



STDM Valuation of Unregistered Land

Eva-Maria Unger, Chair STDM Advisory Committee

Abdullah Kara, LADM II Development Team

John Gitau, UN-Habitat GLTN





STDM Valuation of Unregistered Land

Concept is based on UN-Habitat GLTN Publication

<https://unhabitat.org/valuation-of-unregistered-land-a-practice-manual>

Model is based on discussion during LADM Workshop 11th October 2023

Participants @ LADM Workshop:

Eva-Maria Unger, Abdullah Kara, Jaap Zevenbergen, Chris Body, Dubravka Sladic, and Peter van Oosterom

Participants @ e-mail discussions:

Eva-Maria Unger, Abdullah Kara, John Gitau, Peter van Oosterom, Chrit Lemmen, Jaap Zevenbergen, James Kavanagh and Kwabena Asiamah

ISO 19152-4 approved and registered for the DIS stage



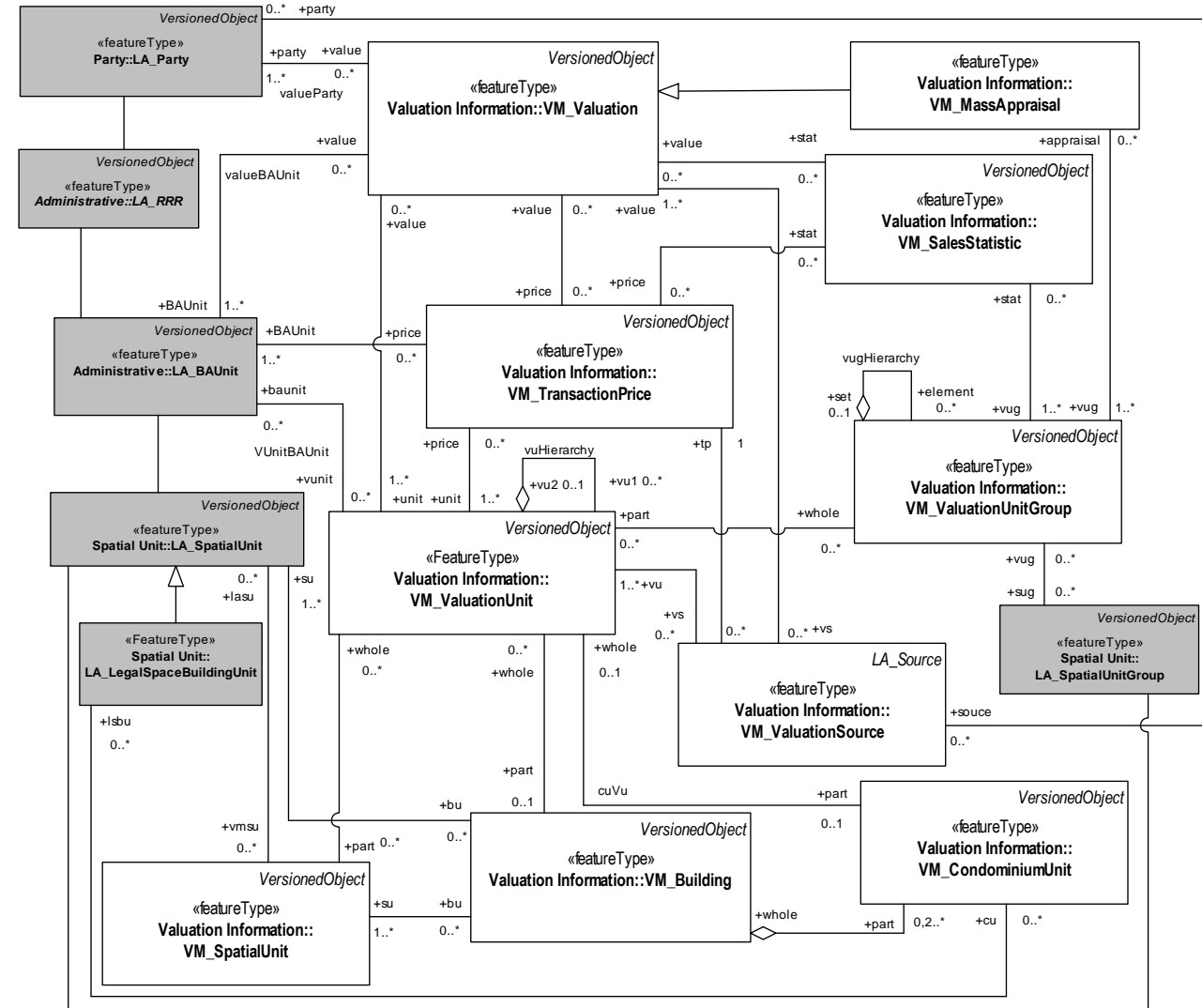
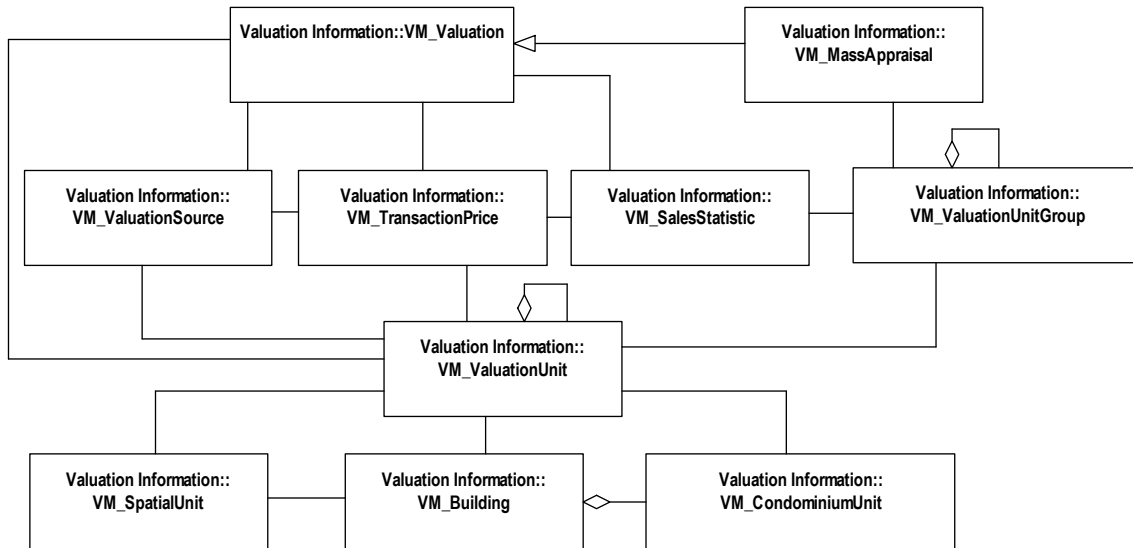
VALUATION OF
UNREGISTERED LAND
A PRACTICE MANUAL

