
**PHILIPPINES - AUSTRALIA LAND ADMINISTRATION &
MANAGEMENT PROJECT
(PA-LAMP)**

LAND VALUATION POLICY STUDY

**REPORT
Volume 2**

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LAND VALUATION POLICY STUDY

COMMISSION ON AUDIT

VALUATION SYSTEM

A government agency appraises a property they intend to acquire, dispose of or transfer to another government agency for the purpose of determining the monetary value of the property.

The Commission On Audit (COA) reviews such appraisals.

Where the agency has no technical capability, the services of a private appraiser or third party appraiser is resorted to.

The commission mainly reviews appraisals made by government agencies in acquiring, disposing of or transferring property to another government agency.

Some government agencies request the services of COA in the appraisal of properties.

The appraisal methodologies the Commission uses are similar to those used by private appraisers but limits the judgement factors to a minimum by using or setting guidelines such as the use of the land Rating Grid they developed for evaluating land.

LAWS,RULES, & REGULATIONS

PD 1445 mandates COA to review appraisals made by government agencies for properties they intend to acquire, dispose of and/or transfer to another government agency. Disposal is done thru public bidding.

APPRAISAL PROFESSION

There are no licensed appraisers among the COA appraisers nor have any of them taken an appraisal course.

They don't use any internationally accepted valuation standard, however they are revising valuation policies and guidelines to be consistent with the practice in land valuation.

Like other agencies, they recommend the help of government in the establishment of a tertiary education in valuation and to start with, they recommend that appraisal subjects be included in engineering courses.

Most of the personnel assigned to the Technical Service Office which is responsible for the Valuation function of COA are Engineers.

<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>BIR for zonal values</p> <p>LGU for assessor's valuations</p> <p>Appraisers, Brokers - COA appraisers consult private appraisers from time to time</p> <p>Banks and Financial Institutions for loan value, market value especially in rural areas</p> <p>Property Owners for sales and rental data.</p>
<p style="text-align: center;">COSTS</p>	<p>Data not available</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by Technical Service Office)</i></p> <p>LGUs - Assessor's values in most cases do not reflect the true market value of the property</p> <p>BIR - zonal values are very often lower than actual market value and are infrequently reviewed.</p> <p>Appraisers/Brokers - the information they provide are limited</p> <p>Banks and Financial Institutions - access to their records is difficult</p>
<p style="text-align: center;">GENERAL COMMENTS</p>	<p>The policy of the Commission of frequently reshuffling personnel hinders the improvement of the capability of appraisers.</p> <p>Requests for review of appraisal by government agencies is so infrequent that appraisers say their appraisal function comprises only about 10% of their workload.</p>

LAND VALUATION POLICY STUDY

DEPARTMENT OF AGRARIAN REFORM

VALUATION SYSTEM

Republic Act No. 3844 dated August 8, 1963 created the Department of Agrarian Reform (DAR), to implement "the policies of the State on Agrarian Reforms" and the Land Bank of the Philippines to "finance the acquisition by the Government of landed estates for division and resale to small landholders as well as the purchase of the landholding by the agricultural lessee from the landowner"

The DAR has been structured under Executive Order No. 129 -D dated July 17, 1987, into the department proper, staff sectoral bureaus and field offices. The field offices consist of the department regional offices, the provincial offices and the municipal agrarian reform offices. The Order also recognized the Department functionally:

The Bureau of Land Acquisition and Distribution is responsible for the "development of policies, plans, programs, standard operating procedures, and for providing technical assistance relative to the acquisition and distribution of private agricultural lands covered by the reform programs" which includes among others land valuation and landowners' compensation, transfer of ownership to actual titlers etc.

The Bureau of Land Development is "responsible for the development of policies, plans and programs and for providing technical assistance relative to land surveys and land use" etc.

The Bureau of Agrarian Legal Assistance is "responsible for developing guidelines plans and programs for legal assistance".

The Bureau of Agrarian Reform Information and Education is "responsible for developing and conducting training and education programs for acquisition of knowledge, valuation formation" etc.

The Bureau of Agrarian Reform Beneficiaries Development is "responsible for the development of policies, plans and programs and for providing technical assistance relative to the development of settlement areas into viable agrarian communities.

The Department of Agrarian Reform Adjudication Board's (DARAB) role is to adjudicate agrarian reform cases.

The agencies responsible for the appraisal process are:

- Department of Agrarian Reform
- Land Bank of the Philippines
- Barangay Agrarian Reform Committees/Council (BARC)

The purposes of valuation

- Acquisition and disposal of agricultural land under Operation Land Transfer (OLT) and Comprehensive Agrarian Reform program (CARP)
- Disposal of vacant lot in townsites/settlement projects under the administration of DAR

**VALUATION
SYSTEM**

The methodology used:

1. Under OLT lands:

The valuation is based on PD No. 27 and EO 228 where the value of the land should be equivalent to two and a half (2 1/2) times the average harvest of three normal crop years times P 35 per cavan of palay and P 31 per cavan of corn.

2. Lands under CARP (both Voluntary Offer to Sell and Compulsory Acquisition):

RA 6657 Section 17 provides that in determining just compensation, the following should be considered:

- the cost of acquisition of the land;
- the current value of like properties;
- its nature;
- actual use and income
- the sworn statement of property value by the owner;
- the tax declaration; and
- the assessments made by the Assessors.

The social and economic benefits contributed by the farmers and farmworkers and by the government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the land should also be considered as additional factors in determining its value.

The implementing guidelines in the valuation of lands voluntarily or compulsorily acquired pursuant to the Comprehensive Agrarian Reform Law of 1988 are provided under DAR Administrative Order No. 05 dated April 15, 1998.

3. Homelots under CARP

As a general rule, the value of the homelot is computed on the basis of the price of the farmlot transferred to Agrarian Reform Beneficiary (ARB). If the homelot is outside the farmlot awarded to the ARB, the price shall be on the value of the farmholding where said homelot is located, provided such landholding is covered by CARP.

4. Lands (lots) within townsites under the Settlement Projects.

The methodology used is the Market Data Approach

Valuation maybe appealed to the DAR Adjudication Board (DARAB); Provincial Agrarian Reform Adjudicator (PARAD) or the Regional Agrarian Reform Adjudicator (RARAD). The DAR Adjudication Board exercises appellate jurisdiction on the decisions of the PARAD and the RARAD. The decision of the Adjudication Board (PARAD, RARAD and DARAB) on preliminary determination of just compensation shall be final and executory if no original action is filed by the party in interest to the Special Agrarian Court, which is in most cases is a Regional Trial Court specially designated by the Supreme Court.

<p style="text-align: center;">LAWS, RULES & REGULATIONS</p>	<p>Republic Act no. 3844 dated August 8, 1963 creating the Department of Agrarian Reform (Sec. 49) and the Land Bank of the Philippines (Sec. 74)</p> <p>Presidential Decree No. 27 dated October 21, 1972 "decreeing the emancipation of tenants from the bondage of the soil and transferring to them the ownership of the land they till and providing the instruments and mechanism therefore."</p> <p>Executive order No. 228 dated July 17, 1987 declaring full land ownership to qualified beneficiaries covered by PD 27; determining the value of the remaining unvalued rice and corn lands subject of PD No. 27 etc.</p> <p>Executive No. 229 dated July 22, 1987 which provides the mechanism for the implementation of CARP including the appraisal of real property covered for purposes of compensation.</p> <p>Proclamation No. 131 dated July 22, 1987 " instituting a comprehensive agrarian reform program covering all public and private agricultural lands.</p> <p>Executive Order No. 129-A dated July 26, 1987 reorganizing and strengthening the Department of Agrarian Reform.</p> <p>Republic Act No. 6657 known as the Comprehensive Agrarian Reform Law (CARL) of 1988 instituting a Comprehensive Agrarian Reform Program.</p> <p>Administrative Order No. 05 series of 1988 governing the valuation of lands voluntarily offered or compulsorily acquired pursuant to RA No. 6657.</p> <p>Executive Order No. 405 dated June 14, 1990 which transferred the responsibility to determine the land valuation and compensation for lands covered by RA 6657 from DAR to Land Bank.</p> <p>Executive Order No. 407 dated June 14, 1990 accelerating the acquisition and distribution of agricultural lands, pasture lands, fishponds, agro-forestry lands and other lands of the public domain suitable for agriculture.</p>
<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>Like other agencies, not one of the officials/personnel undertaking property appraisal is a licensed appraiser and not one has taken a course in real property appraisal</p> <p>The agency does not have a training program for the DAR appraisers and very few could afford to take the short-term appraisal trainings that private appraisers' associations offer from time to time.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>National Government Agencies</p> <ul style="list-style-type: none"> - BIR for zonal values - Department of Agriculture for production data etc. - DENR for maps, etc. <p>Local Government Units</p> <ul style="list-style-type: none"> - Assessors' Office for real property tax assessment data, tax maps etc. - Engineering Offices for data on improvements on lands covered by the Land Reform Program <p>Appraisers for</p> <ul style="list-style-type: none"> - Deeds of conveyances - Market data

