

FUTURE OF VALUE MAPS IN EUROPEAN CONTEXT

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Overview

- Introduction, Motivation
- Land value maps (LVM) survey
- LVM in Czech Republic
- LVM in Europe
- Results of analysis
- Conclusion

Introduction

„Who the value of diamond knows, will keep it in a safe place and use it properly“

As Bhagaván Śrī Satja

- We live in the world, where everything has certain value
- Human naturally needs to know, what is more important and what is less important → a value

Price and value of property

PRICE in territory

- is the most **complete economic indicator** – combines current urban structure effects and development of **factors** (*local conditions* → attractiveness, equipment, technical characteristics, etc.)

LAND VALUE

- needful for successful **urban development** and all its progressing strategies and projects

Survey in the LVM

PURPOSE OF RESEARCH:

- to conclude the approaches in Europe
- use results for LVM development in Czech Republic

RESEARCH

- Value maps in Czech Republic
- Value maps in Europe + USA, Australia

METHODOLOGY

- e-mail questionnaires (220 + 50)
- analysis of information
- compare the foreign approaches, condition and data flow

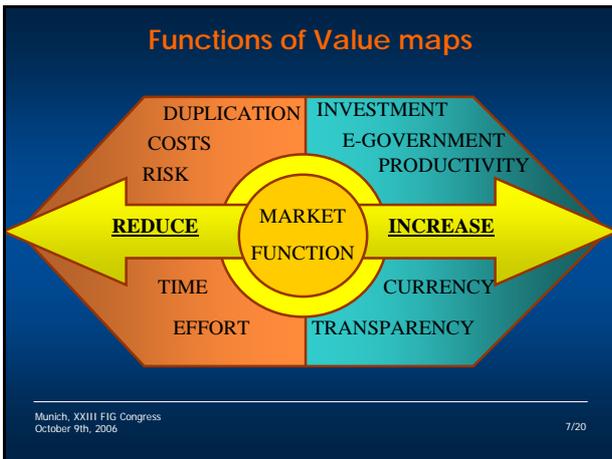
Motivation

MOTIVATION

- **improve a transparency** on the real property market in the Czech Republic
→ Land value map (LVM) - one of tools for crucial decisions in sustainable development in territory

QUESTIONS:

- ? What are the current and reliable **source of information** for LVM?
- ? Factual **contribution and benefits** for municipalities and government as well as other users
- ? **Barriers** of LVM development
- ? Current **approaches and possible directions** of the development of LVM



LVM in CR (1) - introduction

First used: during 30's in Prague; reopened after 1989

Why are LVM important?

- convenient way of **presenting information** about land value
- useful in many fields (taxation, valuation, investment, land decision-making, mortgaging, purchasing, ...)
- improve the real estate **market transparency**

Defined by Czech law (1997):

- graphic representation of building lands (parcels) with **marked prices** (CZK/m²) within the municipal territory, map with scale of 1:5000 or more detailed

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LVM in CR (2)- barriers

Main Barriers:

- imperfect real estate market (rent control)
- lack of availability of property value data
- weak political will to change approach
- missing a systematic approach to accessible evidence of real estate values

Why LVM aren't used more in the CR?
(currently 19 municipalities - 1% of all municip., 23% of the population)

- Made from realised sales – only by comparative method BUT, if there are not enough of sales (cannot be used) - > **doesn't cover all territory** of the municipality
- Price data of realised sales is collected in database by Tax Offices– Municipalities don't have access to this database
- Municipalities aren't sufficiently motivated to establish LVM

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10/20

LVM in CR (3) – development and potential issues

Needed improvement of LVM:

- collect and connect data (value, spatial, social, etc.) – something like „Cross reference register“
- move from „price maps“ to „value maps“ (law has to be changed)
- use mass appraisal approach (CAMA)

Technical improvement:

