



KENYA – June 2021

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Land value index plan to tame speculators

The State is set to roll out a value index to make Kenya's land market transparent and cut wasteful public project spending due to speculative activity that drives up costs, the World Bank has said.

The long-awaited index is also expected to boost own-source revenue collection by counties from land property.

Kenya currently lacks standardised land value information—a loophole that has been exploited by cartels over the years to entrench fraud and exploitation in property prices.

Treasury Cabinet Secretary Ukur Yatani said the government would submit to Parliament a raft of subsidiary legislation on land valuation and compensation to pave way for the implementation of the index.

He said the regulations will include updated rules on land valuation Acts to ensure alignment with the Land Value Amendment Act 2019 and revisions to the Rating Act and Rating for Valuation Act to align them with devolution.

The roll-out of the land value index is part of conditions of a Sh80.9billion loan from the World Bank to help Kenya recover from Covid-19 economic hardships and support the budget.

“The development of a valuation index which is reviewed regularly will inform the valid market price when the government acquires land for its development projects. It will also mitigate the risk that local communities are exploited, as it allows communities to know the value of their properties, a strongly pro-poor measure” the World Bank said.

The Land Valuation Amendment Act 2019 provides for the development of a land value index for all 47 counties.

However, the lack of updated, relevant regulations despite the passing of the Act is impeding the roll-out of the land value index across counties.

International Property Tax Institute

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To date, land value indices have been completed in only six of 47 counties, none of which have yet received MPs' approval. Further, the Rating Act and Rating Valuation Act, which provides the legal basis for counties to determine ratings for land valuation, is outdated.

"Together, these gaps contribute to significant forgone own-source revenues that local governments could generate from property taxation" the World Bank.

Kenya has been trying to tackle the problem of inflated land prices when acquiring private property for state projects which have made them expensive to undertake.

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