


# Development of Valuation in Turkey under the Land Registry and Cadastre Modernization Project

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## CURRENT SITUATION

- In Turkish legislation instead of qualitative elements such as value, quantitative elements such as amount and size are taken as basis.
- Therefore, standards and implementation harmony relating to valuation does not exist in our legislation.
- In each legal arrangement for taxation, expropriation, privatization, debt enforcement, zoning, capital market transactions etc. different methods and rules have become effective.
- This situation weakens public management, creates risk in managerial decision making for every type of land arrangement, income distribution and taxation.
- The losses in the private sector due to this unsystematic and uncertain environment can not be measured.




## CURRENT SITUATION

- In Turkey there are institutional, structural, technical and legal loopholes regarding valuation.
- Turkish legislation has not handled property valuation activity as a whole.
- In different regulations different processes, methods and professions have been defined.
- These regulations aim to find partial solutions but end up making the subject more complicated and difficult to handle.
- Valuation activities can not be disciplined in this state.




## CURRENT SITUATION

- For instance, the qualifications required for members of valuation commissions are defined differently in laws and the valuation reports prepared can not monitored.
- Also in administrative sense, property valuation area in Turkey present a very scattered look. The most important reason for this is the fact that the property valuation activity has not been handled as a whole during institutional organization.
- Turkey needs an institution to assume the duty of standard and policy making for property valuation and registry, take the possession of the subject with all its aspects; and a regulation with law like enforcement for this.



## CURRENT SITUATION

- These loopholes has costs higher than anticipated for public economy. The inability to measure property value with scientific criteria prevents:
  - Justice in taxation,
  - Healthy accounting system,
  - Ability for fair implementation in all sorts of land arrangements,
  - Determination of appropriate policies in urban transformation,
  - Making healthy investment decisions in public and private sector,
  - Combating unregistered economy,
  - Implementing fair income distribution policy and many similar activities.



## CURRENT SITUATION

- It is essential for management that the property markets are clear and safe and the price changes are constantly updated. Managerial efficiency will be increased by determination of the market value of the property and access of all decision makers to this value.
- Due to its urgency, the possession of the subject has been taken by the Capital Markets Board and legal arrangements in form of communiqués towards capital markets have been made effective.
- In 2010, Association of Property Valuation Experts has been established.



## CURRENT SITUATION

- Capital Markets Board started licensing valuation companies and an important gap in this area has been magnified. These arrangements shall not remain only for capital markets, they shall be expanded to cover all types of property valuation activities like expropriation, enforcement, taxation, court expert.
- In June 2008, the Loan Agreement between Turkey and the World Bank for “Land Registry and Cadastre Modernization Project” has been signed.
- Based on the above mentioned needs, one of the five components of the project has been defined as “Property Valuation”.



## LAND REGISTRY AND CADASTRE MODERNIZATION PROJECT

Property Valuation Component of the project consists of studies for the:

- Identification of problems and expectations,
- Search for solution ways,
- Analysis of legal, technical and administrative structure,
- Establishment of legal and structural arrangements suitable for Turkey,


Together with the participation of all related public institutions and private sector.



## LAND REGISTRY AND CADASTRE MODERNIZATION PROJECT

Property Valuation Component has the following subcomponents:

- Policy Development,
- Pilot Implementation,
- Capacity Building.



## POLICY DEVELOPMENT


This subcomponent aims:

- Conducting studies to establish a valuation model suitable for the country's conditions and identification of the policies to be implemented, by bringing public and private sector together.
- Developing a valuation system in the light of global experience, by examining other country practices mainly EU practices,
- Expanded participation from public, private sector, universities, related professionals and their associations, in order for the component, which is thought as a multi dimensional and interdisciplinary activity, to reach its purpose.



## POLICY DEVELOPMENT

- In July 2010 the first meeting has been held by inviting all related public, private sector, universities, professionals and their associations . At the end of the meetings the following commissions has been established to conduct the studies:
  - Identification of Parameters and Establishment of Standards Commission,
  - Establishment of Administrative and Technical Infrastructure Commission,
  - Establishment Legal Infrastructure Commission,




## POLICY DEVELOPMENT

- A series of meetings have been held with the participation from all public, private sector, universities, related professionals and their associations in property valuation field.
- Commissions have prepared a report.
- The report have been sent to all related persons and institutions and published in the web site of our agency.




## POLICY DEVELOPMENT

- Under the Project, first study visit has been made in April 2012 to Finland and Estonia.
- World Bank consultant has also accompanied the study visits.




## PILOT IMPLEMENTATION

- With the pilot implementation, it is aimed to test the studies for establishment of policies suitable for Turkey.



## CAPACITY BUILDING

- It is aimed to develop the institutionalization and the education programs needed for increasing the public and private sector capacity, together with the participation of universities.



## CONCLUSION

- With the completion of the project the necessity to immediately fill the legal and administrative gap in the field of property valuation will be demonstrated,
- Concrete data for the establishment of a broad country policy will be presented to decision makers.



