

Commission 9 – Valuation and the Management of Real Estate

Final Report 2011 – 2014

“Managing Value for our Future”

Terms of Reference

The terms of reference of Commission 9 are:

- Valuation, being the estimating of value of all kinds of real estate by valuers and appraisers for various purposes, including market value, property taxation, eminent domain, investment, redevelopment and refurbishment, and for both public and private purposes;
- Investment in real estate, investment planning and real estate investment vehicles;
- Real estate finance, development finance, land use feasibility planning;
- Real estate economics, markets and market analysis;
- Management of all kinds of real estate at all levels;
- Asset management for corporate private and public sectors;
- Management of the use of buildings to ensure optimum benefits to occupiers.

Mission Statement

Accordingly, the mission of Commission 9 is:

- To advance the professional practice of valuers and property managers working in all areas of real estate valuation and management;
- To research and publish “best practice” for the benefit of valuers and property managers in different jurisdictions and sectors of the industry, for the benefit of the surveying community and to improve our services to the wider public;
- To facilitate and generate the exchange of information, knowledge and experience between surveyors for the benefit of the profession, our clients and the wider public;
- To publicise and promote the work of surveyors to the public, particularly to young people, governments and non-government organisations and to enhance their perception of the value of surveyors and the services they can deliver, especially in support of the global sustainability agenda and the Millennium Development Goals;
- To co-operate and work with fellow surveyors in all specialisms of the profession to further the objectives of FIG.

Themes

The work plan has focused on three highly relevant themes.

1. Property taxation which recognises the social and economic value of real estate and provides revenue (normally) to fund public services, for the benefits of the wider community.
2. Large scale land acquisition for agriculture, which follows on from the highly successful previous four years work on compulsory purchase and compensation, and is investigating the issue of land grab – a highly topical and controversial issue causing international concern, as well as severe individual and social hardship in

relevant communities. It is anticipated that this work should link into the interests of the wider international community, thereby providing opportunities for inter-organisational collaboration; and finally,

3. The management of public property assets in developing countries with a view to presenting guidelines on best practice for the public sector management community.

Working Group 9.1 – Property Tax

Within this Working Group, three Study Groups were established. Initial work was undertaken in all three areas (Tax Bases; Mass Appraisal Systems; and Tax Systems in Emerging Economies. Unfortunately, for various reasons, only the Study Group 9.1.2 has continued to function for the full four year term.

Study Group 9.1.2 under its chair Varnavas Pashoulis, of Cyprus, is developing a resource which will discuss the mass appraisal techniques used globally to support property tax assessments.

In September 2012, in conjunction with Neopolis University, Paphos, Study Group 9.1.2 held a Workshop which was attended by delegates from around the world, including Alan Dornfest of the International Association of Assessing Officers, based in the USA, who sought to gain more perspective about the needs of the international community and whose publication in the IAAO journal *Fair & Equitable* provided the mainly US audience with an appreciation of the diversity of techniques from other parts of the world.

Working Group 9.2 – Large Scale Land Acquisition for Agriculture

This working party builds on the earlier of 2007-2010 Working Group 9.1 (Compulsory Purchase and Compensation in Land Acquisition and Takings, led by Professor Kauko Viitanen), which has resulted in the Hanoi Declaration (FIG Publication 51) and the Compulsory Purchase and Compensation. Recommendations for Good Practice (FIG Publication 54).

Dr. Ibimina Kakulu, Nigeria / United Kingdom is developing a report for FIG on this very important issue.

Working Group 9.3 – Management of Public Property Assets in Developing Countries

The plan of this working group was to investigate fixed public property assets within developing countries with a view to establishing how such real estate assets are managed and to develop “best practice” guidance within such environments. Its work continues with its contribution to the Working Group 7.4 on State / public land.

Co-operation with United Nation Organisations, Sister Associations and other Partners

Commission 9 is co-operating closely with FAO on the planned FIG/FAO sessions in Rome, specifically on “Implementing Land and Property Taxes”, and in bringing to the debate issues from the study groups in Working Group 9.1.

Commission 9 has also been involved in the widespread discussions of methods of valuation where there is no market. This is a major challenge for our membership, and thus for Commission 9 and while it seems clear that the so-called *traditional* methods of valuation have little to offer by way off a solution, it is vital that we work with practitioners to seek to strengthen their role within developing markets by the establishment, testing and implementation of suitable methodologies.

Commission 9 has also contributed to the World Bank Land and Poverty Conference in 2013 where a paper entitled *Community Growth through Land Taxation* co-authored by the chair and vice-chair of Commission 9 was presented (available at <http://www.oicrf.org/document.asp?ID=11768>)

Commission 9 has also been instrumental in supporting the development of an International Property Measurement Standard (IPMS). FIG (represented by the Commission chair) is a founding member as well as a Trustee of the Coalition established in Washington DC in May 2013, to manage the process of the delivery of a suitable standard. In this matter, Commission 9 has worked closely with the CLGE and RICS in the furtherance of mutually beneficial outcomes. The International Property Measurement Standard for offices is the first of a series of standards being developed for a range of building types. The Coalition is seeking to develop additional standards for other kinds of real estate, and it is anticipated that other FIG Commissions will be involved in their progress.

Newsletters

The Commission has produced four Newsletters, reporting on relevant events, as well as announcements from the International Valuation Standards Committee, to inform the membership.

Summary

Four years has gone very quickly and much has been achieved. Although we had anticipated that more work would have been undertaken within the Working Groups, circumstances have worked against the keen and enthusiastic volunteers to prevent this. Nevertheless, as Commission Chair, I would like to take this opportunity of thanking everyone involved in the Working Groups, at all stages, as well as all the delegates who have attended and supported Commission 9 events. Finally, I want to thank the staff at the FIG bureau for their unfailing support, courtesy and cheerfulness.

I wish our chair-elect, Professor Liao Junping, every success for the next four years.

Dr Frances Plimmer
Chair Commission 9
March 2014.