<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>Banks and Financial Institutions for :</p> <ul style="list-style-type: none"> - Mortgage value - appraisal value <p>Property Owners for :</p> <ul style="list-style-type: none"> - Titles - Approved survey plans - Tax declarations <p>Notaries Public for:</p> <ul style="list-style-type: none"> - Deeds of Conveyances - Notarized agreements pertaining to real property covered by Agrarian Reform Program
<p style="text-align: center;">COSTS</p>	<p>Not available</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by the DAR)</i></p> <p>National Government Agencies</p> <ul style="list-style-type: none"> - Insufficient budgetary allocation for payment of compensation - Difficulty in getting information for purposes of appraisal <p>Local Government Units</p> <ul style="list-style-type: none"> - Lack of coordination and cooperation in the implementation of the agrarian reform program - Assessors' valuations and their schedules of base values are very low - Difficulty in getting data from LGU offices <p><i>(raised by the Stakeholders)</i></p> <ul style="list-style-type: none"> - Property owners are dissatisfied with the computation of their compensations and the cash component which they say are too low to be considered "just terms" - Treasurers in LGUs covered by CARP complain of the difficulty in collecting real property taxes.
<p style="text-align: center;">GENERAL COMMENTS</p>	<p>There are still quite a number of tenanted rice and corn lands covered under PD 27 (OLT) that have not yet been paid. Had the landowners been paid at the time the lands were taken they would not have lost so much.</p> <p>The Presidential Agrarian Reform Council (PARC) in its attempt to address the issue, approved the grant of an increment of six percent (6%) yearly interest compounded annually. Thus the valuation is computed as follows:</p> <p>Incremental Formula:</p> <p style="margin-left: 40px;">For palay : $LV = (2.5 \times AGP \times P 35) \times (1.06)^n$</p> <p style="margin-left: 40px;">For corn : $LV = (2.5 \times AGP \times P 31) \times (1.06)^n$</p> <p style="margin-left: 40px;">Where LV = Land value AGP = Annual gross production n = Number of years from the date of tenancy up to October 27, 1994.</p>

**GENERAL
COMMENTS**

The resulting increase is more than three times the original cost of land. This increase however is still far below the CARP valuation.

DAR and LBP review the valuation guidelines from time to time, amending them, modifying the methodologies and revising formula for computing compensation. A Joint DAR-LBP Memorandum Circular No. 07 Series of 1999 covering the revised guidelines for rubber plantation was issued.

Valuation guidelines for lands planted to sugarcane was also issued under Joint DAR-LBP Memorandum Circular No. 15 Series of 1999.

LAND VALUATION POLICY STUDY

FOREST MANAGEMENT BUREAU (FMB)

VALUATION SYSTEM

The assessment of the ad valorem tax on timber and other forest products is based on actual Freight-on-Board (FOB) market price. The actual FOB market price is determined once a year using the guidelines formulated for the purpose.

The rates of forest charges are 25% of the actual FOB market price per cubic meter for timber and 10% for pulpwood and matchwood. The method of determining the value of the timber cut is referred to as "stumpage valuation" by FMB.

Valuation of the forest lands that are leased for special purposes:

For the first five (5) years the rentals for forest lands are fixed amounts. After five (5) years, the forest lands will then be reappraised and rentals are set but in no case is the rent less than three (3%) percent of the appraised value in cases of forest lands and one (1%) percent in cases of improvements on the said lands. Where the lease is more than five (5) years, reappraisal is undertaken every five (5) years.

In cases where the remaining number of years in a lease is less than five years, reappraisal is conducted prior to a renewal of the lease. The methodology used in the appraisal or reappraisal of forest lands is the Income Approach and for buildings and other structures is the Reproduction Cost Approach. In view of the absence of guidelines in determining current value of forest lands, very often FMB appraisers use the LGU assessor's Schedule of Market Values for land and Schedule of Base Construction Cost for Buildings and other structures.

Valuation of forest lands covered by Industrial Forest Management Agreements (IFMA):

The application fees are fixed. These range from P 12,000 to P 25,000 for areas ranging from 500 hectares to 20,000 hectares forest lands.

In cases where the IFMA is terminated without just cause or the forest land covered by the IFMA is reduced through no fault of the IFMA holder, the IFMA holder is compensated by the government for the fair market value of the remaining permanent improvements including crops introduced. The fair market value is decided upon by a committee composed of a DENR representative, the IFMA holder and a qualified independent appraiser. The decision of the Committee is binding to both parties.

<p>LAWS, RULES & REGULATIONS</p>	<p>Presidential Decree 705, as amended, also known as the Revised Forestry Code of the Philippines.</p> <p>Republic Act No. 7161 incorporating certain sections of the Internal Revenue Code of 1977, as amended by P.D. 705 and providing amendments to it.</p> <p>Forestry Administrative Order No. 8-3 series of 1941 which governs special uses of forest lands</p> <p>DENR Administrative Order No. 65 dated December 27, 1991 providing guidelines in the determination of actual FOB market price.</p> <p>Administrative Order No. 97-04 governing the establishment and development of Industrial Forest Plantation.</p> <p>Administrative Order No. 66 dated Nov. 26, 1993 and AO 18 dated April 20, 1993</p>
<p>APPRAISAL PROFESSION</p>	<p>No one in the Forest Management Bureau and the Forest Management Sector of the DENR Regional Offices involved in the valuation of forest lands and improvements is a licensed appraiser nor has anyone of them taken a course in appraisal.</p> <p>Most of the appraisers are either licensed foresters or engineers.</p> <p>The agency does not have a program for continuing professional development for the appraisers.</p>
<p>SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - DTI for actual price of commodities - LGUs for Assessors' valuation - BIR for zonal values
<p>COSTS</p>	<p>Not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p>Lease holders and permittees complain that the forest lands covered by their leases or permits are appraised by two different agencies and they pay to each for the same area, the FMB appraisers for the lease and permit and the LGU for real property taxes.</p> <p>Applicants for participation in the Industrial Forest Management Program (IFMP) complain of the many requirements and the uncertainty of tenure in Industrial Forest plantations.</p> <p>The processing of applications for both special uses of forest lands and the industrial forest plantation leases takes long and there has been so many changes in policies.</p> <p>The lease holders of IFM plantations claim that there are not enough incentives for participation in the Program.</p>

**GENERAL
COMMENTS**

There are no clear guidelines in determining current value of forest lands so very often FMB appraisers use the LGU Assessor's Schedule of Market Values for lands and the Schedule of Construction Cost for buildings and other structures.

There are no guidelines either for the depreciation of improvements.

Considering the amount of valuation/appraisal that are being undertaken by DENR-FMB and FMS as well as LMB and LMS, licensed appraisers or specialized and technically trained personnel placed in the Regional and Central Offices of DENR would ensure that government properties are not undervalued.

Clear, simple and easy to understand guidelines would help the agency appraisers especially in far-flung municipalities.

LAND VALUATION POLICY STUDY

**LAND MANAGEMENT BUREAU (LMB)
and
LAND MANAGEMENT SECTOR (LMS)**

**VALUATION
SYSTEM**

The Land Management Bureau and the Land Management Sector of each DENR Regional Office are responsible for the appraisal and reappraisal of lands and improvements under the jurisdiction of DENR for the purpose of determining the selling price or rental of such real properties.

Four (4) appraisal committees comprising of staff from LMB, LMS, and LGUs are created by either the LMB Director or Regional Executive Director of DENR to appraise alienable and disposable lands and other real properties of the government not placed under the jurisdiction of other agencies as well as the improvements on these lands.

The committees are required under Administrative Order No. 98-20 to prepare and submit an Appraisal report for approval of the authorized DENR official, the LMB Director or the DENR Secretary.

The three (3) commonly used approaches to value are the: Market Approach, Cost approach or Reproduction Cost Approach and Income Approach. AO 98-20 provides that in conducting appraisal certain factors are to be considered such as the highest and best use or potential use of the property, the extent, classification, location, actual use and development trends of the areas etc. AO-98-20 also requires that the appraised or reappraised value of residential and agricultural properties and properties used for institutional or recreational purposes must not be less than the average of the assessor's value and the BIR zonal value. If the property has not been appraised by the Assessor and the zonal value is not available, the market value or the current selling price of properties of similar character in the area as determined by the assessor concerned is utilized.

Reappraisal to update rental is undertaken every five (5) years for commercial and industrial properties and once every ten (10) years for residential and agricultural properties.

