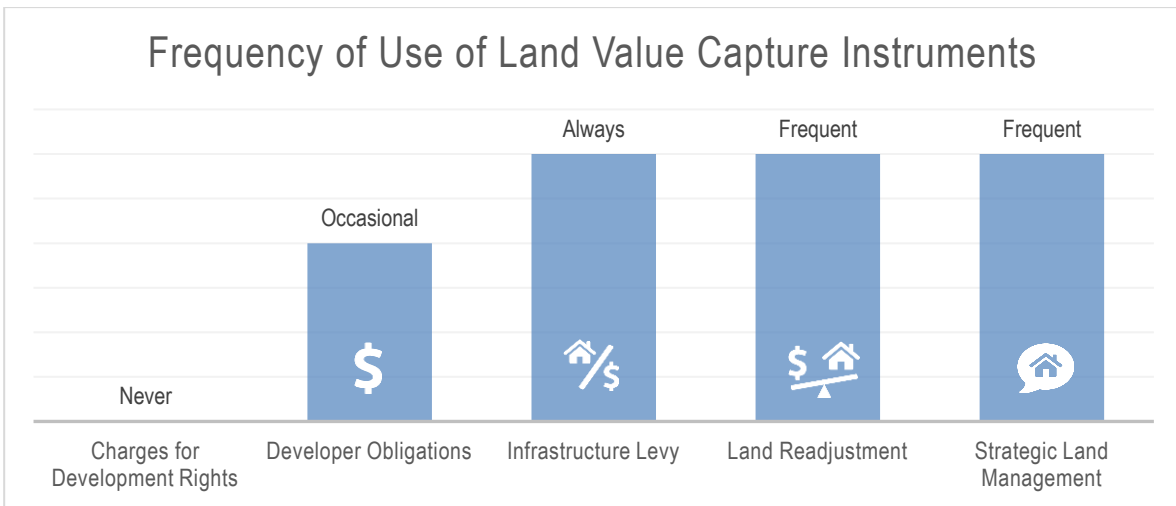




Dominican Republic



The most prominent land value capture instruments in the country are infrastructure levy and developer obligations. The infrastructure levy is a charge on landowners who benefit from irrigation works conducted by the national government. Developer obligations are fees paid by developers in cash to compensate the impacts of new development on adjacent infrastructure. Land readjustment serves for urban expansion and renewal. Strategic land management is limited to public land leasing. There is no legal framework for charges for development rights.

Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Infrastructure levy	<i>Cuota Parte</i>	Article 70 of National Law on Quota Part (126/1990)	National government	Always
Developer obligations	<i>Normas y ordenanzas</i>	Law n° 675	National government	Occasional
Land readjustment		None	National and local government	Frequent
Strategic land management	<i>Contratos de Arrendamiento</i>	Law 233/1971	National and local government	Frequent

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Enabling framework

The Dominican Republic is a unitary state with one level of subnational government, which is composed of 158 municipalities and the Santo Domingo National District (OECD/UCLG, 2019, p. 465). Provinces and regions exist for administrative purposes, not political ones. The national government enacts the framework of land value capture and is in charge of implementing developer obligation and infrastructure levies, which are the two most important tools in the country.

Municipalities have normative, administrative and land use powers, as well as budgetary autonomy. They are responsible for land use planning, environmental and risk management, economic and social development and they are in charge of the regulation and management of public space, municipal works, roads and transport (OECD/UCLG, 2019, p. 466). They largely rely on transfers from the central government and do not collect own tax revenues (OECD/UCLG, 2019, p. 467).



Infrastructure levy

The national government charges infrastructure levies whenever an irrigation project is carried out in rural areas. When the State builds irrigation canals, the benefiting landowners must transfer a share of their land to the government, proportionally to the benefit. This contribution is called “Quota-Part”.

Since the irrigation canal allows the private lands to become more productive, it is a public improvement that increases the value of land. Private landowners may be left with smaller, but more valuable agricultural land.

The benefited owners are identified as those whose property falls within the area of influence of the new irrigation project. When the land plot benefiting from the new irrigation project is less than 6 hectares, the owners are exempt from payment. Property owners who have paid a Quota-Part for past irrigation projects are also exempt from contributing again.

Overall, affected property owners rarely appeal against the levy. The main obstacle to the implementation of the Quota-Part system is the lack of administrative capacity at the national level. New plans and institutional strategies need to be created, without political interference.



Developer obligations

Developers who request approval for new development, for development at higher density or for a project in disconformity with standard urban planning regulations may be charged a fee. The fee, to be paid in cash, is intended as compensation for the impacts of proposed development on local infrastructure, notably due to higher demand of public utilities and services in the area. The national government makes modest use of this instrument.

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The charge may be calculated using an established rule or negotiated between the government and the developer. Negotiations respect the standard urban planning regulations. If calculated, it takes into consideration the size, type, area and physical characteristics of the development. The charge must be paid in cash, before or at the time the development receives approval. No exemptions or discounts to payment are foreseen.

In all, developers rarely appeal against the requirement to pay the fee. The fee is complicated to calculate, and the complexity and lack of clarity of the formulas constitute an obstacle to implementation. The legal framework does not define the calculation formulas and other operational aspects sufficiently.



Land readjustment

The national government and local governments frequently use land readjustment for the purposes of urban expansion, urban development or renewal. If local governments want to pool and readjust plots, they need prior approval from the national government.

All land readjustment projects are publicly-led or have a public interest. Participation of landowners is therefore compulsory. Their participation may be enforced through expropriation, with compensation based on the market value of the original plot. Landowners rarely appeal against the requirement to pool their lands or against the compensation.

A share of readjusted plots is typically reserved for public improvements, which may include public utilities, such as water, sewer and drainage, public spaces, roads and parking space. On the other side, the newly readjusted area does not include the creation of publicly owned plots to be sold or leased in the future.

After readjustment, the landowners receive readjusted plots located as close as possible to their original land. They cannot choose to exchange the plots for cash. However, if the readjusted plots are less valuable than the original ones, the affected landowners are entitled to compensation in cash. Third party investors, e.g., developers, can receive readjusted plots in return for their investment in the project.

Obstacles to the implementation of land readjustment are the lack of enabling framework at the national level and the low quality of land registries. Limits of lots and landowners cannot be identified. Even though expropriations are frequent, they remain controversial and expensive to the government.



Strategic land management

The Dominican Republic does not have a system of land banking and does not carry out strategic land acquisition. Nonetheless, public land leasing is frequent, with the goals of generating public revenues and facilitating development with public interest. The national government and local governments often lease public lands, but do not hold a significant amount of land available to lease.

An enabling framework for strategic land acquisition and development is largely absent, and the national framework pertaining public land leasing has some gaps and inadequacies. Land registries are deficient and informality levels



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are high. Coordination among the relevant public entities is insufficient, and the administrative capacity to deal with the technical aspects of land management is also lacking.