



Land Value Capture and Affordable Housing: The Case of Rwanda

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Figure 6: Local Government Ratings Act – Article 37, page 15: <https://www.kcca.go.ug/uploads/acts/local%20government%20rating%20Act%202005.pdf>

Kigali 2025

List of Abbreviations

CAMA: Computer-Aided Mass Appraisal

CEPACs: Certificates of Additional Potential of Construction Bonds

CoK: City of Kigali

FAR: Floor to Area Ratio

GIS: Geographic Information System

IRPV: Institute of Real Property Valuers

LAIS: Land Administration Information System

LTRP: Land Tenure Regularization Program

MINICOFIN: Ministry of Finance and Economic Planning

NLA: National Land Authority

NST: National Strategies for Transformation

OSC: One Stop Center

RHA: Rwanda Housing Authority

RLGTMS: Rwanda Automated Local Government Taxes Management System

RRA: Rwanda Revenue Authority

RWF: Rwandan Francs

TBD: To Be Determined

TIN: Tax Identification Number

UPI: Unique Parcel Identifier

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Introduction

Rwanda is undergoing one of the fastest urbanisation processes in Africa. Between 2002 and 2022, the share of the urban population rose from 9% to 27.9%. By 2050, this figure is projected to reach 70%, aligning with the government's ambitious goal, as per its Vision 2050, to transform Rwanda into a middle-income country by 2035 and a high-income country by 2050, which is implemented through its National Strategies for Transformation (NST1 and NST2). Central to this Vision is the recognition of cities as engines of economic growth. However, rapid urbanization has outpaced planning efforts, giving rise to significant challenges in housing, infrastructure, and land use management.

At present, it is estimated that Rwanda faces a shortage of over two million housing units, a number that is growing every year. This is driven by the fact that currently supply cannot keep up with demand due to several factors including high construction costs, especially as there is a reliance on imported materials in the industry. Financing is also a challenge, with average mortgage interest rates of 18%. This has driven up the costs of individual units, making homeownership of even those houses on the market, unattainable for majority of households.

The spatial planning system in Rwanda faces several challenges. While land rights are clearly defined and illegal squatting is rare, urban master plans often lack integration with localised planning efforts at a neighbourhood level. This disconnect leads to inefficient land use, contributing to urban sprawl. A notable example can be seen in parts of Kigali's expansion, characterised by single-story dwellings on individual plots. This pattern not only consumes valuable land but also increases the government's costs for providing basic public infrastructure, as larger areas require more extensive investments to ensure services. As a small country where land is at a premium, the Government of Rwanda aspires to promote densification as a key strategy for addressing its housing challenges. However, climate change and topographical constraints further complicate urban development. The country's hilly terrain, combined with increasingly intense rainfall, has led to landslides and flooding in urban areas. This has rendered several plots unsuitable for construction and left vulnerable populations exposed to significant risks.

There is also currently no large-scale formalised social rental housing sector, as existing housing policies continue to prioritise homeownership. As a result of these constraints, the Rwandan housing market is not yet producing enough affordable units of housing and many urban dwellers live in precarious rental housing, often in unplanned settlements lacking adequate infrastructure and services. It is currently estimated that unplanned settlements cover about 40km², an equivalent of 5%, of the land in the city of Kigali and account for over 60% of urban housing, with inadequate access to sanitation (49%) and drinking water (83%). When infrastructure is eventually developed in these areas, land prices tend to increase, inducing gentrification and exacerbating inequality as poor households are displaced.

Harnessing Land Value for Affordable Housing

Amidst these challenges, Rwanda has made notable progress, particularly with its Land Tenure Regularization Program (LTRP). By 2013, the program had established a comprehensive baseline of all land parcels and assigned titles to these, incentivizing formal land transactions and enabling efficient land tracking. The program introduced leasehold titles for private landowners, supported by agreements with private notaries and the creation of a centralised Land Administration Information System (LAIS) to record transactions. These reforms have improved transparency, streamlined land management, and provided a foundation for leveraging land value capture instruments, which is far stronger than in many other African contexts where contested land rights still prevail.

One limitation of this progress is the limited government-owned land that is now available for direct implementation of public housing and infrastructure projects. This constraint requires innovative approaches to mobilise private land and leverage land value capture tools effectively to meet public

needs. By strategically leveraging land value, Rwanda has an opportunity to transform its affordable housing sector into a driver of inclusive, sustainable urban development. This can be achieved using various land value capture instruments, which recoup the publicly generated value of land value increases and redistribute these for public benefit.

Rwanda has a significant advantage in that many land value capture instruments are already embedded within its existing legal frameworks, providing a strong policy foundation for their implementation. These instruments, both fee-based and incentive-based, have the potential to address the provision of adequate housing by either increasing the stock of affordable housing or expanding the supply of developable land. Incentive-based instruments, typically guided by land use planning, are particularly effective in increasing the housing stock. Fee-based instruments, on the other hand, primarily enhance city or district revenues, which can then be reinvested in infrastructure and services to support the development of plots. A summary of all the instruments currently embedded in Rwanda's legislation is provided in **Figure 1**, along with references to their legal basis. Despite their potential, the systematic implementation of these tools remains limited. As urbanisation accelerates, integrating these instruments into urban planning and housing strategies will be crucial for addressing Rwanda's challenges while unlocking its full potential.

Through extensive interviews conducted between October and December 2024 with experts from both within and outside the Rwandan government working on these instruments and addressing the broader affordable housing challenge, as well as insights gathered from a workshop on land value capture held in Kigali in November 2024, three instruments have been identified as having the highest potential for reform to enhance their implementation.

1. **Density Bonuses and Inclusionary Zoning:** The provision for both these instruments is included in Kigali's Urban Planning Code and Zoning Regulations, but neither is currently being implemented.
2. **Land Readjustment:** This is already being implemented by landowners in the City of Kigali and in some of the Districts, with National Land Authority (NLA) currently drafting instructions to support and extend existing practices.
3. **Recurrent Property Tax:** This instrument is already successfully being used and implemented by the Rwanda Revenue Authority (RRA) across Rwanda, and its implementation has been improved with recent legal revisions as well as the ongoing transition to a Computer-Aided Mass Assessment (CAMA) process. As a decentralised tax, revenues are allocated to the City of Kigali and the Districts, but there are currently no provisions that link the revenue from property tax to expenditures on local public infrastructure and services.

This policy brief explores the potential of various land value capture instruments, examining how they are used globally compared to their current implementation in Rwanda. It assesses opportunities for improving these instruments to unlock more affordable housing, drawing on case studies from cities worldwide. These case studies not only showcase successful applications of such instruments but also highlight their limitations and cautionary lessons. It is important to emphasise that these examples are not intended to serve as a prescriptive blueprint for Rwanda. On the contrary, the successful implementation of land value capture instruments requires tailoring them to the local context. Nevertheless, these examples illustrate the potential these tools may hold for Rwanda, particularly with further reforms to their implementation.