Reappraised value is limited to 100% of the preceding appraised or reappraised value (R.A. 141 Sec. 116)

**LAWS,RULES
&
REGULATIONS**

The Public Land Act of 1936 Section 116 requires "the appraisal and reappraisal of public land or improvements subject to concession or disposition x x x".

DENR Administrative Order No. 98-20 prescribes the revised rules in the appraisal of public lands and other patrimonial properties to be used by both LMB AND LMS.

<p>APPRAISAL PROFESSION</p>	<p>No internationally accepted valuation standard is used by either of the agency performing appraisal functions.</p> <p>Not one of the personnel involved in real property appraisal at LMB and LMS is a licensed appraiser neither has anyone taken a course in appraisal. A large number of appraisers are Engineers.</p> <p>The agencies have no valuation training programs for personnel performing appraisal work. Very few are able to attend trainings in real property appraisal offered by Appraisers' associations because they can not afford the training fees.</p>
<p>SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - BIR for zonal values - LGUs for Assessor's Market and Assessed Values - RDO for authenticity of titles, liens and encumbrances - Private Appraisers/Brokers for sales data and data on market values but access to their records is difficult - Lot applicants for their sworn statements of real property ownership and values; - Newspapers, magazines etc. for sales data and rental data; - Banks and Financial Institutions for sales data and data on mortgages.
<p>COSTS</p>	<p>Not available</p> <p>Appraisers of both LMB and LMS say that valuation is only a part of their work.</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(Problems raised by stakeholders)</i></p> <p>Applicants (business firms/companies, individuals) for sale or rent of government land complain that the process is too long and slow and that there is a great deal of political intervention.</p> <p>Lot applicants especially individuals already occupying lots as illegal occupants/ settlers clamour for a much lower price or rent than what has previously been determined by the appraisers following the process provided under AO 98-20 which almost always results in very low valuation as a basis for the price or rent.</p> <p><i>(raised by LMB-LMS)</i></p> <p>The Leaseholder rents land from the government based on very low valuation and rents it out or portions of it to others based on current market value.</p>

**GENERAL
COMMENTS**

Appraisal and reappraisal is undertaken by committees rather than by qualified appraisers.

LMB and LMS appraisers depend a great deal on the Assessors' values and BIR zonal values which are far below the actual or current market values considering that they are infrequently reviewed. The selling price and rentals of government property that are determined on the basis of these appraised values thus are very low.

The guidelines for computing selling price and rentals provide that the minimum rental rates for government properties are three percent (3%) of the appraised value for lands and one percent (1%) for improvements. While these are the minimum rates, the appraisers peg the rates they use on them thus resulting in a further reduced rentals.

According to LMB and LMS appraisers property values are infrequently reviewed and in most cases there is no budget for the process especially at the Regional Offices.

Limiting the increase in the reappraisal of leased properties to 100% of the preceding appraisal or reappraisal value, results in rentals that are significantly lower than the current market value considering that reappraisal is conducted either every 5 years or every 10 years depending on the classification of the property.

AO No. 98-20 - Sec. 3 provides that in appraising or reappraising residential and agricultural properties, the appraised or reappraised value should not be less than the current "assessed value", and for commercial and industrial properties the value should not be less than the average of the "assessed" and zonal values. Considering that the "assessed value" is only a percentage of the Assessor's fair market value, the resulting rental based on this guideline would certainly be unreasonably low. Further on in Sec. 3 however, it states that in the absence of an assessed value and zonal value, the "Market Value" or the current selling price of similar property in the area as determined by the Assessor's office concerned shall be used.

LAND VALUATION POLICY STUDY

BUREAU OF INTERNAL REVENUE

VALUATION SYSTEM

Appraisal of real properties is for internal revenue tax purposes.

Three (3) committees are created to process, review and approve zonal values for land, condominiums or townhomes in each zone or area, as follows:

- (1) Sub-technical Committee prepares and recommends the schedule of zonal values;
- (2) Technical Committee reviews the Schedule and conducts public hearing in revenue district offices; and
- (3) Executive Committee approves the Schedules after which a Department Order is issued by the Secretary of Finance for its implementation.

In computing the internal revenue tax, the value of the property is the higher of the fair market value as determined by BIR or the market value as shown in the schedule of values of the Provincial or City Assessor.

In cases of Capital Gains Tax from the sale of Real Property, the six percent (6%) tax imposed is based on the gross selling price or current fair market value as determined by BIR or the market value as shown in the schedule of base market values of the Provincial or City Assessor, which ever is higher.

Revision of existing schedules of zonal values may be requested in cases of a marked increase in the value of real property .

Appeals for revaluation of approved zonal values are deliberated upon and resolved by the Revaluation Committee.

LAWS, RULES & REGULATIONS

Republic Act No. 8424 of 1997 authorizes the BIR commissioner to divide the Philippines into zones or areas and determine the values of real properties located in each zone or area upon consultation with competent appraisers from both the public and private sector.

Department of Finance Order Nos. 10-92, 11-92, 12-98, and 13-89 creating the Executive, Technical and Sub-technical Committees on Real Property Valuation and providing valuation procedures.

Department orders for the implementation of the approved Schedules of Zonal Values.

Revenue Memorandum Orders and BIR Rulings governing the implementation of the zonal values.

<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>The Asset Valuation Division Personnel involved in zonal valuation have not taken any course in appraisal and not one of them is a licensed appraiser. The Chief of the Division however passed the Real Property Assessing Officer examination administered by the Civil Service Commission, which qualifies one for appointment as an Assessor.</p> <p>Two members of each Committee created for zonal valuation from the private sector are either licensed appraisers or brokers.</p> <p>The Bureau does not have a program for appraisal training. If any of the personnel wants to attend the training offered by private appraisers associations, he has to pay the training fee himself.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - Registry of Deeds for Sales data; - BIR for reports on real estate transactions and surveys; - NAMRIA for maps; - Local Government Units for Assessors valuations, zoning plans and barangay maps; - Private appraisers for market values; - Banks/Financial Institutions for market value of properties; - Property Owner for property valuation and description; and - Notaries Public for gross selling price of real property.
<p style="text-align: center;">COSTS</p>	<p>Not available</p> <p>There is no budget for zonal valuation in both Central and Regional Offices. The valuation function is only an added function.</p> <p>There is no budget for conducting public hearing, or for publication of schedules of values and members of the Appraisal Committee are not paid nor are their expenses reimbursed except for their traveling expenses which is paid by BIR.</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(Raised by stakeholders)</i></p> <ul style="list-style-type: none"> - National Government Agencies <ul style="list-style-type: none"> (a) Properties with informal settlers and properties under water or lower than street level have high value. (b) The Schedule does not provide for the valuation and depreciation of improvements, and there are unlisted streets, condominiums and barangays. (c) The schedule of zonal values is infrequently reviewed - Property Owners <p>If the property is sold to or taken by the government, property owners complain that the zonal value is too low as basis for sale price or compensation.</p>

**GENERAL
COMMENT**

The appraisal process, review and approval of zonal values that are lodged on the three (3) Committees created for the purpose, is a lengthy or time consuming process.

The schedule of zonal values cover only land and condominium so that the schedule of market values prepared by provincial and city assessors are resorted to for valuing other improvements.

Most Schedules do not include values for all property classifications nor do they include any provision for valuation and depreciation of improvements

The Law, Rules and Regulations do not provide for a periodic review of the Schedule of Zonal Values so that very often the values would be far below current market values and in some instances, higher than the existing values. While the Revenue District Officer may request for a revision of the Schedule when there is a substantial increase in values, the delay in some of the processes would still result in values that would be behind current market values.

LAND VALUATION POLICY STUDY

BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)

VALUATION SYSTEM

The Department of Finance (DOF) promulgates rules and regulations and provides guidelines for the classification, appraisal and assessment of real property pursuant to Section 201 of the Local Government Code (LGC) and Article 292 of the Implementing Rules and Regulations (IRR) of the Code.

Article 291 of the IRR provides in this connection that "DOF and provincial governments shall examine on a continuing basis property assessment and real property tax records to ensure the proper implementation of this Rule and determine compliance." The Rule referred to is Rule XXXI - Real Property Taxation.

The Bureau of Local Government Finance (BLGF) of the Department of Finance is responsible for this function. The Central and the thirteen (13) BLGF Regional and Central Offices constantly monitor compliance by the LGUs of the provisions of LGC, Title II and IRR Rule XXXI and rules and regulations issued by DOF or BLGF.

BLGF provided the guidelines for the conduct of real property identification through tax mapping, mass appraisal and records management. BLGF provided also the guidelines in the preparation of schedules of Base Unit Market Values for use in each general revision of assessments required to be undertaken every three (3) years. The same schedule is used in appraising real properties between general revision of assessments. In the preparation of these schedules the three (3) common Approaches to value are used - Comparative Sales/Sales Analysis Approach, Income Capitalization Approach and the Reproduction Cost Approach. The Sanggunian Panlalawigan and Panglunsod adopt the schedule of values through an Ordinance.

