

## FIG Commission 9 - Valuation and the Management of Real Estate.

### Work Plan 2019–2022

#### 1. Title

Valuation/Appraisal and the Management of Real Estate.

#### 2. Terms of Reference

FIG Comm 9 is focussed on the economic strand of surveying and specifically the valuation/appraisal of real estate (land and buildings). Comm 9 also looks at compulsory acquisition, sustainable land and property taxation, new technologies such as AVMS, informal land markets, new sectors such as natural-ecosystem value and international standards such as ILMS and IVSC valuation standards and methodology. Comm 9 is also engaged with numerous agencies such as World Bank, UN FAO, GLTN, and IFC.

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 and viability planning;
- Real estate economics, land markets and market analysis (both formal and informal);
- Land valuation, land compensation and compulsory purchase/eminent domain;
- Sustainable land and property taxation models and enabling technologies;
- Enabling the adoption of international standards such as IVSC and ILMS;
- Management of all kinds of real estate at all levels;
- Asset management for corporate private and public sectors;
- Natural capital and ecosystem valuation methodologies and practice;
- Professional practice and qualification routes – the embedding of valuation as a core global surveying skillset.

#### 3. Mission statement

Professional valuations are vital to a healthy land/property/asset market and a stable economy, forming the basis of performance analysis, financing decisions, transactional or development advice, dispute resolution, taxation, acquisition and various statutory applications. Robust practice standards form the basis of high-quality valuations.

#### Key Goals

- Work with all commissions to ensure valuation/appraisal contributes to their success by providing relevant evidential benchmarking
- Ensure valuation/appraisal remains relevant through the 4th Industrial Revolution and is key to achievement of UN SDGs

- Continue to work on defining ‘Social Value’ and informal assets
- Natural and ecosystem value
- Emphasis on land acquisition, compensation, sustainable taxation, land value capture and infrastructure/urbanisation – ILMS/LADM connection
- Provide support for changing face of Valuation Education and collaboration with other bodies (IVSC, GLTN, UNFAO)

#### 4. General

Valuation and valuation principles have come of age and are in many ways the end game for all other aspects of surveying. Accurate and standards led valuation/appraisals leads to stable land & property markets, the application of sustainable taxation systems, fair compensation during acquisition and the establishment of legitimate land rights. Good valuation is a prerequisite for any form of functioning land administration system and during the next period Comm 9 would like to bring valuation and its principles back to the core of the global surveying profession. During this period Comm 9 will be looking at numerous issues, several focussed on the economics of fungible land & real estate markets, and the effects that they can have on development, financial stability, services through taxation, informal markets and investment processes. During this period Comm 9 will seek to;

- Advance the professional practice of surveyors/valuers/appraisers and property managers working in all areas of real estate valuation and management;
- Research and publish “best practice” for the benefit of surveyors, valuers and property managers in different jurisdictions and sectors of the industry. This will benefit the global surveying community and improve our services to the wider public;
- Help embed and aid the adoption of international standards within the global surveying community;
- Actively take part in initiatives such as LADM II (and technologies such as AVM, Blockchain etc) and provide valuation expertise to other global projects;
- Develop an understanding of emerging sectors such as natural capital and ecosystem value;
- Further develop collaboration on understanding valuation in the context of unregistered and informal land markets;
- Work with Comm 7, 8 (and UN agencies) on understanding land acquisition and fair, pro-poor compensation processes;
- Help underline the centrality of ‘valuation’ to the New urban Agenda and land value capture techniques;
- Embed valuation principles within the FIG SDG taskforce;
- Facilitate and generate the exchange of information, knowledge and experience between surveyors for the benefit of the profession, our clients and the wider public;
- Publicise and promote the work of surveyors to the public, particularly to young people, governments and non-government organisations and to enhance the value and perception of the value of surveyors and the services they can deliver, especially in support of the UN Sustainable Development Goals (SDGs) and the UN Habitat New Urban Agenda (NUA);
- Co-operate and work with fellow commissions; help bring valuation knowledge to geospatial information;

- Help develop professional practice and qualification routes and embed valuation as a core global surveying skillset;
- Further develop collaboration with international agencies such as UN GGIM, UN FAO, UN Habitat, World Bank and IFC.

