



LINCOLN INSTITUTE
OF LAND POLICY

The Role of the Property Tax in Sustainable Land Management and Planning

The Latvian Experience

July 8, 2020 | Sarmite Barvika, MBA, Prof.Mast. Arch. | Faculty of Architecture. Riga Technical University,
Kipsalas iela 6, Riga, LV-1048, Latvia

Content of the Presentation

1. Introduction and problems
2. Strategies for development
3. Why real property tax?
4. Latvian problems
5. Statistics
6. Resistance against property tax
7. Conclusions

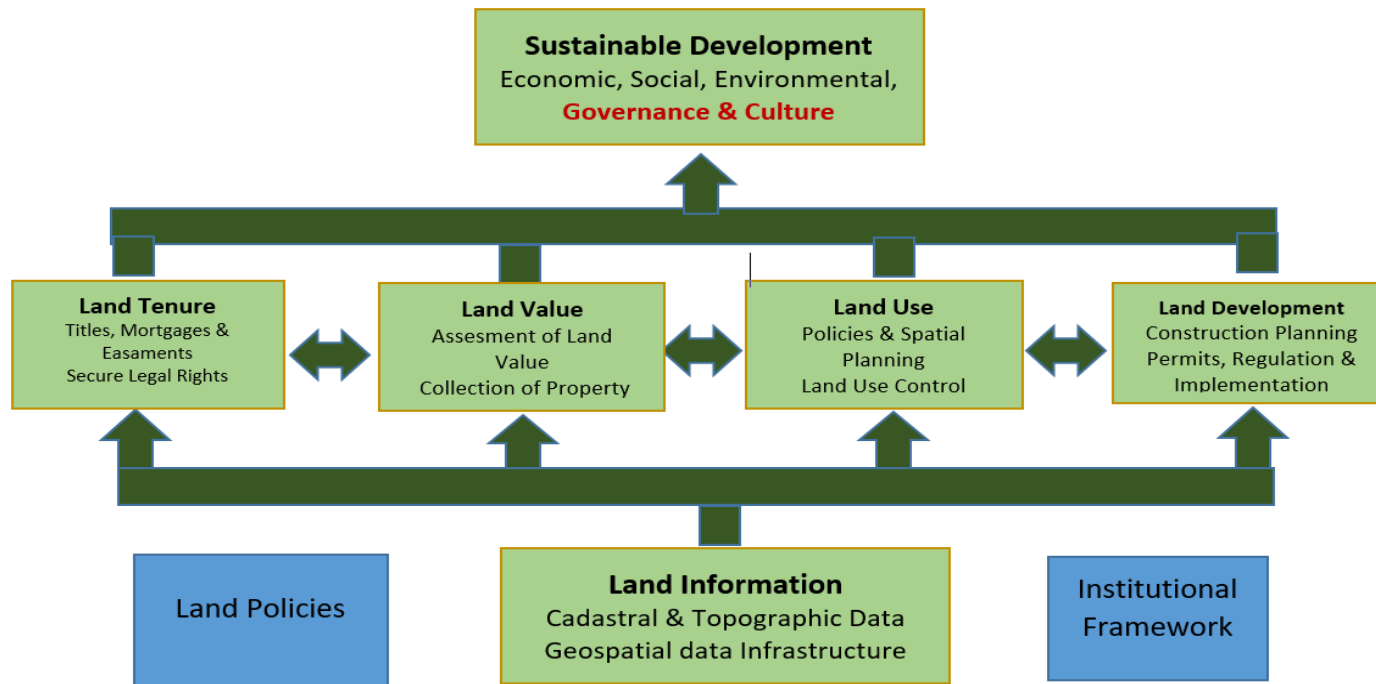


The Main Problems

- Global development has reached a peak with regard to consumption of natural resources and energy – the ecological footprint has reached 4 global hectares, with 1.8 hectares allocated per inhabitant of the planet.
- Use of land has become a commodity (land is a limited resource).
- The broad distribution and density of where people live across the world (sometimes at very high level).
- Urbanized territories continue to sprawl despite unbalanced development (e.g., shrinkage and livability problems).
- Although it can seem like our expanding cities take up a lot of land, only around 2% of global land (29% of the Earth's surface) is defined as built-up area.
- There is a public opinion (stereotype) that territories with low population density and large land resources (like Latvia) are not part of the "global problem" and can continue to sprawl, and that these territories do not pay property tax.

Does It Affect us?

Paradigm of Modern Land Administration



Land policy lies at the heart of economic, social, and environmental issues in all countries to:

- Act as a basis for sustainable development;
- Sustain stability & economic development by recognizing all property rights that promote internal confidence among people, commercial enterprises, government; and
- Protect property rights which are a major source of national wealth.

Holistic Nature of Value Capture Instruments

Urban property taxes and mass valuation are a logical solution of the 20th century for financing growing urban population needs.

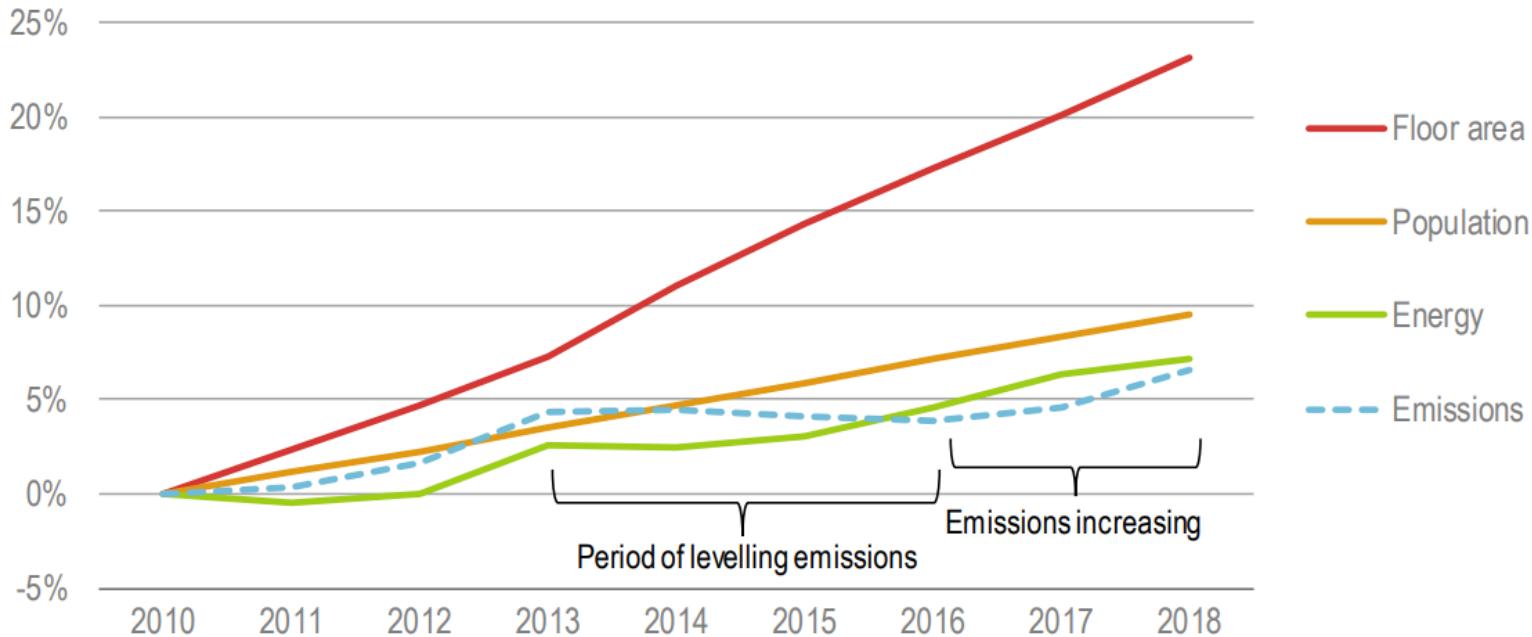
Value capture is a type of public financing that recovers some or all of the value that public infrastructure generates for private landowners.

Various strategies include:

- Periodical assessment of local planning instruments (baselines, benchmarking)
- Land use planning and zoning
- **Property tax** (Georgism)*
- Tax increment financing
- Special assessment districts/zones (e.g., special economic zones to support business incubators)
- *Brownfield redevelopment or transfer to greenfields (a key strategy for development is to limit urban sprawl);*
- Infrastructure impact fees
- Property markets
- Joint development (PPP)
- Public easement (**eminent domain**)

* **Henry George, Georgism (single tax)** - an economic ideology that people should own the value they create but economic value derived from land (often including natural resources and natural opportunities) should belong equally to all members of society.

Building Development and Resource Consumption



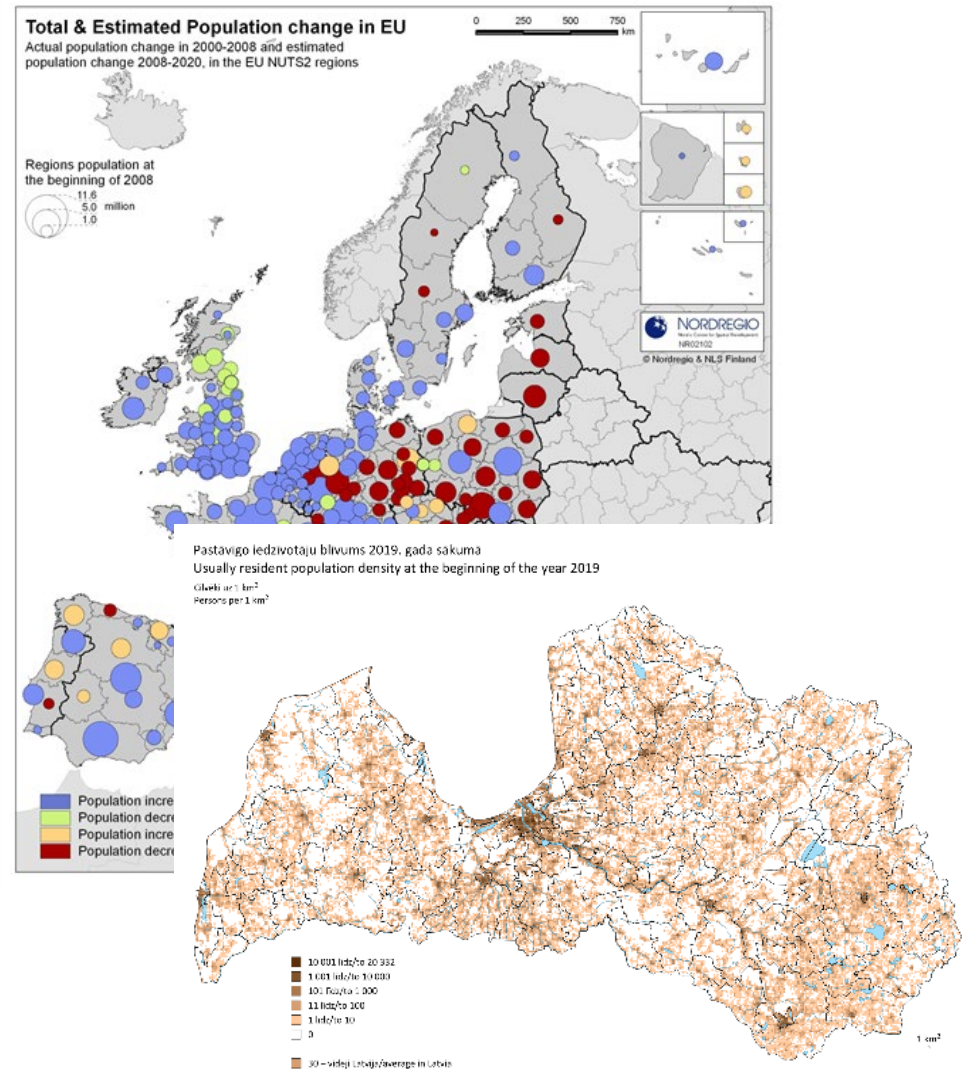
IEA (2019). All rights reserved.