		Does it exist in law, policies or regulations? Yes / No / Indirectly	Which Institution is responsible?	Is it used in practice?	Suitable for urban growth areas or non-growth areas?	Generate revenue directly?	One-off or recurrent revenue stream?	Direct Impact on Supply of Affordable Housing?
Fee Based	Recurrent Property Taxes	Yes	City of Kigali, Districts, Rwanda Revenue Authority	Yes	Growth and non-growth	Yes	Recurrent	No
	Land Taxes and Fees	Yes	National Land Authority, Rwanda Revenue Authority	Yes	Growth and non-growth	Yes	Recurrent	Maybe
	Impact Fees	Indirectly	City of Kigali and Districts	Yes - small scale	Growth	Yes	One-off	No
Incentive Based	Density Bonus	Yes (Regulations)	City of Kigali	TBD	Growth	Yes	One-off	Yes
	Inclusionary Zoning	Yes (Regulations)	City of Kigali and Rwanda Housing Authority	No	Growth			Yes
	Transfer Development Rights	Yes (Regulations)	City of Kigali	No	Growth	No		Yes
	Land Readjustment	Yes	City of Kigali, Districts	Yes	Growth and non-growth	No	No	No

Figure 1 - Overview of Land Value Capture Mechanisms in Rwandan Legislation

Density Bonuses and Inclusionary Zoning

Density bonuses are a versatile tool that city and district governments use to incentivise urban densification while simultaneously capturing land value increases for public benefit. They operate by allowing developers to exceed zoning regulations around the allowable floor-to-area ratio (FAR) in an area and build at higher densities in exchange for financial contributions or investments in public infrastructure. One form of value being leveraged in this process is air rights, which refer to the space above land. Air rights are considered publicly owned because the ability to develop beyond the established zoning height limits is a privilege that can only be conferred by the government, thus representing a public resource. Charging for air rights through density bonuses is, therefore, a form of land value capture, as it enables governments to reclaim some of the value created by granting these additional development rights and reinvest the gains for the public good (see **Figure 2**).

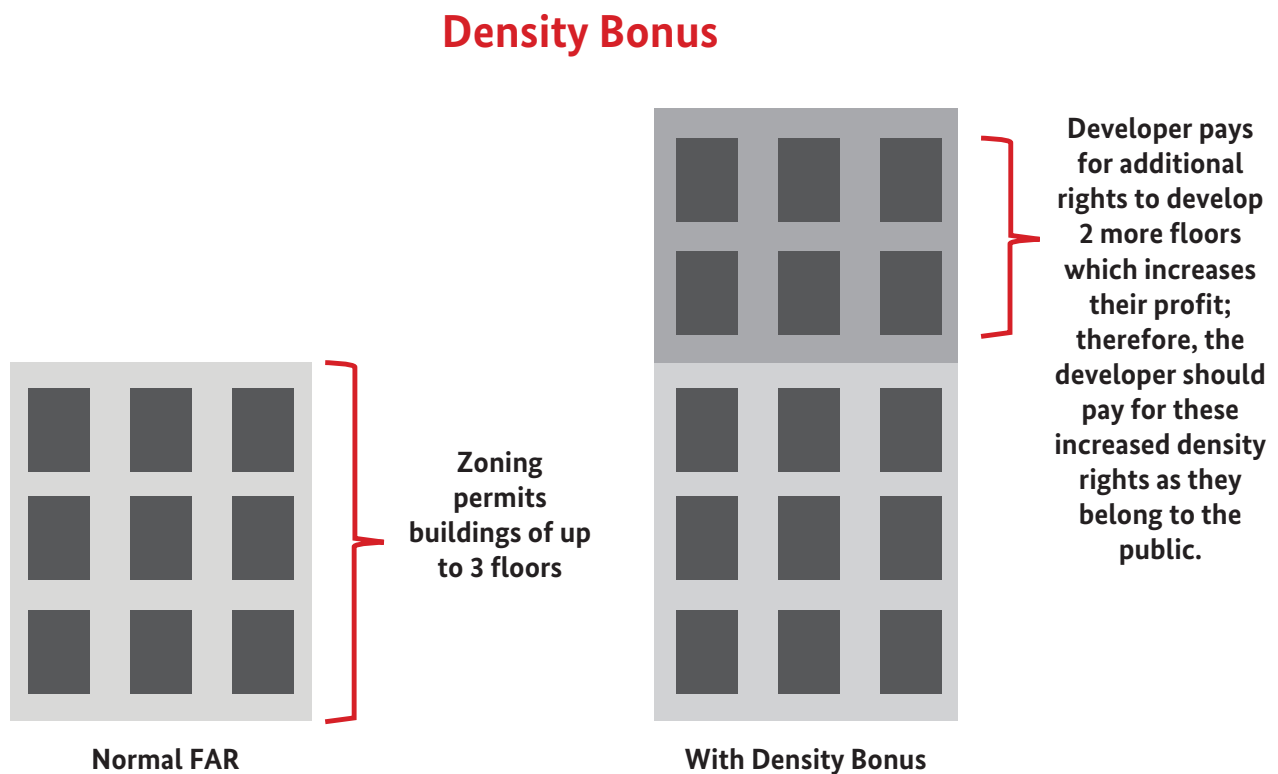


Figure 2 - Schematic of Density Bonuses

The approach for utilising density bonuses can promote sustainable urban growth by promoting efficient land use, funding public goods, and addressing critical urban challenges like affordable housing shortages. In practice, developers may be required to pay fees that governments reinvest in public services or directly include amenities like affordable housing units within their projects. For cases where governments are trying to incentivise the development of more affordable housing units, density bonuses are often tied to inclusionary zoning policies, which mandate mixed-income developments in return for additional density allowances. This means in practice that a developer will be granted the permission to construct a certain number of residential units, which it is free to sell or rent at market rates. However, for this permission to be granted, they will have to include a certain number or percentage of units in the same property, or in the near vicinity, that are rented or sold at government mandated below-market rates to increase the supply of affordable housing (see **Figure 3**).

