Land-based Finance for Local Governments. A Reader* (this volume); and
- *Leveraging Land: Land-based Finance for Local Governments. A Trainer's Guide*

The LBF training package has been developed over a number of years and the process has involved numerous UN-Habitat and GLTN partners and other experts, as recognized in the Acknowledgments. This has included research, an expert consultation meeting held in Barcelona in May 2015, and testing in two pilot training events. It is a flexible document made available electronically. The intention is to further improve and fine-tune it, by incorporating ideas and suggestions received during the consultations, and while the tool is being used.

The tool is intended for both participants and trainers/facilitators in the GLTN/UN-Habitat Land-Based Finance (LBF) training course, as well as others with

an interest in land as a basis for generating revenue to provide urban services. LBF is a collective name given to a range of instruments by which local governments expand their revenue base and generate funds that will help them realize their service delivery, infrastructure development and maintenance goals. The broader contexts within which the LBF tool is being developed are local governance and sustainable urbanization. The LBF tool is premised on the fact that urban land is a key factor of production and an important source of financing for urban development, including infrastructure, social housing and basic services.

The first part of the LBF tool is this Reader in which a range of instruments are presented, described and demonstrated through cases and examples. The instruments included are the annual tax on immovable property, betterment charges, developer exactions, land value increment taxes, the sale of development rights, land sales and leases, and transfer taxes.

The second part of the LBF tool is a *Trainer's Guide* which provides methods whereby knowledge of both policy and practice regarding these instruments can be communicated. In the *Trainer's Guide*, the emphasis is on the practical dimensions of deploying

and making the most out of land-based financing instruments. The training is designed to both broaden the understanding of participants regarding potential land-based revenue instruments and to help them think critically about what is required to implement or domesticate each instrument in their home environment.

## HOW TO USE THIS READER

The Reader provides an overview of the principal land-based financing instruments in use around the world. The Reader is intended to serve as a handbook to lead the reader to a deeper understanding of land-based financing instruments. Not all instruments are equally relevant for all contexts or at all times. In some cases, an instrument described in the Reader will offer an obvious and immediate path for improving local revenues. In other cases, the historical and

This training package is intended as a flexible and frequently updated resource. It is distributed free of charge via [www.gltn.net](http://www.gltn.net). Kindly use it in electronic format, printing only those pages or sections you need to hand out in hard copy during training. If you know of updated information on any of the cited cases, have a new case you would like to contribute, or if you have any other comments or suggestions for improvement, please contact us by email at [gltn@unhabitat.org](mailto:gltn@unhabitat.org).



## PREFACE

cultural context may make implementation of a given instrument nearly impossible at the present.

Given these realities, readers and participants in the LBF training will inevitably choose to study only some materials contained in the Reader. Those who are potentially interested in participating in LBF training should begin by reviewing the Executive Summary. The Executive Summary provides an overview of all the instruments and other materials included in the Reader. Reviewing the Executive Summary and the decision aids in Chapter 1 (Tables 1-3) will allow readers and participants to select those chapters and instruments that seem most relevant.

The chapters in the Reader are independent of each other, though the discussion presented may draw on general principles discussed in the “Introduction to Land-Based Finance” chapter. Each chapter

- Describes the instrument,
- Provides references to academic and practitioner literature discussing the tool in greater depth,
- Provides examples demonstrating the tool
- Summarizes the minimum requirements and key issues that will influence the selection and implementation of the instrument, and

- Discusses the financial, social, economic, and spatial impacts that could arise from the instrument’s use.

Reading the discussion for a given instrument and perhaps consulting some of the references listed is only the beginning. Each local context has a unique history and culture. It is extremely unlikely that the implementation of an LBF instrument can simply be imported from some other context, no matter how successful the instrument may be in that other context. Instruments will need to be adapted to local conditions. It is possible that this adaptation can be done without the face-to-face training contemplated in this training package. However, many readers will find the discussion and collaboration provided in the training to be very helpful in both understanding what is required and charting an effective course for the future. Consequently, users of this *Reader* are encouraged to participate in a GLTN/UN-Habitat-sponsored training course that follows the Trainer’s Guide.

### WHY LAND-BASED FINANCE TRAINING?

One of the significant challenges facing urban authorities in developing countries is the availability

of the financial resources necessary to support and sustain urban development. Many urban authorities are very under-resourced and hence are unable to meet the ever-growing demand for basic services and new infrastructure as well as the maintenance of existing infrastructure and services. The extent to which urban local government can deliver effective services to citizens, including land services that improve access to serviced urban land and ensure tenure security, is dependent on the resources available to them.

LBF is a flexible set of instruments that can be adapted to a variety of institutional and cultural contexts. LBF aims to enhance the availability of resources for local development. Improved local finances and the ability to improve local infrastructure and service provision can have far-reaching social and economic benefits. Additionally, LBF tends to have fewer negative impacts on private investment than do other types of revenue tools and can even have positive spatial and social impacts. This combination of potential financial, economic, spatial and social benefits is the reason LBF has become a hot topic internationally in recent years.

This training package seeks to provide urban decision makers, managers and other community leaders

## PREFACE

at both the local and national levels with a broader understanding of the range of land-based financing instruments that are available and in use around the world.

The training is delivered in a series of sessions covering (in most cases)

a subset of the instruments included in the *Reader* as selected by training participants. It is possible to adjust the length<sup>1</sup> of the training by choosing those tools considered to be suitable to meet local needs. Each session seeks to provide an understanding of the instrument covered along with an awareness of where it has been applied and what the key implementation requirements are. The training package is intended to

### Why land-based finance (LBF)?

- Flexible and adaptable set of instruments
- Revenue generating potential
- Often better economic, spatial and social impact than other revenue tools

be rotated each session over the course of the training so that each participant has the opportunity to fill each role. Consequently, it matters little how the roles are initially assigned. The roles and responsibilities for each role are as follows:

- **Facilitator:** Animates and motivates the group; keeps the group on task; makes sure everyone is heard; asks for consensus; provides helpful and supportive feedback
- **Recorder:** Keeps notes of the group's work, either on easel paper or notebook paper
- **Reporter:** Shares the group's work and ideas with the larger group
- **Timekeeper:** Makes sure the group completes the task within the time provided
- **Observer:** Pays special attention to how the group is working together (i.e. Is everyone participating? Is anyone dominating the group?);

well as other leaders in developing urban areas, by enabling them to explore tried and proved options for generating additional financial resources. It is often difficult for local governments to enforce land laws and policies without financial resources. They also find it challenging to increase the availability of serviced urban land and to prevent the proliferation of slums. Land-based financing is therefore one of the tools needed to achieve secure access to land and realize the goals of sustainable urban development.

It must also be acknowledged that implementing or improving land-based finance instruments can be politically challenging. It is essential therefore that early in the process high-level political officials engage in the discussion and become committed to effective change. Without the strong support and commitment from senior officials, it is unlikely that meaningful change can occur. Even with such support, change will not

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_18458](https://www.yunbaogao.cn/report/index/report?reportId=5_18458)

