



LINCOLN INSTITUTE
OF LAND POLICY

Application of Mass Value and Valuation Data

Importance of the valuation system to the national economy

Different applications and uses of mass valuation results

Means of financing system maintenance

Importance of the Valuation System to the National Economy

IRRV performance award, 2007

“The Lithuanian model illustrates that the solution of land administration and rational real property data management issues in an integrated way (as well as the application of modern technology) provides a background to the implementation of mass valuation in record time.

Since CAMA was introduced, it has been possible **to assess a huge amount of property at low cost and within a limited time.** Established values were not only used for taxation but also for property declaration, lease of state property, privatisation and defining the need for social assistance.”

Excerpt from IRRV statement



Mass Valuation and Related Areas - Aspects of Good Practice

- Effective land and property registration systems to provide data for the property tax – comprehensive, real time, automatically linked to databases that record changes, e.g., addresses, construction consents, etc.
- Low cost of registration to encourage accurate declaration of prices.
- Penalties for false declarations, e.g., capital gains tax, linking of mortgage valuations, and declared prices.
- Development of transaction registers, preferably linked to notaries.

Mass Valuation and Related Areas - Aspects of Good Practice

- The utilisation of multivariate skills in valuation, statistics, economics, geo-spatial and GIS, and computing in the determination of mass valuation models.
- The adoption of advances in technology and the synergies around databases, textual and spatial data, and 3-D analytical functions.
- Development of capacity – technical and human – and adequate resourcing of systems.
- Transparency by dissemination of assessed values through the internet.
- Easily understandable information for taxpayers on valuation methodologies and models.

Mass Valuation and Related Areas - Aspects of Good Practice

- Recognition of multi-purpose potential of mass valuations with safeguards to ensure a proper basis for valuations used in each case.
- Recognition of potential for cost recovery and income from services to professionals and third parties like banks and other financial institutions.
- Recognition of social and public benefits from mass valuation, e.g., stability of the banking system through assessing the value of collateral, and management of state land.
- Mass valuation data has economic value to businesses that should be recognized through cost recovery and contributions to maintain and develop the systems.

Mass Valuation and Related Areas - Aspects of Good Practice

- Need to gain public trust in mass valuation based on market values.
- Need to familiarize population and businesses with mass valuation procedures.
- Demand for reliable source of information on current real estate prices.
- Justification for public funding of mass property valuation system.
- Prospective for self-funding possibilities.

Different Applications and Uses of Mass Valuation Results

Land and immovable property
taxes.

Social welfare

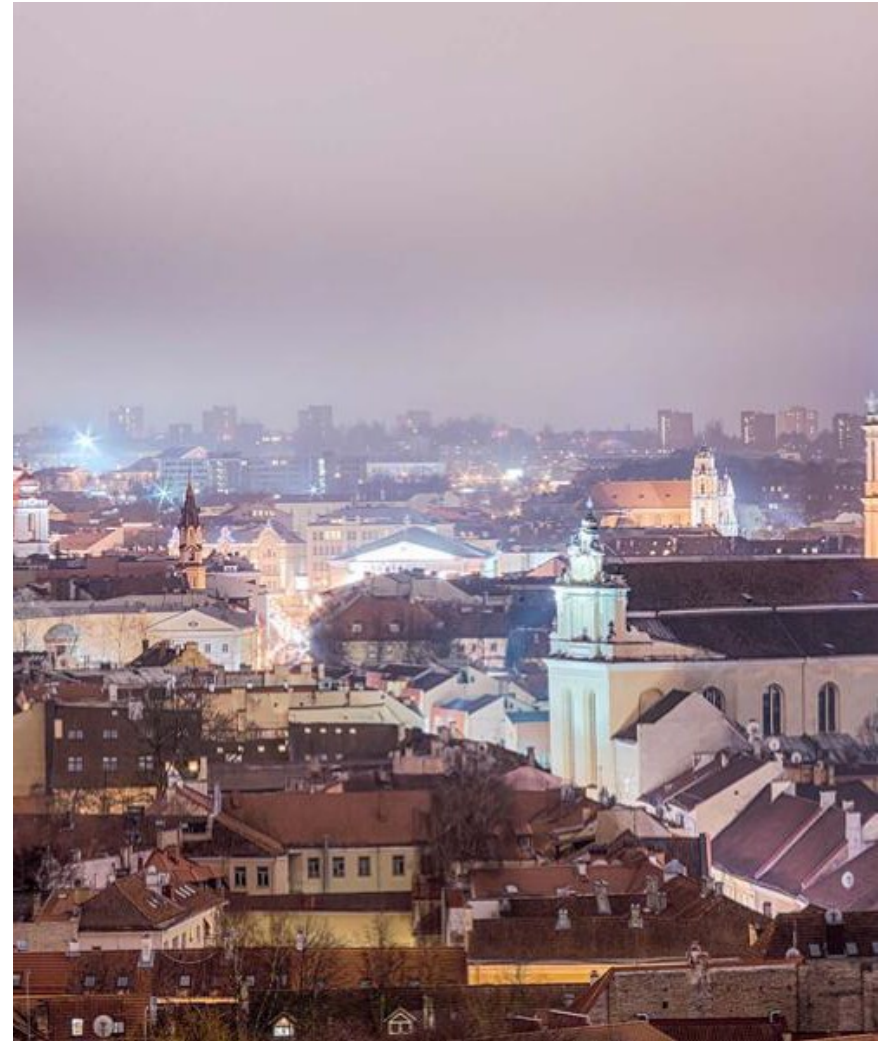
State land assessment and
cadastral surveys

Individual valuation

Banking sector

Private software developers

General public



Land and Immovable Property Taxes

Land tax assessment

Real estate (buildings) tax assessment

The tasks performed by Centre of Registers (valuation office):

- Locating and identifying all taxable property
- Making an inventory of the quantity, quality, and important characteristics of all taxable property
- Estimating the value of each taxable property
- Defending value estimates and valuation methods during appeals by taxpayers.