Inclusionary Zoning

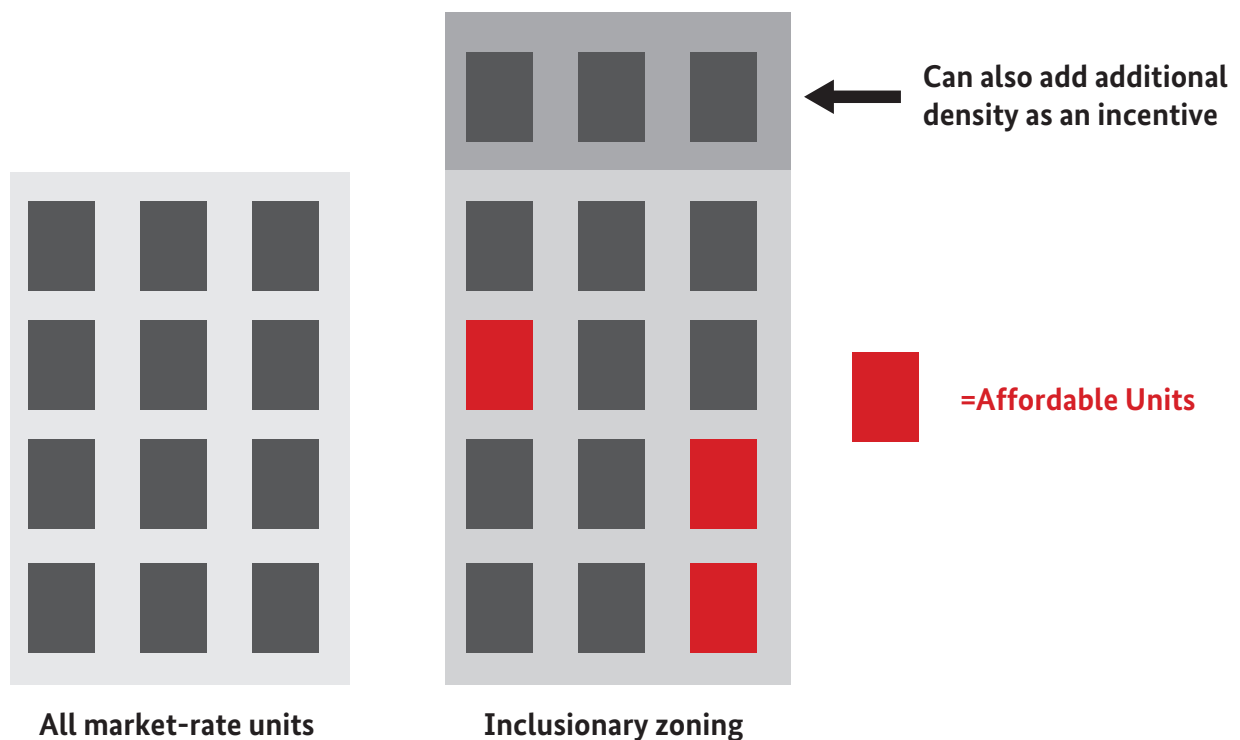


Figure 3 - Schematic of Inclusionary Zoning

The effectiveness of density bonuses and inclusionary zoning policies, depend on the prevailing real estate market conditions as it requires sufficient demand to build above the currently zoned density. Developers are unlikely to seek additional density unless there is sufficient demand and the opportunity for profitable returns. This is especially relevant when the bonus requires developers to include affordable housing units, which may generate lower profits. As such, density bonuses tend to be most successful in rapidly growing urban areas, with vibrant property markets, where economic and population growth drive demand for higher-density developments.

Implementing density bonuses requires careful planning and a robust framework. First, a baseline must be established through enforceable land use plans that outline zoning regulations and set maximum densities for various areas. Cities or districts must also have the legal authority to approve deviations from these plans in a transparent and equitable manner. To ensure the system works effectively, governments must determine the appropriate value of additional density, either in monetary terms or equivalent public benefits. If density is undervalued, governments risk losing potential revenue or forgo the chance to create units. If the density bonus is overvalued, however, developers may decide to not pursue the construction opportunity altogether. Valuing these density bonuses can therefore be very difficult.

It is important to recognize that increased density also imposes higher costs on the government, which must be carefully considered alongside regulatory and valuation factors. Governments need to plan for the infrastructure demands that accompany higher densities. For fee-based density bonuses, a portion of the revenue should be strategically reinvested in expanding infrastructure networks to support the additional housing stock and population. Similarly, when developers provide extra housing units in exchange for density bonuses, it is essential for governments to ensure that adequate infrastructure and services are available in those areas. This is critical for maintaining the locational quality and overall adequacy of the housing provided.

Rwandan Context

As density bonuses and inclusionary zoning are most effective in areas experiencing rapid growth, the City of Kigali is the most suitable candidate for their implementation in the Rwandan context. Furthermore, both density bonuses and inclusionary zoning are explicitly addressed in Kigali's Urban Planning Code and Zoning Regulations. These regulations mandate that developers allocate 15% of new housing units as affordable and 10% as barrier-free, ensuring universal access. Affordable housing units may be designated for either ownership or rental, with rent or resale prices restricted for a period of 10 years to maintain affordability and prevent immediate market-rate conversion. Additionally, the zoning regulations allow the City of Kigali to offer incentives, such as increased FAR, for projects that align with urban planning objectives, including promoting green building practices. Developers seeking these variances must apply through the One Stop Centre (OSC), which evaluates proposals and forwards them to the City Executive Committee and Council for final approval. This process ensures alignment with broader urban planning goals while facilitating efficient project review and decision-making.

Despite these regulatory provisions, density bonuses and inclusionary zoning remain underutilized in Kigali. Although there is significant demand to build beyond the zoned FAR in many parts of the city, developers often negotiate additional density without providing financial contributions or affordable housing. The City of Kigali frequently approves construction permits in these cases, driven by a reluctance to discourage development amidst the urgent need for urban densification and housing provision. In addition, the cost of a construction permit does not vary with the size of the structure, meaning that not even through the building permit process, is the city capturing the potential value from additional air rights in these developments.

In some instances, developers not only receive additional density for free but are also granted land and the basic infrastructure by the government, as an incentive to encourage development of affordable units. While this approach has spurred housing development, it has raised concerns about missed opportunities to capture land value and expand affordable housing options. Most units produced under these arrangements remain unaffordable for the majority of the population. Moreover, the financial benefits of increased land value largely accrue to developers, with some people estimating that profit margins in Kigali ranging from 30% to 45%, although this could not be verified. Therefore, lack of structured fees or enforcement of the regulatory requirements for affordable housing provision, significantly limits the government's ability to generate revenue or ensure public benefits from such developments.

The Link to Affordable Housing

Valuing additional air rights, beyond what is zoned under the prevailing floor-to-area ratio (FAR), can be a complex challenge, especially in cases where the demand for density is uncertain. São Paulo has innovatively tackled this issue by introducing Certificates of Additional Potential of Construction Bonds (CEPACs). First introduced in 1995, CEPACs recognise that additional air rights, like increased land value created through zoning, represent public value and should therefore generate revenue for public use rather than being freely allocated. To establish the price for this additional density, São Paulo adopted an auction system, where developers bid on CEPACs. Each CEPAC corresponds to one square meter of additional building rights, and the auctions are conducted through the Brazilian stock exchange, ensuring transparency and regulation. Rather than put all the certificates out for exchange at once, São Paulo limits the release of CEPACs to account for changing demand and value over time, maximising their financial potential. Information about the auctions, the prices attained and CEPAC revenue usage is also made publicly available.

CEPACS Authorized for the Água Espraiada UO, São Paulo, through January 31, 2013

Authorized Distributions by CVM	CEPACS	US\$	US\$ per CEPAC (average)
14 / 7 / 2004	299.368	51,404,360	172
10 / 1 / 2007	317,781	65,304,996	206
23 / 12 / 2008	186,740	103,640,520	555
5 / 9 / 2008	1,099,880	386,461,945	351
9 / 2 / 2012	1,360,338	865,676,658	636
Total	3,263,907	1,447,488,659	443
Private Offers	127,092	25,664,266	202
Grand Total	3,390,999	1,473,152,925	434

Figure 4 - CEPAC Revenue from Água Espraiada (Source: Smolka 2013)

One successful application of CEPACs has been in the Água Espraiada area under the “Operação Urbana Consorciada Água Espraiada.” Between 2004 and 2012, approximately 3 million CEPACs (equivalent to 3 million square meters of additional floor space) were auctioned across a 500-hectare area of the city. The CEPACs sold for prices ranging from \$172 to \$636 per unit, generating \$1.5 billion in revenue (see **Figure 4**). These funds were earmarked for a specific development fund and reinvested into infrastructure upgrades within the area, including constructing a cable-stayed bridge, road expansions, and public parks. In Curitiba, another Brazilian city, CEPACs were similarly used to transform a national highway into an urban avenue, facilitating the expansion of the city’s bus rapid transit system. This encouraged further densification due to the improved connectivity, further increasing the quantity of housing in the area.

A key feature of CEPACs is the requirement of direct reinvestment of funds generated by them into public infrastructure and services for the areas where additional density is authorised. This creates a feedback loop where developers know that their developments will benefit from improved public infrastructure, making CEPACs attractive for investment. Furthermore, the government can manage the additional density created through the FAR that has been sold. As Developers know that government obligations to invest these funds in public infrastructure will enhance the area’s value, it creates speculation around CEPACs which drives up their prices, generating even greater revenue for infrastructure investment.