A world in which everyone enjoys secure tenure



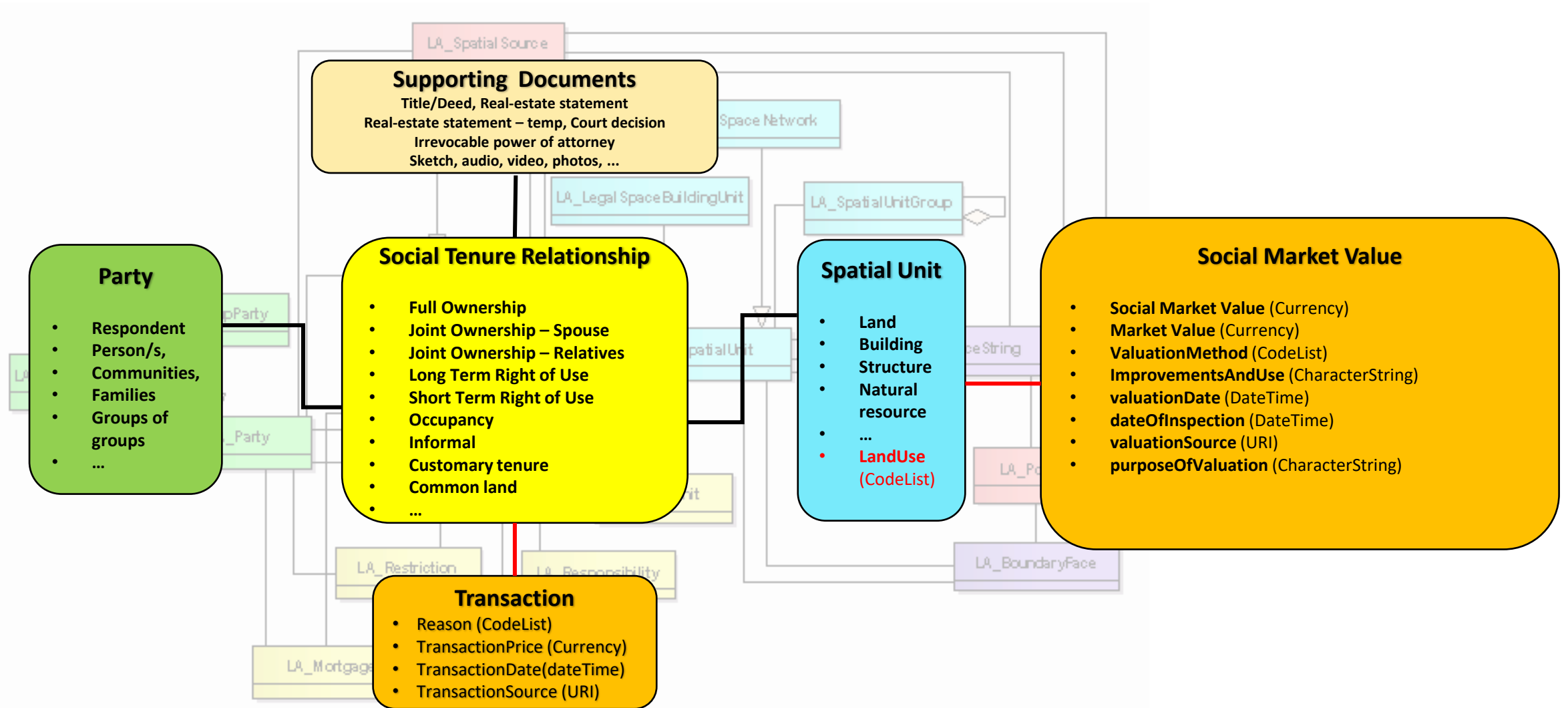
LADM II part 4

Provided by LADM II Team





LADM II part 4 STDM Valuation of unregistered land - Informative Annex





Glossary/Key Terms from the GLTN Publication ‘Valuation of Unregistered Land – a practice manual’ are considered additionally...



The International Valuation Standards Framework (IVSC, 2019) defines three principal bases of value:

“**Market value**” is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

“**Investment value**” is the value of the asset to the owner or a prospective owner for individual investment or operational objectives.

“**Fair value**” is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

Source: GLTN Publication ‘Valuation of Unregistered Land – a practice manual’



Considerations for the STDM Valuation of Unregistered Land based on the ANNEX of the GLTN Publication



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

1. EXECUTIVE SUMMARY

1.1 Client and client's instructions

State the purpose of the valuation and that it has been performed according to the International Valuation Standards.

Limit the use of the report to the client in question and to other specifically nominated intended users. These limits should also be applied to the circulation of the report.

While it is reasonable to make certain assumptions in valuations, the strengths of those assumptions vary in different contexts. If there have been any particular assumptions, conditionalities, limitations on liability or non-compliance with International Valuation Standards, they should be agreed between the valuer and client and stated in this section of the valuation report. They may also be further discussed in the relevant section of the report. In the absence of mention of such exceptions in the report, it is usually assumed that standard practices have been applied.

1.2 Summary of the land rights being valued

1.3 Definition of the market value, including any distinctions between market value and the value(s) being assessed under the instructions

1.4 Date of the inspection and valuation

Information provided by STDM core classes

Additional class with attributes –Social Market Value class

Timestamp included in the new class so that the date relates to the date of the valuation and not to the date of recordation

- ValuationDate (DateTime) and DateOfInspection (DateTime)



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

2. DETAILS OF THE LAND RIGHTS

- | | | | |
|-----|--|---|---|
| 2.1 | Definition of the land | → | Information provided by STDM core classes |
| 2.2 | Description of the land rights in the area | → | Information provided by STDM core classes |
| 2.3 | Description of the land rights being valued | → | Information provided by STDM core classes |
| 2.4 | Real property description | | |
| 2.5 | Possessor(s) of the land rights being valued | → | Information provided by STDM core classes |
| 2.6 | Benefits of, and encumbrances to, those rights | → | Information provided by STDM core classes |
| 2.7 | Previous transfers | → | Information provided by STDM core classes |



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

3. DESCRIPTION OF THE RELEVANT GOVERNANCE

3.1 Local, regional and national authorities



Information provided by STDM core classes through 'party' if local authority is 'owning' the unregistered land or through 'spatial unit' where the coordinates determines the country/region/municipality etc.

