

COLOMBIA

BOGOTA — SALE OF PUBLIC LAND OR EQUIVALENT

LAND VALUE CAPTURE

Announcement of development project and upstream valuation of land

DESCRIPTION

In order to limit speculation by neighboring landowners on investment projects made public (eg, Operacion Urbanistica such as Nuevo Usme (OUNU)), mandatory public purchase prices remain fixed at pre-announced levels. This tool established by the Law 388 of 1997 is part of a set of mechanisms to prevent speculation. OUNU also includes mechanisms such as Planes Parciales (pooling of land) and land value capture.

LEVEL OF GOVERNMENT OR ACTOR INITIATOR

Municipal government

INSTITUTIONAL AND REGULATORY FRAMEWORK

Municipalities are in charge of many urban responsibilities, including housing policies, urban planning, and most urban services (water, electricity, transport, etc.). Municipalities have relative tax autonomy, with a property tax based on a modern and up-to-date property assessment system (although relying on individual subjective evaluators), but which makes it difficult to meet the necessary expenses. Like other municipalities, Bogota struggled to provide adequate infrastructure for its rapid growth, fueled by rural-to-urban migration for economic and political reasons.

TRACK RECORD OF THE USE OF THIS INSTRUMENT

This tool was mentioned in a law of 1989 (9), then in law 388 of 1997. The Operacion Urbanistica Nuevo Usme (OUNU) was approved in the city's master plan in 2000. It consists of 600 ha to be developed with an emphasis on social housing issues and the goal of avoiding informal development. In 2003, the public release and pricing of the corresponding land was made. Until December 2011, 103 hectares were acquired thanks to this system, either voluntarily (22 ha) or by expropriation (81 ha). National Decree 2729 regulates the use of this tool throughout the country since 2012, ensuring greater legal stability. This tool has been used only once since it was envisioned in 1989, in OUNU. Its implementation began 14 years after its creation, and national regulation took place 23 years later.

EVOLUTIONS AND OUTCOMES

The average purchase price was 7700 COP / m² (2010 pesos), compared with 17,401 COP / m² for the neighboring operation Ciudadela Nuevo Usme and up to 42,264 for similar operations in the city fringe. It allowed an increased margin at the time of the sale, the financing of more infrastructures and public policies (of social housing and protection of the environment, for example).

STAKEHOLDERS INVOLVED

The mayor who set up the project was a progressive and wanted to limit informal developments and its associated problems (environmental problems, lack of infrastructures, land value capture by pirate developers, higher cost for the most vulnerable and for society as a whole). Landowners were probably fiercely opposed to the project, but at this time this did not affect the outcome. It should be noted that in 2003, informal development potential had already been included in the value of the land under consideration, due to the many informal developments happening nearby. More generally, the real estate industry was initially very resistant to laws restricting property rights, but its members then realized that this could be beneficial to them by encouraging owners to put their land on the market, thus increasing development opportunities.

PUBLIC MANAGEMENT AND ACCOUNTABILITY

OONU is run by a public urban company called Metrovivienda.

ANALYSIS AND ASSESSMENT OF THE TOOL

- **Prerequisites:** Ability to assess the price of land upstream of the announcement, legal provision.
- **Key factors for success:** Public and legal legitimacy to cope with landowner resistance and private property rights defenders. Political will.