However, while CEPACs have proven very successful in upgrading neighbourhoods and unlocking land for real estate development, they face challenges in ensuring affordable housing provision. The high prices developers pay at auctions incentivise them to focus on recouping costs through higher-value developments, making affordable housing less financially appealing. To address this, supplementary mechanisms like inclusionary zoning are crucial for translating increased density into affordable housing supply.

One city that has recently adopted a similar model policy in this regard, is Stellenbosch Municipality in South Africa. The municipality passed its Inclusionary Zoning Policy in May 2023 as a direct response to addressing its affordable housing crisis. Stellenbosch, like all South African cities, faces not only a low supply of affordable housing units, but also continued spatial segregation as part of the country’s apartheid legacy. Policies during this time, directly resulted in unequal access to well-located land and

urban amenities. Therefore, Stellenbosch's Inclusionary Zoning Policy, not only aims to increase the number of affordable units, but directly wants to stimulate the emergence of integrated, mixed-income communities.

Before implementing the policy, the Municipality conducted a survey to define "affordable housing" within their local context. Based on the outcomes of this, the policy targets households earning less than 3,500 Rand (approximately \$185) per month, which are those who fall between qualifying for government housing subsidies and securing mortgages. This survey was essential because the existing South African definition of affordability in a similar context was based on a significantly higher monthly income of 22,000 Rand (approximately \$1,173). Furthermore, beyond affordability, the policy also emphasises adequacy, mandating that affordable housing units be in so-called "well-located" areas, defined by good access to public transport and public services. To address these goals, the policy requires new developments with 20 or more units to allocate at least 20% of the total units as affordable housing in these well-located areas. These units can be designated for sale or rental, with a 30-year moratorium on any changes to their affordable housing status. By requiring residential and mixed-use developments to dedicate a portion of units directly in their developments to affordable housing, the policy aims to prevent the perpetuation of locational inequality and promote equitable urban growth. Although Stellenbosch's policy is still new and the impacts of it will need to be evaluated, one of the successes that the policy already demonstrates is that it was passed. This was because of the collaborative development process, involving major developers and potential beneficiaries in both understanding the need of the policy and helping shape it. Furthermore, the policy has already inspired other cities like Cape Town to explore similar approaches.

The experiences of São Paulo and Stellenbosch highlight valuable lessons about using density bonuses and inclusionary zoning as land value capture instruments. First, CEPACs demonstrate the potential for transparent, market-based mechanisms to leverage additional air rights and generate significant public revenue. However, ensuring that these revenues directly benefit the areas where they are generated is critical to maintaining developer and public trust. Second, while market mechanisms like CEPACs are effective for financing infrastructure, they must be supplemented by policies like inclusionary zoning to ensure that increased density also supports affordable housing. Inclusionary zoning policies must be carefully tailored to local affordability contexts and integrated into broader spatial planning frameworks to promote inclusivity and equity. Finally, collaboration with stakeholders, particularly major developers and beneficiary communities, is essential for designing policies that balance financial feasibility with social objectives, ensuring that land value capture mechanisms contribute to sustainable and inclusive urban growth.

Recommendations

- **Capitalise on Demand for Increased Density in the City of Kigali:** A simple scan of the city scape of Kigali provides evidence for the current demand for higher density construction. While this trend may not apply to all areas of the city, nor is it the city's preferred approach everywhere, it is essential for rapidly growing areas to implement density bonuses as outlined in existing regulations to monetise air rights. This is particularly pertinent as increased density comes at a cost for the government which must effectively service the area. This will require an in-depth assessment across the city to understand which are areas where demand is highest, what developers are demanding in these contexts and whether these are areas where mixed-use development would want to be encouraged. It will also require engaging with developers as elaborated in the subsequent point.
- **Engage Developers Through Market Sounding:** The City of Kigali is concerned that developers may be discouraged from investing if they are required to pay for density, which could reduce their willingness to invest. To address this, it is important to initiate consultations and market sounding exercises with prominent developers to better understand their priorities and concerns about density

bonuses. Initially, the Government would have to develop a mechanism to determine which of the developers would be most relevant to invite to these meetings. Criteria could include developers who have requested higher density construction in the past as well as those who are building residential buildings. These engagements between the Government and developers can then provide valuable insights for designing incentives that encourage cooperation, address developer concerns, while also making the developers aware of the Government of Rwanda's priorities with respect to affordable housing. This would be a similar approach to the one taken by Stellenbosch Municipality when developing its Inclusionary Zoning Policy. However, the government must also recognise that the private sector's priority is profit, rather than maximising social welfare. To achieve efficient and equitable outcomes, the government will need to strengthen its negotiation capacities to ensure that agreements are mutually beneficial and aligned with national urban development goals.

- **Establishing Transparent Mechanisms to Price Density:** Although the CEPAC scheme in São Paulo is an advanced method of pricing air rights that may not be feasible within Rwanda's financial markets, it demonstrates that there are alternative, creative ways for the government to introduce price discovery and more transparently price additional density. Exploring potential alternatives for pricing, can also be a component of the market sounding exercise with developers. Transparency and predictability in implementation are crucial, as developers, recognizing the increased profitability of higher-density projects, are more likely to engage positively if the mechanisms are clear and structured to align both public and private interests.
- **Strengthen Enforcement of Inclusionary Zoning Regulations:** Since the inclusionary zoning provisions are already outlined in the City of Kigali's regulations, it should be relatively straightforward to enforce this provision when developers apply for construction permits. This would provide an initial foundation for broader reforms while delivering immediate benefits to low-income households. However, to effectively manage this housing stock, especially if it is rented, the government will need to assess how this can be done. If the private sector undertakes this management, then there would need to be clear regulations as well as monitoring and follow-up to ensure that it is being done to the government standards. However, in many countries, the government retains the management of the public rental stock under the authority of an agency capable of operating and maintaining public housing, which does not yet exist in the case of Rwanda. Such an entity would ensure the long-term sustainability of rental housing programs while keeping them affordable for low-income households. Which of the options would be preferable, or whether it is potentially a combination of the options, would require further study.
- **Establish Clear Standards for Affordable Housing:** Understanding the definition of "affordability" in the Rwandan context, to ensure regulations are fit for purpose, requires a comprehensive study, like the one conducted in Stellenbosch, to establish affordability benchmarks based on median household incomes and local market conditions. It is crucial that these definitions cover both homeownership and rental housing. The concept of affordability, especially in the rental market, is not yet well understood. For example, the Mpazi Housing project model, which expects to rent a 60 m² unit for between 120,000 and 150,000 RWF per month, depending on maintenance costs, may still be unaffordable for households earning 200,000 RWF or less per month.

Land Readjustment

A key challenge in redeveloping land for optimal use is consolidating fragmented parcels into usable areas for public goods. Governments often address this through land readjustment, a process that reorganizes small, fragmented plots into more efficient configurations. This allows for investments in infrastructure and services, such as roads, drainage, electricity, and water. Landowners voluntarily surrender a portion of their land and, in return, receive reallocated plots that are smaller but higher in value due to their improved shape and servicing. The remaining portion, sometimes known as “reserved land,” is retained by the government and serves two purposes: recovering initial investment costs and creating public amenities such as schools, healthcare centres, or parks (see **Figure 5**). This approach is a land value capture mechanism, leveraging increased land value without requiring direct cash transfers from landowners.