Source: Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme (2019). 2019 global status report for buildings and construction: Towards a zero-emission, efficient and resilient buildings and construction sector.

Urban Shrinkage

- Economic decline and job structure change
- Suburbanization and changes in the structure of settlements
- Demography (reducing natural growth and aging)

The negative consequences – periodic depopulation due to human migration



Livability

Livability problems in residential areas are a complex phenomenon, which differ according to the locality.

Livability is characterized with consideration to four factors:

- Quality of the dwelling/building;
- Quality of the physical environment, including the level of services and facilities;
- Quality of the social environment; and
- Safety of the neighborhood.

Livability can be negatively affected by local value capture instruments.

The most negative consequence are abundant residential estates and boroughs, and urban decay (loss of taxpayers).



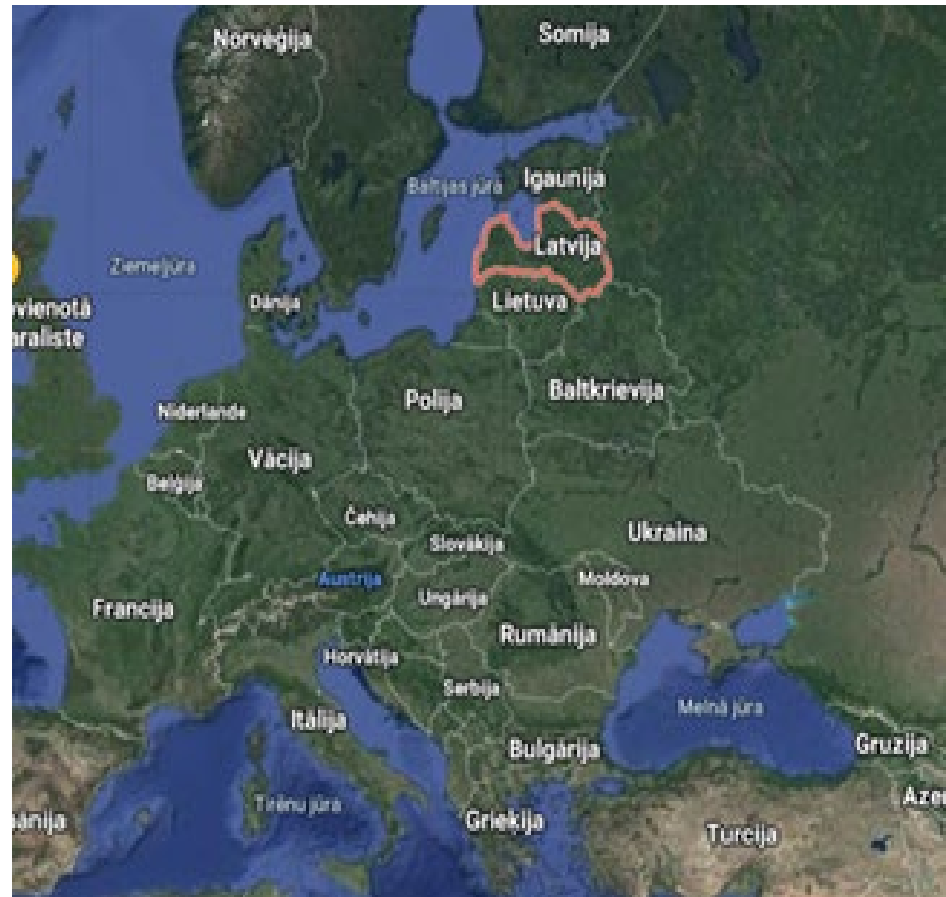
Latvia

Administrative division until July, 2021:

- 5 planning regions
- 119 counties + 9 large cities
- 67 towns

Population:

- Total – 2.07 million
- (annual decrease is ~1.17%)
- In cities – 67.5%
- In rural areas – 32.5%



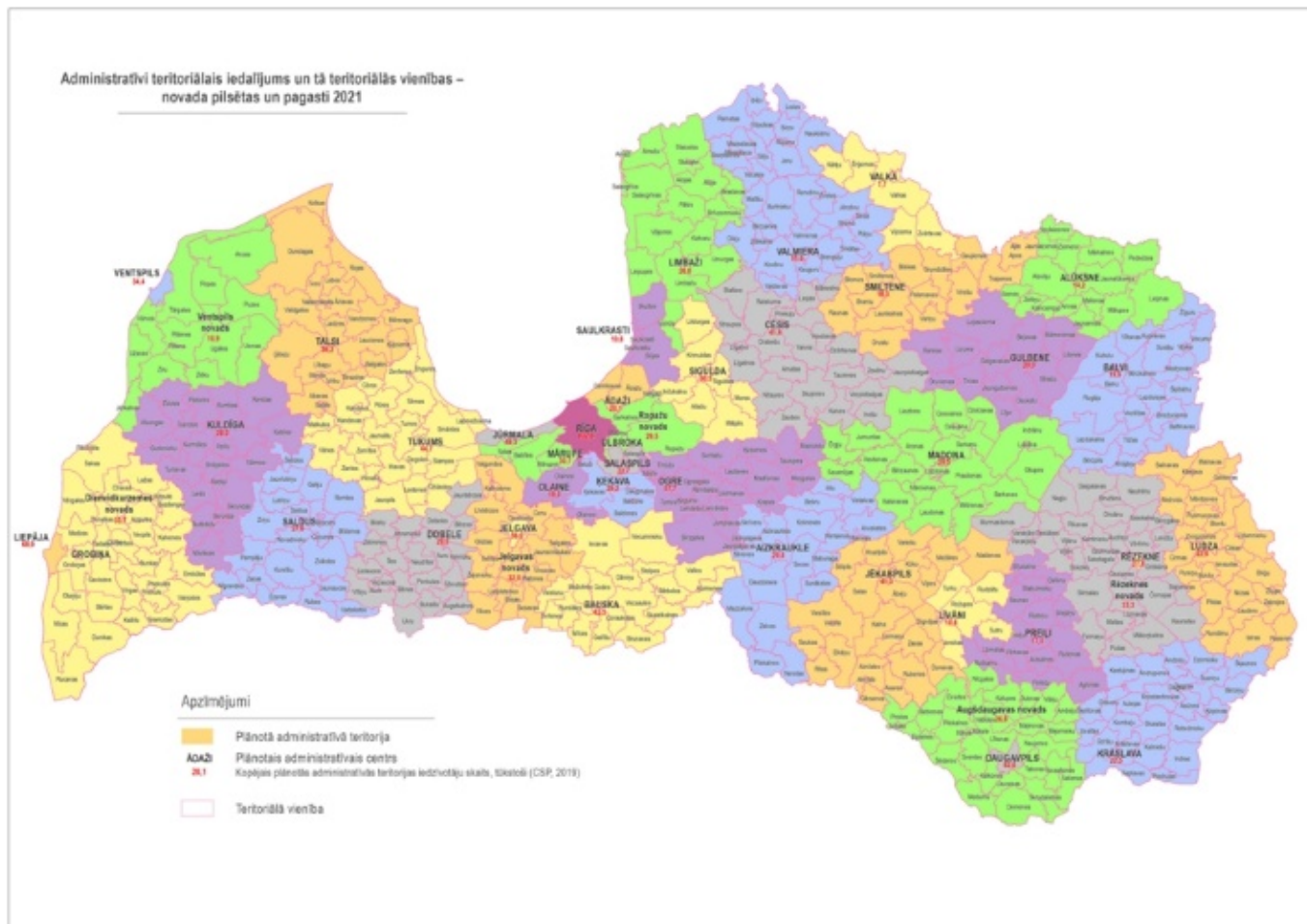
Latvia's Development Evaluation and Perspective

Latvia traditionally has three levels of planning.

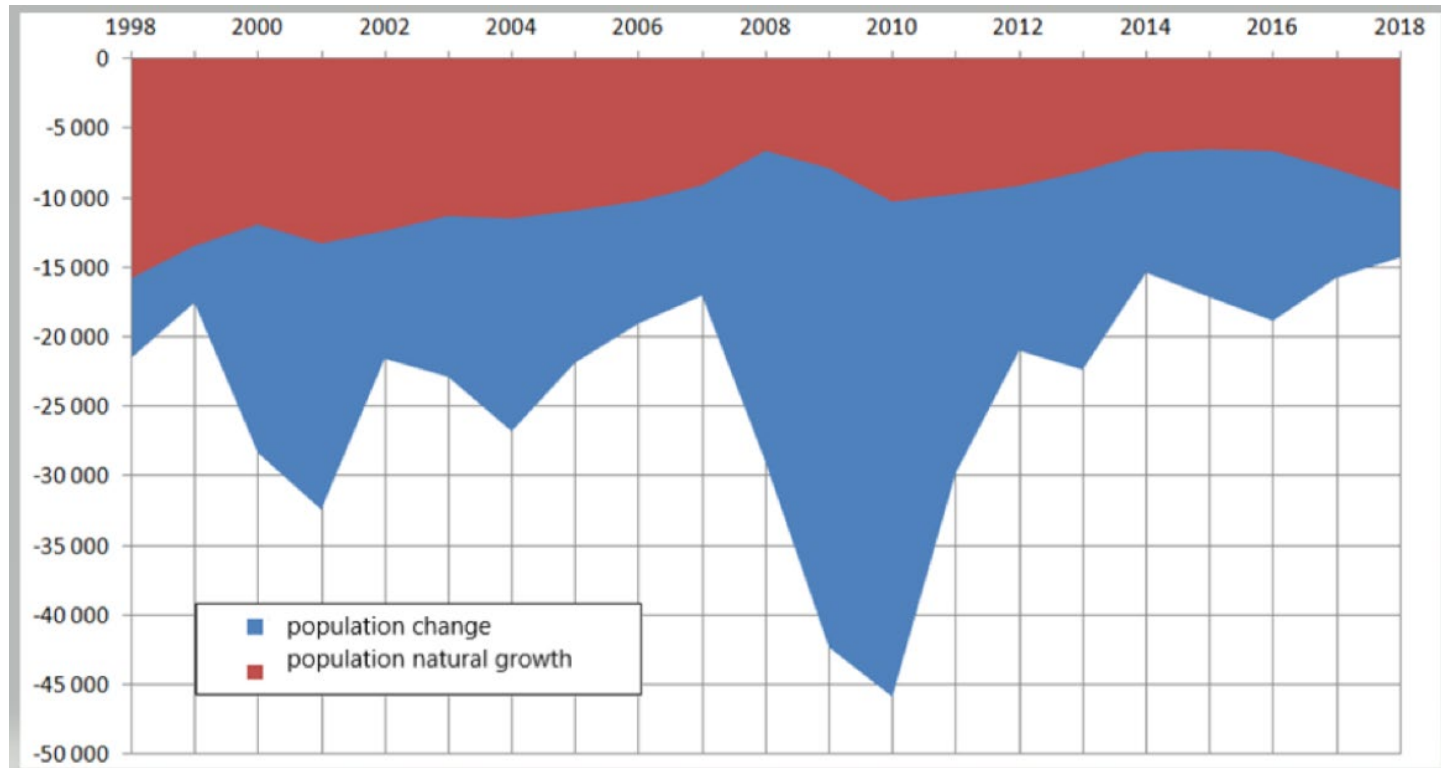
All 119 municipalities have local territorial plans (since 2011), which are basic documents used to determine current and prospective land use within their jurisdictions.

