



GENERAL VALUATION IN CYPRUS - 01.01.2013





Varnavas Pashoulis
Senior General Valuation and Taxation Officer
Lands and Surveys Department, Cyprus

Thomas Demopoulos
Lecturer in Real Estate Dept.
Neapolis University, Paphos, Cyprus

www.dls.moi.gov.cy
www.nup.ac.cy

vpashoulis@dls.moi.gov.cy
t.dimopoulos@nup.ac.cy





TABLE OF CONTENTS



- 1. Introduction**
- 2. Project Planning**
- 3. DLS & GV Section Org. Structure Org. Chart of**
- 4. Purpose of General Valuation**
- 5. General Valuation Law**
- 6. Data Capture Project**
- 7. Valuation Project**
- 8. Good Practices, Experiences and Self Assessment of the new General Valuation**

FIG **1. INTRODUCTION**



Area: 9,252 KM²
Population: 877,800

3

FIG **1. INTRODUCTION**

MILESTONES OF THE CYPRUS REPUBLIC

- 1960 – Independent State
- 1974 – Invasion and occupation of 36% of the territory of Cyprus by Turkey



4

FIG **1. INTRODUCTION**

01.05.2004:
Member of the European Union

01.01.2008: Accession to EURO Currency

30.4.2013 Economic Crisis and Sign the MoU with EC/ECB/IMF


Measure 3.8
“The new General Valuation must be completed by 30.06.2014 on 01.01.2013”



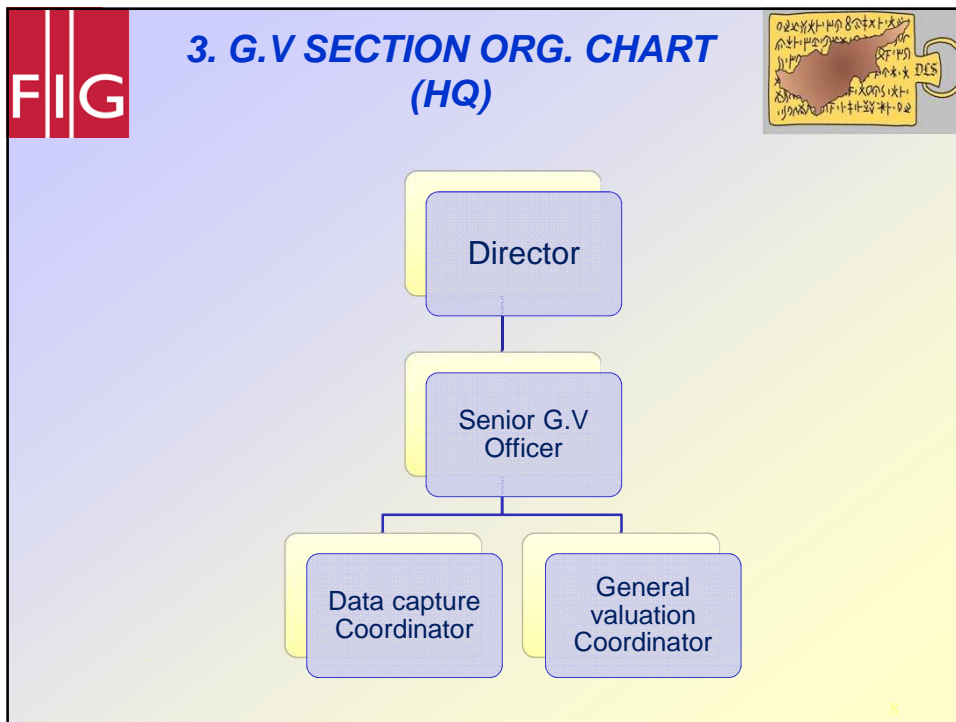
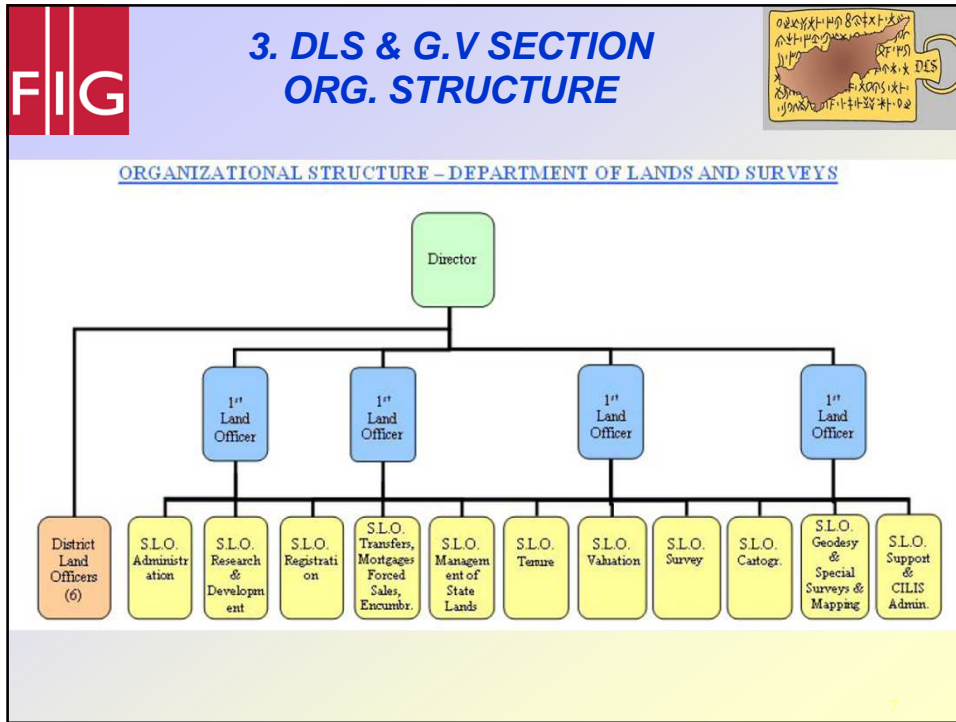
5