Valuations made by the Assessors of the Province, City or Municipality of Metro Manila may be appealed to the Local Board of Assessment Appeals sixty (60) days from the date of receipt of the notice of assessment.

The decisions of the LBAA may then be appealed to the Central Board of Assessment Appeals.

LAWS, RULES & REGULATIONS

Republic Act No. 7160 known as the Local Government Code of 1991, Book II, Title II and its implementing rules and regulations, governing real property assessment and taxation.

Department Orders relative to real property tax administration.

APPRAISAL PROFESSION

A few of the senior staff of BLGF are licensed appraisers and a few passed the Real Property Assessing Officers examination administered by the Civil Service Commission.

<p>APPRAISAL PROFESSION</p>	<p>The educational background of BLGF staff at the Central and Regional Offices are diverse, engineers,lawyers, accountants etc. A number of them have had trainings in other countries, most of which are in area of finance including real property valuation and taxation.</p> <p>Several have had extensive trainings in real property valuation and local taxation.Most of them have become BLGF trainers in real property tax administration. The Bureau has a continuing training program for Local Government Assessors and Treasurer and their personnel especially on real property valuation and taxation.</p>
<p>COSTS</p>	<p>Not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by Provincial/City/Municipal/Assessors)</i></p> <ul style="list-style-type: none"> - Many assessors complain of the delay in the review of the schedule of Market Values by the Sangunian and the issuance of the implementing ordinance resulting in non-compliance with the Local Government Code provision that the general revision of assessments be undertaken every three (3) years. - The provision for equal sharing by the province and the municipalities of the costs of general revision of assessments as provided in the Code is not enforced. - The requirements under the Code that geodetic engineers/surveyors furnish copies of their survey plans/maps to Assessors and for Registrar of Deeds furnish Assessors with their monthly reports of transactions are also not enforced. <p><i>(raised by others)</i></p> <ul style="list-style-type: none"> - Users of assessor's valuations and Schedules of Market Values especially national government agencies complain that the market values are very low. - Property owners who claim for compensation especially for untitled lands complain that the assessor's Schedules of Value are far below actual market values and should not be made a basis for determining compensation. <p><i>(raised by BLGF)</i></p> <ul style="list-style-type: none"> - Difficulty in enforcing assessment regulations especially at the municipal level.
<p>GENERAL COMMENT</p>	<p>Since 1982 BLGF has been administering the Real Property Tax Administration (RPTA) Project with assistance from USAID and the World Bank. The project components are Tax Mapping, Appraisal and Records Management and Real Property Tax Enforcement. In later years computerization was included in the Records Management component. As of December 31, 2001 956 Municipalities and 62 Cities have undertaken the Project and all municipalities in 21 Provinces have undertaken the projects except computerization in some municipalities.</p>

**GENERAL
COMMENT**

An assessment manual in draft form has been prepared by BLGF. When approved it would standardize appraisal and assessment procedures. It would also allow for more efficient monitoring of compliance by LGUs of the assessment laws, rules and regulations.

BLGF however, failed to provide adequate support facilities to improve valuation systems. Critical information which are available in other government agencies and private appraisal firms have not been compiled and disseminated.

BLGF also failed to develop and implement a continuing development program for assessors and personnel undertaking real property appraisal.

LAND VALUATION POLICY STUDY

DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

VALUATION SYSTEM

Valuation of real property by the Department of Public Works and Highways (DPWH) is undertaken when the government acquires property for right-of-way, site or location for any national government infrastructure project and other purposes thru exchange or barter, negotiated sale, purchase or expropriation.

The valuation process is governed by the provisions of R.A. 8974 and its implementing rules and regulations.

The appraisal method prescribed for land are:

- in case of exchange or barter, the properties being exchanged should be equivalent in market value or price;
- in negotiated sale or purchase, the government agency offers the current zonal value but if the owner does not agree, they shall determine the value taking into consideration several factors;
- in expropriation, the DPWH upon filing of the complaint pays the property owner the amount equivalent to 100% of the value of the property based on the current zonal value.

The valuation of the improvements and/or structures is by the replacement cost method.

R.A 8974 also provides that in case the property owner in a negotiated sale does not agree with the zonal value, DPWH negotiates with the owner the purchase price but the amount should not be higher than the market value of the property to be determined by using the following standards:

- The classification and use for which the property is suited;
- The development cost for improving the land which shall be based on the records and estimates of the City or Municipal Assessor concerned;
- The value declared by the owner as shown in their latest tax declaration or sworn statement;
- The current selling price of similar properties in the vicinity;
- The disturbance compensation;
- The size, shape or location, tax declaration and zonal valuation of the land;and
- The price of the property as manifested in the ocular findings, oral as well as documentary evidence presented.

DPWH also engages the services of the government financing institutions and/or private appraisers accredited by the agency to undertake the appraisal of the property.

<p>LAWS, RULES & REGULATIONS</p>	<p>Administrative Order No. 50 dated February 17, 1999 which sets the guidelines in the acquisition of certain parcels of land intended for public use. It also provides the standard for the assessment of the value of land subject to expropriation proceedings. Some of the factors required to be considered are the value declared by the owner, current selling price of similar lands in the vicinity, the size, shape or location, tax declaration and zonal value.</p> <p>Republic Act No. 8974 dated Nov. 7, 2000, an Act to facilitate the acquisition of right-of-way, site or location for national government infrastructure projects and for other purposes, and its Implementing Rules and Regulations dated February 12, 2001.</p>
<p>APPRAISAL PROFESSION</p>	<p>Like most government agencies, there are no formally qualified appraisers at the Central and Regional Offices.</p> <p>The agencies have no training program in real property valuation for their appraisers.</p>
<p>SOURCES OF INFORMATION</p>	<p>BIR for Zonal Valuation</p> <ul style="list-style-type: none"> - LGUs for Assessor's valuations, schedules of values and records of real properties expropriated and/or subject of sale or lease. - Property owners for property values as appearing in their sworn statements periodically filled with the Assessor's Office. - Registrar of Deeds for sales data. - Appraisers/Brokers for fair market values of properties, bank and financial institutions for market value.
<p>COSTS</p>	<p>Data not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(Raised by Property Owners)</i></p> <ul style="list-style-type: none"> - They claim that it takes a long time before they are paid the compensation or purchase price. - Property owners complain that zonal values are lower than the current market values. <p><i>(Raised by Agency)</i></p> <ul style="list-style-type: none"> - Supporting documents submitted by property owners are often not reliable.
<p>GENERAL COMMENTS</p>	<p>Republic Act. No. 8974 requires that the agency acquiring real property for any national government infrastructure projects through expropriation shall upon filing of the complaint pay the property owner the sum of 100% of the value of the property based on the current zonal value for the land and the value determined by the agency for the improvements and/or structures. The agencies claim that there is a risk that after payment of the amount other persons claim ownership to the property particularly in areas where not all properties are titled. These places are those where a lot of infrastructures projects such as roads, buildings, etc. are located.</p>

LAND VALUATION POLICY STUDY

DEPARTMENT OF TRADE AND INDUSTRY

VALUATION SYSTEM

The Department of Trade and Industry (DTI) does not perform real property valuation. It is responsible for the licensing and supervising of real estate salesmen, brokers, appraisers and consultations and realty services organization.

Ministry Order No. 39 was issued in 1983 prescribing rules and regulations governing the DTI function of licensing and supervision. The purpose of its issuance are :

- to protect the public from dishonest or incompetent salesmen, brokers, appraisers and consultants;
- to prescribe standards and qualifications for these realty service practitioners;
- to maintain high standards in the real estate profession; and
- to protect licensed real estate salesmen, brokers, appraisers and consultants from unfair or improper compensation.

LAWS, RULES, & REGULATIONS

Ministry Order No. 39 Series of 1985 prescribing the rules and regulations governing the licensing of real estate salesmen, brokers, appraisers and consultants and realty service organization.

Department Order No. 22 Series of 1987 amending Section 4, Art. V of Ministry Order No. 39 which pertains to qualification of applicants for a license to engage as real estate salesman, broker, appraiser or consultant.

Department Order no. 6 series of 1994 prescribing the manner of qualifying realty services practitioners.

Department Order No. 3 Series 1999 prescribing rules and regulations governing the implementation of the continuing education program for realty service practitioners.