3.2 Value-relevant policies and laws at each level of governance



Information not provided by STDM core classes

Decision: Create an overlay zone VM_ValuationUnitGroup (similar to part 4 VM_ValuationUnit and VM_ValuationUnitGroup) where this source document is added



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

4. LAND AND LOCALITY DESCRIPTION

4.1 Land area, locality and description	→	Information provided by STDM core classes
4.2 Situation and identification	→	Information not provided by STDM core classes
4.3 General locality and surrounding development	→	Information not provided by STDM core classes
4.4 Services and amenities	→	Information not provided by STDM core classes
4.5 Social and environmental statement	→	Information not provided by STDM core classes

Decision:

- Create an overlay zone VM_ValuationUnitGroup (similar to LADM Edition II part 4 VM_ValuationUnit and VM_ValuationUnitGroup) where this information is added for the 'zone' (e.g. situation, general locality and surrounding, services and amenities, social and environmental statement etc.);

additional

- include the attribute land use (Codelist) in the SpatialUnit class of STDM. That land use attribute could use/refer to the ISO classification (ISO 19144-2 and -3).



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

5. EXISTING IMPROVEMENTS AND USE

5.1 Introduction

5.2 General construction and fixtures

5.3 Condition of improvements and utility



Information not provided by STDM core classes



Information not provided by STDM core classes

Decision:

- Add attribute 'ImprovementsandUse'




ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

6. LEASE SUMMARY/OCCUPANCY DETAILS

If there are written agreements, they should be annexed to the report.

6.1 Regardless of whether written statements exist, the following information or its applicable equivalent should be included in this section: 

- Lessor
- Lessee
- Commencement date
- Expiry date
- Option period
- Initial rental
- Rent reviews
- Current rental
- Outgoings and who pays them

Information provided by STDM core classes through Supporting Document also within LADM Edition II Source Document can have different timestamps

6.2 Strengths, weaknesses, opportunities and threats related to the relevant land rights



Information not provided by STDM core classes but also not necessary as attribute



ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

7. COMPARATIVE MARKET INFORMATION

This section is to inform the reader of the extent of the valuer's investigations. It includes a description of the evidence relied upon, why and the extent to which it is reliable. It should mention any limitations or restrictions encountered by the valuer in providing the desired information.

7.1 Category A1 evidence

Individual pieces of evidence may be set out as follows, adjusted as considered optimal for the valuation concerned (with accompanying thumbnail photos):

Legitimate land rights transfers

Signed, sealed and delivered market value transactions or evidence of an equivalent.

Location	Date	Price	Building (m ²)	Site (m ²)
Description				
Comments (including about comparability)				

Land occupancy rights transfers

Location	From	Term	Gross or net rent per annum	Leased areas (m ²)	Rent per m ²
Description					
Comments (including about comparability)					

It could be argued that this information is provided by STDM core classes through Supporting Documents but after consultation with GLTN it was decided to include a 'Transaction' class

7.2 Category A2 evidence

In relation to legitimate land rights, asking prices, etc.

Location	Date	Price	Building (m ²)	Site (m ²)
Description				
Comments (including about comparability)				

In relation to land occupancy rights, asking rental prices, etc.

Location	From	Term	Gross or net rent per annum	Leased areas (m ²)	Rent per m ²
Description					
Comments (including about comparability)					

7.3 Market overview and comments

General evidence is to be included here, in particular matters that parties of the nature of those envisaged in the IVS definition of market value would consider relevant. This includes the relevant unregistered land rights that are equivalent to the RICS categories B and C in the hierarchy of evidence in formal property markets (RICS, 2019a).



8. BASIS OF THE VALUATION

This is the place for comments on the overall strengths, weaknesses, opportunities and threats of the information above of relevance to the reliability of the valuation in relation to its stated purpose.

8.1 Highest and best sociolegal use



Information not provided by STDM core classes but also not necessary as an attribute

8.2 Valuation methodology and calculations



Information not provided by STDM core classes

8.3 Insurance assessment



Information not provided by STDM core classes but also not necessary as an attribute

Decision:

- Add attribute 'ValuationMethod'



9. VALUATION

9.1 Estimate of value

Example: "Subject to the assumptions and qualifications contained within the body of this report, we have assessed the market value of the subject property as at the date herein at: X units of the relevant currency, in words (number in brackets)".