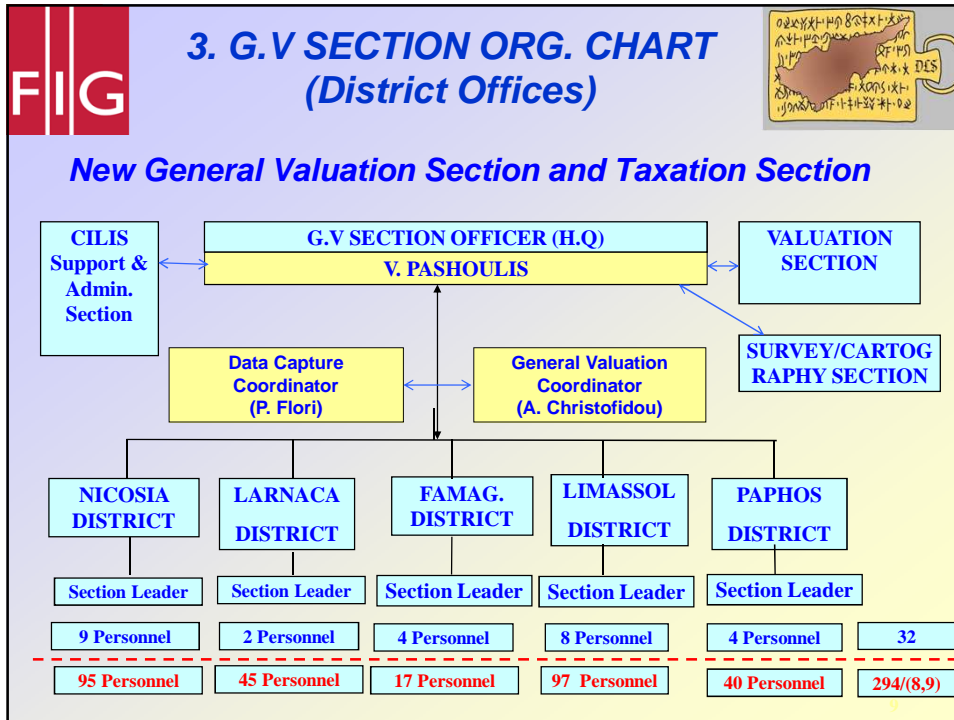
FIG **2. PROJECT PLANNING FOR NEW G.V**

See project plan



6





4. PURPOSE OF GENERAL VALUATION


THE BASIS FOR ALL PROPERTY TAXES IN CYPRUS

- Immovable Prop. Tax
- Municipal/Communal Tax
- Sewerage Tax



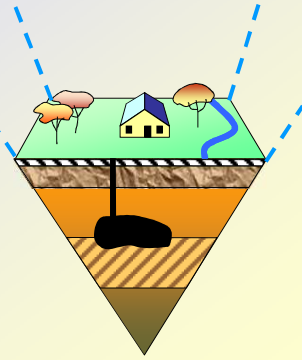

FIG

5. GENERAL VALUATION LAW



Based on the Immovable Property (Tenure, Registration and Valuation) Law, Cap. 224, 1.9.1946
Immovable Property Law {S.2 (1)}

- **land**
- **Buildings and other erections**
- **Water rights**
- **Undivided shares**
- **Privileges**
- **Liberties**
- **Easements**
- **Rights restricting the use**




Section 69: The Council of Minister may order a new general valuation for the purpose of securing
Up-to- date and Uniform Valuation

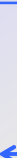
11

FIG


6. DATA CAPTURE PROJECT




DIVIDED INTO TWO SUBPROJECTS

DATA CAPTURE OF LAND CHARACTERISTICS		DATA CAPTURE OF BUILDING CHARACTERISTICS
NO LOCAL INSPECTION		EXTERNAL LOCAL INSPECTION

12

FIG		6. DATA CAPTURE PROJECT (CONT.)			
VOLUME OF WORK					
DISTRICT	NO. OF UNITS	RESIDENTIAL UNITS	COMMERCIAL UNITS	NO. OF PARCELS	
TOTAL	500.000	433.212	66.788	1.133.298	
NICOSIA	166.842	144.556	22.286	484.514	
FAMAGUSTA	39.415	34.150	5.265	48.463	
LARNACA	85.035	73.676	11.359	147.742	
LIMASSOL	132.339	114.662	17.677	277.340	
PAPHOS	76.369	66.168	10.201	175.239	