APPRAISAL PROFESSION

The qualifications of an applicant for a license to engage as real estate appraiser are:

- He must be at least 21 years old.
- He is honest, truthful and of good moral character
- He has not been convicted of any offense involving moral turpitude.
- He must have completed a four (4) year baccalaureate degree
- He must have at least five (5) years experience as licensed real estate broker or five (5) years experience as an appraiser in a government agency, banking/financial institution or in any company involved in real property appraisal and must have passed a real estate appraiser examination given by the Bureau.

In cases where a person who passed the examination given by DTI failed to secure a license within two (2) years from the date of passing the examination or where a person failed to review his/her license for three (3) consecutive years, he/she must complete twenty (20) hours of training before a license can be issued or renewed.

<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>DTI-BTRCP does not undertake real property valuation. Its responsibilities only involve the licensing and supervision of real estate salesman, brokers, appraisers and consultants and realty service organizations.</p>
<p style="text-align: center;">COSTS</p>	<p>Not available</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p>Representatives of different Real Estate organizations are advocating the professionalization of real estate appraisal brokering and service. The organizations are supporting a bill in Congress aimed at transferring the functions and conduct of examinations, licensing and supervision of real estate brokers and appraisers from DTI-BTRCP to the Professional Regulatory Commission (PRC).</p>
<p style="text-align: center;">GENERAL COMMENTS</p>	<p>Given the enormous functions of DTI-BTRCP, it failed to provide sufficient attention to improve the real estate brokering and appraisal profession. Professionalization of real estate service is spearheaded mainly by real estate organization instead of the DTI-BTRCP through provision of training seminars.</p>

LAND VALUATION POLICY STUDY

DEVELOPMENT BANK OF THE PHILIPPINES (DBP)

VALUATION SYSTEM

Activities of the Bank in the implementation of its mandate necessitate property valuation. Such activities include retail loans, special financing programs of the government, specialized agricultural financing programs, socialized housing projects, housing loans and others. It also disposes bank-owned assets and those acquired by purchase and lease. During the term of a loan, a periodic revaluation is also undertaken.

All appraisal activities of the Bank are now centralized to allow for easier and better standardization of methods and policies and to minimize possibility of error.

The Bank appraisal data such as those from Deeds of Sale, Brokers' opinion, news paper advertisement and sales offering are assigned each a percentage reliability factor. In the succeeding stage of the appraisal process there are other factors considered and each is also assigned a percentage factor to add or deduct from the data gathered. The Bank has a set of guidelines and procedures in computing for the appraised or reappraised value of the property.

External appraisers are sometimes engaged to help the in-house appraisal team in cases of major properties or where the loan applied for involves substantial amount and in cases where loans are restructured.

The hiring of private appraisers is done through public bidding.

LAWS, RULES & REGULATIONS

The Bank is mandated to extend loans and other financial assistance to a wide range of borrowers including financing the various government development programs.

Valuation policies and methods are set by the Board of Directors

APPRAISAL PROFESSION

The Bank (Central office) has twenty (20) personnel involved in property appraisal. Only two (2) of them are licensed appraisers. The appraisers took courses in engineering, architecture or agriculture.

The Bank strictly enforces the qualification standard for hiring. Some of these are possession of appropriate academic qualifications and experience as well as appropriate psychological and attitudinal qualities.

The Bank also has a continuing development program for the appraisers.

SOURCES OF INFORMATION

- Appraisers and Brokers for market data
- Notaries Public for sales data
- Property Developers for sales offering etc.
- DPWH for road network map.
- LGU for data from the Engineers Office etc.
- Property Owners for copies of their sworn statement of property values.

<p>COSTS</p>	<p>Not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by the Bank)</i></p> <p>Property owners -data furnished are seldom reliable</p> <p>Loan applicants - data furnished are not very reliable and they are slow in submitting required documents</p>
<p>GENERAL COMMENTS</p>	<p>DBP is very much concerned in maintaining the integrity of the valuation process so that the qualification standard for hiring appraisers is strictly enforced and the training program for Appraisers includes attendance in seminars offered by private appraisers associations as the IPREA.</p> <p>Considering that the Bank appraisers are technically trained well and several are licensed appraisers other government agencies frequently engage or request for their valuation service. NHA, PEA and other government agencies have among their accredited appraisers the DBP.</p>

LAND VALUATION POLICY STUDY

LAND BANK OF THE PHILIPPINES (LBP)

VALUATION SYSTEM

The Land Bank of the Philippine was created under R.A. No. 3844 dated August 3, 1963 to " finance the acquisition by the government of landed estates for division and resale to small landholders as well as the purchase of the landholding by the agricultural lessee from the landowner."

To accelerate the implementation of the Comprehensive Agrarian Reform Program of the government, Executive Order No. 405 was issued on June 14, 1990 "vesting in the Land Bank of the Philippines the primary responsibility to determine the land valuation and compensation for all lands covered under RA No. 6657"

Upon the transfer of land valuation and determination of compensation in 1990 to Land Bank from DAR, Land Bank (LBP) created the Land Valuation and Compensation Offices in twelve (12) LBP Field Offices to decentralize land valuation and compensation determination.

The rules and regulations governing the valuation of lands subject to acquisition whether under voluntary offer to sell (VOS) or compulsory acquisition (CA) pursuant to RA No. 6657 are covered by DAR Administrative Order No. 05 dated April 15, 1998.

The Administrative Order provides that the basic formula for the valuation of lands under VOS or CA is :

$$LV = (CNI \times 0.9) + (MV \times 0.1)$$

LAWS, RULES & REGULATIONS

Republic Act No. 3844 dated August 8, 1963 that created the Land Bank of the Philippines (Sec. 74) and attached the same to the Department of Land Reform as its credit arms.

Presidential Decree No. 462 dated May 17, 1974 transferred the assets and liabilities as well as certain powers of the Agrarian Reform Fund Commission to the Land Bank of the Philippines.

Executive Order No. 405 dated June 14, 1990 " vesting in the Land Bank of the Philippines the primary responsibility to determine the land valuation and compensation for all lands covered by RA 6657"

Guidelines in the valuation of Rubber Lands is issued in a Joint DAR-LBP Memorandum circular No. 07 Series of 1999 and Joint DAR-LBP Memorandum Circular No. 15.

There are guidelines for the valuation of lands planted to other crops/trees such as mangoes and commercial trees that were submitted jointly by BLAD-DAR and Land Bank for approval and others are being prepared.

Valuations made by Land Bank may be appealed to any of the Adjudicator Board, Land Bank may also appeal a Board Decision to the Special Agrarian Court.

<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>Land Bank Appraisers assigned to the Land Valuation and Compensation Offices in the Land Bank Field Offices are not licensed appraiser.</p> <p>Appraisers of the Central and Regional LBP Offices have not taken any course in real property appraisal. Most of them are Engineers and Accountants.</p> <p>The Bank (at the Head Office and Field Offices) conduct on-the-job training in real property valuation for their appraisers. A few attend the short-term training course that appraisers' association offer from time to time.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>National Government Agencies</p> <ul style="list-style-type: none"> - Department of Agriculture for production data; - Sugar Regulatory Board for data on sugarcane etc.; - DENR for maps etc. - LRA/ROD for titles, data on property etc.; - Philippine Coconut Authority for data on coconut production etc. <p>Local Government Units</p> <ul style="list-style-type: none"> - Assessor's Office for real property tax assessment data, tax maps, Schedule of Market Values - Engineering office for data on improvements on lands covered by the Land Reform Program <p>Appraisers for</p> <ul style="list-style-type: none"> - Deeds of conveyance - Market data <p>Property Owners</p> <ul style="list-style-type: none"> - Statement on production and net income
<p style="text-align: center;">COSTS</p>	<p>Not available</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by Stakeholders)</i></p> <ul style="list-style-type: none"> - Owners of lands covered by OLT claim that the compensation they receive are not "just compensation" considering that they are far below CARP land valuation <p><i>(raised by LBP)</i></p> <ul style="list-style-type: none"> - Difficulty in getting information/data from national government agencies, local government agencies and from the private sector. - Limited information given by most agencies - Market Values of LGU assessors are far below actual Market Value

**GENERAL
COMMENTS**

For land owner's compensation under PD 27, the cost per Cavan of palay at P 35 and of corn at P 31 are far below current price. Moreover in the computation of the unpaid landholdings (rice or corn) the number of years to be considered is only up to October 27, 1994 and not up to the time the whole amount is paid.

In a survey made by BLAD for the study team it is shown that the acceptance of the land valuations made for CARP lands is 67%. The number of cases was 565 land owners who received the Notice of Land Valuation, in seven (7) provinces (from Luzon, Visayas and Mindanao). Fourteen percent (14%) rejected the valuations and have appealed the valuations while nineteen percent (19%) did not reply

LAND VALUATION POLICY STUDY

GOVERNMENT SERVICE INSURANCE SYSTEM

VALUATION SYSTEM

Real property valuation is undertaken by the Government Service Insurance System in accordance with the provisions of PD 1146 as amended by RA 8291 also known as The Government Service Insurance system Act of 1997.