- Latvia is a shrinking country with a negative demographic prognosis (by 2020 one person households will be dominant in the capital city).
- Unbalanced development – the metropolitan region compared to the rest of the territory has completely different priorities, infrastructure, and financial resources.
- Population and decay problems in previously densely populated areas (old towns, industrial areas, transition areas) lead to loss of livability (formation of residential brownfields and loss of local taxpayers).
- 94% of the territory is occupied by agricultural land, woodland, and protected nature territories (new regional reform seeks to introduce smart shrinkage reforms).

New Proposal for Regional Reform (2021)

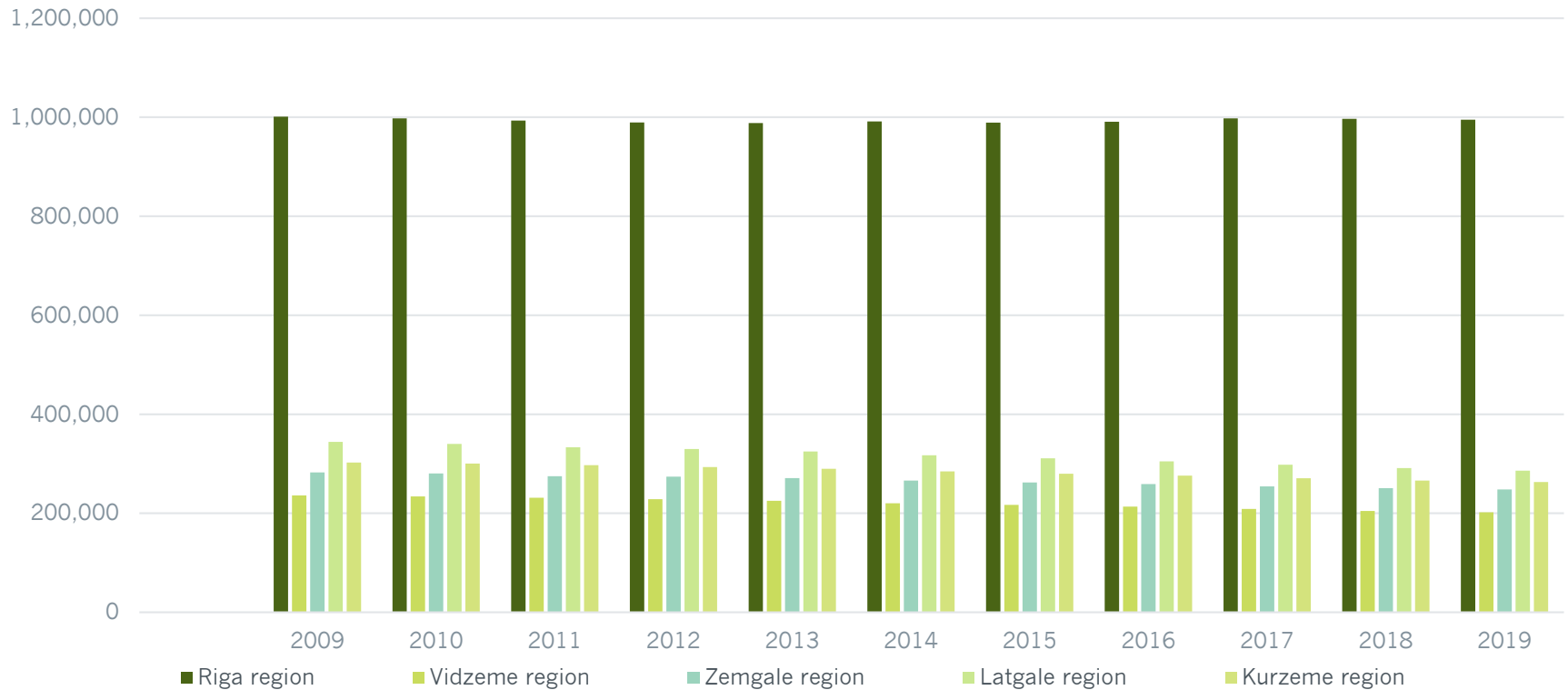


Demographic Trends – Latvia (1998–2018)

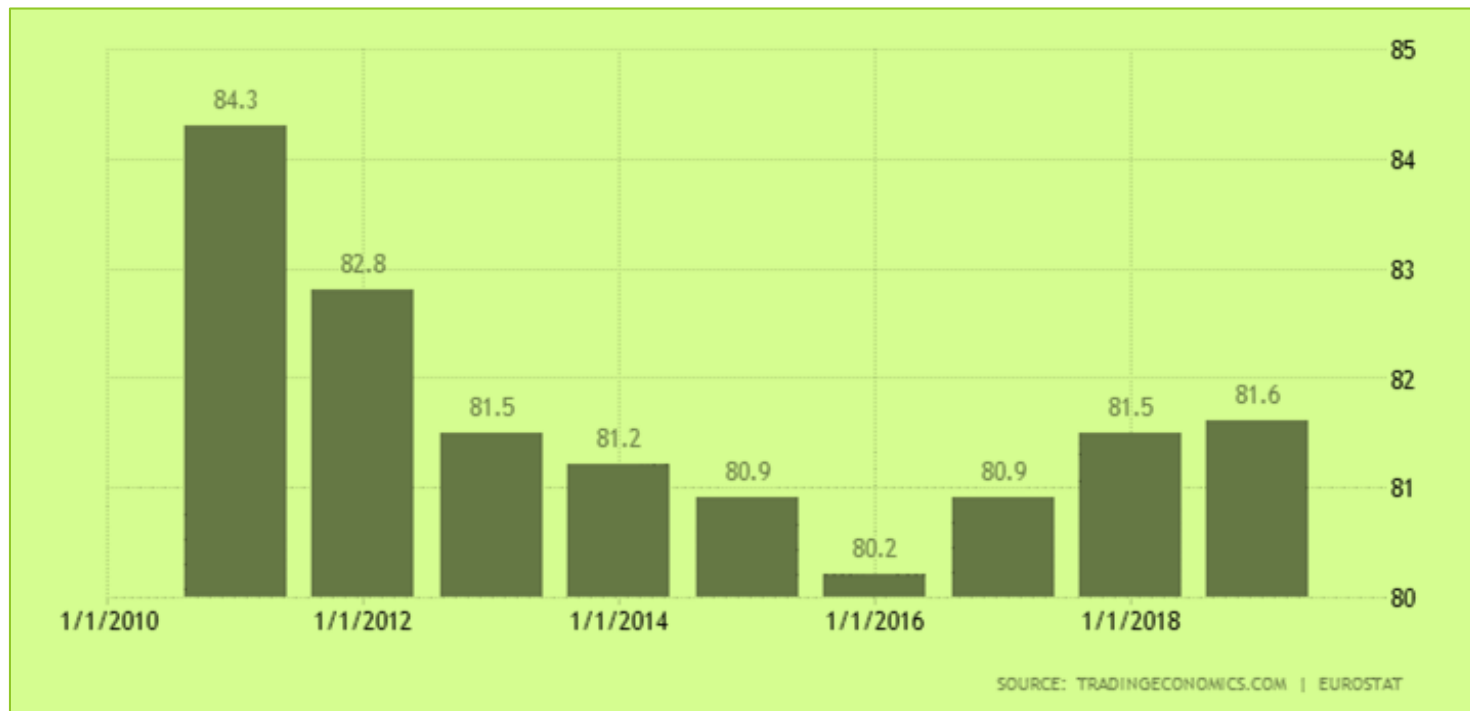


Source: Regional Development Indicator Module

Population Dynamics in Latvia's Regions (2009–2019)



Latvia Homeownership Rate 2007–2018 (%)



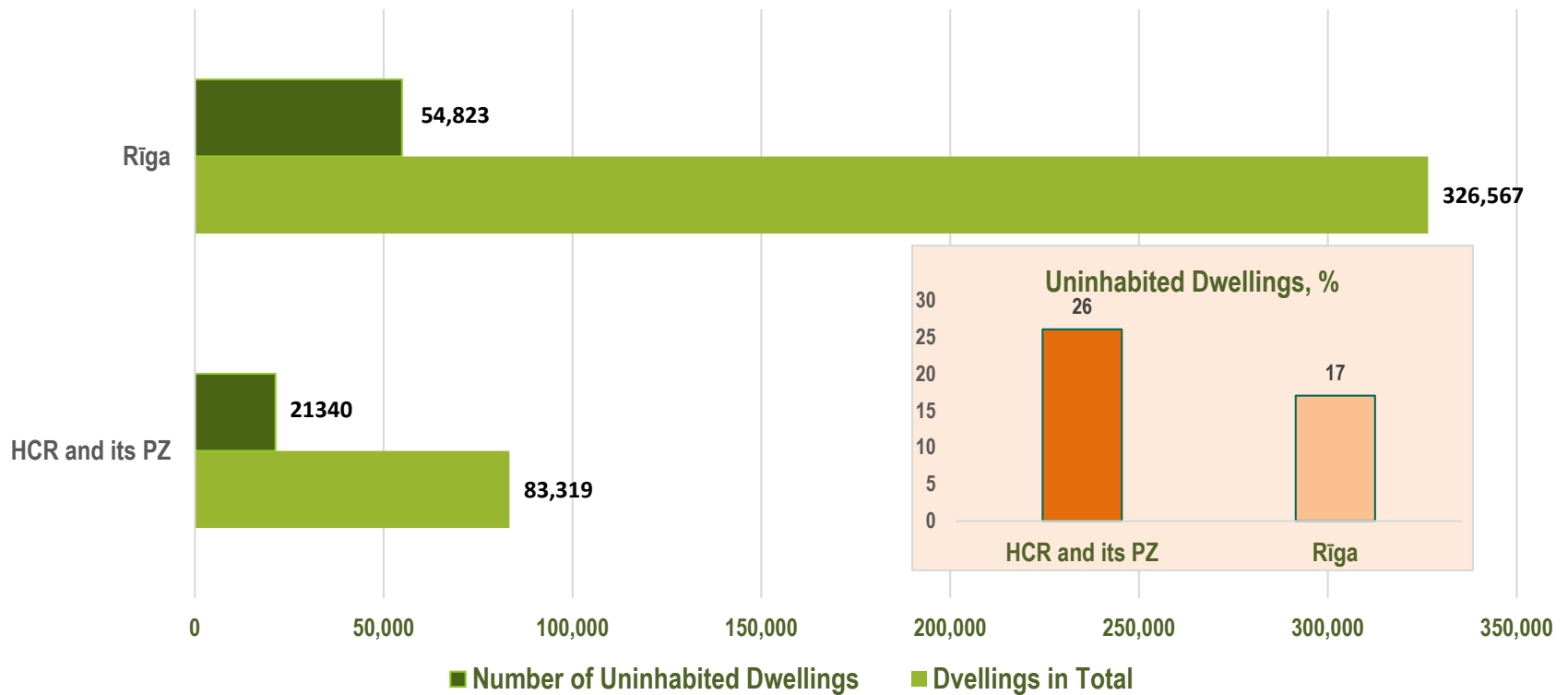
Homeownership rate in Latvia is one of the highest in Europe.