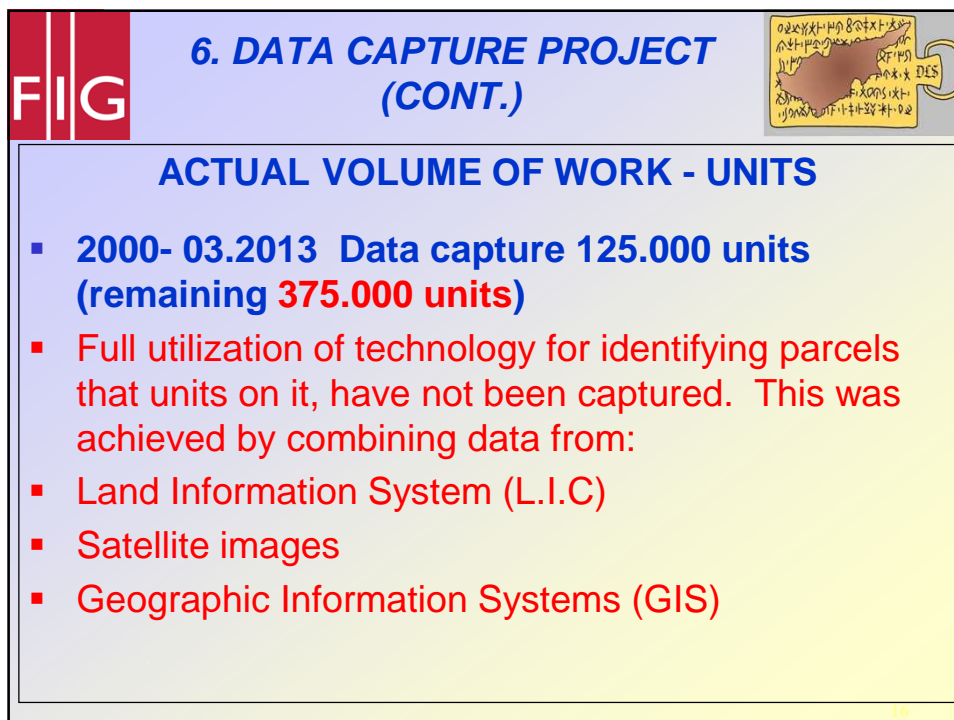
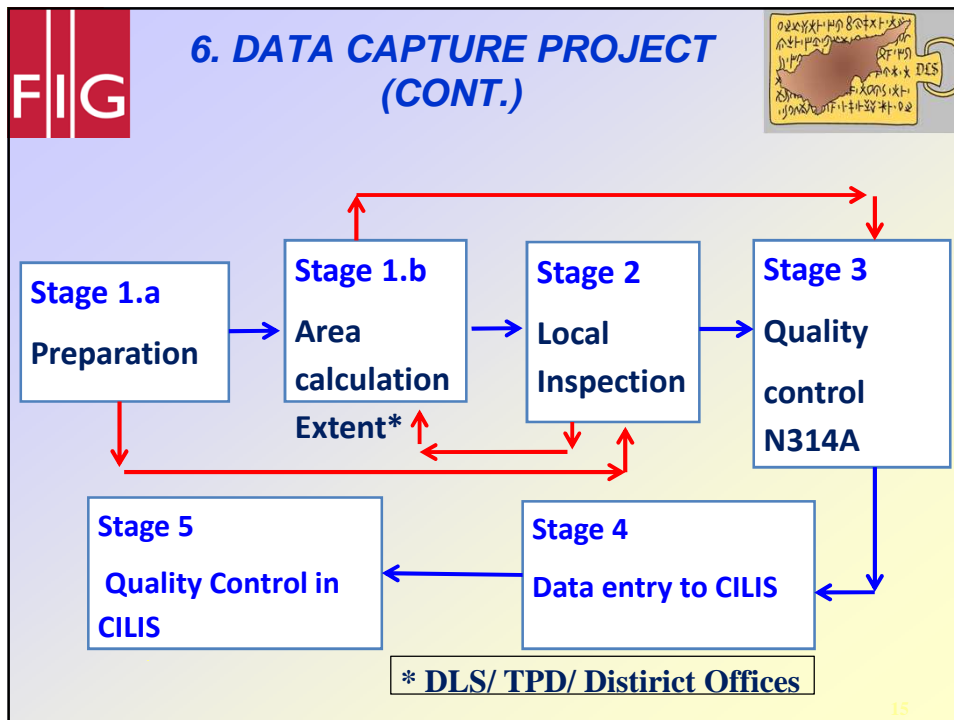
13

FIG		6. DATA CAPTURE PROJECT (CONT.)				
HR MANAGEMENT						
DLS PERSONNEL	NICOSIA	LARNACA	FAMAGUSTA	LIMASSOL	PAPHOS	TOTAL
PREPARATION	16	1	2	12	0	31
AREA CALCULATION	16	2	2	2	2	24
LOCAL INSPECTION	30	13	5	45	0	93
QUALITY CHECKS	5	0	0	9	5	19
DATA ENTRY INTO CILIS	7	23	7	8	20	65
QUALITY CHECKS	1	4	0	4	0	9
TOTAL	75	43	16	80	27	241
UNSKILLED PERSONNEL	12	3	0	12	11	27
VALUERS	2	0	0	2	0	4
COORDINATORS	6	2	1	3	2	14
TOTAL	95	48	17	97	40	297

H.R Support by Town Planning Offices and District Offices


DISTRICT	PERSONNEL REQUIRED
NICOSIA	17
LARNACA	12
FAMAGUSTA	4
LIMASSOL	17
PAPHOS	11
TOTAL	61

14



FIG

6. DATA CAPTURE PROJECT (CONT.)



DISTRICT	Total No. of Parcels with no Units Captured
NICOSIA	73.412
LARANCA	37.185
LIMASSOL	57.529
FAMAGUSTA	10.556
PAPHOS	33.199
TOTAL	211.881

17

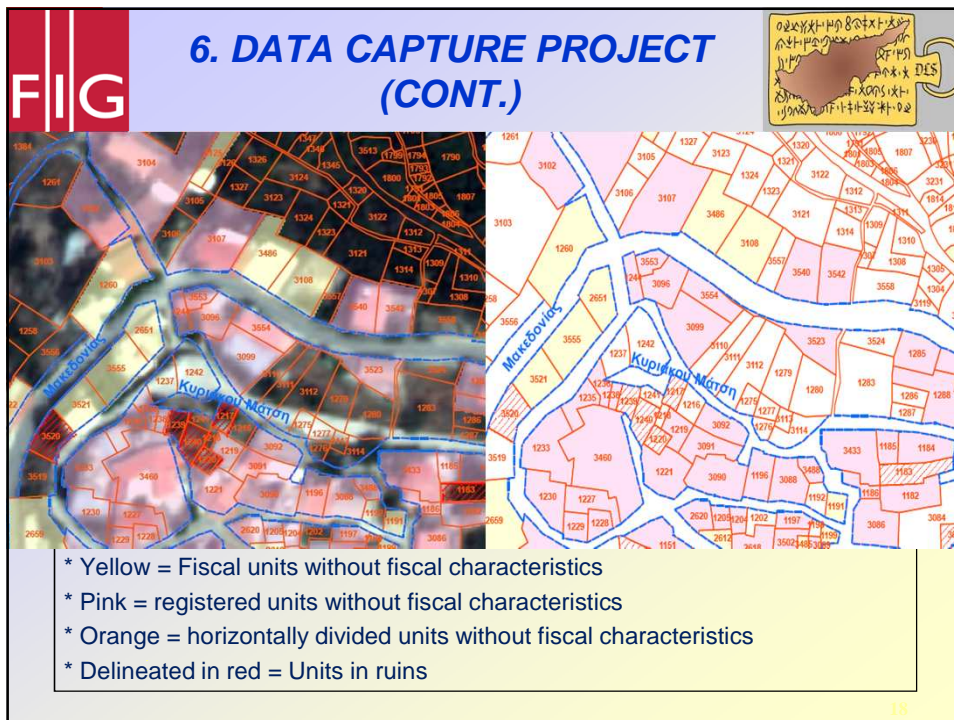



FIG **6. DATA CAPTURE PROJECT (CONT.)**

Application of software Visat with GIS for identifying units on parcels and their external characteristics