The Housing Business and Acquired Assets Administration Group (HBAAG) is responsible for the real property appraisal function of GSIS.

Real property valuation is undertaken in connection with the ff:

- granting of mortgage - backed residential or commercial loans to its members;
- acquisition of real estate relative to the low-cost housing projects GSIS is involved in pursuant to PD 745,
- disposition of acquired assets.

The funds of GSIS which are not needed to meet the current obligations are invested in accordance with provisions of RA No. 8291, specifically Sec. 34, Sec. 35 and Sec. 36.

Some of the loans and investments requiring valuation are the ff:

- direct housing loans to members;
- group housing project secured by first mortgage;
- real estate property including shares of stocks involving real estate property; and
- investments secured by first mortgage on real estate

In connection with the disposition of acquired assets, GSIS is required under Section 49 of RA 8291 to "conduct an annual appraisal of its properties or acquired assets to determine its current market value."

GSIS appraisers use the three most common approaches to value - the market data approach, the reproduction cost approach, and the income capitalization approach.

GSIS established procedures for the valuation of specific types of real properties to insure uniform procedures used by GSIS appraisers nationwide.

The latest and additional housing loan that GSIS offers its members is the House Repair/Improvement Loan based on collateral valuation. The loan to collateral ratio is maintained at 90% of the appraisers value of the improvements to be introduced.

The formula is used in determining the loanable amount :

- Reproduction Cost New (RCN) = Cost per square meter x Floor area in square meter

- Depreciated Actual Value (DAV) = $\frac{30 \text{ years less number of years used} \times \text{RCN}}{30 \text{ years}}$

(Note : 30 years is the estimated useful life)

<p style="text-align: center;">VALUATION SYSTEM</p>	<ul style="list-style-type: none"> - Validated Estimated Cost of Repairs/Improvements = Total Estimated Cost of Materials, Labor and Miscellaneous Expenses submitted by the borrower, and validated. - Estimated Value of Building Upon Completion of improvement/Repair = Depreciated Actual Value (DAV) + Validated Estimate Cost of Repairs/Improvements - Loanable amount = (Estimated Value of Building Upon Completion of Improvement/Repair + Appraised Value of the Lot) x 90 %. <p>GSIS also engages the services of accredited private appraisal firms in some cases.</p>
<p style="text-align: center;">LAWS, RULES & REGULATIONS</p>	<p>Commonwealth Act No. 186 dated November 14, 1936 establishing a Government Service Insurance System to promote the efficiency and welfare of government employees.</p> <p>Presidential Decree No. 745 dated July 15, 1975 liberalizing the financing and credit terms for low-cost housing projects.</p> <p>Presidential Decree No. 1146 dated May 31, 1977 otherwise known as the Revised Government Service Insurance Act of 1977, that increased and integrated the social security and insurance benefits of members.</p> <p>Executive Order No. 90 dated December 17, 1986 identifying the government agencies essential for the national shelter program. GSIS is identified as one of three (3) support agencies and the primary provider of funds for long term housing mortgages for low and middle-income government employees.</p> <p>Republic Act No. 8291 dated May 30, 1997 known as The Government Service Insurance system Act of 1997, which expanded and increased the coverage and benefits of the System.</p>
<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>There are ten (10) appraisers at the head office and an average of two (2) in each of the branches. Not one among them is a licensed appraiser.</p> <p>The System does not require that personnel conducting real property appraisal should be professionally qualified.</p> <p>The system conducts training in real property valuation for the appraisers. Sometimes private appraisers are invited to conduct the training. Some of the appraisers attend the short-term training courses offered by private appraisers' associations as the IPREA, PARA, AVA, etc.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>National Government agencies as: GFIs for 'collateral values' BIR for zonal values</p> <p>Local Government Units Assessors' Valuations and Schedules of Market Values Data Assessors for tax maps and property records</p> <p>City/Provincial Engineering Office for road network, other maps.</p>

<p>SOURCES OF INFORMATION</p>	<p>Private Sector Private appraisers/brokers for sales data Local officials for opinion of market values Banks and Financial Institutions for market data, 'collateral values'</p> <p>Property owners for their property records, sworn statements to their property values and opinion of property values</p>
<p>COSTS</p>	<p>Data not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by GSIS officials and personnel)</i></p> <p>GSIS could not get the full value of properties it sells or leases because of the presence of illegal occupants and when they sell the property to the illegal occupants under some of the shelter programs, the selling price is far below actual market value. This is particularly true in Metro Manila.</p> <p>The presence of illegal occupants in many of the real property owned by GSIS through out the country are difficult to dispose of.</p>
<p>GENERAL COMMENT</p>	<p>The large amount of contribution of almost two (2) million members and the earnings and accruals that are held in trust and administered by GSIS, which it is authorized to invest and the extent of the acquired assets and real property owned by GSIS clearly shows the necessity of sound valuations.</p> <p>While GSIS has established procedures for valuation there is still a need for professionally qualified appraisers not only to conduct appraisal but also to develop and implement an effective training program for appraisers particularly in GSIS field offices.</p>

LAND VALUATION POLICY STUDY

HOME GUARANTY CORPORATION

VALUATION SYSTEM

The Home Guaranty Corporation (HGC) is one of the primary housing agencies responsible for the accomplishment of the National Housing Program. The Housing and Urban Development Coordinating Council (HUDCC) coordinates the activities of these government housing agencies.

HGC is mandated to assist private developers to undertake low and middle income mass housing production and encourage the private sector and the LGUs to channel funds to finance housing development and long-term mortgages through a system of guarantees, loan insurance and other incentives.

HGC appraises the properties subject to development to determine the levels of home insurance or guaranty coverage. One of the requirements for credit guaranty which involves appraisal of properties is in cases of "simple family residence" where the principal obligation shall not exceed:

- (1) 100% of the appraised value of the property for socialized housing packages;
- (2) 90% of the appraised value of the property for the low - cost housing;
- (3) 80% of the appraised value for medium-cost housing; and
- (4) 70% of the appraised value of the property for open-housing.

The real property appraisal requirements of the corporation are undertaken by the Technical Services Department. The appraisers use the guidelines provided in the

- (1) appraisal of raw lands
- (2) appraisal of developed subdivision referred to as preliminary appraisal; and
- (3) house appraisal.

Rawland Appraisal

This refers to the valuation of a real estate property in its present condition and classification.

- Methodology used : Market data or sales comparison
 - Parameters: sources of data such as - Assessor's Office, BIR, subdivision owners or developers, realtors or brokers, sales transactions, etc.
 - Comparability analysis of data and corresponding adjustments such as for location, land usage etc.
 - Time of data - six months to 1 year
 - Radius of source - adjustment properties and those not exceeding 2 km in urban areas and 5 km in rural areas
- Engineering or Cost Approach - This is used only when there is no comparable housing sites or verified market values of developed residential lots available.

**VALUATION
SYSTEM**

The formula used is:

$$\text{MVDL} = \frac{(\text{RAV} \times \text{DSCF}) + (\text{LCD} \times \text{TAF})}{\text{TSA}}$$

MVDL - Market Value of developed lot
RAV - Rawland appraisal values
DSCF - Developed Soft Cost Factor
LDC - Land Development Cost
TAF - Total Appraisal Factor
TSA - Total Saleable Area

Preliminary appraisal (PA)

This refers to the valuation of a project's developed saleable area on a per square meter and house model offerings. The PA serves as the developer's guide for product pricing and business inputs for planning and decision - making.

- Methodology

-- Market Data or Sales Comparison Approach - The sources of data and parameters are considered and a formula is used.

-- Cost Approach - This is used in the absence of data source and in areas where comparable housing site is not available.

House appraisal

This is the valuation of housing unit(s) either for construction or existing ones.

- Methodology

-- Engineering or cost approach is used in appraising housing units that are:

(1) for construction and newly constructed ones using the formula

$$\text{AVH} = (\text{L} \times \text{M}) \times \text{TAF}$$

where L = Labor cost based on prevailing labor rate of construction skills and average production capabilities

M = Materials cost based on prices published by Construction Industry Authority of the Philippines (CIAP) less 5%.

(2) for existing house using the formula

$$\text{AVEH} = (\text{RC} - \text{DC}) \times \text{TAF}$$

where RC = Reproduction Cost

DC = Depreciation Cost

TAF = Total Appraisal Factor

AH = Age of House

EL = Economic life of house or 30 years

-- A house may also be appraised thru Unit-In-Place modular cost

Most appraisers however simply use 1.6 as the total appraisal factor (TAF)

In the disposition of properties the agency uses the services of two (2) private appraisal firms. The appraisals submitted are then averaged.