9.2 Valuer's signature and full name and the professional qualifications that give the valuer the right to be considered an expert in the valuation concerned

9.3 Disclaimers: these are to be presented in accordance with the relevant legal advice in the domain concerned

Examples:

"Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear."

"This valuation report does not purport to be a site or structural survey of the land or improvements thereon, nor was any such survey undertaken."

"The reader should be aware that the valuer will not be liable for losses relating to fluctuations in the property market or changes in Government legislation."

"This valuation is exclusive of applicable taxes and realization expenses. This valuation is also subject to the improvements being made in compliance with the relevant building codes and regulations."

"The valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (as a result of general market movements and/or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability in situations where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you, the client, become aware of any factors that have any effect on the valuation."

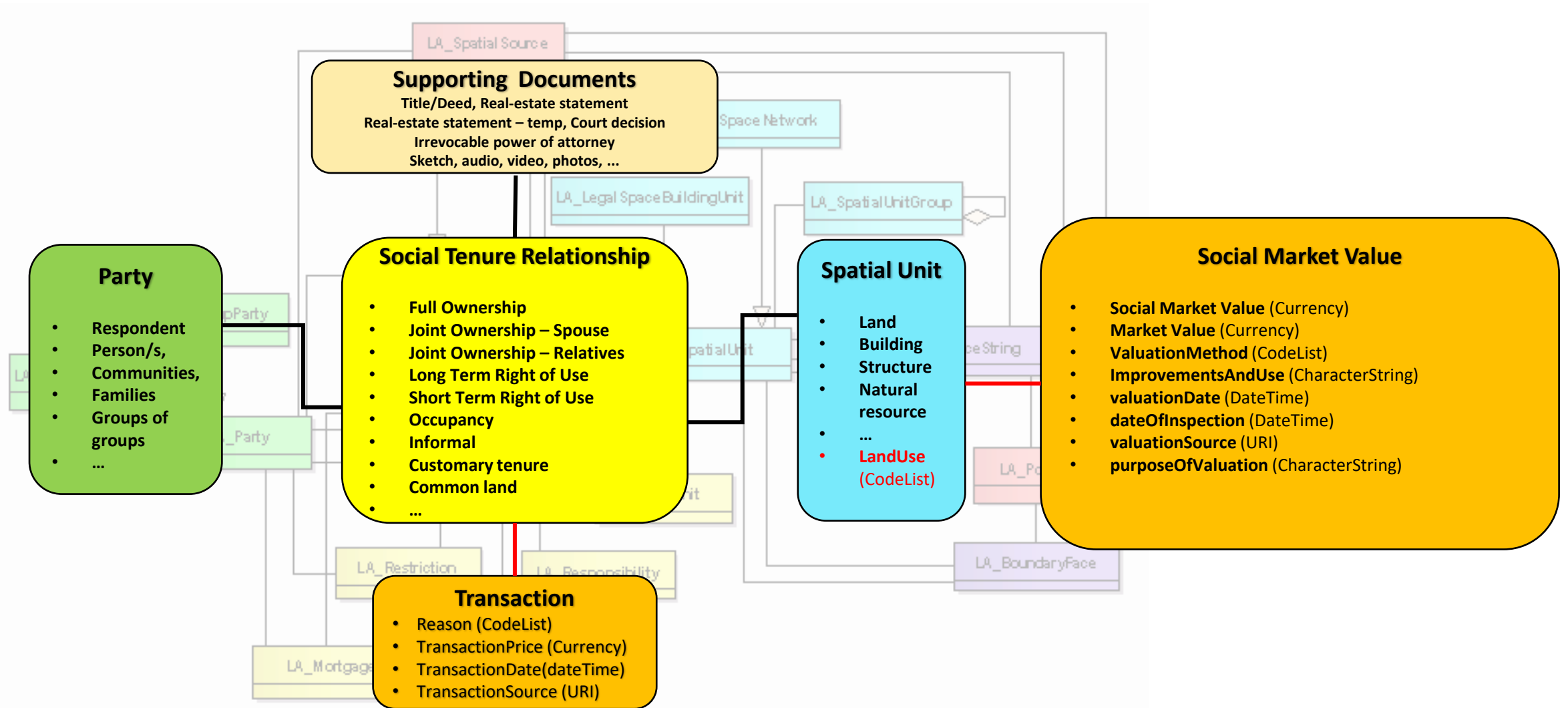
All key materials, including the fee agreement, inspection notes, market and other relevant research, records of any particular assumptions, conditionalities, limitations on liability or non-compliance with IVS and agreed omissions are to be recorded, filed and retained in the long term by the valuer.