80 Bd Clemenceau

Assurance de Préféré
Plus de 50 % d'ECONOMIE
100 000 € max

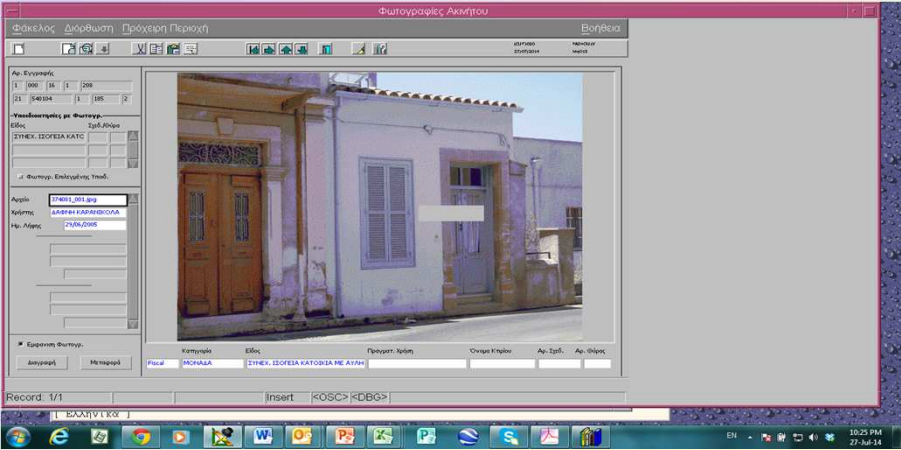
Google earth

48°25'30.261" N, 7°45'15.741" E, elev. 147 m, eye at 148 m

19

FIG **6. DATA CAPTURE PROJECT (CONT.)**

During Local Inspection 58.808 photos have been captured



Φωτογραφίες Ακινήτου

Αν. Έργο/εργείο: 11000, 11000, 11000

Προσδιορισμός με Φωτογραφία

Είδος: ΣΤΗΜΕΚ. ΙΣΟΓΕΙΑ ΚΑΤΟΙ

Αριθμ. Φωτογραφ. Εισαγωγής Υποδ.

Αριθμ. 17403_2013_009

Κατηγορία: ΜΕΛΕΤΕΣ ΚΑΤΑΣΤΡΟΦΩΝ

Με. Αίτηση: 27/06/2008

Εισαγωγή Φωτογραφ.

Κατηγορία: Είδος: Προσδιορ. Άρσης: Όνομα Έργου/Αρ. Έργ. Αρ. Φωτ.

Record: 1/1


Insert <OSC> <DBG>

10:25 PM 27-3-14

20

FIG

6. DATA CAPTURE PROJECT (CONT.)



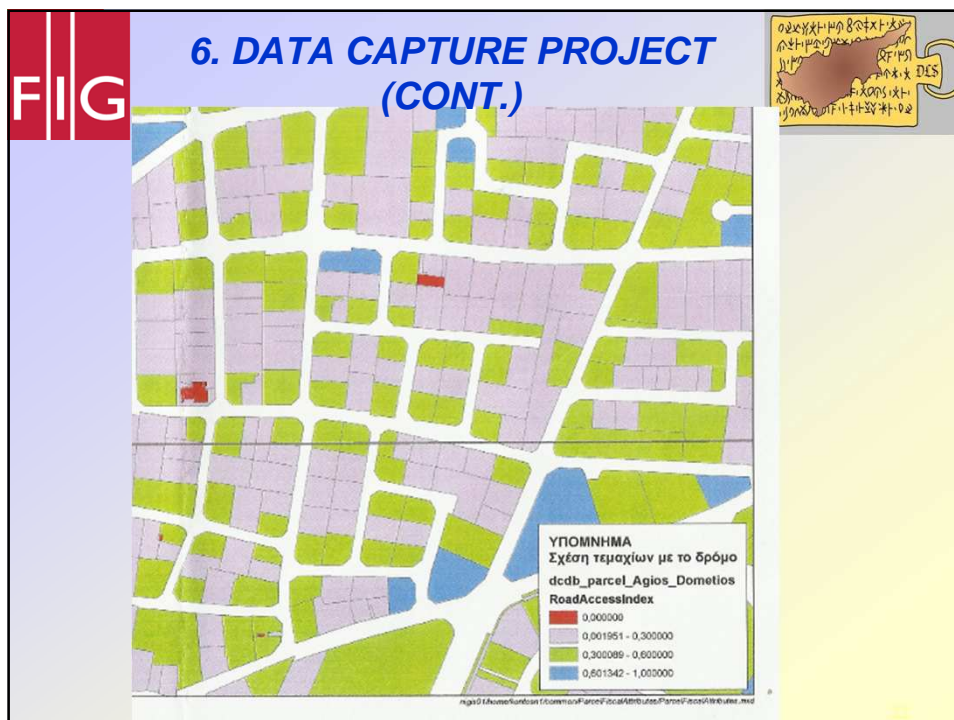
Actual Volume of work – Land Characteristics

