

up to the present day. Currently, guerrilla claims, pacts and armistices still appear in the constitutions of all Latin American countries.

Land has been much more than a factor of agrarian production in the history of mankind, although even if that had been its only role it would still have been a major one. It has also been an instrument of military and political power, the sole source of survival for workers in latifundist areas, a symbol of social prestige, the recipient of savings, materializing pension funds before the existence of financial engineering, and consumer goods in the form of vegetable gardens, flower gardens or park land, for the enjoyment of the people.

For this reason, as mentioned previously, market research on land shows that its market value does not entirely depend on its economic output, as might be assumed from its role as a factor of production in accordance with neo-classic economic theory.

In general, the soil-less production of food and plants will lead to a situation in which the aspects not related to the land's condition as a basic production factor will begin to be relevant. Food production will increasingly be linked to hydroponic soil-less farming, and other functions of the land, until now more or less masked by food production, will be developed.

Each hectare of hydroponic tomato farming in the Canary Islands produces three times more than the same surface uncovered, and 50% more than the same area in mesh farming. It is therefore realistic to imagine production in large soil-less installations that act as food factories, with the associated benefits of elimination of [chemical] treatments, efficient use of water resources, and the freeing up of land for environmental and leisure uses.

It is foreseeable that in the 21st century water will replace soil as the principal factor of agrarian production.

Secondly, the relationship of man with the land will subsequently diversify and intensify in two ways: a greater demand of land for residential use (linked to the housing market) and land as a consumer good (leisure and the environment). Every year more than a million and a half acres (400,000 Has) in the United States and twenty million acres (5,000,000 Has) world wide convert from farming to alternative usages, a process that is especially intense in industrialised countries. This trend is not likely to slow down in the short term, due both to the growth of population and to the growing need for land per capita. Thus, land in certain parts is becoming an increasingly scarce resource.

Thirdly, the main characteristic of real estate evaluation is the location value, as seen in appraisal equations of housing in Spain in the context of provincial or city location, and less intensely, in the land market. Cities provide still further possibilities for definition, with different housing location values in the districts of a single city, as estimated by Chica for Granada, location of the first Congress on Cadastre in the European Union (see Annex 2). In future, the value of location will play a basic role in land appraisal, but the fact is that no one knows if it will follow the current centripetal tendency of the huge urban agglomeration in mega-cities or if on the contrary, tele-work, tele-shopping and tele-information will give rise to a more diffuse and extensive behaviour of the location value. ■

Appraisal and taxation experiences among the Members States

Mass appraisal systems and real estate taxation in United Kingdom

DIANE LEGGO

Valuation Office, United Kingdom

Legal Framework

General contents description

The property tax system in the United Kingdom is varied and to some extent has differences in each of the constituent countries, especially where there is a devolved government. The main taxes which lend themselves to a mass appraisal approach are non-domestic rating (NDR) and council tax (CT). These are taxes upon occupation and NDR is based on rental values whilst council tax bands relate to the capital values of domestic properties.

The Valuation Office Agency (VOA) is tasked by the Department of Transport, Local Government and Regions (DTLR) with supplying NDR and CT valuations in England and Wales and this activity is supported by local government and finance legislation. There is a well defined appeal system which is administered by the Valuation Tribunal service.

Scotland and Northern Ireland have different systems and separate agencies which support the activity.

Organisation

Structure

The VOA is an executive agency of the Inland Revenue. The organisation has a Chief Executive and Management Board and there are 22 Group Valuation Offices who cover England and Wales. There is also a Chief Valuer Scotland.

Offices

There are 84 offices in England, Wales and Scotland and these are brought together under 23 group management operations. The boundaries of such offices and Groups follow local authority and recognised DTLR regional boundaries.

Staff employed in the valuation procedures

The VOA employs approximately 4000 staff who are involved in valuation and associated administrative tasks.