Source: EUROSTAT

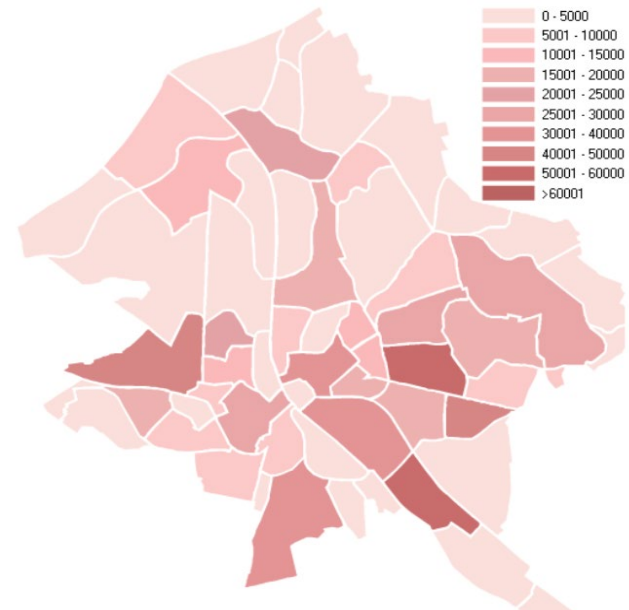
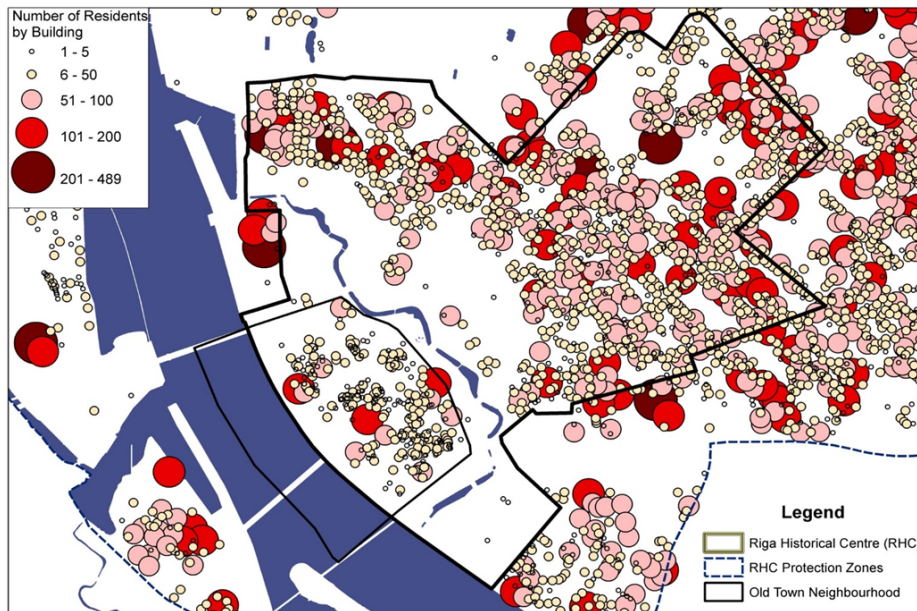
Residential Housing

- 1.04 million dwellings in Latvia
- Total area is 71,000 sq.m. (35 sq.m. per inhabitant, CSB, 2017).
- Many properties belong to residents living in the diaspora (owners whose property rights have been restored or those that have emigrated after the restoration of independence).
- The building stock is in very poor condition (60% depreciation is average)
 - 23% of all buildings were built before 1940
 - 67% were built from 1940 until 1990 (so called multi-level Soviet style block buildings, around 600,000 apartment units)
 - 10% were built after 1991
- Many properties were vacant (owners lived and paid personal income tax [PIT] in another municipality or in other countries) or were rented out to non-declarable persons (municipalities did not receive revenue from PIT).
- According to the 2011 Census, 20.6% of housing units were not permanently inhabited in Latvia (in Riga, 16.7%).

Depopulation (Riga) CENSUS 2011 – Empty Dwellings in Riga and in the Historical Center of Riga (UNESCO Downtown).



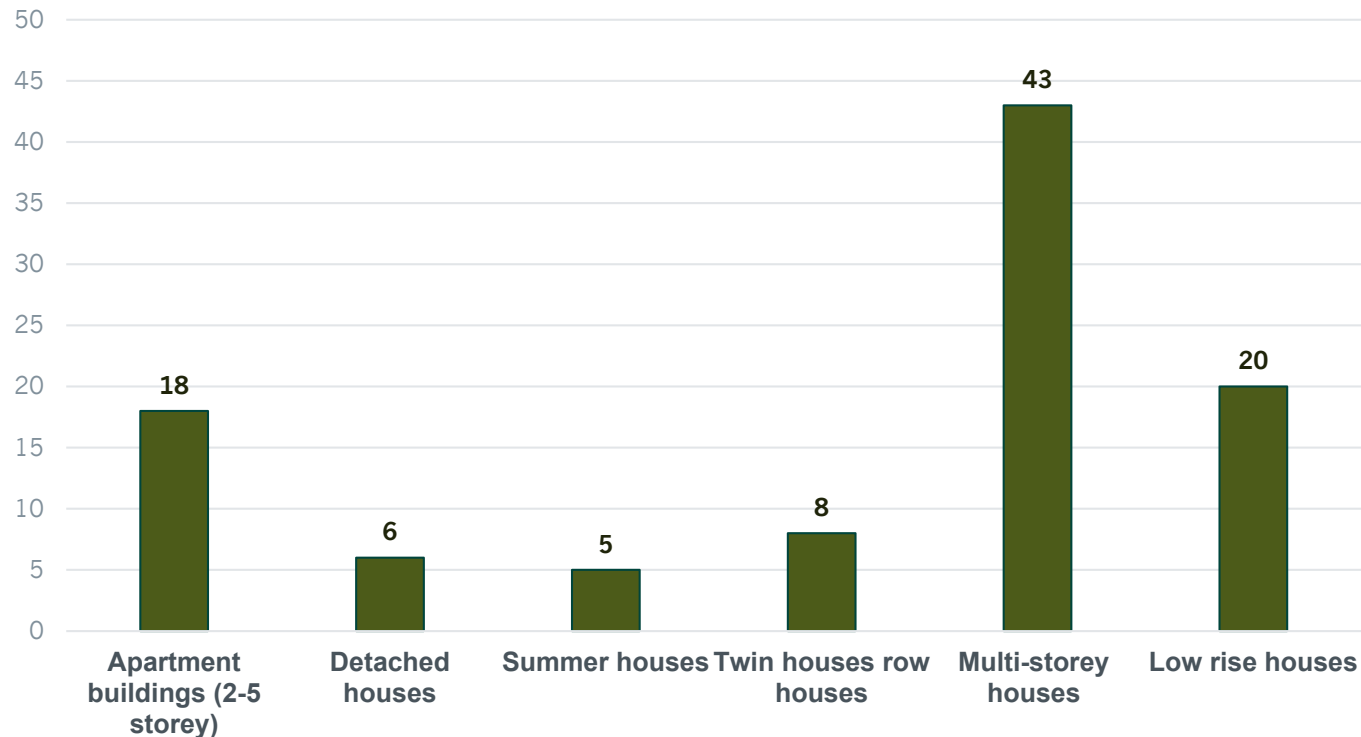
Population in Riga



Territorial unit	1989	2011	Trend	%
Downtown of Riga	90 000	30 728	- 52145	- 68
City of Riga	910 000	658 640	- 25181	- 28

Statistical data source: The Office of Citizenship and Migration Affairs, Population Register (year 2014); Census 2011. Background material: cadastral map (year 2014).

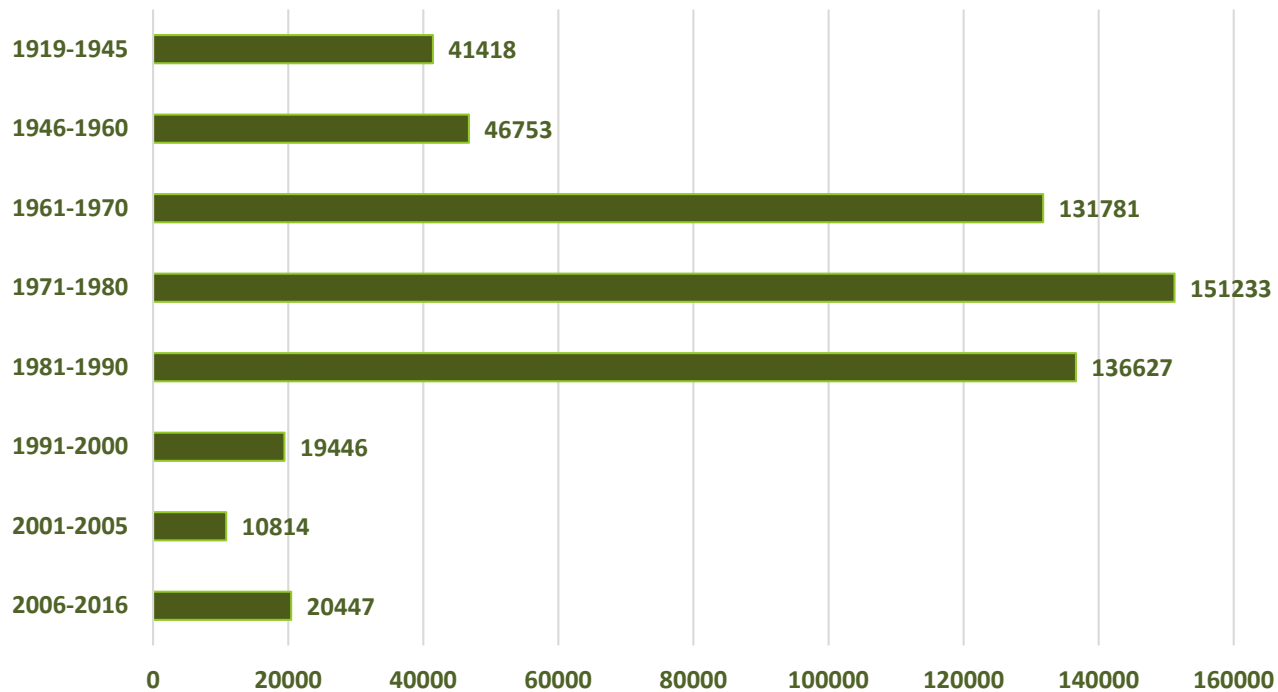
Types of Dwellings in Riga (% of all Residential Housing)