EXAMPLES OF ANNEXES

1. Photographs
2. Locality map
3. Letter of instruction
4. Copy of tenure search materials
5. Copy of occupancy search material
6. Extracts of relevant sociolegal frameworks.



LADM II part 4 STDM Valuation of unregistered land - Informative Annex





Other technical considerations for STDM Valuation of Unregistered Land

Relationship/Multiplicity

There is an external class related to valuation named 'ExtValuation' in LADM Edition I. 'ExtValuation' is related to BAUnit.

Therefore, 'Social Market Value' class is related to Spatial Unit, not 'Social Tenure Relationship' and the 'Transaction' class is related to 'Social Tenure Relationship'.



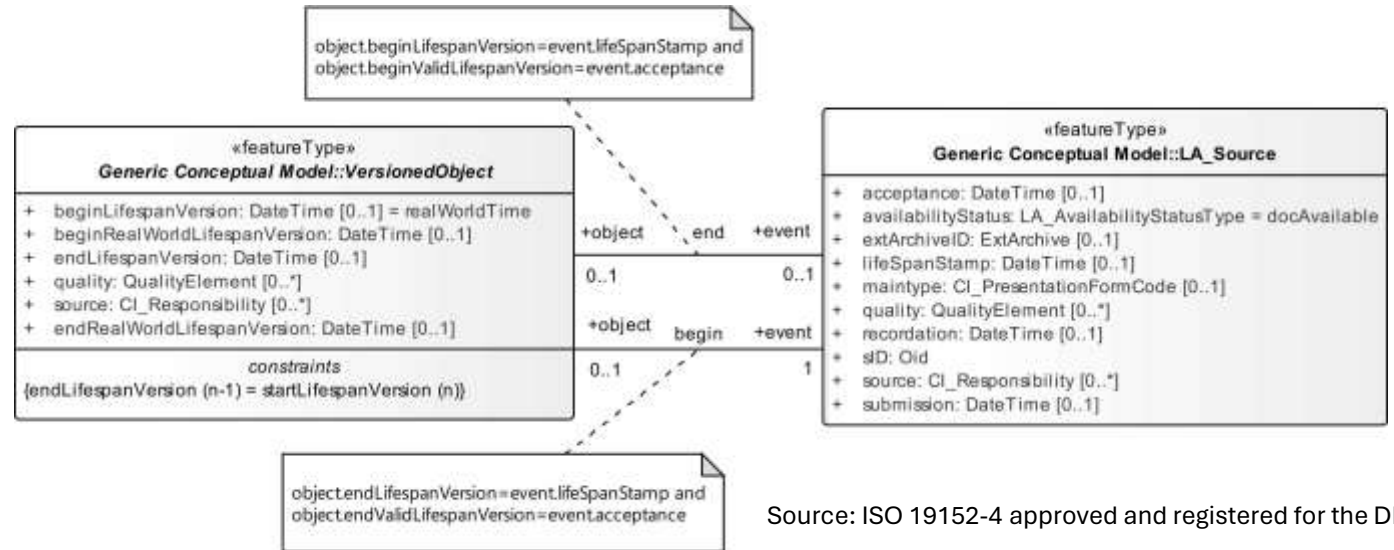
Other technical considerations for STDM Valuation of Unregistered Land

Versioned object in STDM

In the last slide of [this](#) presentation, we can see that SocialTenureRelationship is designed as a subclass of VersionedObject class of LADM Edition I. However, the **VersionObject class of LADM Edition II** now includes more attributes. There are **two different time stamps** now: one for **real world time** (begin and end real world lifespan version) and one for **database time** (begin and end lifespan version). It should be worth mentioning that LA_Source

class is now versioned unlike LADM Edition I.