Computer System description

Real estate database description

In respect of non-domestic properties the property database is extensive for the main bulk classes of shops, offices and industrial properties. Data in respect of the physical attributes of the property is held along with

SEMINAR 3. REAL STATE MASS APPRAISAL SYSTEMS AND TAXATION

analysed rental data. This data is kept on a central database and can be accessed from any VOA location. The rating lists, showing reference numbers, descriptions, address and rateable value are now also accessible on the Internet.

In respect of domestic property, the electronic database only contains the reference number, address and council tax band, in order that valuation lists may be produced and maintained.

Computer valuation process description

In respect of non-domestic properties, the valuation process is automated for bulk properties and other properties such as licensed property and schools also have separate automated valuation systems. The main system is driven by valuation scales which are linked to individual properties via identifiers which relate to physical attributes, location, age and use. The valuations are quality assured and further work is targeted on those valuations which exceed expected multiplier ranges. The same system is utilised to maintain the valuations, if there have been physical alterations or other changes which affect the valuation during the currency of the valuation list.

The domestic property system does not presently utilise a mass appraisal system but it is planned to develop a system for the next revaluation which comes into force in 2007.

System rates**Real estate database****Number of cities/cadastral parcels/ owners**

There are 1.7m occupiers in relation to the non-domestic rating system and approximately 23m council tax occupations in England and Wales.

Updating degree

The non domestic valuation lists are revalued every 5 years and the council tax lists are to be placed on a 10 year review pattern.

Each list is maintained during the currency of the list and is typically updated every two weeks.

Name and type of the database manager

The data is held within a highly structured Oracle (Version 8.0i) relational database management system. This centralised database and application software are supported by an integrated cluster of Hewlett Packard servers running under the HP UX version 11.0i operating system. Users can access the system from any location in the country via a wide area network.

Mass appraisal System

The mass appraisal system for NNDR currently provides optimum performance for up to 2,500 concurrent users when carrying out a range of updates and enquiries. Prior to the last general revaluation of rates the system carried out 1.2 million first pass valuations over one weekend.

System evaluation**System strength description**

For non-domestic revaluations, the system can now cope with a considerable number of valuations being run

concurrently. It allows first pass valuations to be created for at least 80% of properties and it targets resource to those valuations which require more judgement skills.

There is no current system for domestic properties.

System weakness description

The system is complex and requires a considerable input of effort to set up the underlying scales and matrices which drive the mass appraisal valuations. Consistency of use by individuals within the organisation, continues to be a significant challenge.

The current CT system works with hard copy and tends towards hand-crafted valuations rather than the mass appraisal approach.

Future perspectives

It is expected that the non-domestic system will continue to be refined to ensure that it can deliver the revaluations on a 5 yearly basis whilst ensuring some of the complexity of usage is excluded.

The VOA are keen to develop a mass appraisal system which will support the proposed council tax valuations both now and in the future. ■

La méthode d'évaluation en France

BRUNO PARENT

Directraire Générale des impôts. France

Systèmes d'évaluation foncière en masse et fiscalité immobilière

Les biens fonciers nous intéressent ici en tant que gisements de ressources fiscales. Ils peuvent en effet être taxés à raison de leur détention, de leur utilisation, de leur transmission, ou à raison des plus-values constatées lors de leur vente.

À l'occasion des transactions immobilières de toute nature, il est facile et habituel d'asseoir des cotisations fiscales sur la valeur du bien mentionnée dans l'acte, éventuellement corrigée si elle paraît anormale.

En revanche, la situation est différente lorsqu'il s'agit d'asseoir la taxe foncière ou tout autre impôt annuel sur une valeur caractéristique de chaque bien. Il faut alors attribuer une base d'imposition équitable à tous les biens, exhaustivement.

Bien entendu, la recherche de l'efficacité conduit à développer des techniques d'évaluation en masse, puisque l'appréciation de la valeur systématiquement au cas par cas s'avère très lourde. Les réflexions sur les modalités d'évaluation en masse et leur utilisation fiscale paraissent pouvoir s'articuler autour de trois thèmes majeurs:

- les principes de base qui peuvent inspirer le système;
- les moyens susceptibles d'être mis en œuvre;
- l'adéquation du système aux objectifs fiscaux.