<p style="text-align: center;">LAWS,RULES & REGULATIONS</p>	<p>Republic Act No. 8763 dated March 7, 2000 renaming the Home Insurance and Guaranty Corporation (HIGC) to Home Guaranty Corporation (HGC) and consolidating and amending pertinent provisions embodied in RA Nos. 580, 1557, 5488 and 7835 and EO 90.</p> <p>Republic Act No. 8763 provides additional functions, a few of which are:</p> <ol style="list-style-type: none"> 1. To promote homebuilding and land ownership giving primary preference to the homeless and underprivileged. 2. To guarantee the payment in favor of a natural or juridical person of any and all mortgages, loans and other forms of credit facilities; 3. To assist private developers to undertake socialized, low and medium cost mass housing projects; etc. <p>Republic Act No. 7835 dated December 16, 1994 providing for a comprehensive and integrated shelter and Urban development financing program</p> <p>Executive Order No. 90 dated December 17, 1986, identifying the government agencies essential for the national shelter program and defining their mandates and creating the Housing and Urban Development Coordinating Council (HUDCC). HUDCC's main function is to coordinate the activities of the government housing agencies.</p>
<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>The Technical Services Department is manned by Engineers and Architects. Presently, of the 29 appraisers at the Head Office and the four (4) main regional centers, two thirds (2/3) are Engineers and one third (1/3) are architects. The entry requirement to the department is that one must be a licensed Engineer or licensed Architect.</p> <p>Eighty percent (80%) of the appraisers are licensed appraisers. No one however took a course in appraisal and the only training they could avail of are the short-term courses of a week or two offered by private appraisers' associations.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - Subdivision owners/developers for sales data - Appraisers and appraisal firms for sales data/market values - Banks/Financial Institutions for property market data etc. - Realtors/Brokers for sales data - Assessors for market values and tax maps - BIR for zonal values - News papers, classified advertisement for sales data - DENR for cadastral maps - LRA/ROD for subdivision plans etc. - Geodetic Engineers for Lot survey plans - DPWH for road maps and other maps as topographic survey maps - Construction Companies for building costs
<p style="text-align: center;">COSTS</p>	<p>Not available</p>

<p style="text-align: center;">STAKEHOLDERS, ISSUES & PROBLEMS</p>	<p><i>(raised by HGC)</i></p> <p>Applicants - the data they provide are not always reliable that they need a great deal of verification etc.</p> <p>Assessor's market values and BIR's zonal values are below actual market values and both are infrequently reviewed.</p> <p>The sales data in deeds of sales are not always reflective of true values of properties..</p>
<p style="text-align: center;">GENERAL COMMENTS</p>	<p>HGC is the only agency that has as many as 80% of their appraisers licensed appraisers or twenty three (23) of the twenty nine (29) appraisers. Not one of the national government agencies undertaking real property valuation has licensed appraisers in their employ.</p> <p>HGC appraisers recommend that educational institutions include in their curriculum Property Appraisal and for it to be viable, it needs the support of the government and the private sector particularly the appraisers' associations as well as the assessors' organizations.</p> <p>The appraisal factor used by the housing agencies in the appraisal of houses is pegged at 1.6, which was based on 1998 data. The appraisers of HGC recommend that this be reviewed frequently.</p> <p>The housing agencies all have either a Technical Service Department, Technical Service Unit or Technical Service Group, performing real property appraisal. Most of the appraisers the Valuation Policy Study group talked with say that there should be a "central appraisal policy" that HUDCC as the coordinating agency requires the housing agencies to follow.</p> <p>In view of the qualifications and capabilities of HGC appraisers, their services is very often requested by other agencies. HGC appraisers are among the accredited appraisers by other agencies as the NHA and NHMFC.</p>

LAND VALUATION POLICY STUDY

LOCAL GOVERNMENT UNITS (LGUs)

The following are common in all the local government units (LGUs) visited and in most LGUs in the Philippines considering that they are required by or based on laws, rules and regulations.

The appraisal of real property in a Local Government Unit (LGU) is governed by the Local Government Code of 1991.

The Code provides that the Assessor in a Local Government Unit is responsible for the appraisal and assessment of all real properties within the LGU whether taxable or not and the Department of Finance issues the rules and regulations governing the classification, appraisal and assessment of real properties.

The Code also provides that all persons owning or administering real property shall declare the true value of their property/ies and submit to the assessor within six months prior to a general revision of assessments period. If a property has been discovered not to have been declared, the Assessor declares the property in the name of an "Unknown Owner".

Schedules of Fair Market Values (SFMV) and Base Unit Construction Costs for buildings and other structures are prepared by the Provincial and City Assessors and the Municipal Assessors of Metro Manila to be used in the general revision of assessments and in the appraisal and assessments that have to be undertaken between general revisions.

In the preparation of the Schedules the three (3) common approaches to value used in estimating the base unit market value for each class and sub-class of real property are:

- market data or sales analysis approach;
- income capitalization approach;and
- reproduction cost approach.

The same approaches are used in appraising properties not covered by the Schedules.

Schedule of Values are revised for each general revision of assessments which is supposed to be undertaken every three(3) years.

The actual use of a property is the basis for assessment. An assessment level is applied on the market value arrived at to determine the assessed value. The Code provides the maximum or limit of assessment levels for each of the six (6) land classifications and five (5) classifications of buildings and other structures and machinery. The Sanggunian determines the rates of assessment level to be applied on the appraised values in the locality thru an ordinance.

A system of appeals is provided by the Local Government Code (Sec. 226). Appeals are filed with the Local Board of Assessment Appeals (LBAA) and their decisions may be elevated to the Central Board of Assessment Appeals (CBAA) whose decisions are final and executory.

VALUATION SYSTEM

**LAWS, RULES
&
REGULATIONS**

The Local Government Code or Republic Act No. 7160(Book II, Section 197 to 245) and its implementing rules and regulations, governing the appraisal and assessment of real properties.

Section 200 of the Code places the responsibility for the proper, efficient and effective administration of the real property tax primarily on the provinces and cities and the municipalities of Metro Manila. The Code also provides the fundamental principles to be strictly observed and complied with in real property valuation.

Assessment rules and regulations, one of the most important of which is Assessment Regulation No. 1-92 governing the conduct of general revision of assessments.

LGU ordinances are enacted for the implementation of the schedules of fair market values submitted by the Assessors

**APPRAISAL
PROFESSION**

Not one of the Assessors and only one of the personnel performing valuation functions in the LGUs visited is a licensed appraiser and not one of them has taken any appraisal course. A large number of assessors in the country are Engineers and Lawyers.

Some Assessors and Assessment personnel passed the Real Property Assessing Officer examination administered by the Civil Service Commission. The examination qualifies one for appointment to a government assessor position.

Assessors and their personnel attend training on real property tax administration conducted/offered by the Bureau of Local Government Finance or Private Appraisers' Associations.

Some Assessors have taken short courses in Property Valuation in countries that offer such to the Philippine Government as Taiwan and Malaysia.

**SOURCES
OF
INFORMATION**

In all LGUs visited and in most LGUs in the country information is sourced from the following:

(a) National Government Agencies:

- DENR for maps, survey plans, subdivision plans, list of government lands leased to taxable persons, data on forest concessions, etc;
- DTI for updated and standard list of prices of construction materials;
- Bureau of Customs for landed cost of imported machineries, equipment etc;
- DAR for information on lands covered by the agrarian reform program
- Registry of Deeds for property transactions;
- DPWH for road network maps;
- BIR for schedules of zonal values; and others
- LRA for Land information such as titles, subdivisions (titled properties) etc.

(b) Appraisers/Brokers for sales data;

(c) Banks and Financial Institutions for appraised values of mortgaged real properties, cost of imported machinery and construction materials etc;

(d) Property owners for information about their properties as stated in their sworn statements which they are required to submit to the Assessor's Offices periodically.

(e) Notaries Public for deeds of conveyances/ for information on transactions covering real properties.

(1)The Local government Code (LGC) requires the conduct of general revision of assessments every three (3) years but very few Local Government Units (LGUs) do so and in most cases the assessors concerned prepare and submit the required Schedules but the Sanggunians concerned do not enact the ordinance implementing these or it takes long before Sanggunian act on them.

(2) The Property owners the study team talked with commented that they and many others are confused as to what the market value of their properties really are, whether it is the assessor's market value, the zonal values, or the value upon which compensation in a few cases is based on.