- apply the location class method (Naegeli)
- define standard of land (conditions of build-up)
- apply an index method (reduce and surcharge system in according the characteristic and use of land)

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11/20

Information about parcel in CR

	Type of land parcel information	Data source	Source place (where can we find it)	Does LVM contain it?
1	Technical and qualitative characteristic of real property	Cadastré	Cadastral Office	YES*
2	Possible use of land parcel in the future and expected strategies in the regional area	Urban plan	Municipality	YES*
3	Position of the parcel	Cadastral map, or other source	Cadastral Office	YES
4	Value (Price) of land parcel	Valuation of property	Appraiser	YES
		Sale contract	Tax office	
		Real estate advertisement	Real Estate Offices, newspaper, web pages	
5	Owner of property	Cadastré	Cadastral office	YES*

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12/20

II) Value maps in some European countries

LVM in Europe (1)

Observed countries:

- Germany, Lithuania, Denmark, Sweden, Slovak Rep., UK,
- Finland, The Netherlands, Switzerland, Greek, Slovenia
- + Australia, USA

Outcomes:

1) Main Utilize

- LVT – Land Value Taxation
- Urban planning
- Property assessment

2) Connection to Cadastral Data

- cadastral map – background
- direct connection (Lithuania, USA, Australia, Denmark)

LVM in Europe (2)

3) Property Value

- market price (different ways in determine of the market value - average, transaction administrative, ... prices)

4) Mass appraisal system (CAMA)

- only few countries (Denmark, Sweden, Lithuania, etc.)
- head towards to more often use

An example: Denmark

Transparent and effective system

- integrated land administration (several registers are connected through „*Cross Reference Register*“)
- well working system of *gathering, analyses and publishing of market information*
- use developed *mass valuation system*
- transparency of valuation and tax system
- high level of public information through Internet
- do not have land value maps, but property values data is available for public
- value data is interconnected to cadastral data

Overview from LVM survey

Country	VM cover territory	Cad. Map as a backar.	Use GIS	Use CAMA	Use a market value	Utilization	Free of charge	Direct connect with Cadastrale
Lithuania	Whole	Yes	Yes	Yes	YES (average market price)	LVT ¹	Yes	Yes
Germany	Every main city	Yes	Yes	No	YES (standard land value)	LVT; Urban planning; Land management; etc.	Partly	No
Denmark	Whole	Yes	Yes/ in prepare	Yes	Yes	For valuation and taxation purposes	Yes	No (but two registers exchange data)
Sweden	Whole	Yes	Yes	Yes	Yes	Property taxation; expropriation; transactions; urban planning; construction activities; mortgage underwriting (lending); accounting and auditing	Yes	Yes
Czech rep.	19 cities	Partly	Partly	No	Yes (common price)	Assessment of the municipal property (by sale and rental)	Yes	No
Slovakia	4 cities	No	Partly	No	Yes	Assessment of the municipal property (by sale and rental)	Partly	No
USA	Many cities	Yes	Yes	Yes	Yes	LVT; Property transfers (sales); rents; valuation model estimates, etc.	Partly	Yes
Australia		Yes	Yes	Yes	Yes	To audit and certify the quality of the valuations	?	Yes

Results

Main aim of value maps:

- to bring the quality, sufficiently accurate and current and accessible information about the level of property value
- to provide a better orientation and transparency for all actors on the real estate market

To reach the aims mentioned above:

- sophisticate gathering and analysing important data, interconnected admin. systems (CRR), use GIS and CAMA
- strong exploiting of web technologies (publication to users)

Conclusion

Value maps in Europe

- essential part of sustainable urban development, land management and e-government
- *Western Europe*
 - generally well developed systems of Value mapping (or environment to establish it)
 - will follow rapid technical development
- *Middle and Eastern Europe*
 - great challenge and room for development and improving cadastre, property market and its transparency
 - need a political courage and persistence to implement the market value approach and availability of information

THANK YOU FOR ATTENTION !!

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