Only 6% of all residents live in detached and twin houses

Source: Spatial Plan of Riga (2018-2020). Thematic Plan - Housing

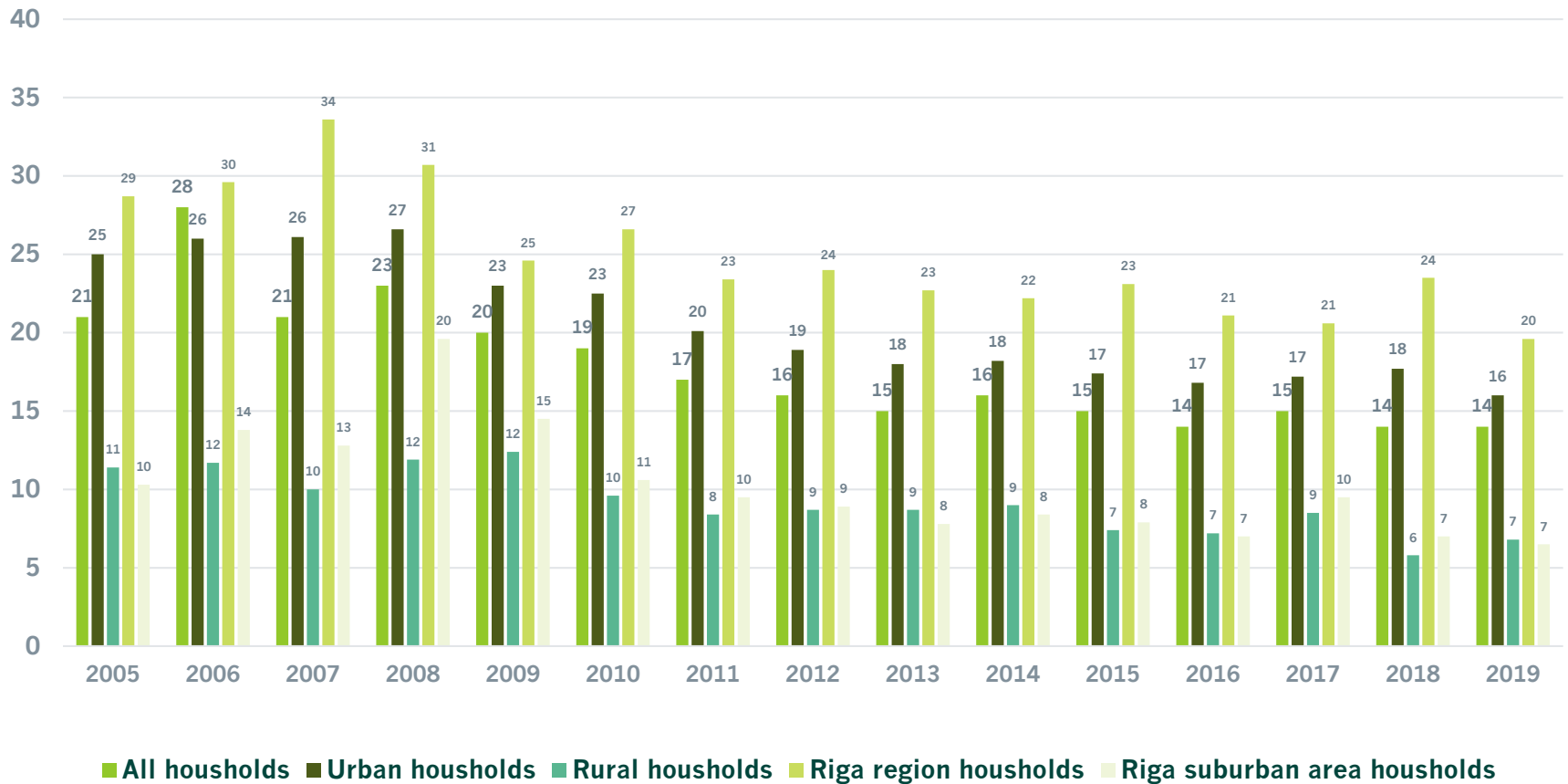
Riga's Population Distribution According to the Construction Period of the Building



CENSUS 2011 data; population of Riga: 647998

Source: Spatial plan of Riga City 2006-2018 (a proposal). Thematic Plan "Housing"

Proportion of Households with Identified Problems Relating Satisfaction with Housing and Living environment (2005–2019; %)



Brownfields of Riga Old Town



Abandoned property in the heart of Old Riga, 13. Janvāra Street, 5
Author's photo



View from Kungu Street
Author's photo

21st Century Contrasts



Author's photos

Property Taxation in Latvia

Property tax based on market value is one of the first taxes of modern cities.

- As in most countries, real estate tax (RET) administration in Latvia is a responsibility of local government (as are instruments of value capture).
- The fiscal crisis (2008) caused local governments to seek new sources of revenue through taxing new objects, namely residential buildings and apartments (as recommended by the International Monetary Fund and the European Commission).
- Since 2016, the issue of fair tax has been overridden within public discussions about taxation of dwellings (the tax burden on **sole residential property of natural persons**) in Latvia.
- RET and mass valuation related disputes are among the topics that raise questions about the competency of institutions and political will of Latvia's government.
- Mass values are frozen – since 2016.

Real Estate Taxation Implementation and Development

The implementation history of the real estate tax (RET) and mass valuation can be divided into two periods:

- **the pre-crisis period (2008–2009)**
 - Development of the system and base, data collection, CAMA model integrated in the Cadastre
- **the post-crisis period (2009 to present)**
 - Implementatation of a new concept of valuation and tax policy, role of local governments, implementation of taxation of buildings (failed)

Taxation Burden and its Context

Alongside the RET, Latvia has:

- 13 taxes; and
- 97 state and local duties.

Rates and application are subject to specific tax laws and bylaws.

The tax burden (tax-to-GDP):

- 28.1% in 2016 (27th place out of 36 OECD countries)
- 30.7% in 2018 (27th place out of 36 OECD countries)

Tax burden on low wages:

- Minimum wage – 420 EUR (third lowest in EU 27)
- e.g., 41.9% in 2015 – the EU average was 37%

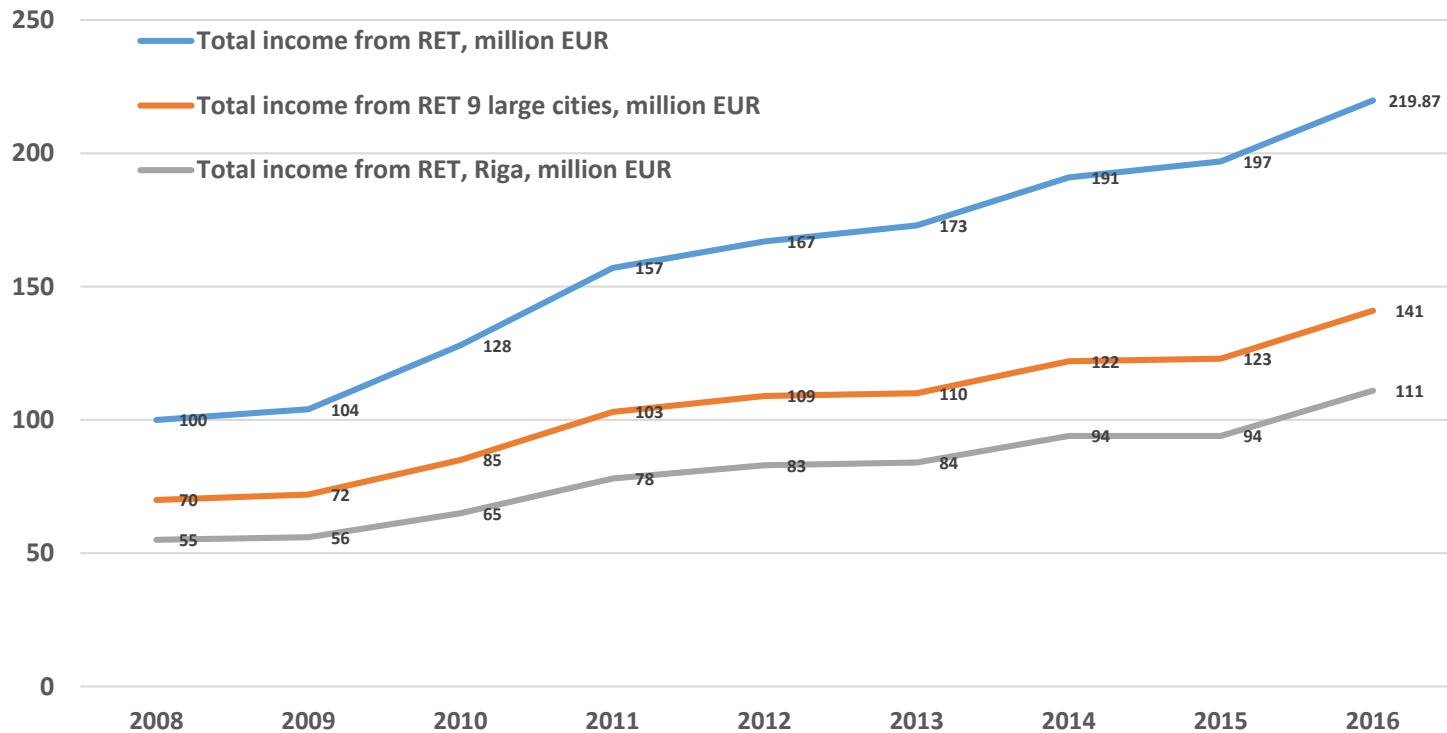
Latvia's strategy of taxation (based on recommendations of IMF and EC):

- to shift the tax burden from wages to consumption (also the RET).