Land Readjustment

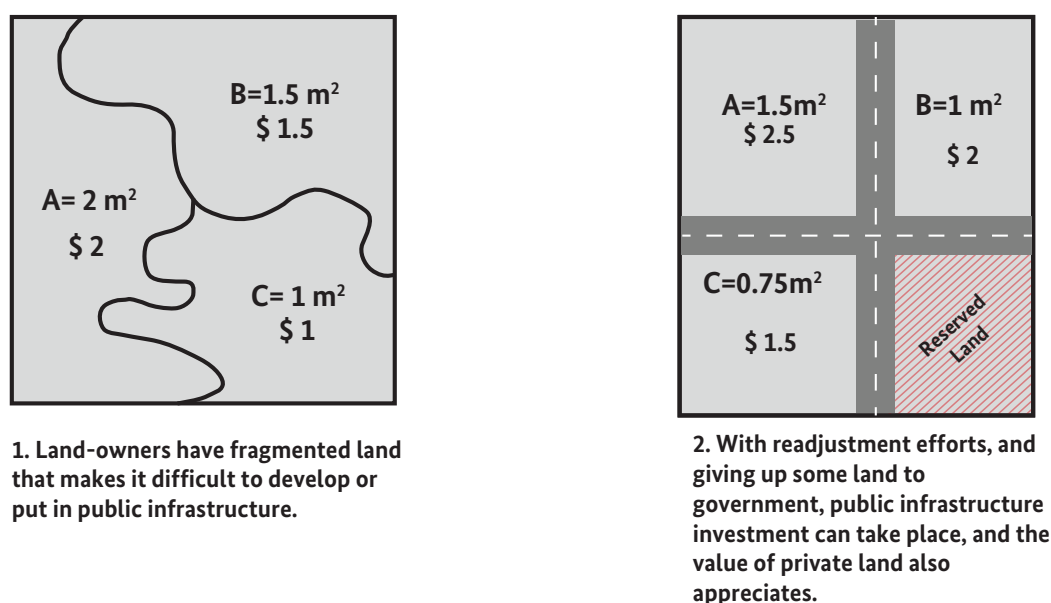


Figure 5 - Schematic of Land Readjustment

Reserved land also functions as a key revenue generator. For example, in one area of Taipei, Taiwan, land readjustment projects increased land values by 300–600%, yielding over \$1.4 billion from the sale of reserved land, more than enough to cover the costs of infrastructure and servicing. While such outcomes are exceptional, reserved land sales can typically offset a substantial portion of project expenses, leaving the remaining costs for governments to cover more manageable. Additionally, governments can enhance revenues by engaging in land banking by holding reserved land to capitalise on future value appreciation. Furthermore, this publicly created value can be used both for infrastructure, affordable housing, or other public purposes

Beyond financial benefits, land readjustment supports orderly urban planning by consolidating fragmented parcels and integrating them into broader planning policies, such as land-use plans. This makes the reconfigured land more attractive to investors. Unlike compulsory acquisition, which is often costly, socially disruptive, and leads to community displacement, land readjustment should be voluntary and inclusive. As such it can minimise relocation, resolve competing land claims, and facilitate development with minimal social disruption.

Land readjustment has also emerged as a critical mechanism for addressing urban challenges, particularly

in rapidly growing cities facing acute housing shortages and infrastructure deficits. By pooling and reorganising land parcels for unified planning and redistribution, this tool enables governments to unlock land for development of affordable housing units while equitably balancing the interests of landowners, residents, and the public.

The success of land readjustment depends on several critical factors, including effective communication and trust-building with landowners are essential to ensure voluntary participation. In addition, clear and transparent legal frameworks are needed to guide the process and resolve disputes, especially where competing land claims exist. Moreover, technical expertise in urban planning and valuation is vital to fairly reallocate parcels and design infrastructure that maximises value. Governments must also have upfront financing to invest in servicing the plots, as it is the regularisation of plots combined with the infrastructure improvement that increases their value. The sale of reserved land only helps recoup the costs at the end of the process. Additionally, governments must ensure that the benefits of readjustment, such as improved accessibility and higher land values, are equitably distributed among stakeholders, including lower-income communities.

Rwandan Context

In Kigali, Rwanda, land readjustment initially emerged organically as private landowners collaborated to re-map their parcels. The first documented case occurred in 2014 in Nunga, Kicukiro District, on the city's rapidly urbanising periphery. Spanning 62 hectares, the area faced challenges as landowners seeking construction permits lacked a physical plan, properly structured plots, and basic infrastructure, which are key prerequisites for permit approval. Uncertain when the City of Kigali would service their plots, the landowners, prompted by the Kicukiro District Authorities, worked together to develop a readjustment plan.

Based on this plan, Nunga landowners agreed to contribute 26% of their land for road reserves, totalling 27 km of 6-meter-wide roads. At the time, land in Nunga was valued at approximately \$3 per square meter, meaning the landowners collectively contributed land worth around \$486,000 to create this road space. In addition to initiating the planning phase, the landowners directly engaged electricity and water supply agencies, who agreed to service the site once planned. A committee representing the landowners also facilitated financial contributions of \$100–200 per person, depending on factors like plot location and existing structures. This fund, estimated at \$90,000–\$180,000, covered project costs like re-surveying, road clearing, and compensating landowners whose properties were demolished. However, this amount fell significantly short of the estimated \$6.75 million needed for full servicing, including roads and utilities.

Despite these challenges, the project succeeded in creating reorganised plots, sparking substantial interest and a dramatic rise in land value. Within five years, all plots were sold, with most transactions occurring within the first three years. This success informed the drafting of the Instructions, building on the 2021 Guidelines for Land Readjustment that the NLA is currently finalising, which also draw inspiration from Germany's long-standing legal framework for compulsory land readjustment. As of January 2025, the Draft Instructions propose a voluntary process for pooling contiguous land parcels for unified planning, servicing, and redistribution. It foresees landowners typically initiating the process, although the City of Kigali, district authorities, or private investors may also apply. Applications require a letter from a committee representing the landowners, a project concept note, a site delineation map, and signatures from participating landowners. At least 90% of the site's total area must be represented, with 70% of individual landowners signing commitment forms. The guidelines also address fairness by allowing landowners with substandard plots to buy additional land or receive monetary compensation.

The process involves hiring pre-qualified consultants to support planning, determining contributions, and calculating the value of plots post-readjustment. Urban planning requirements include allocating 30% of land for public spaces, a minimum plot size of 300 square meters, and roads with widths of

9–12 meters. According to the Draft Instructions, landowners are required to contribute both land and financial resources, typically ranging between \$200–\$350, to cover consultancy and basic servicing costs such as beaconing, road terracing, and drainage. Landowners must also reserve space for social services, with the respective local government responsible for infrastructure development. The Draft Instructions set a two-year timeline for land readjustment projects, from initiation to completion.

Challenges persist, particularly in lower-growth areas where limited economic activity and modest land value increases have hindered the adoption of land readjustment. Hesitancy among districts and landowners is further compounded by the absence of dynamic land valuation methods and reliance on outdated 2021 national reference values. Concerns about double taxation also arise when land contributions are perceived to outweigh potential value gains. Additionally, neglecting basic infrastructure, such as drainage, exacerbates problems like erosion on readjustment sites. Finally, it has been observed in already readjusted sites, like Nunga, that private landowners often prioritise maximising their private plots over allocating land for public use, further complicating the process.

The Link to Affordable Housing

As highlighted, through careful planning, land readjustment can simultaneously provide space for affordable housing, essential infrastructure, and public amenities. Its flexibility, context-specific adaptation, and capacity to leverage increased land values to fund development make it an effective strategy for fostering inclusive urban growth without relying heavily on public funds. A compelling example of this is Seoul, South Korea, which experienced rapid urbanisation between 1960 and 1990. During this period, the city's population more than quadrupled, growing from 2.4 million to 10.6 million people. Faced with an acute housing shortage and insufficient public funds to compensate landowners for land acquisition, the government turned to land readjustment as part of its 5-Year Economic Development Plan. Areas within 5–15 kilometres of the city centre were subjected to land readjustment to increase the supply of land for residential, expressway, and industrial uses. The process was further tailored within the city to account for location-specific land value variables, ensuring a more equitable redistribution of land rather than relying on a one-size-fits-all formula.