## 5. Working Groups

### Working Group 9.1 Urban Challenges (joint Working Group with commission 7 and 8)

#### Introduction

According to the United Nations<sup>1</sup> urbanization prospects, by 2050 68 % of the world's population will be living in urban areas. To ensure a sustainable development and ensure access to services for all, including the vulnerable, requires considerable effort from all involved. It touches upon themes such as urban resilience (social well-being, health, services, climate), informal settlements, affordable housing and financial sustainability among others.

#### Policy Issues

- Analyse present and future challenges for small, medium, large, and megacities, in terms of urban resilience, climate change, housing and informal settlements, and fiscal health
- Contribute to the dissemination of best practices of how spatial planning can contribute to address the present and future urban challenges
- Investigate the potential contribution of land-based finance to addressing these urban challenges
- Develop an audit tool for the assessment of sustainable municipal finance, fiscal health and land-based value capture tools in relation to the urban challenges

#### Chairs

This WG will be led by a chair from each involved commission, together collaborating on the proposed activities.

Commission 9:

James Kavanagh – Director land & resources, RICS, London, UK

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#### Co-Chairs

Commission 8/9:

Tony Mulhall – Asst Director land & resources, RICS, London, UK

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#### Specific project(s)

- Building socially-based land tenure in spatial planning. Focus on urbanized areas, in particular high-rise buildings.
- Land based financing and land value capture is one of the key elements of the new urban agenda

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<sup>1</sup> United Nations, 2018. World Urbanization Prospects: The 2018 revision.

- Development of audit tool for municipal fiscal stress and land-based value capture tools for climate change investments

#### Workshop(s)

- Joint commission 7, 8 and 9 technical session at FIG working weeks

#### Publication(s)

- Working paper with best practices of spatial planning contributions to addressing global urban challenges
- Working paper with innovations in municipal (land-based) financial tools for sustainable urban development

#### Timetable

- 2019: analysis of best practices
- 2020: development of audit tool for municipal fiscal stress and land-based value capture tools for climate change
- 2020: special session commission 7, 8 and 9 at FIG 2020 or otherwise a joint meeting
- 2021: joint commission & Financing Clean Air workshop

#### Beneficiaries

United Nations (UN Habitat), World Bank, FIG professional Associations and member organizations, governments, NGO'S, researchers.

### **Working group 9.2**

#### **Valuation of Informal land & property**

##### Introduction

FIG, UN Habitat GLTN and FIG have been collaborating for several years on understanding the global 70% (in most cases much higher on a national basis) of the land & real estate market that operates on an unregistered and informal basis. GLTN and RICS both launched complimentary research and guidelines at FIG Istanbul 2018

[http://www.fig.net/news/news\\_2018/05\\_Guide\\_Valution\\_unregistered\\_Land.asp](http://www.fig.net/news/news_2018/05_Guide_Valution_unregistered_Land.asp)  
<https://gltn.net/2018/09/05/rics-research-valuation-of-unregistered-land-2018/>

Comm 9 would like to bring this initiative to professionals and practitioners by helping produce a field-based protocol for the valuation of unregistered land. Valuing unregistered land highlights important strengths but also challenges to current valuation practice. The previous output found that valuers/appraisers have shown industry and innovation in adapting valuation methods and in this sense, local valuation practices have been quite resilient. However, there are also challenges specific to the valuation of unregistered land. Undervaluation is a major challenge, as is overvaluation in some instances. Overall, most of the conflicts associated with compensation for the expropriation of unregistered lands arise from the top-down nature of the valuation process, a narrow view of 'value' as limited to only legally created structures, and an overly strong reliance on asocial valuation techniques for establishing value. The reports also highlighted the chronic lack of professional and technical capacity in this sector. Another major finding was that various forms of proof of tenure (tax and utility bills, affidavits from neighbours, occupation proof etc) are admissible in all three markets during lending and dispute resolution processes, this a major insight into how informal land markets operate outside of formalised titling and registration systems.

### Policy Issues

The potential output has enormous ramifications for practice and could be extremely influential. It is important to maintain the collaborative nature of the initiative and to include other significant organisations such as the International Financial Corporation (IFC), ILMS coalition and International Valuation Standards Council (IVSC).