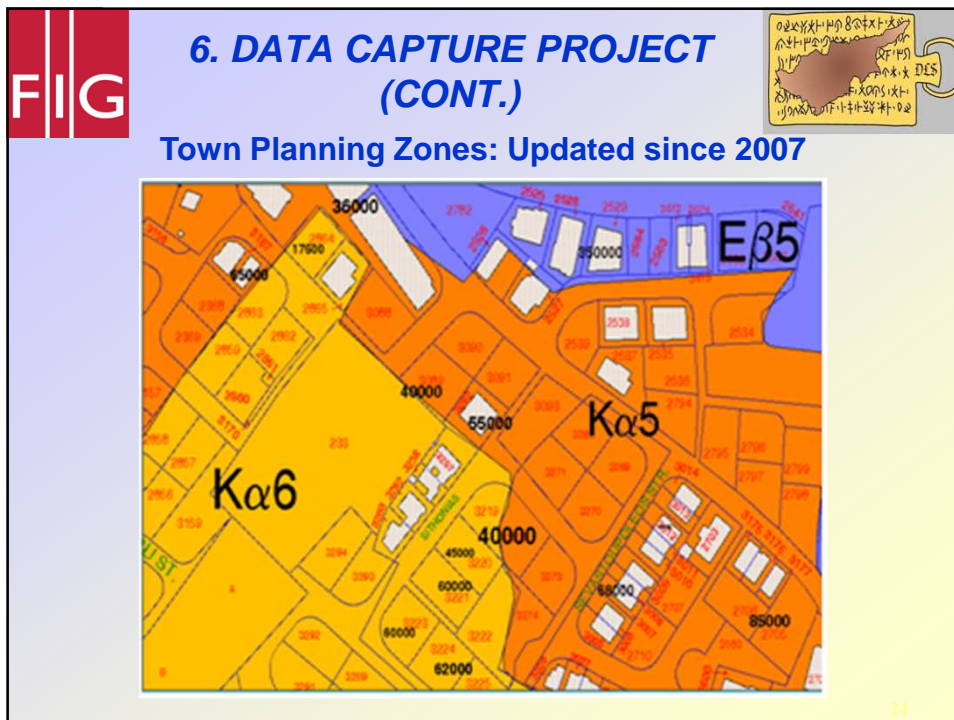
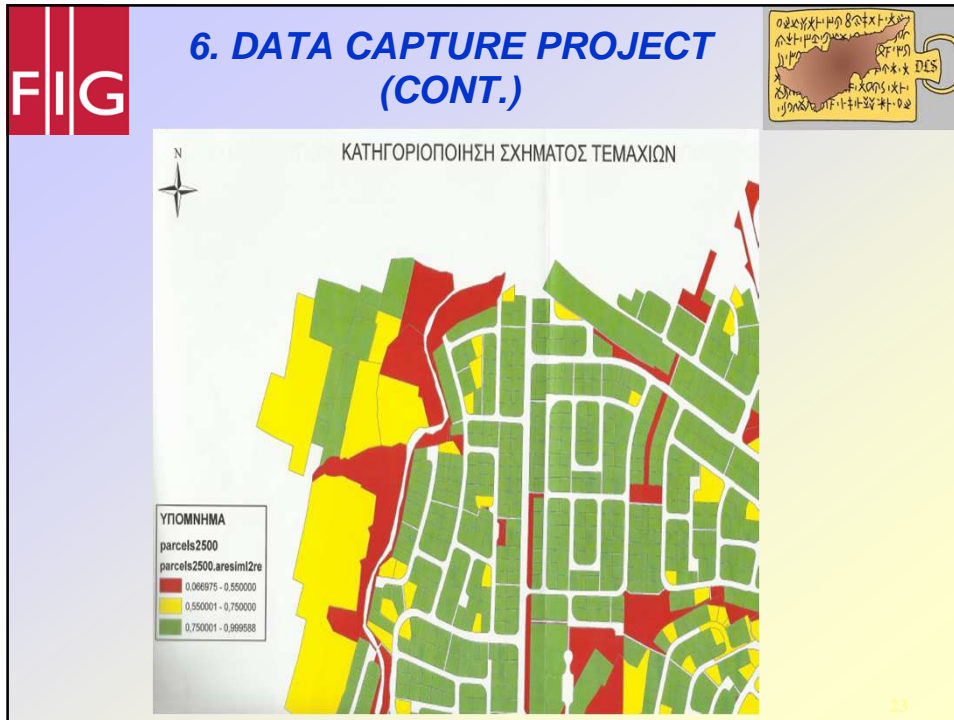
2000 - 03.2013 125.000 parcels captured
(Remaining **1 m parcels**)


Parcel characteristics captured:

- **Access code** (Road / No road)
- **Road access relation** (standard, corner/premium, other)
- **Shape** (Regular, irregular, very irregular)


Mass updated through GIS by applying special algorithms or/and existing coding







7. VALUATION PROJECT




Amending the existing Law

Deviating from “market value” definition to “value of general valuation”


Section 2 of Cap. 224 – adding a new definition

“ Value of General Valuation” – in relation to immovable property means the amount which results from performing a general valuation or revaluation or revising a general valuation, which is as closer as possible to the “market value”

25



7. VALUATION PROJECT (CONT.)



VALUATION METHODOLOGY

Base Model applied as developed in CILIS

Market value = L value + B value * Development Factor


VALUATION ANALYSIS

- Comparable sales – market evidence
- Construction costs – Contractors/PWD/Stats Dept.
- Residual analysis for land (fields/building sites) and buildings)

