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**AN EXAMINATION OF THE LOCAL GOVERNMENT LAND RE-VALUATION  
PROCESS: THE CASE OF THE CITY OF MANILA**

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**Abstract:**

Manila has been known to be the center of politics, commerce, education, tourism, and culture. Although it is recognized as one of the leading cities in the country, it also has its shares of problems which include unemployment and the proliferation of urban dysfunction such as traffic congestion, slums, flood, deteriorated urban facilities and utilities. All these can be properly addressed with a well-formulated development plan and adequate public finance. A huge part of developing planning is fundamentally tied to financing. Manila, like most cities, needs to be imaginative about generating resources for its needs. A significant proportion of the income of the City comes from Real Property Taxes.

Under Section 219 of RA 7160, otherwise known as the Local Government Code, the City of Manila is empowered to make the schedule of fair market values which is used to determine real property taxes. The schedule of fair market values has always been the basis for a uniform appraisal of real property. The last time the City of Manila had made a revision of the schedule of values was 1995. The revision has long been overdue. Thus, there is an enormous potential of untapped revenues in land re-valuation.

In relation to this, it is interesting to determine how land use and development or infrastructure improvement influence land values in the City of Manila. Likewise, if the market value of real properties in the City of Manila is said to be determined based on their location, proximity to business centers, accessibility and actual use of the land, then the City Government should be able to capitalize on the present net worth of its land to finance public investment.

This research aims to study the re-valuation process of the City of Manila as mandated by RA 7160, to compare and analyze the variation in land market prices and other schedule of land values and to determine if the local government unit has correctly interpreted the provision of the law in terms of the land valuation. The results of such a study could be used as inputs for improving fiscal administration and development planning in the City of Manila. In particular this study 1) describes the history and institutional aspects of re-valuation process of the schedule of fair market values of the City of Manila which is constantly referred to in this study as assessed values; 2) illustrates the difference of prices and land use classification in the three land market schedules, namely, the assessed values, zonal values and the market values; 3) describes how public investments influence land valuation schedules in the City of Manila; and 4) recommends policies and changes in the re-valuation process of the City of Manila.

This research applies both qualitative and quantitative approaches. The case study method is used to document and analyze the land re-valuation process of the government of the City of Manila. Data were gathered primarily through key informant interviews. Quantitative methods are used to empirically determine the relationship between assessed values and other land values schedules, as well as the relationship of the different land

value schedules (assessed, zonal, and market) with land use classification and public investment. Data from the City Assessor's Office, Bureau of Internal Revenue, City Engineer's Office, City Budget Office, Department of Public Works and Highways were used. To verify the public investment data and to get data on the market values of land, the researcher conducted a street block survey of eighty-three (83) sample areas in the different administrative districts of the City namely Binondo, Ermita, Malate, Paco, Pandacan, Quiapo, Sampaloc, Sta. Ana, San Miguel, San Nicolas, San Lazaro, Sta. Cruz, Tondo, and Tondo Foreshore.

The study shows that although the Local Government Code or Republic Act 7160, states that actual land valuation is determined by the actual land use, the parcel in the City of Manila of the same land use classification are assigned different assessed values. The assessed values and zonal values and market values also vary significantly in terms of difference in absolute levels, ranges, means, and annual percentage of change of the land prices. These observations were thoroughly illustrated in Chapter 6.

The actual street block survey revealed that the land use classification used by the City Assessor is outdated and varies significantly with the actual land use classification and zonal land use classification. Public investments are used in densely populated and highly residential districts such as Tondo, Sta. Ana, Sampaloc, and San Lazaro Area. Areas with low population and mostly commercial areas such as Binondo, Ermita, and Quiapo receive a small percentage of the funds allocated for infrastructure improvements. It clearly shows that the City of Manila has not been biased in allocating public improvements towards areas with high land levels. Decisions on where to put public investment are often politically motivated.

In view of these findings, the study recommends the following changes and improvements in the re-valuation process of the City of Manila: 1) to include public investment as one of the determinants in the land re-valuation; 2) to make uniform and consistent baseline of assessment as required by law; 3) to conduct a comprehensive actual survey of street blocks; 4) to revise the schedule of fair market value every three years as mandated by the law; 5) to review and simplify the criteria for value appraisal or land use classification used by the City Assessor's Office; and 6) to implement special assessment or special levy to generate additional income for the City.

With the study, the researcher aims to provide tools to local planners and policymakers of the City Government of Manila on how to institutionalize changes in the re-valuation process of the schedule of fair market values, thus efficiently improving local fiscal administration which is essential in local development planning.