In Seoul, the land readjustment process was largely self-financing, with rising land values enabling the sale of reserve land to cover the costs of servicing plots. In some parts of the city, land values rose so significantly that landowners retained less than 50% of their original plots yet still experienced a net increase in the value of their holdings. The formal codification of land readjustment practices in 1966 facilitated the expansion of such projects, resulting in the development of 461 square kilometres of land across 480 projects in 78 cities by 1989. Nearly 40% of Seoul's urban area was shaped through this process, with individual projects averaging 3.5 square kilometres and implementation timelines of 9–10 years.

One notable example of land readjustment in Seoul is the Yeongdong District Housing Construction Plan of 1972, which enabled the construction of 934 municipal housing units. The city's housing department collaborated with the transportation department to establish public bus routes in the area, ensuring it was well-serviced and accessible. This improved connectivity attracted further private housing developments, catalysing growth in the district. In other parts of Yeongdong, regulations introduced under the Urban Planning Act of 1976 allowed landowners, who participated in the readjustment scheme, to collectively apply for rezoning their plots for large-scale apartment construction. This significantly increased land values of their plots, if landowners went with this option, as it made the land attractive to developers who wanted to invest in high-density residential projects. Over time, nearly a quarter of the Yeongdong District was transformed into high-rise apartment zones, significantly impacting the local real estate market. The area's transition from low-density single-family homes to modern high-density apartments not only helped to address Seoul's housing needs but also redefined the city's urban landscape.

The versatility of land readjustment has also made it an important tool for upgrading informal settlements

in ways that minimise displacement. Bangkok, the capital city of Thailand, offers an interesting example of this. Between the 1970s and 1990s, the government engaged in seven large-scale land readjustment projects, rehousing nearly 10,000 low-income households while simultaneously opening land for servicing and investment. These projects were concentrated in densely populated settlements where providing essential services was a major challenge. Recognising the lack of formal tenure among residents, the government encouraged them to form cooperatives with support from non-governmental organisations. These cooperatives acted as intermediaries, enabling negotiations with authorities and ensuring that community voices were represented.

Once agreements were reached, various government authorities collaborated to implement the projects. For instance, the Bangkok Metropolitan Authority worked alongside utility providers to build minor streets, provide electricity and water, and construct community centres. In each case, both private and public landowners managed the remaining land, which was subsequently zoned for commercial, industrial, and residential uses. This approach enabled landowners to unlock the value of their land for investment while providing the informal residents with improved tenure security. Over time, many upgraded settlements evolved into middle-income residential areas.

One significant challenge of land readjustment is its potential to drive gentrification, particularly in vibrant land markets. The formalisation of agreements, upgrading of housing, and granting of land rights often disproportionately benefit wealthier households within a community, as has often also been experienced in Bangkok. This occurs both indirectly, as rising costs of living and increased property values provide a financial incentive for poorer households to sell their newly formalised plots, and directly, through the introduction of participation costs and often the prioritisation of ownership tenure over rental, reduces the opportunities for short-term rentals. As a result, while poorer households may initially gain legal titles to their properties, they are frequently unable to afford the associated costs of remaining in the community and are ultimately forced to sell and relocate.

Some cities have successfully addressed this challenge. For example, in Medellín, Colombia, the *Pajarito Partial Plan* demonstrated how land readjustment could support socially affordable housing through municipal intervention. The project involved reorganising 230 hectares from 38 plots, 87% of which were privately owned, with 18% already developed. After setting aside 30% for occupancy and 36% for environmental protection, only 6.3 hectares remained for residential and other uses. The municipality then acquired 80% of this, to build high-density, eight-storey buildings were designed to provide 100–238 social housing units per structure. The municipality's land acquisition was through voluntary sales at prevailing land prices, which avoided speculative increases. The urban infrastructure and services cost approximately \$45 million, which was recovered through the sale of some of the resulting housing units at market prices.

The experiences of Seoul, Bangkok and Medellín, highlight several critical lessons about land readjustment as a land value capture mechanism. First, its success depends on the context specific implementation with regards to both the communities needs as well as the urban planning requirement. The subsequent success of equitable planning and redistribution, which can foster inclusivity and minimise displacement, depends on this. Second, it demonstrates the potential for leveraging increased land values to fund urban development without heavy reliance on public finances. However, this requires the ability for government to have the up-front financing to be able to sufficiently service the readjusted plots. Third, ensuring strong legal frameworks, community engagement, and transparent governance is vital for maintaining trust and addressing power imbalances. Finally, while land readjustment can provide much-needed space for affordable housing, its implementation must include safeguards against gentrification to ensure that vulnerable populations are not excluded from the benefits of urban development.

Recommendations

- **Broaden the Scope of Land Readjustment Instructions:** As highlighted by the case of Bangkok, land readjustment can be a powerful tool for upgrading unplanned settlements. Therefore, it would be important to consider amending the Draft Land Readjustment Instructions to encompass brownfield sites and unplanned settlements, which house a significant portion of urban households (62.6% nationwide and 79% in Kigali). This expansion would align with the National Sites and Services Strategy, providing an inclusive framework to regularise plot sizes and upgrade infrastructure in these areas.
- **Maintain Flexibility for Land Readjustment to Respond to Local Contexts:** Rwanda has a diverse range of sites, both in growth and non-growth areas, that could benefit from land readjustment processes. While the Draft Instructions commendably draw from the Nunga example as a local variation on land readjustment, it is crucial that they maintain flexibility to address the unique dynamics of other sites across the country. For instance, asset-rich but income-poor areas may require tailored approaches, as landowners in these regions may struggle to afford the fees. Additionally, sites with varying stakeholder opinions may require extended project timelines beyond those outlined in the current draft. To ensure successful outcomes while upholding planning standards, the Instructions should strike a balance between providing clear guidance and allowing adaptable approaches that respond to local contexts and needs.
- **Strengthen Up-Front Financing Mechanisms for Servicing Land Readjustment Sites:** A significant portion of the value increase in land readjustment projects arises from the provision of infrastructure and services to the plots. However, in many cases, the contributions from landowners have been insufficient to meet the required standards, often resulting in sub-par infrastructure that is neither sustainable nor adequate. To address this challenge, the Government of Rwanda should explore mechanisms to finance the initial upgrading of sites from its own budget or from the support of development partners. Once costs are recouped, the government could establish a revolving fund to support future land readjustment projects. Globally, the sale of reserve land is a common approach to recovering costs, and this model should be considered in Rwanda. To implement this effectively, it will be critical to strengthen valuation techniques to accurately assess land values both before (ex-ante) and after (ex-post) the readjustment process.
- **Introduce Measures to Preserve Affordability:** For land readjustment to effectively address Rwanda's affordable housing challenge, it is essential to ensure that the process is inclusive and accessible to low-income earners. Providing financial guarantees or support for plot sales can enable greater participation, particularly for low-income landowners who might otherwise be excluded. Infrastructure investments should prioritize the needs of low-income communities, ensuring that they benefit from improved services and equitable redistribution of value gains from serviced plots. Additionally, implementing regulatory mechanisms is crucial to safeguard affordability and prevent gentrification after land readjustment. Measures such as price caps or quotas can help ensure that low-income households retain access to serviced plots, supporting Rwanda's broader goals of expanding affordable housing and promoting social equity.