26

FIG

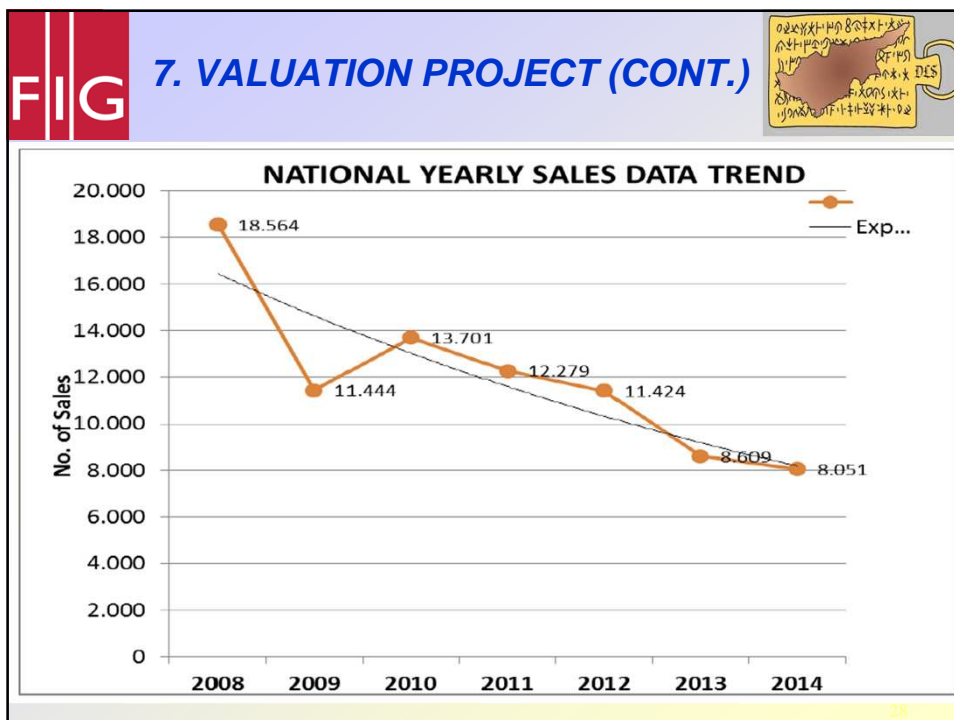
7. VALUATION PROJECT (CONT.)



VALUATION STAGES

- **Comparable Sales Analysis**
 - Before and after 01.01.2013
 - The economic crisis and the decrease in values in the property market was taken into consideration
 - Physical and Legal characteristics
 - Town Planning zones
 - Type of Property

27



28

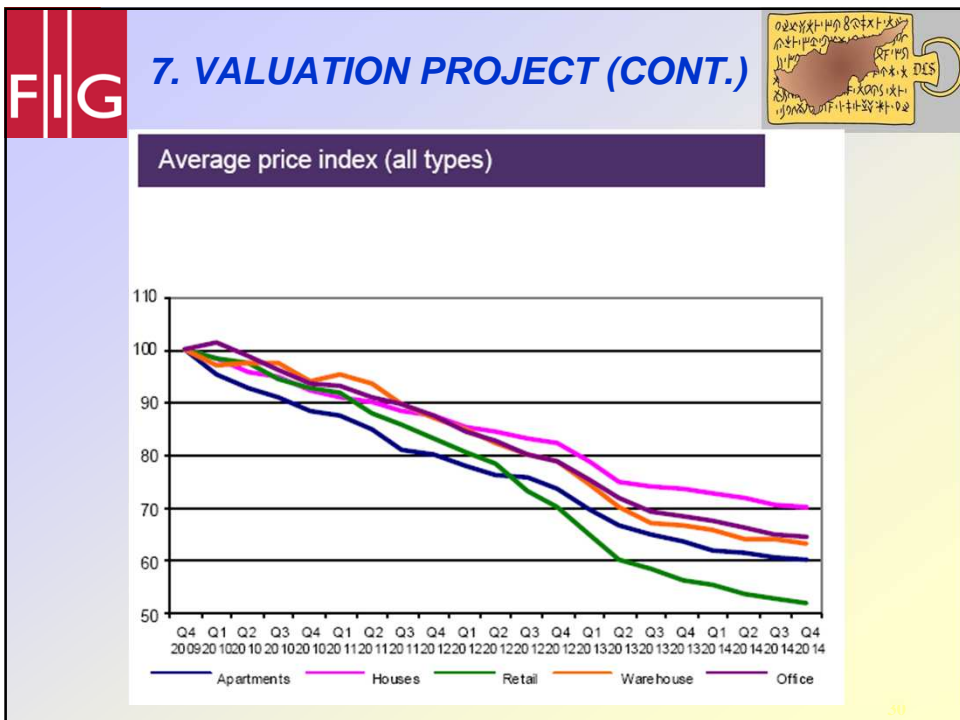
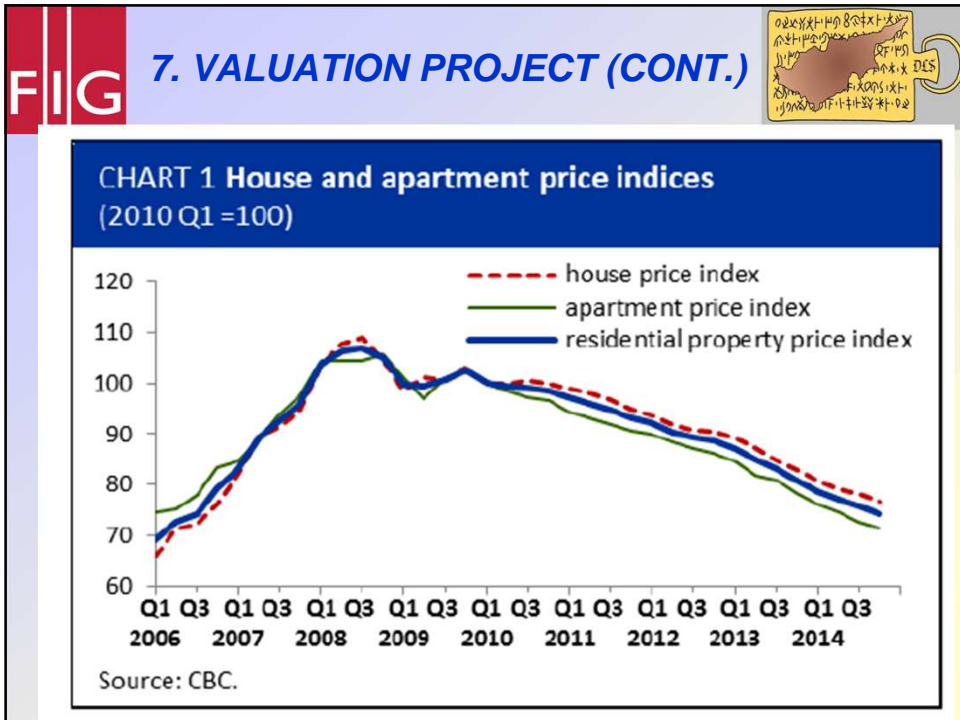



