**MURANG’A COUNTY GOVERNMENT**

**DEPARTMENT OF LANDS & PHYSICAL PLANNING & URBAN DEV.**



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**CABINET PAPER ON OPERATIONALISATION OF THE MURANG’A COUNTY VALUATION FOR RATING ACT, 2024**

**Part 1: Purpose and Objective**

The objective of this Cabinet Paper is to seek authorization for the operationalization of the Murang’a County Valuation for Rating Act, 2024, through the establishment of a fully functional Valuation section within the Department of Lands, Physical Planning, and Urban Development. This section will be responsible for conducting land valuations, preparing and maintaining the Valuation Roll, and managing the rating process efficiently. Establishing this section will ensure a streamlined, transparent, and accountable valuation and rating system, enhancing revenue collection and compliance with land-related rate payments.

**Part 2: Background Information**

Valuation in Kenya involves the assessment of property values for various purposes, including taxation, sales, purchases, insurance, mortgages, and compensation. This function is primarily handled by professional valuers registered under the Valuers Act, Cap 532 of the Laws of Kenya. County Governments, including Murang’a, are empowered to generate their own valuations, primarily for rating purposes, under the Rating Act, Cap 267.

The recent enactment of the Murang’a County Valuation for Rating Act, 2024, provides the legal framework needed to support the county’s efforts to maintain updated valuation rolls. This Act will enable Murang’a County to conduct valuations systematically, allowing it to generate its own revenue through land rates, improve service delivery, and ensure compliance with national legislation.

**Part 3: Analysis of the Problem**

The absence of an updated Valuation Roll has led to several challenges:

* **Use of Outdated Rates:** The county relies on outdated rates that do not reflect current property values, resulting in revenue losses and dissatisfaction among property owners.
* **Lack of Legal Backing:** Without an updated Valuation Roll, rate impositions lack legal support, exposing the county to potential legal challenges.
* **Inability to Update Rateable Properties:** The county lacks the capacity to continuously update new rateable properties, missing out on potential revenue.
* **Ineffective Management of Objections:** There is no formal process to handle objections from rateable owners, leading to unresolved disputes and delayed revenue collection.

Operationalizing the Valuation for Rating Act, 2024, through the establishment of a Valuation section will address these issues, providing a structured and legally compliant approach to property valuations.

**Part 4: Options on the Way Forward**

1. **Option 1: Establish a Fully Functional Valuation Section**
   * **Pros:** Establishes a dedicated unit to handle valuations and objections, improves accountability, enhances revenue collection, ensures systematic management of the Valuation Roll, and provides legal backing for rate impositions.
   * **Cons:** Requires investment in staffing, training, and resources.
2. **Option 2: Maintain Current Fragmented Approach**
   * **Pros:** Minimal immediate costs.
   * **Cons:** Continued inefficiencies, lack of accountability, increased disputes, exposure to legal challenges, and missed opportunities for revenue from new rateable properties.

**Recommended Course of Action:** Establish a fully functional Valuation section within the Department of Lands, Physical Planning, and Urban Development to operationalise the Murang’a County Valuation for Rating Act, 2024.

**Part 5: Financial Implications**

The establishment of the Valuation section will involve initial costs for staffing, training, and operational resources, which will be phased over the initial implementation period. Financial requirements include:

* **Staff Salaries and Benefits:** For the valuation officers, support staff, and committee members.
* **Training Programs:** To ensure all staff are equipped with the necessary skills and knowledge in valuation procedures and rating management.

**Operational Costs: Including Procurement of Valuation Tools, Office Space, and IT Systems**

* **Valuation Tools and Software:** The section will need AI-powered property valuation software and appraisal tools that provide near real time, automated data analysis to ensure accurate valuations.
* **Office Space and Equipment:** The section will require office space with adequate facilities to accommodate staff and operational needs, including workstations, printers, and meeting rooms.
* **IT Systems and Data Management:** Secure data storage solutions and hardware upgrades will be necessary to support the management of property data, valuation records, and secure communication.

These operational costs are essential for equipping the Valuation section with modern tools and technology to efficiently manage property valuations and maintain an updated Valuation Roll, in compliance with the Murang’a County Valuation for Rating Act, 2024.

**Part 6: Legal Framework and Guidelines**

The legal framework governing valuation in Kenya includes several key laws, including:

* **The Valuers Act, Cap 532:** Regulates the registration and conduct of valuers.
* **The Rating Act, Cap 267:** Governs the assessment and imposition of property rates by local authorities.
* **The Land Act, No. 6 of 2012:** Includes provisions for compulsory acquisition and compensation based on market value.
* **The Murang’a County Valuation for Rating Act, 2024:** Provides the specific legal basis for county-generated valuations, ensuring compliance and enhancing accountability.

These laws ensure professional standards are maintained in property valuations, supporting the county’s efforts to generate its own valuations for rating purposes.

**Part 7: Request to the Cabinet**

The Cabinet is invited to:

* **Note** the need for the operationalization of the Murang’a County Valuation for Rating Act, 2024, through the establishment of a fully functional Valuation section within the Department of Lands, Physical Planning, and Urban Development.
* **Approve** the creation of the Valuation section with the following personnel:
  + **Director of Valuation and Rating:** 1 person to lead the section and oversee all valuation activities.
  + **Valuation Officers:** 3 officers responsible for conducting property valuations, preparing valuation reports, and managing the Valuation Roll.
  + **Administrative Staff:** 2 administrative officers to handle documentation, correspondence, and logistical support.
  + **Technical Support Staff:** 2 IT specialists to manage digital systems for valuation records and data management.
* **Approve** the formation of an Ad Hoc Committee for objection management, comprising:
  + **Chief Officer (Chairperson):** 1 person to lead the objection review process.
  + **Director of Valuation and Rating (Secretary):** 1 person to manage the committee’s proceedings.
  + **Director of Physical Planning:** 1 person to provide insights on planning and land use objections.
  + **Private Practice Valuer:** 1 external valuer to provide independent assessments.
  + **Advocate of the High Court:** 1 legal expert to guide on land-related legal matters.
* **Approve** the allocation of resources necessary for the establishment and operation of the Valuation section.