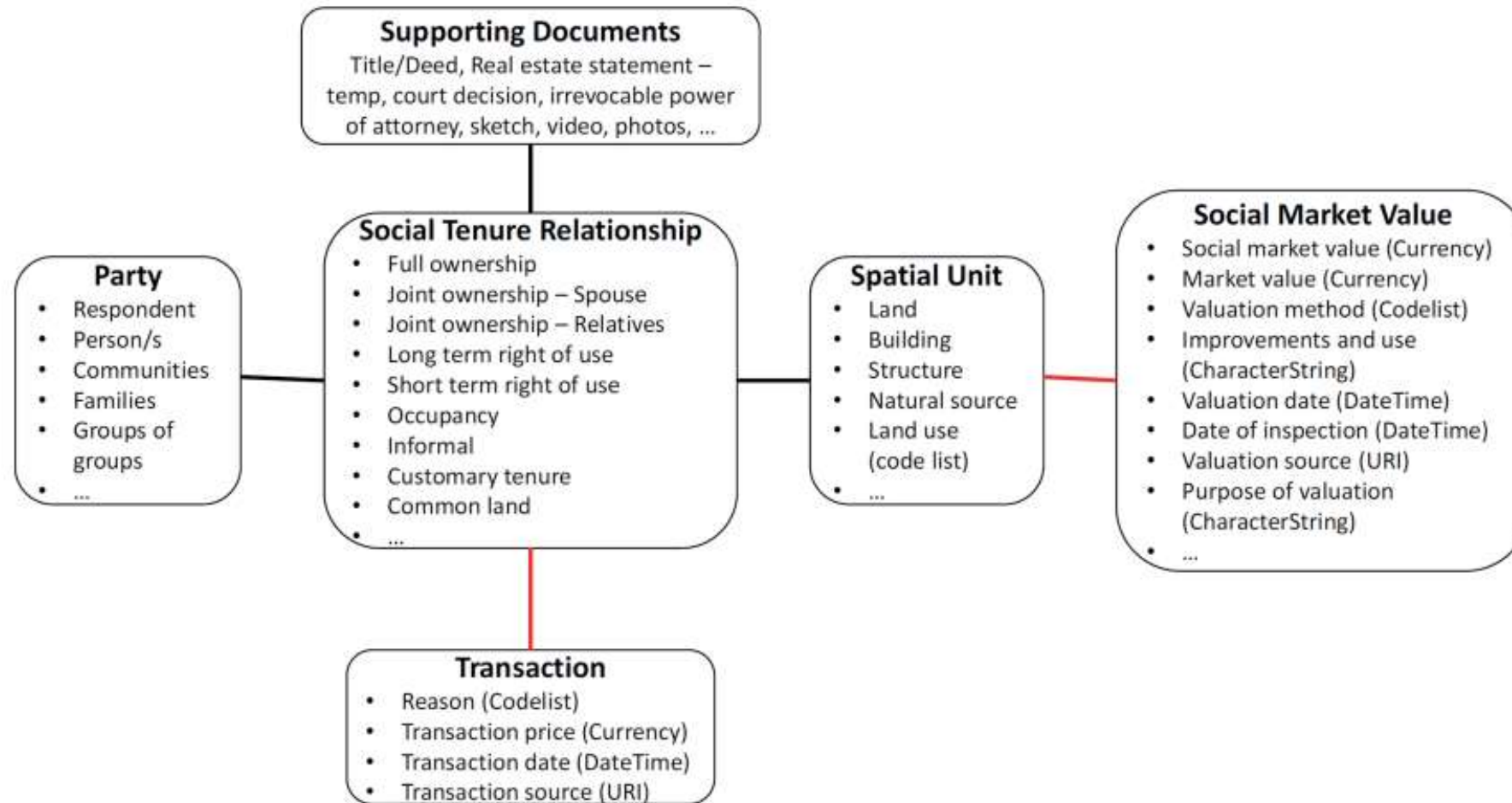
With this enhancement, it is now possible to version source documents.



Source: ISO 19152-4 approved and registered for the DIS stage



LADM II part 4 STDM Valuation of unregistered land - ISO 19152-4 Informative Annex



Source: ISO 19152-4 approved and registered for the DIS stage



Next Steps

- Paper @ 3DLA2024 in Malaysia
- GLTN Publication on the STDM Valuation of Unregistered Land Model
- Global distribution of Model and Publication
- Practical examples/implementation of the model
- Any other suggestions 😊



STDM Valuation of Unregistered Land

Eva-Maria Unger, Chair STDM Advisory Committee

Abdullah Kara, LADM II Development Team

John Gitau, UN-Habitat GLTN