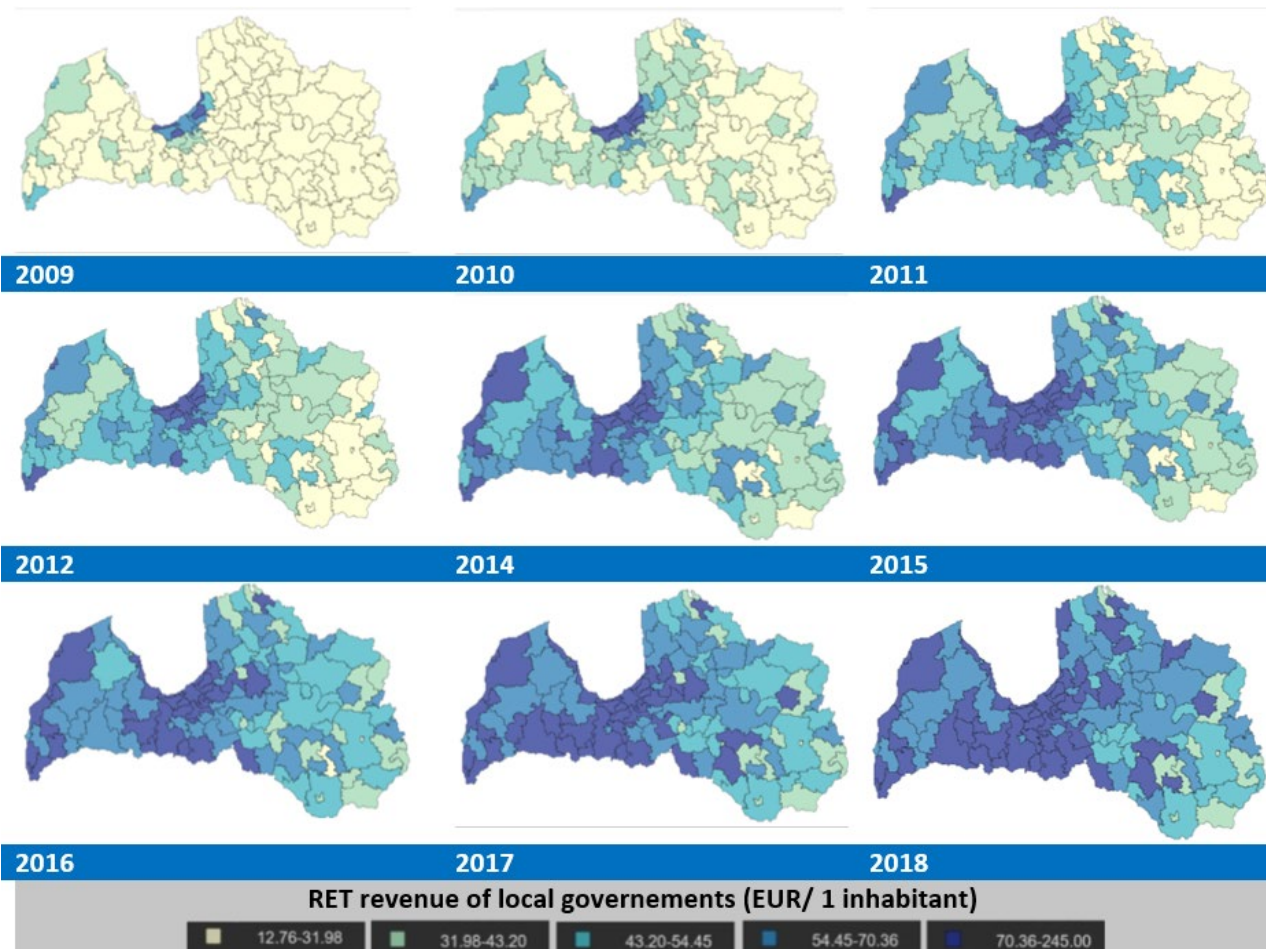
COVID-19 crisis solutions for taxpayers:

- RET deferral (June–August)
- Postponement of PIT payment to natural persons up to 2 years
- Postponement of corporate income tax up to 3 years

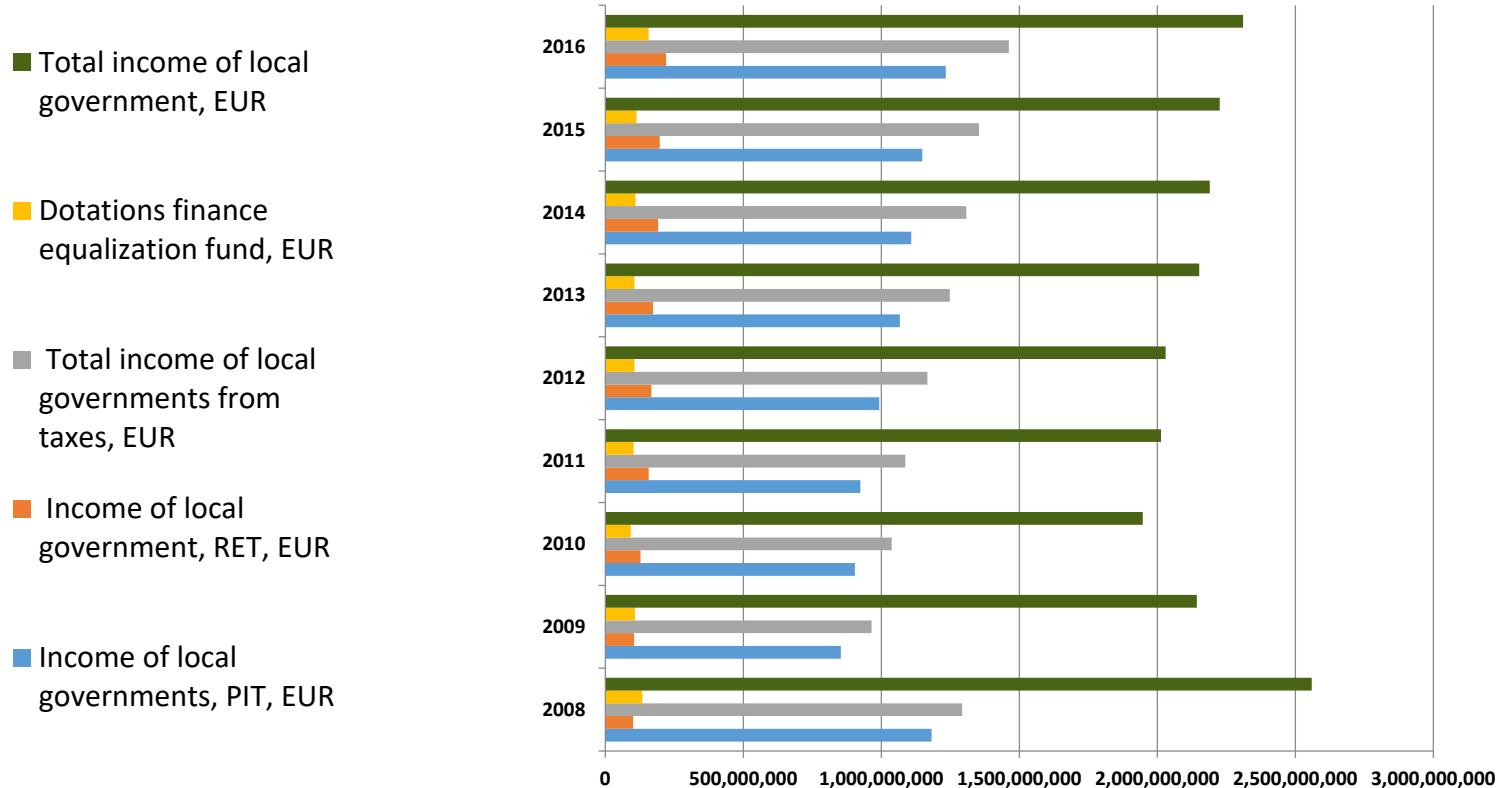
RET Income Dynamics in Latvia (2008–2016), EUR



Spatial Distribution of the RET Burden in Latvia (2009–2018)



Income Dynamics of Latvia's Local Governments (2008–2016)



Local government budgets draw from the following sources: 80% of personal income tax revenue (PIT), all real estate tax revenue (RET), and guaranteed revenue from the central government consolidated budget income (19.6% excluding PIT).

Dynamics of PIT Payers in Latvia's Regions and Large Cities (2016–2018)

PIT payers in Latvia's regions (2016-2018)

County	Year	Number of PIT payers by employee's declared place of residence (the SRS)			Number of PIT payers by place of company registration (person, the SRS)			Annual population changes (per capita, RDIM)		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Riga Region		506839	513738	529426	61417	60549	61188	1509	5950	-737
Vidzeme Region		88783	88610	89202	6287	6383	6632	-3425	-4743	-4043
Zemgale Region		110330	110967	112752	6595	6759	7094	-3382	-4701	-3305
Latgale Region		111665	111506	112219	6884	6843	6981	-6127	-6732	-6811
Ventspils novads		5192	5222	5246	291	307	314	-251	-215	-249
Latvia		822809	830043	848845	81474	80841	82209	-11676	-10441	-15145

PIT Payers in Latvia's large cities (2016-2018)

Large cities	Year	Number of PIT payers by employee's declared place of residence (the SRS)			Number of PIT payers by place of company registration (person, the SRS)			Annual population changes (persons, RDIM)		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Jūrmala		24058	24665	25642	1970	2006	2040	-300	-725	398
Rīga		327305	329987	338711	45899	44765	44795	443	5947	-3412
Valmiera		11993	12149	12307	956	954	998	-251	-275	38
Jēkabpils		10196	10281	10400	653	626	650	-407	-396	-150
Jelgava		27749	28170	28661	1847	1891	1977	-338	-315	-146
Daugavpils		37514	37744	38271	2406	2387	2437	-1325	-1271	-1420
Rēzekne		12739	12848	13034	949	960	980	-670	-416	-95
Liepāja		30950	31708	32769	2368	2331	2395	-643	-1156	-384
Ventspils		17082	17175	17285	1043	1038	1028	-412	-575	-724

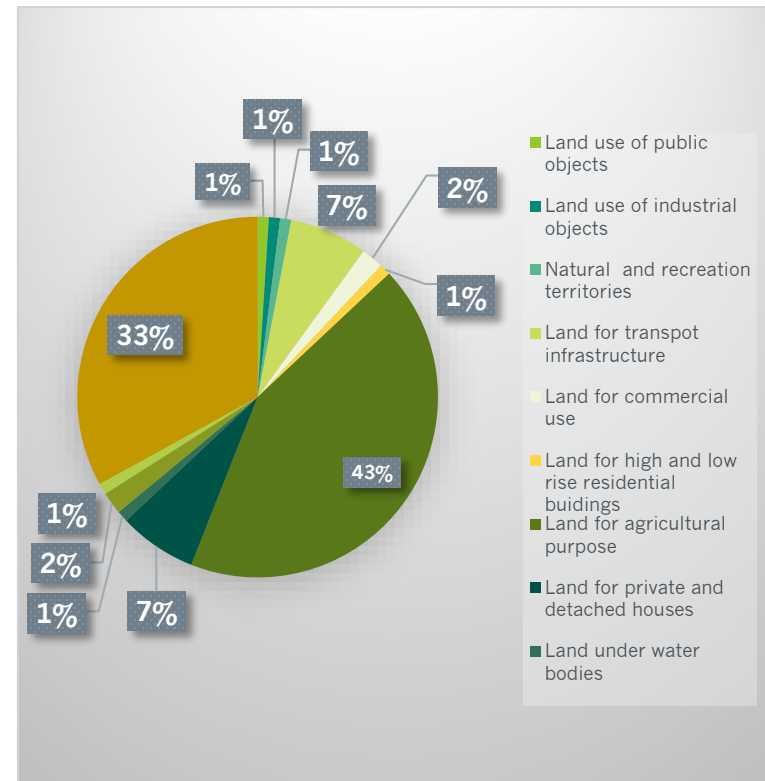
Dynamic of Municipal Incomes and Expenditures in Large Cities (per capita/per territorial unit, km²), 2014–2018