FIG **7. VALUATION PROJECT (CONT.)**



Determination of Parameter Values by :


- Geographical area, ii) Town planning zones, iii) Property type and iv) location

Process:

- Pilot area by District
- Refinements made according to the findings of the pilot areas (size of plots, seafront properties, allocation of density values for additional HDU.
- Parcel characteristics were updated in mass and consistently in CILIS.
- Other Valuations within the Department were also used

31

FIG **7. VALUATION PROJECT (CONT.)**



Adjustments on specific property characteristics based on the base value within the same planning zone category:

Land

- Extent
- Accessibility – enclosed/ road access
- Road site relation – standard/corner-premium/3 sites road
- Shape – regular/irregular/very irregular

Units

- Extent
- Year built (depreciation factor 1,3% av. p.a)
- Category (class) – Luxury, A, B,C, D -difference 15%
- Condition - V.Good, Good, Fair, Bad

32

FIG 7. VALUATION PROJECT (CONT.) 


Hotel Valuations

- Sales comparable analyzed
- Location, condition, No. of Rooms, Star* rating

Special Properties valued manually


- Gold Courses
- Marina/Ports
- Airports
- Wind Generators
- Photovoltaics
- Shopping Centers
- Thematic parks
- Petroleum tanks
- Exceptional buildings

33

FIG 7. VALUATION PROJECT (CONT.) 

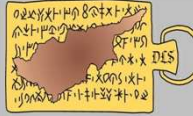
- **CAMA System used to implement the G. Valuations**
- **Spot values were applied for quality assurance purposes**
- **At the final stage quality assurance checks were made to validate the values.**
- **Proper ratio study (A/S ratio) was performed after the publication of the GV Assessment**

34



7. VALUATION PROJECT (CONT.)

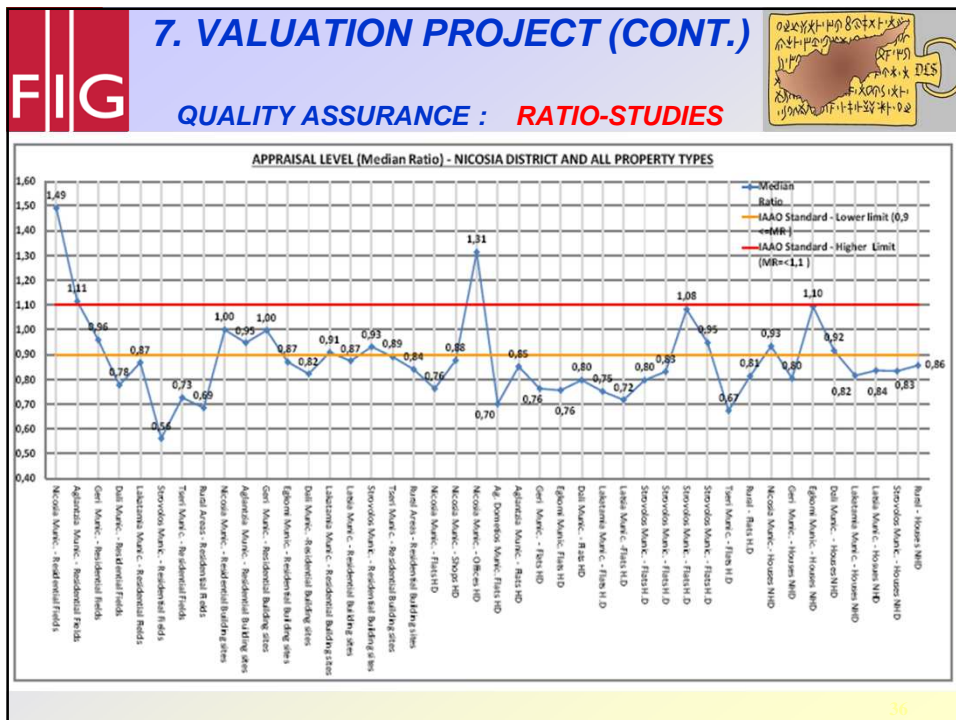
QUALITY ASSURANCE : **RATIO-STUDIES**



Three basic statistical indicators were applied:

1. Measure of Appraisal Level - **Median**
2. Measure of Variability (Uniformity) – **Coefficient of dispersion (COD)**
3. Vertical Inequity – **Measured by Price Related Differential (PRD)**

