



AFRICA - KENYA– September 2019

NAIROBI EYES SH5BN FROM NEW PROPERTY VALUATION RATES..... 1

Nairobi eyes Sh5bn from new property valuation rates

City Hall is seeking to more than double its collections from property rates to meet its Sh17.3 billion revenue target for the period to June 2020.

In its Annual Integrated Plan for the 2020/21 period, the Governor Mike Sonko administration has targeted Sh5 billion as the county places its bet on new valuation rates set to take effect next January.

The amount is more than double the Sh2.04 billion that it raised from the segment in 2018/19 period.

Under the new valuation method, the county has moved to adjust the fees on property to match market prices that have changed over time.

Currently, property owners pay land rates at 25 percent of the unimproved site value based on the 1980 valuation roll, which City Hall reckons has seen it lose on the appreciation of plots.

“Rates paid will increase, some will be by bigger margins but others may actually be less from what is paid now based on the appreciation of the land in the areas,” City Hall’s Chief Valuer Isaac Nyoike had earlier said.

The new valuation will cap land rates at one percent of the current value of plots as opposed to using the 1980 valuation, raising property fees for some landlords.

Nairobi is targeting Sh2.8 billion from single business permits-its second biggest revenue stream, up from the Sh1.99 billion collected in the 2018/19 period.

City Hall is also eyeing Sh2.76 billion from parking fees, up from the Sh1.95 billion collected in the period to year ended in June.

The increased targets come amid continued misses in what City Hall blames on corruption and insufficient resources to nab defaulters.

Nairobi raised Sh10.25 billion in taxes, levies and penalties in the financial year ended June, falling short of the annual target by nearly Sh5 billion.

City Hall has proposed new taxes and increase on other charges in the Finance Bill 2019, which includes Sh1,000 fire inspection fee for every household.

Parking fee will also rise to Sh400 up from Sh200 if ward representatives approve the proposals later this month.

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