Parameter	City/ year	Jūrmala	Rīga	Valmiera	Jēkabpils	Jelgava	Daugavpils	Rēzekne	Liepāja	Ventspils
Population density (people/km ²) RDIM)	2014	567	2309	1413	976	1034	1356	1864	1176	703
	2015	569 ↑	2296 ↓	1308 ↓	963 ↓	1024 ↓	1339 ↓	1822 ↓	1157 ↓	696 ↓
	2016	566 ↓	2297 ↑	1295 ↓	947 ↓	1018 ↓	1320 ↓	1784 ↓	1148 ↓	689 ↓
	2017	559 ↓	2317 ↑	1281 ↓	932 ↓	1013 ↓	1303 ↓	1760 ↓	1131 ↓	679 ↓
	2018	563 ↓	2306 ↓	1284 ↑	927 ↓	1010 ↓	1283 ↓	1755 ↓	1127 ↓	666 ↓
Territory area (km ² , TPDIS)	2014	101	304	18	25	61	72	18	68	58
	2015	101	304	19	25	61	72	18	68	58
	2016	101	304	19	25	61	72	18	68	58
	2017	101	304	19	25	61	72	18	68	58
	2018	101	304	19	25	61	72	18	68	58
Total municipal budget revenue per capita (EUR, RDIM)	2014	1163	1017	1071	816	956	791	959	1037	1073
	2015	1225 ↑	1092 ↑	1247 ↑	796 ↓	897 ↓	804 ↑	966 ↑	953 ↓	1114 ↑
	2016	1282 ↑	1178 ↑	1334 ↑	869 ↑	969 ↑	830 ↑	1054 ↑	959 ↑	1307 ↑
	2017	1381 ↑	1286 ↑	1371 ↑	950 ↑	1037 ↑	956 ↑	1266 ↑	1100 ↑	1346 ↑
	2018	1439 ↑	1319 ↑	1565 ↑	1217 ↑	1342 ↑	1125 ↑	1598 ↑	1241 ↑	1663 ↑
Municipal budget RET revenue per capita (EUR, RDIM)	2014	164	134	62	31	55	31	30	58	95
	2015	160 ↓	135 ↑	67 ↑	34 ↑	61 ↑	35 ↑	32 ↑	57 ↓	98 ↑
	2016	179 ↑	159 ↑	66 ↓	35 ↑	62 ↑	36 ↑	31 ↓	60 ↑	99 ↑
	2017	189 ↑	165 ↑	70 ↑	39 ↑	63 ↑	38 ↑	32 ↑	63 ↑	111 ↑
	2018	157 ↓	157 ↑	67 ↓	40 ↑	64 ↑	35 ↓	33 ↑	67 ↑	122 ↑
Total municipal budget revenue per territorial unit (th.EUR / 1 km ²)	2014	661	2346	1529	811	981	1077	1739	1220	752
	2015	700 ↑	2507 ↑	1664 ↑	782 ↓	911 ↑	1081 ↑	1711 ↓	1105 ↓	774 ↑
	2016	728 ↑	2706 ↑	1761 ↑	839 ↑	979 ↑	1100 ↑	1827 ↑	1102 ↓	898 ↑
	2017	775 ↑	2980 ↑	1790 ↑	902 ↑	1042 ↑	1251 ↑	2166 ↑	1245 ↑	912 ↑
	2018	813 ↑	3042 ↑	2048 ↑	1149 ↑	1345 ↑	1449 ↑	2727 ↑	1399 ↑	1105 ↑
Municipal budget RET revenue per territorial unit (th. EUR / 1 km ²)	2014	93	310	88	30	57	43	54	68	67
	2015	92 ↓	365 ↑	89 ↑	33 ↑	62 ↑	47 ↑	57 ↑	66 ↓	68 ↑
	2016	101 ↑	383 ↑	87 ↓	34 ↑	63 ↑	48 ↑	54 ↓	69 ↑	69 ↑
	2017	106 ↑	362 ↓	91 ↑	37 ↑	64 ↑	49 ↑	53 ↓	72 ↑	75 ↑
	2018	89 ↓	362 ↓	88 ↓	36 ↓	63 ↓	45 ↓	55 ↑	75 ↑	81 ↑
Total municipal expenditure per territorial unit (th. EUR / 1 km ²)	2014	660	2445	1365	1033	1100	1179	1108	1306	741
	2015	779 ↑	2520 ↑	1616 ↑	807 ↓	904 ↓	1060 ↓	1023 ↓	1308 ↑	816 ↑
	2016	735 ↓	2595 ↑	1708 ↑	860 ↑	905 ↑	1024 ↓	1010 ↓	1049 ↓	871 ↓
	2017	719 ↓	2931 ↑	1976 ↑	934 ↑	1051 ↑	1254 ↑	1230 ↑	1257 ↑	1092 ↑
	2018	819 ↑	3158 ↑	2499 ↑	1149 ↑	1375 ↑	1522 ↑	1925 ↑	1457 ↑	1154 ↑
Total municipal capital expenditure per territorial unit (th.EUR / 1 km ²)	2014	133	372	118	360	297	327	459	401	91
	2015	190 ↑	397 ↑	321 ↑	127 ↓	113 ↓	165 ↓	378 ↓	363 ↓	133 ↑
	2016	109 ↓	363 ↓	365 ↑	138 ↑	71 ↓	106 ↓	230 ↓	49 ↓	118 ↓
	2017	86 ↓	519 ↑	527 ↑	161 ↓	142 ↑	231 ↑	465 ↑	177 ↑	325 ↑
	2018	130 ↑	502 ↓	910 ↑	312 ↑	390 ↑	395 ↑	671 ↑	510 ↑	355 ↑

How to Finance Urban Sprawl? How Much Will It Cost for Municipalities and Taxpayers?

Parameter	Territory/Year	Marupe County	Riga	Valmiera
Population density (people/km2) RDIM)	2014	164	2309	1413
	2015	172 ↑	2296 ↓	1308 ↓
	2016	184 ↑	2297 ↓	1295 ↓
	2017	192 ↑	2317 ↑	1281 ↓
	2018	204 ↑	2306 ↓	1284 ↑
Territory area (km2, TPDIS)	2014	104	304	18
	2015	104	304	19
	2016	104	304	19
	2017	104	304	19
	2018	104	304	19
PIT income of local government per capita (th. EUR, RDIM)	2014	1,23	1,06	0,96
	2015	1,71 ↑	1,12 ↑	1,20 ↑
	2016	1,64 ↓	1,13 ↑	1,30 ↑
	2017	1,52 ↓	1,27 ↑	1,50 ↑
	2018	1,67 ↑	1,37 ↑	1,91 ↑
Municipal budget RET revenue per capita (th. EUR, RDIM)	2014	0,20	0,13	0,06
	2015	0,21 ↑	0,14 ↑	0,07 ↑
	2016	0,20 ↓	0,16 ↑	0,07
	2017	0,18 ↓	0,17 ↑	0,07
	2018	0,19 ↑	0,16 ↓	0,07
Municipal total revenue per territorial unit (th.EUR / 1 km2)	2014	215	2346	1529
	2015	229 ↑	2507 ↑	1664 ↑
	2016	248 ↑	2706 ↑	1761 ↑
	2017	307 ↑	2980 ↑	1790 ↑
	2018	329 ↑	3042 ↑	2048 ↑
Municipal RET revenue per territorial unit (th. EUR / 1 km2)	2014	33	310	88
	2015	34 ↑	365 ↑	89 ↑
	2016	35 ↑	383 ↑	87 ↓
	2017	34 ↓	362 ↓	91 ↑
	2018	40 ↑	362	88 ↓
Municipal expenditure per territorial unit (th. EUR / 1 km2)	2014	201	2445	1365
	2015	294 ↑	2520 ↑	1616 ↑
	2016	301 ↑	2595 ↑	1708 ↑
	2017	291 ↓	2931 ↑	1976 ↑
	2018	341 ↑	3158 ↑	2490 ↑
Municipal expenditure per capita (th. EUR)	2014	1,22	1,06	0,97
	2015	1,71 ↑	1,10 ↑	1,24 ↑
	2016	1,64 ↓	1,13 ↑	1,32 ↑
	2017	1,52 ↓	1,26 ↑	1,54 ↑
	2018	1,67 ↑	1,37 ↑	1,95 ↑

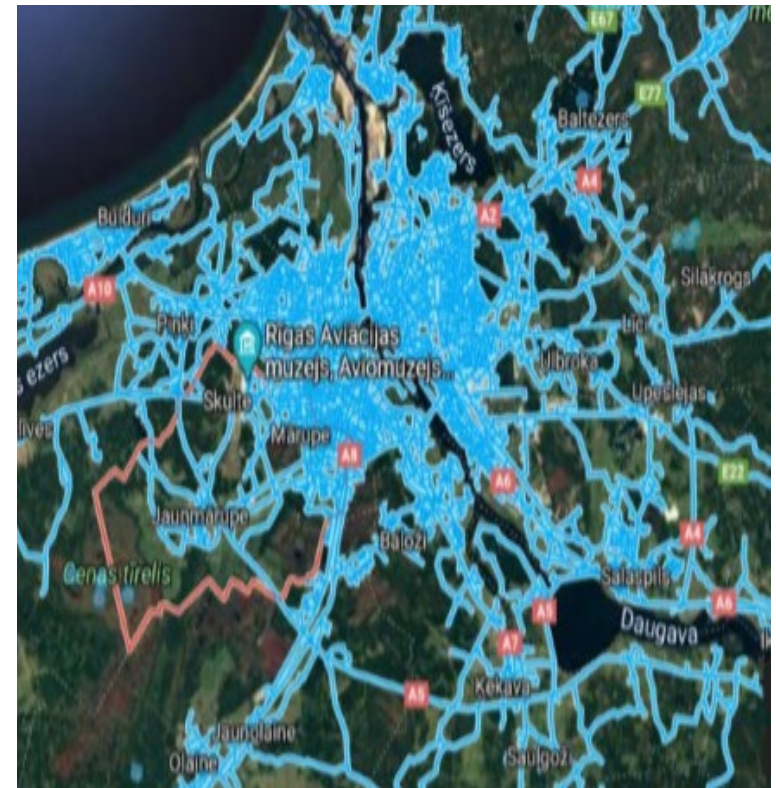
Dynamics of incomes and expenditures (per capita/per territorial unit, km2) – Riga, Valmiera, and Marupe County, 2014–2018



Land use of Mārupe county (01.01.2012); %
Territorial Plan of Marupe, 2014–2026



Aerial photo of Marupe County, former agricultural area transformed into residential suburb of capital city of Riga.
Source: Google Maps



Intensive system of roads in Marupe County.
Source: Google Maps

Typical Suburban Development (Cadastral Map)

The screenshot shows the 'kadastrs.lv' web application interface. The top navigation bar includes the logo, date (May 30, 2020), and language options (LV, EN). The left sidebar contains a menu with categories like 'Cadastral Information System', 'National Address Register', 'Maps', 'View maps', 'Spatial metadata', 'E-services', 'Mani pasūtījumi VZD', and 'Help'. The main map area displays a cadastral map of the border area between Marupe and Olaine counties. The map shows property boundaries in cyan, administrative boundaries in orange, and various land use zones. The map control panel on the right includes a search bar, a 'Result' button, and a 'Tools' button. The map scale is 1:25,000. The map shows the following areas: Mārūpe, Tiraine, Tiraine, RĪGA, Mārūpes nov., Stūnisi, Olaines nov., Olaines pag., and Medemciems. A scale bar is visible at the bottom of the map. The footer contains copyright information: © 2020 State Land Service of the Republic of Latvia, 11 novembra krastmāra dienests, ERAF, and the European Union flag.

