

**Report to the 35<sup>th</sup> General Assembly  
FIG Working Week 2012 in Rome, Italy**

**FIG Commission 9 – Valuation and the Management of Real Estate**

**Report of Activities 2011-2012**

***“Managing Value for our Future”***

**1. General**

**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 focuses 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.

## 2. Working groups

### Working Group 9.1 – Property Tax

#### Policy issues

Property taxation is ubiquitous – there are very few countries which do not impose some kind of tax specifically on land and / or buildings. It is usual for such a tax to be levied, collected and spent by local authorities, even if the rate of tax is fixed by a higher tier of government, but this is not always the case.

The working group comprises three study groups, the work plans of which are briefly outlined below.

#### Study Group 9.1.1 – Tax Bases

##### Policy issues

The Study group is focused on identifying issues of tax base administration and assessment; justifiability, particularly to the taxpaying community; sustainability and yield; as well as the suitability of the tax base for other taxation purposes e.g. transfer taxes. Included in its remit is mass appraisal and the inevitable trade-off between efficiency and justice. Hence, study group 9.1.1 works in close co-operation with study group 9.1.2.

In addition, the group is considering the use of land taxation as a tool for land use policy and settlement policy. It is required to support land use planning and ecological targets, and whether there is any trade off between the targets to be taken into account.

Issues resulting from the different stages of institutional development and governance and different cultures etc. and the extent to which they should be taken into account are also relevant.

#### Chair:

Dr. Fabian Thiel, Cambodia, e-mail: [Fabian.thiel@cimonline.de](mailto:Fabian.thiel@cimonline.de)

Commission 9 is hugely grateful to Prof. Dr. Dirk Löhner whose idea this is and who developed its original work plan, but is now unable to lead the group. His co-chair, Dr Thiel, has taken over the Chair of the group and it is anticipated that a new co-Chair will be recruited in Rome to support this group.

Co-Chair: To be appointed.

#### Specific projects and workshops:

These are being developed further in the light of the recent change of Study Group Chair.

### **Study Group 9.1.2 – Mass Appraisal Systems**

#### Policy issues:

The use of mass appraisals involves a degree of technical skill and knowledge which is beyond the understanding of the average taxpayer and which may involve a trade-off between efficiency and ‘justice’. This therefore imposes an additional responsibility on the valuation profession to ensure that the highest degrees of equity and ‘fairness’ are achieved within the limitations of the technology, and that acceptable levels of explanation and reassurance are available to all parties, particularly taxpayers.

This working group is investigating the development of mass appraisal techniques to support property tax assessments, including the appropriateness original data sources (property characteristics, sales, rents, yields, costs asking prices, or valuations) and of indices to monitor the property market, which will be particularly useful during the current economic climate. It is working in close co-operation with study group 9.1.1.

#### Chair

Varnavas Pashoulis, Cyprus, e-mail: [var@cytanet.com.cy](mailto:var@cytanet.com.cy)

#### Workshops/Seminars:

Seminar in discussion for 2012, to be held in Cyprus.

### **Study Group 9.1.3 – Successful and Efficient Taxation Systems for Emerging Economies**

#### Policy issues:

- This working party will investigate property tax systems in emerging economies focusing on a case study approach, seeking examples of best practice.
- Regions of interest for the sourcing of case studies are likely to be South America, and potentially Africa and Central and Eastern Europe, depending on interest and data availability.

#### Chair:

Steven Nystrom, USA, e-mail: [nystrom@tampabay.rr.com](mailto:nystrom@tampabay.rr.com)

#### Workshops/Seminars:

- To be decided.

### **Working Group 9.2 – Large Scale Land Acquisition for Agriculture**

#### Policy issues:

- 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).
- There remains an appetite within the Commission 9 delegations to continue FIG work in this area and, of increasing international concern is the related topic of land grab, being the acquisition by foreign corporates of productive farmland from indigenous land holders. Certain international organizations has expressed concern about the possibility of exploitation.

#### Chair:

Dr. Ibimina Kakulu, Nigeria / United Kingdom, e-mail: [ibkakulu@hotmail.com](mailto:ibkakulu@hotmail.com)

#### Workshops/Seminars

In discussion.

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

#### Policy issues:

This working group will 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. This working group will focus on management issues, rather than legal frameworks (which vary between countries); and it will not cover the technical, computer tools involved in management.

The programme will cover three components:

- documentation, defined as the permanent process of collecting, preparing, evaluating, and updating of the necessary information. The working group will seek to define a generalised and simplified data structure for fixed public assets in combination with recommendations for a professional inventory system;
- administration, to define the needs, duties and responsibilities of a property management unit in public administration (principles, tasks, organisation, equipment, personnel etc.). This will reflect on the clients of property management and their needs; the organisation of processes; and the definition of the interfaces to the clients and other processes; and
- operation of public properties. Recognising that the operational costs during the life cycle of real estate are higher than the original construction costs, the working group will consider the following issues:
  - the principles/responsibilities of public/corporate real estate management;
  - optimising the use of public properties;
  - optimise/reduce the operational costs (e.g. cleaning, maintenance, rebuilding, energy, waste, insurance, security catering);
  - optimisation of occupancy;

- development/redevelopment of public properties;
- increasing economic revenues;
- capacity building of staff;
- cost transparency; and
- the creation of a consistent documentation system for the operating processes.

Members of this group should ideally consist of those experienced in property asset management from both developed and developing countries. They should be willing to participate and contribute to the group's programme based on their experiences in property asset management.

This theme is strongly linked with Working Group 7.4 on State/Public land and liaison between the two Groups will continue.

#### Chair

Not yet identified.

Commission 9 is enormously grateful to Professor h. c. Dr.-Ing Ingolf Burstedde whose idea this is and who developed its original work plan, but is now unable to lead the group. It is anticipated that a new Working Group Chair will be recruited in Rome to head this group.

### **3. 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.

#### **Dr. Frances Plimmer**

Chair; FIG Commission 9

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#### **Dr. W. J. McCluskey**

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February 2012