35



36

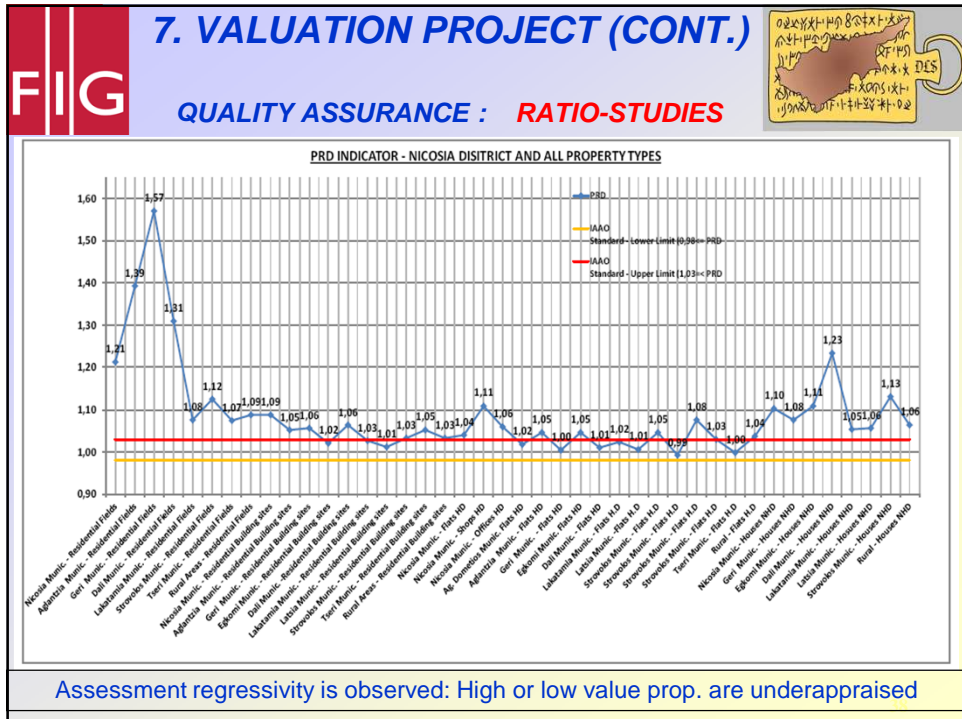
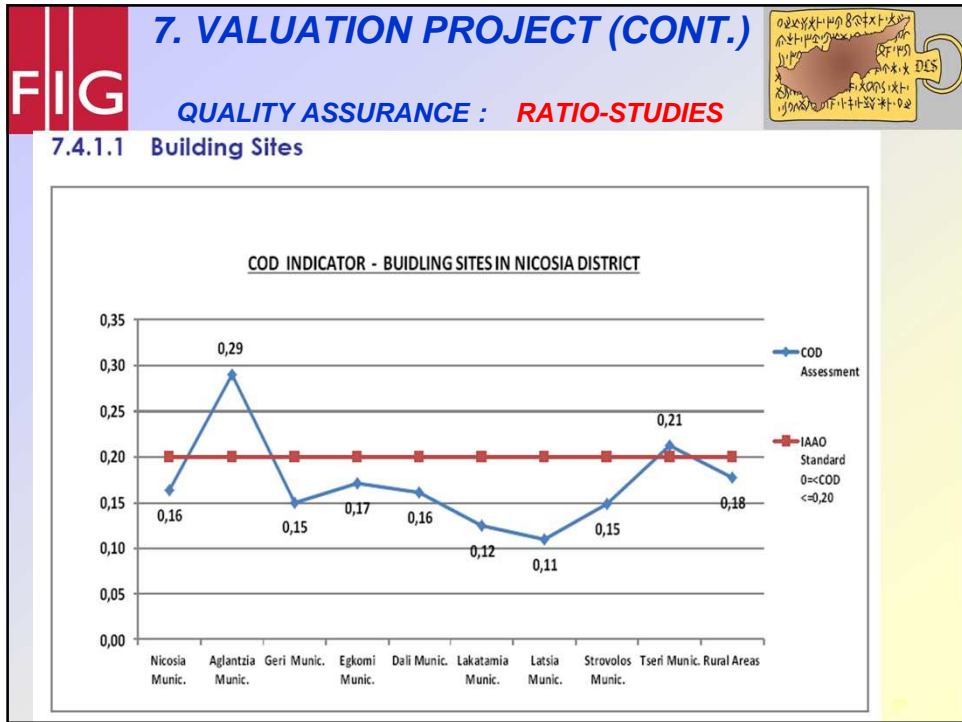




FIG **7. VALUATION PROJECT (CONT.)** 

QUALITY ASSURANCE : **RATIO STUDIES**

RATIO STUDY RESULTS

- 1. COD Assessment** – Very good results which show horizontal equity to taxpayers.
- 2. Medial Level** – Overall good, but falls within the lower limit of the standards. This is neutralized by the very good COD.
- 3. PRD Assessment** – Overall good, but limited data. Values are located on the upper level of the standard. Slight regressivity is observed- High value or low value properties are under appraised.

39

FIG **8. GOOD PRACTICES AND EXPERIENCES OF G.V- SELF ASSESSMENT** 


Problems/Deficiencies/Issues/challenges for the Future Data Capture process:

- I. Establish legal enforcement to L.A/T.P.H/D.O and promote technological instruments for automatic updating of property characteristics in LIS. A project is under way to link LIS with Municipal Auth.**
- II. Self declaration methodology! S.67, Cap. 224**
- III. D.C extra character. for land: slope, view, terrain, irrigation, subsoil quality, plantations e.t.c**
- IV. Update all unregistered or unsynchronized properties (Land register Vs Cadastral plan)**
- V. Multiple planning zones**

40

FIG

8. GOOD PRACTICES AND EXPERIENCES OF G.V- SELF ASSESSMENT (cont.)



Problems/Deficiencies/Issues/challenges for the Future (cont.)


Data Capture process:

- vi. Category (class), condition and age coding
- vii. Type of Construction (Reinforced/prefabricated)

41

FIG

8. SELF ASSESSMENT OF THE NEW G.V (Cont.)



Problems/Deficiencies/Issues/challenges for the Future


Valuation process:

- I. **Microlocation:** A defined area in the same Pl. zone and Geo. area. Need to redefine some geograph. areas under Pl.Z.
- II. **Size** of parcels and adjustments (zoning !)
- III. **Depreciation** factor ! (straight line method)
- IV. **Multicollinearity** issue ! (category/condition/age)
- V. **High deviation between** planning zone values within the same pl.z category. The base value applied for adjusting property characteristics is a problem.

42

FIG

8. GOOD PRACTICES AND EXPERIENCES OF G.V- SELF ASSESSMENT(Cont.)



Valuation process:

- vi. **Improve the quality of sales and property file**
- vii. **Improve** mechanisms for time adjustment (Annual increases/decreases/indices- commercial/residential/land)

Other Issues:

- Valuing and taxing **leased** properties
- **PR** and **Objection** strategy (objections 1,7% - Practice 3%- 5% according to revaluation freq. and type of properties)
- **Web access** to public (property data, values!)
- **COTS** (commercial of the shelve package)!

43

FIG

THANK U FOR U ATTENTION







WELCOME TO CYPRUS








44