It is also important that this output is directly connected to:

FIG Pub 67 - Property Taxation for Developing Economies

<http://www.fig.net/resources/publications/figpub/pub67/figpub67.asp>

FIG Pub 54 - Compulsory Purchase and Compensation

<http://www.fig.net/resources/publications/figpub/pub54/figpub54.asp>

FAO Valuation of land rights – VGGT technical guide -

<http://www.fao.org/tenure/resources/collections/governanceoftenuretechnicalguides/en/>

### Chair

Tbc

### Specific project(s)

The valuation of unregistered land – a due diligence/best practice protocol for use by professional valuers

### Workshop(s)

Workshops will be focussed on: World Bank Land Conferences, FIG Accra 2021 working week, UNFAO Oct events, GLTN partner meetings.

### Publication(s)

The valuation of unregistered land – a due diligence/best practice protocol for use by professional valuers

### Timetable

Key milestones: FIG working weeks, aiming for FIG Cape Town 2022

### Beneficiaries

Developing world nations, world bank, UN, professional surveyors and valuers, investors, acquiring authorities

### **Working group 9.3**

Ensure valuation/appraisal remains relevant through the 4th Industrial Revolution and is key to achievement of UN SDGs

### Introduction

Comm 9 has an important role to play in bringing economic and valuation issues to bear with regards to technology advances such as Automated Valuation Models (AVMs), Blockchain, GIS and technology enabled taxation systems. This workgroup will also lead on the Comm 9 involvement with the FIG taskforce on Sustainable Development Goals (SDGs). Valuation/appraisal is central to the achievement of several SDGs and is a major enabling element of the New Urban Agenda.

#### Policy Issues

Valuers need to be aware of the impact of technologies such as big data and automated valuation and are strongly recommended to increase their understanding. In certain cases, such as with low-risk valuations, the AVM may completely replace the valuer. In many instances however, the valuer and the AVM will need to work hand in hand, with the professional valuer ensuring that data used by the AVM is properly checked using forecasts, then the results are analysed and interpreted, and reported on in an understandable way for the client. The valuer will need to embrace technology or be overtaken by it. It is hoped that the use of AVMs will ultimately make it possible for professionals to spend more time working on complex valuations

#### Chair

Ben Elder – Director for Valuation

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#### Specific project(s)

Comm 9 direct involvement with FIG taskforce on SDGs  
Potential FIG output on the use of Blockchain within valuation systems  
LADM II – valuation expertise and input

#### Workshop(s)

Tbc but probably connected to FIG working weeks

#### Publication(s)

A proposed new FIG Pub on valuation and technology

#### Timetable

FIG Cape Town 2022

#### Beneficiaries

FIG commissions, valuers, professional surveyors, investment vehicles, sovereign wealth funds, world bank, UN agencies, national valuation agencies

## **6. Co-operation with Other Commissions and organisations**

Commission 9 will support and contribute to FIG task forces, and, in particular, to the SDG Task Force, the Young Surveyors Network, the United Nations organizations, UNECE, WPLA, REAG, FAO, UNHABITAT, GLTN, and the World Bank. It is envisaged that such international organisations will be particularly interested in the work of the Working Group 9.1 and 9.2. The possibility of joint events will be investigated.

## **7. Co-operation with United Nation Organisations, Sister Associations and other Partners**

Commission 9 is co-operating with FAO, UNECE, UN GGIM, GLTN and UN-HABITAT on Commission 9 related issues. Commission 9 will investigate co-operation opportunities with a range of relevant international organisation, including the International Financial Corporation (IFC), ILMS coalition and International Valuation Standards Council (IVSC), the International Property Taxation Institute (IPTI), International Association of Assessing Officers (IAAO) and the Lincoln Institute of Land Policy.

## **8. Commission Officers**

### **Commission Chair**

Ben Elder FRICS – Director of Valutaion, RICS, UK  
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### **Vice Chair of Administration**

James Kavanagh – Director Land & Resources  
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### **Chair of Working Group 9.1**

James Kavanagh – Director Land & Resources  
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### **Chair of Working Group 9.2**

### **Chair of Working Group 9.3**

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