Recurrent Property Tax

Recurrent property tax is a periodic levy, typically imposed annually, on the value of land, buildings or a combination of both, owned by individuals or entities. It plays a critical role as a sustainable source of revenue for governments, particularly in rapidly urbanising contexts. By capturing the economic benefits of urban development, this tax allows governments to reinvest in public infrastructure and essential services. When designed and implemented effectively, the recurrent property tax not only provides a steady revenue stream but also reflects rising land values, making it an essential land value capture tool.

The success of a property tax system depends on several key factors. First, a robust information management system is indispensable. Such systems must maintain accurate records of property locations, characteristics, and, where possible, ownership details, as these are vital for assessing property values and issuing tax bills. Additionally, these systems need to track payments and identify arrears, ensuring that the tax process remains transparent and efficient. As property details inevitably change over time, regular updates are essential.

Valuation is another crucial element of property tax systems, as it determines the taxable value of properties and, by extension, the revenue generated. Traditional market-based valuation methods, which rely on data such as rental income or sales figures, are often complex and hinder operationalisation, especially in contexts where reliable market data is scarce. To overcome these challenges, simplified methodologies, that still capture some of the valuation characteristics, offer practical alternatives. These approaches use observable property characteristics to estimate value while maintaining a degree of alignment with market-based principles. Simplified valuation methodologies not only ease implementation but also enhance transparency, allowing taxpayers to better understand how their property taxes are calculated. Technology can also significantly enhance valuation and the overall administration of a property tax system, from building comprehensive databases to automating data collection and processing, thus improving both accuracy and operational efficiency. Importantly, however, the technological system can only ever be as good as the underlying policy and administrative systems underpinning the property tax.

Encouraging voluntary compliance is essential, as enforcement measures can be both politically sensitive and financially costly. Taxpayer education plays a pivotal role in this regard. Governments need to communicate clearly why property taxes are collected, how the revenues are used, and how taxpayers can fulfil their obligations. Transparency is critical; for example, publishing budget details enables citizens to see the direct benefits of their contributions. Participatory budgeting, where taxpayers have a voice in prioritizing public expenditures, can further strengthen the link between taxes paid and services delivered. Evidence from global reform initiatives consistently demonstrates that informed taxpayers are more likely to comply, as they perceive the system to be fair and trustworthy.

A further important factor in enhancing voluntary compliance, is demonstrably tying property tax revenues to visible local expenditures. This is crucial for fostering a positive cycle of revenue generation and public trust. When taxpayers see direct benefits from their contribution, such as improved roads, schools, waste management, or public parks, they are more likely to comply willingly with tax obligations. This alignment creates a tangible connection between tax payments and service delivery, reinforcing the perception that taxes directly enhance their quality of life. In turn, higher compliance boosts local government revenues, enabling further investment in infrastructure and public services. This virtuous cycle not only drives economic growth by creating better conditions for businesses and residents but also promotes social equity by ensuring that all communities benefit from improved services.

Rwandan Context

Rwanda's property tax system encompasses both land and built structures, with land holding particular significance due to its potential for value appreciation. All properties in Rwanda require assessment, as even owner-occupied properties, which whilst they are exempt from the building portion of the tax, remain subject to the land tax. However, when it comes to agricultural land, land parcels smaller than two hectares are exempt from taxation. The property tax system, introduced under the 2018 law and implemented in 2019, underwent amendments in 2023 to address public concerns over high rates. For example, land tax rates were reduced from 300 RWF per square meter to 80 RWF per square meter, while the maximum building tax rate dropped from 1% to 0.5% of a building's value. Additional incentives were introduced, such as lower rates for multi-story buildings, with properties of three or more floors taxed at just 0.1%.

In Rwanda, property tax is self-assessed and declared by property owners and collected by the Rwanda Revenue Authority (RRA), which is transitioning to a Computer-Assisted Mass Appraisal (CAMA) system to improve valuation accuracy. This includes integrating multiple data sources, including land values, transaction records, construction permits, and valuer reports. Validation rules are also being developed to flag discrepancies, such as undervaluation in self-assessed data. One of the challenges that persists, is with respect to registration of properties for tax purposes, with an estimated one-third of properties across the country remaining unregistered.

Although the RRA manages tax collection, property tax revenue is classified as local and remitted directly to the City of Kigali and district governments for allocation. This decentralised system has yielded significant results; since the RRA began collecting local government taxes and fees in 2015/16, revenues have nearly tripled. Decentralised taxes, including property tax, rental income tax, and trading licenses, now provide districts and the City of Kigali with greater budgetary autonomy to address local priorities. However, the expenditures eligible for property tax revenue remain undefined in law, which could limit its strategic use.

The land valuation component of Rwanda's property tax system relies on reference land values established by the Institute of Real Property Valuers in Rwanda (IRPV). With 250 certified professionals, IRPV determines these values using data from the national land registry, historical sales, and field surveys, supported by Geographic Information Systems (GIS) to create village-specific reference parcels with minimum and maximum land values. These valuations serve multiple purposes: they guide government compensation for land expropriation and are used by banks for loan guarantees and collateral, underscoring their critical role in Rwanda's economy.

Significant challenges remain with respect to land valuation, however. In particular, the reference land values have not been updated since the most recent nationwide land value assessment in 2021, limiting their current relevance particularly in rapidly urbanising contexts like Kigali. Additionally, IRPV lacks access to self-assessed property values in the RRA property database, which could help verify its assessments. Compounding this issue, the recent introduction of a stamp duty tax on sales prices has incentivised underreporting, reducing the reliability of sales data. Furthermore, 50% of property tax revenue is concentrated in the City of Kigali, where higher-value properties, fewer owner-occupied exemptions, and a greater number of taxpayers bolster collections. In contrast, secondary cities and non-growth areas face lower revenues and rely heavily on government transfers to meet operational and development needs, highlighting regional disparities in resource distribution.

Valuation Databases

Three key databases play a crucial role in land and property valuation:

- **Land Administration Information System (LAIS) – managed by NLA** – This is the land register that integrates all land-related information and transactions. In this database each land parcel as a Unique Parcel Identifier, including:
 - Land ownership details
 - Land size
 - Land use plans
 - Transfers and subdivisions
 - Changes in land status
- **Rwanda Automated Local Government Taxes Management System (RLGTMS) – managed by RRA** – A database tracking self-assessed property values and tax payment statuses. In this database every property taxpayer has a unique tax identification number
- **IEMBO** – A government portal through which all public services, including land transactions, are initiated.

As of the writing of this paper, the LAIS and RLGTMS systems are fully interoperable such that it is possible to link a land parcel with its property TIN number. This also means that now citizens themselves to check for tax arrears on any UPI before engaging in a land or property sale. Additionally, the integration between LAIS and IEMBO has recently begun and is expected to be completed within the next two months.

The LAIS system is highly active in registering changes in land ownership and title, with approximately 3,000 new entries recorded daily. This increase has been largely driven by a significant reduction in land transfer fees, from 30,000 RWF to 500 RWF in 2023, reflecting the government's priority to enhance data accuracy over revenue collection. As a result, the NLA estimates that less than 10–11% of land parcels remain without updated ownership information, primarily due to unknown or unregistered owners. The next step in this respect would be to link this to GIS to be able to visualise where the different sales are taking place.