Social Welfare

First ever attempt to use mass property valuation data for purposes other than taxation.

Mass valuation data is used to assess applicant's property to determine eligibility for social financial support.

Municipal social welfare offices provided with web-based instant-answer application.

No costs/extra paperwork for applicants.

Application in active use since 2004.

State Land Assessment and Cadastral Surveys

Market data and algorithms of mass valuation applied to determine market value of unregistered estates.

Web-based calculator.

Facilitated and automated work of surveyors (assessment of market value before primary registration).

Determining market value of uncharted state land for lease and privatisation.

Individual Valuation

Side product: countrywide database containing data on every real estate transaction.

Available for any valuer - minimizes information distortion. Increases precision of property valuation.

Shortcomings of full data access: manipulation, fraud, data theft.

Safer approach to valuation: smart limited selection of comparable properties

Banking Sector and Private Software Developers

Value calculator with time-based correction: estimation of market value in rapidly changing market conditions.

Valuation monitoring tools: minimising mortgage risks.

Housing prices monitoring for Bank of Lithuania (central bank) and European Central Bank.

Recent strategic shift towards partnership with private sector for effective use of data.

NTsandoriai.lt - decisions on buying/selling prices based on recent transactions.

Mobile apps to come: augmented reality + market values, etc.

Meeting sector specific needs.

General Public

Online public search of current average market value of real estate.

Monthly report on real estate market activity.

Quarterly review of housing prices.

Quarterly review of prices for agricultural land.

Access to Mass Valuation Data

Website of the Centre of Registers

www.registrucentras.lt



The screenshot shows the homepage of the Centre of Registers (Registru Centras). At the top right, there are navigation links: "Savitarna", "Kontaktai", and "LT | EN". Below this, there are five main service icons: "Valstybės įmonių Registrų Centras" (State Enterprise Registers Center), "Turtais ir apribojimais" (Assets and Restrictions), "Juridiniai asmenys" (Legal Entities), "Adresai" (Addresses), and "Gyventojai" (Residents). The main content area features three large colored boxes: a blue box for "Klientų savitarna" (Client Self-Service) with a description of information for property owners and online services; a green box for "Atviri duomenys ir statistika" (Open Data and Statistics) with a description of public services and statistics; and another blue box for "Pagalba ir konsultacijos" (Help and Consultations) with a description of online interactive consultations and manuals.

Website of the Regional Geo-information Environment Service (REGIA)

www.regia.lt



The screenshot shows the homepage of the Regional Geo-information Environment Service (REGIA). At the top left is the REGIA logo. To its right are navigation links: "APIE", "PASLAUGOS", "KONTAKTAI", and "NAUJENOS". A prominent green button says "NAUDOTIS ŽEMELAPIU". The main heading is "KAS YRA REGIA?". Below this is a paragraph of text explaining the service. The central visual is a map with three callout boxes: "GYVENTOJAMS" (For Residents), "VERSLUI" (For Business), and "VALDŽIAI" (For Government). On the right side, there is a button that says "Kaip veikia REGIA?".

Digital Mass Valuation Reports (2 for each municipality and 2 for the whole country)

- Textual descriptive part (information about jurisdiction and property)
- Valuation models
- Maps and descriptions of value zones within jurisdiction
- Public review and appealing documents
- Other information
- Online search of taxable values and average market values by unique number

Conclusions

- Lithuania has established a well-thought-out real property cadastre and registration system. A multi-purpose approach was used in the design of the system. The combined descriptive and graphical data are a major achievement. The real property cadastre and register system covers the whole country and contains comprehensive data on real properties, property rights, legal facts, encumbrances, etc. that are necessary for a market-value-based valuation system.
- In addition to the achievement of integrating the registers, the Center of Registers has developed and maintains a successful mass valuation system. A computer-assisted mass valuation system has been developed for the whole country, and facilitated the introduction of a real property tax based on market value. The use of the Internet to publish market value information is noteworthy, because that facilitates the development of the real property market. Geographical information systems (GIS) are used to produce land value maps.

Conclusions

- Mass property valuation data proved to be a low cost but effective and versatile tool to increase public awareness of current property values, empower decision-making in the public sector, and provide businesses with new opportunities while minimising its risks and overall informational imbalances.
- Use of mass valuation data for purposes other than taxation increases efficiency of the system and potential for self-funding.
- Gaining public trust in mass valuation makes it easier to introduce property taxes based on market value.

Conclusions

Despite a well-developed property registration and mass valuation system, taxes applied to market values of land and buildings do not produce the expected revenue. The poor yield of value-based recurrent property taxes has a negative impact on national economy and municipal finances.

The following ways of increasing revenue are possible:

- give up part of the statutory tax exemptions
- expand the tax base of immovable property by taxing all residential property
- improve cooperation between central and local governments by giving municipalities more autonomy and reviewing the principles of municipal budget formation.

Thank you

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