Source: kadastrs.lv border areas of Marupe and Olaine counties

The Collective Resistance Against RET on Sole Residence

Petition started in early 2016 by individual initiative (a school teacher)

Since 2016:

- more than 54,000 votes have been collected on the public initiatives portal Mana Balss (translates as “My Voice” in English) calling for immediate cancellation of a recurrent tax on owners’ sole residential property, citing it as unconstitutional due to too steep a rise in mass values and taxes;
- a proposal was submitted in Constitutional Court (Satversmes tiesa);
- an NGO was founded; and
- petitioners organize periodic campaigns and pickets.

Despite the destructive actions, it has set **in motion a political mechanic to put the issue of RET on the government's agenda.**



The screenshot shows the website manabalss.lv with a petition titled "PAR NEKUSTĀMĀ ĪPAŠUMA NODOKĻA ATCELŠANU VIENĪGĀJAM ĪPAŠUMAM". The petition has 54,724 votes and is categorized as "Iniciatīva no jauna ir iesniegta Saeimā!". The page includes a description of the initiative, a progress bar, and a "PARAKSTĪT" button. The text on the page discusses the recurrent tax on sole residential property and its impact on property owners.

Screenshot from the public participation portal manabalss.lv (*myvoice.lv*)

A Campaign

Questions raised:

- What kind of real property should be taxed?
- What should be the taxable value – to achieve an efficient RET system?
- What is a fair RET rate (Riga's Metro example)?
- Do homes have value and should they be protected (not expropriated)?
- Is PIT a sufficient source for municipal budgets to draw from (the RET portion is only around 6%, in Riga it is more than 10%)?

- Petitioners intend to contest the property tax in the Constitutional Court or European Court of Justice, seeking its annulment.

- Almost 36,000 votes have been collected to initiate a referendum for annulment of the residential property tax on primary residences (150,000 votes are needed, which is a very high amount for Latvia).

Infodemic

- Active campaign (word catching and spreading opinions and information on social media (Facebook))
- Expressing false, unverified, sometimes hostile or naive opinions
- Cooperation with small parties and opposition politicians (especially during the election campaign)
- Sharp, unsubstantiated criticism of existing politicians and their decisions
- Addressing the mass valuation system as a "cause of evil" (the tax is calculated on the basis of the cadastral value, but they are constantly increasing)
- Local criticism of “insatiability” of politicians

Unverified facts were disseminated to support the campaign and form an opinion:

- In EU countries, the RET on primary residence does not apply at all, or is a minimal (0.1%) amount, or that taxable values were “frozen” a long time ago.
- RET is a reason for more than 100,000 insolvencies with RET debt in Latvia.
- RET is the most important reason for emigration.

Wide use of “positive” experiences of other Baltic countries. For example:

- In Estonia, residents pay property tax on land rather than on buildings.
- In Lithuania, people do not pay tax on dwellings.

Searches on Google Platform by Keywords

Keyword: "Real Estate Tax" (in Latvian – *"nekustamā īpašuma nodoklis"*)

Plan settings ⓘ Plan name: Plan from May 28, 2020, 12 pm, ... Locations: Latvia Language: All languages Search networks: Google Custom May 2016 - Apr 2020

FORECASTS NEGATIVE KEYWORDS HISTORICAL METRICS Saved 6 minutes ago CREATE CAMPAIGN

Keyword ↑	Avg. monthly searches	Competition	Ad impression share	Top of page bid (low range)	Top of page bid (high range)	Account Status
nekustamā īpašuma no...	1K - 10K	Low	–	–	–	

1 - 1 of 1

Keyword: "Real Property Tax" (in English)

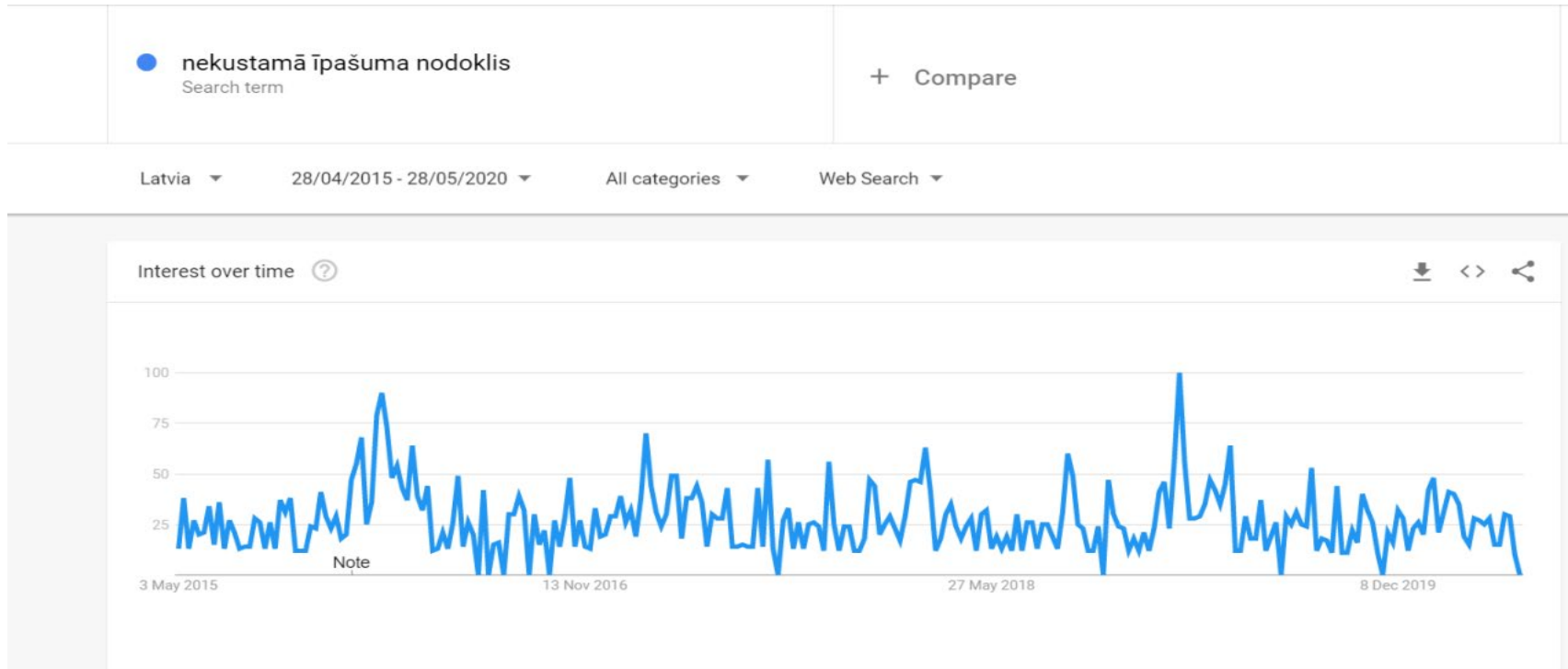
Plan settings ⓘ Plan name: Plan from May 28, 2020, 12 pm, ... 1 campaign with no ad groups Protect your account from unauthorised activity Locations: Latvia Language: All languages Search networks: Google Custom May 2016 - Apr 2020

FORECASTS NEGATIVE KEYWORDS HISTORICAL METRICS Just saved CREATE CAMPAIGN

Keyword ↑	Avg. monthly searches	Competition	Ad impression share	Top of page bid (low range)	Top of page bid (high range)	Account Status
real property tax	10 - 100	–	–	–	–	

1 - 1 of 1

Dynamics of Searches by Keywords on Google Platform (2015–2010)



Source: Google AdWords Analytics

Google AdWords Keyword Planner Statistics on Google Platform – Keyword “Real Estate Tax” (May 2018–April 2020; May 2015–April 2018)

Period	Keywords for searches	Number of searches each month	Searches in total
May 2018 – April 2020	“Real Estate Tax” (with the spelling of the Latvian language – “ <i>nekustamā īpašuma nodoklis</i> ”)	1000- 10000	No exact data available
	“Real Estate Tax” (without the spelling of the Latvian language)	10-100	No exact data available
May 2015 – April 2018	“Real Estate Tax” (with the spelling of the Latvian language – “ <i>nekustamā īpašuma nodoklis</i> ”)	1000-10000	No exact data available
	“Real Estate Tax” (without the spelling of the Latvian language)	10-100	1690

Source: Google AdWords Analytics

An Issue for the Claim

- The RET politics of the city of Riga (since 2015, applied for 2016), where the different RET rate applications for owner-occupied and unoccupied properties were determined by declared home addresses on January 1, 2015.
- The RET rate for unoccupied properties was 1.5% for land and considerably higher than 1.5% (in certain cases up to seven times higher than before) for a vacant building or apartment (instead of the 0.3%–0.6% rates stated by the law). This decision by the municipality of Riga at the end of 2014, due to the activity of the residents, the resident electronic address declaration system was blocked.
- The Law: The immovable property tax rate exceeding 1.5% from the cadastral value of the immovable property shall be determined by a local government only if the immovable property is not maintained in accordance with the procedures laid down in laws and regulations.

Conclusions

- Planning is a very holistic and interdisciplinary activity (even when facing challenges, e.g., COVID).
- Bottom-up campaigns have the power (even if they are destructive) to influence processes in the medium and long term.
- Since 2014, municipalities have started to actively utilize the legislated opportunities to apply different RET rates based on the identity of the taxpayer (PIT payer or owner of an unoccupied home) and to make decisions on taxation of objects (e.g., summer homes, auxiliary buildings).
- The shrinking of the population (a significant drop in PIT taxpayer numbers, which is the largest income source for municipalities) is an issue that should prompt a review of Latvia's development strategy at the national and the local level.
- The depopulation of inhabited places has resulted in an increased number of derelict and vacant housing.
- There are trends of inner migration (relocation from peripheries to cities due to economic considerations and the suburbanization trend in the agglomeration of Riga and the border areas of large cities);
- Currently, many municipalities (Riga, Jurmala, counties of Riga's agglomeration) use RET as an instrument to attract residents by offering tax relief (usually 50%) on owner occupied dwellings.
- Urban sprawl financing shall be an issue for increase of RET in territories with decay or low density development.



Thank you

Sarmite Barvika
Riga Technical University
Sarmite.barvika@rtu.lv



113 BRATTLE STREET CAMBRIDGE, MA 02138 @LANDPOLICY LINCOLNINST.EDU