A key challenge, however, is ensuring accurate property information, which is what the RRA is currently working to update in the RLGTMS system. Since property data is primarily self-reported, it often lacks real-time accuracy. The government is now exploring alternative data sources to enhance this system. For example, with the integration of IEMBO with existing land databases, cross-referencing property records with utility payments (e.g., water bills) could help identify unregistered properties. While this interoperability is not yet in place, efforts are underway to achieve it.

The LAIS system is also connected to the building permit system, managed at the City of Kigali or District level. This integration helps track land parcels with pending construction approvals, ensuring compliance with the land use master plan. However, as the building permit system is relatively new, it cannot yet be used to verify past constructions. Therefore, the database does not yet fully capture all present land-uses across the countries

Therefore, to ensure that the LAIS system captures all necessary data to support Rwanda's transition away from self-assessment to computer-aided mass valuation, it requires incorporating additional information, in addition to land use, as well as particularly infrastructure availability. To achieve this, data collection and interoperability of databases must extend across various Ministries, Departments,

and Agencies to ensure seamless updates to LAIS when new infrastructure is built.

The Ministry of Planning has already developed a five-year action plan to enhance the valuation system, with a focus on:

- Expanding and updating property databases
- Incorporating infrastructure data
- Real time monitoring of land use changes
- Implementing mass valuation, starting in major cities

However, the main constraint remains budget limitations, which have delayed the full implementation of these initiatives.

The Link to Affordable Housing

Property taxes are a vital source of local revenue, designed to fund public infrastructure and services such as street lighting, waste collection, sanitation, and road maintenance. These services play a crucial role in improving neighbourhoods and ensuring adequate housing. However, for property taxes to deliver these benefits, regulations must clearly stipulate how the revenue is allocated and spent. Uganda provides an example of such clarity, where the Constitution and the Local Governments Act (1997) decentralize governance and assign service delivery responsibilities to local governments. Additionally, the Local Ratings Act (2005) explicitly mandates the use of property tax revenues for local improvements.

Kampala is an example of how increases in property tax revenue can be directed to better local infrastructure service delivery. Between the fiscal years 2004/05 and 2015/16, property tax revenues increased fourfold without changes to national legislation, even with exemptions for owner-occupied properties. This success was driven by consistent improvements in local tax policies and administration, supported by donor-funded multiyear reform programs. Critical factors included hiring skilled staff with competitive compensation, strong political backing, and the creation of reliable databases and fiscal cadastres. Tailored taxpayer communication and institutionalized revenue analysis further enhanced policy formulation and tax collection.

PART VI—MISCELLANEOUS.

37. Property Tax Fund

(1) A local government shall establish and administer a Property Tax Fund which shall be separate from the other funds of the local government.

(2) All moneys collected from property tax shall be deposited on the account of the Fund and, subject to subsection (3), shall not be expended except for providing services such as road construction and maintenance, street lighting anti-malarial drains, garbage collection, physical planning and such other services required by the tax payers within their areas.

(3) The Minister shall prescribe a percentage from the property tax collected in a year that may be spent by a local government on administrative matters, but in any case the percentage left for tax payers' services shall not be less than seventy five percent (75%).

(4) Property owners and occupants in any locality may form themselves into rate payers association to oversee the provision and delivery of service under subsection (2).

Figure 6 - Extract Uganda Local Government Rating Act (2005)

As noted, the Local Government Rating Act (2005) underscores the significance of property tax revenues by requiring local governments to establish separate property tax funds (see **Figure 8**). These funds are designated specifically for local infrastructure and services, such as road construction, drainage, and waste collection, with administrative costs capped at 25% of total revenue. Although this provision has yet to be fully implemented by any local government, including Kampala, it ensured that some of the increased revenue from reforms in Kampala was directed toward service delivery. During the reform period, improved revenue management policies contributed to a rise in the proportion of own-source revenues allocated to public infrastructure and services, increasing from less than 20% to 32%, with a focus on maintaining critical infrastructure. To enhance transparency and build taxpayer confidence, city authorities published summaries of local revenues and their allocations, highlighting investments in infrastructure.

By the fiscal year 2018/19, property tax revenues had increased so much that they accounted for over one-third of Kampala's own source revenues. However, challenges remain, particularly the burden of property taxes being indirectly transferred to renters through higher rental costs. This creates a delicate balance between funding essential services and maintaining affordable housing. Taxpayers in Kampala have also raised concerns about "double taxation," as they are taxed both on rental income by the Uganda Revenue Authority and on property rates by the city authority. This perceived burden could reduce tax compliance and exacerbate housing affordability challenges.

The case study of property tax reforms in Kampala highlights several important lessons. First, a well-managed property tax system can create a positive feedback loop, where increased local investments enhance property values and generate future revenue. Second, transparent communication and targeted expenditure on visible local services are critical for building taxpayer trust and compliance. Third, the unintended consequences of property taxes, such as their impact on renters and affordability, must be carefully addressed through equitable policy measures, balancing fiscal sustainability while leveraging them to fund vital local services.

Recommendations

- **Strengthen the Link Between Property Tax Revenue and Local Expenditures:** To maximise the developmental impact of property tax, and through this generate sufficient revenue to invest in local infrastructure, it is essential to ensure that the revenues generated are directly linked to local expenditures, as is highlighted by the case of Kampala. This is not just for property tax, but also for land value capture more broadly, as highlighted by the case of CEPACs and São Paolo. This visible connection can foster a positive cycle where improved services and infrastructure, funded by property taxes, enhance public trust and encourage compliance. To be able to do this effectively, it will require discussions with MINECOFIN to explore mechanisms that allow for earmarking property tax revenues for local use while maintaining the broader fiscal equalization principles currently in place.
- **Enhance the Functionality of the LAIS and RLGTM:** Ongoing efforts to upgrade LAIS and RLGTM present an opportunity to further expand their interoperable functionality. Beyond capturing land ownership and transactions, which is now done very well, efforts should be placed on systematically recording structural improvements on the land, which are critical for property tax assessment as well as the transition to computer-aided mass valuation. In the interim, where the current property valuation system is still being used, integrating self-assessed property valuations with other pieces of data, such as the land transactions, construction permits and infrastructure availability, would help the government better triangulate already existing pieces of data to ensure that tax assessments better reflect actual property conditions. Once the budget is available, the next challenge will be how to ensure interoperability with other relevant Ministries, Departments, and Agencies to ensure real-time infrastructure data is incorporated into LAIS, benefiting both tax administration and investor decision-making. A further area of data sharing that would be useful in this respect is to share the self-assessed values in the RLGTM with the IRPV who are responsible for generating the land values. This would give them a further data point with which they could triangulate their own assessments.

Conclusion

Rwanda is uniquely positioned to lead the way in implementing effective land value capture strategies, providing a model for other African countries. With its well-established land tenure system, a functional land information system, a robust legal framework, and a reputation as an attractive investment destination, Rwanda has a solid foundation for utilizing land value capture to support much needed affordable housing initiatives.

Despite the progress made to date, much of the land value uplift continues to benefit private developers, leaving many Rwandans still unable to afford housing. The government's current affordability frameworks, such as the price caps in the Prime Minister's Order on Affordable Housing, still fail to meet the needs of lower-income households. While the high costs of construction materials and financing are contributing factors, this policy brief highlights that leveraging land value capture mechanisms can help close the affordability gap.

To fully realize the potential of land value capture, Rwanda must focus on implementing the instruments already embedded in its legislation. By doing so, the government can ensure that the benefits of rapid urbanization are equitably distributed, especially to the most vulnerable communities. Through the strategic use of these mechanisms, Rwanda can not only balance private development gains with broader societal benefits but also enhance urban liveability, sustainability, and inclusivity for future generations.

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