A comparison of values are shown below:

**GENERAL
COMMENTS**

<u>Tax Declaration Number</u>		<u>Selling Price</u>		<u>Assessor's Value</u>		<u>BIR Zonal Value</u>
6-536	P	60,000	P	2,887	P	40,473
31-831		90,000		36,000		34,000
31-826		198,000		26,000		66,000
31-817		122,700		32,720		144,520
2-1541		960,000		122,576		1,020,815
31-949		204,500		32,720		122,700
6-524		100,000		44,400		456,735
31-934		90,000		17,940		89,700
31-946		91,000		18,840		91,200
31-979		90,000		18,000		90,000
31-867		180,000		45,000		168,00
31-947		350,000		120,890		329,700
31-948		350,000		120,890		350,000
43-01384		1,660,000		938,600		1,657,500
20-01219		150,000		840,000		300,000
62-07365		500,000		771,900		84,500
24-02594		200,000		1,432,640		454,600
61-02085		2,500,000		2,052,160		2,052,160
27-00377		12,600		129,800		54,000
78-01377		300,000		259,560		417,150
17-01573		43,929		49,500		135,000
24-01043		1,135,000		1,195,920		1,195,920
52-01486		180,000		24,700		24,700

**GENERAL
COMMENTS**

(3) In LGUs visited and in workshops conducted, the common recommendations or comments made are:

- all the twenty nine (29) assessors recommended the depolitization of the valuation function including appointment of assessors to enable assessors to ensure Fair Market Value of every real property as a sound basis for taxation, compensation, special levy and special education fund.
- that there should be a continuing professional development program for appraisers and assessors of every government agency performing valuation functions; and
- a tertiary education should be established with support from government and private appraisers associations.

- while all of the LGUs visited have fully or partially computerized or are starting to computerize the real property tax administration system, not one has developed or intends to develop a computer - assisted valuation. In the case of Sta Rosa, there is a possibility that they can develop a computer-assisted mass appraisal system.

- an Assessment Manual in draft form has been prepared by BLGF but has not yet been finalized and submitted for approval. This Manual embodies the rules and regulations for the classification, appraisal and assessment of real property among others. When approved, it will be an affective guide in real property tax administration.

LAND VALUATION POLICY STUDY

A. QUEZON CITY

VALUATION SYSTEM	<p><i>The following pertain specifically to Quezon City in addition to those that are common to all LGUs visited contained in the preceding pages.</i></p> <p>For the purpose of general revision of assessments in Metro Manila, a schedule of fair market values (FMV) and a schedule of base construction costs for buildings and others structures are prepared for each of the four(4) Treasury and Assessment Districts by the Assessors of the Districts.</p> <p>Since the 1996 general revision, only fifteen (15) appraisal cases have been filed with the LBAA of which three (3) were elevated to CBAA.</p> <p>The presence of a large number of informal settlers in the City and in most parts of Metro Manila, both on government and private lands, has caused market distortion. In appraising such properties, the assessor applies a percentage, depending on the extent of occupancy, on the base market value as per schedule to reduce its market value.</p> <p>The EDP Division of the Assessor's office is presently upgrading their existing system (QC RPATS 2000/RRPAS 2000) and they hope to complete the computerization of the Assessment system this year.</p> <p>The City undertook a general revision of assessments of lands in 1996 and of buildings and other improvements including machinery in 1997. The Assessor submitted to the Sanggunian, Schedules of Values for 2000 general revision but up to now the Ordinance for the implementation has not been enacted.</p>
LAW, RULES & REGULATIONS	<p>Presidential Decree 921 dividing Metro Manila into Local Treasury and Assessment Districts (Sec. 1) and requiring all the assessors of each district to prepare jointly their Schedules of Values pertaining to their district.</p> <p>The Sangguniang Panglunsod has not yet enacted the ordinance for the implementation the schedule of values submitted in 1999 so that the schedule currently used is that covered by an ordinance for the 1996 general revision which was based on prevailing sales data in 1995.</p>
APPRAISAL PROFESSION	<p>There are no licensed appraisers among the 129 personnel of the Assessors Office. There has been no formal training on property appraisal for personnel who are actually involved in tax mapping and appraisal work since the skills development training provided by BLGF in the mid - 90s. Appraisal training is also offered by private appraisers' associations but only a few are able to pay the high fees they charge.</p> <p>A few of the personnel passed the Real Property Assessing Officer (RPAO) examination administered by the Civil Service Commission.</p>

<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>In addition to those mentioned under Sources of Information common to all LGUs visited are:</p> <ul style="list-style-type: none"> - Geodetic Engineers/Surveyors for survey plans - Central Bank for information regarding foreign exchange rate for a given period. - City Building Officials for building specifications needed in constructing the Schedule of Base Unit Construction Costs - Construction firms for information regarding costs of construction materials, machinery etc.
<p style="text-align: center;">COSTS</p>	<p>P 13,313,099 is the annual budget for the Assessor's Office. P 10 M was appropriated in 1995 for the general revision in 1996 and 1997.</p>
<p style="text-align: center;">STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(Issues and problems raised by the Assessor's Office.)</i></p> <ul style="list-style-type: none"> - Local Government Unit (Quezon City Government) - Political intervention in the approval of schedules of market values and in the appointment of assessors. - Bank and Financial Institutions - they give very little information and access to their records is difficult. - National Government Agencies - difficult to get data or information, maps, etc., from them.
<p style="text-align: center;">GENERAL COMMENTS</p>	<p>Political intervention is not only in the appraisal of individual properties but in the determination of base market values in the Schedules. An example is in the value of residential lots classified as first class where the assessor's recommendation of P 30,000 per square meter arrived at thru the application of a widely accepted methodology, was reduced to P 3,000 and others subclassified as 4th to 5th class recommended at P 7,000 to 4,500 per square meter has been reduced to P 1,500 and P 1,200 per square meter respectively.</p> <p>As in other government agencies, national as well as local, the assessors and personnel recommend the inclusion of real property valuation as a degree program in colleges and universities with support from the government.</p> <p>Although the Local Government Code requires the conduct of general revision of assessments every three (3) years the City conducted the same only once since the effectivity of the Code in 1992.</p> <p>One of the problems in appraisal in the City is the existence of fake and duplicating titles and the presence of a large number of informal settlers whose land transactions add to the existence of a large percentage of informal market.</p>

LAND VALUATION POLICY STUDY

B. MUNTINLUPA CITY

VALUATION SYSTEM	<p><i>The following pertain only to Muntinlupa City in addition to those that are common to all of the LGUs visited.</i></p> <p>The City undertook general revision of assessments in 1994 but unable to do so in the succeeding years except to appraise properties that skipped appraisal in the 1994 revision year and correct errors discovered. The Law converting Muntinlupa into a highly urbanized city did not allow the increase in taxes within the period of five (5) years from the date it became a city (1995-2000).</p> <p>The City created an Appraisal Committee to review appraised values arrived at as basis for determining compensation for private lands acquired by the City.</p> <p>The assessment records are computerized and linked to the Treasurer's Office by Local Area Network.</p> <p>There are no data to show the extent of informal market but the Office estimates it to be about 10% of sales.</p>
LAWS & REGULATIONS	<p><i>(In addition to the Local Government Code and Implementing Rules and Regulations)</i></p> <p>The Muntinlupa Revenue Code (Sec. 129) requires the City Assessor to prepare the schedule of market values and schedule of base unit construction costs for the general revision of assessments.</p> <p>Presidential Decree No. 921 requiring Metro Manila Assessors' Offices and Treasurers' Offices grouping into districts etc.</p>
APPRAISAL PROFESSION	<p>Of the 37 personnel of the assessor's office only one is a licensed appraiser and one (1) passed the Real Property Assessing Officer examination administered by the Civil Service Commission.</p> <p>No seminars, workshops or trainings have been offered/conducted since the series of skills development training provided by BLGF in the mid 90's.</p>
SOURCES OF INFORMATION	<p>In addition to those mentioned under Sources of Information common to all LGUs visited are:</p> <ul style="list-style-type: none">- Property Owners for sworn statement of their property values, land titles etc.- DENR for base maps, survey plans etc.- Geodetic Engineers/Surveyors for survey plans- Notaries Public for sales data, deeds of conveyances.- Banks and Financial Institutions for market data- Appraisers and Brokers for sales data etc.

<p>COSTS</p>	<p>P 13,313,099 - regular budget 600,000 - for general revision of assessments</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by the Assessors)</i></p> <p>National Government agencies - access to information is difficult.</p> <p>Property owners - unreliable information regarding real property value, land classification, etc..</p> <p>Local Government - political intervention (review and approval of Schedule of Market Values, appointments of assessors etc.)</p>
<p>GENERAL COMMENTS</p>	<p>With the steady rise in land values in the City as in other cities in Metro Manila, and the City unable to increase base values for taxation within the period of five (5) years following its becoming a City, the assessor may not be able to prepare schedules of values close to the true market value. Presently the values in the schedules are less than 10% of actual market values.</p> <p>As in other LGUs visited (six) and LGUs represented in workshops conducted (twenty three) no Assessor or personnel in an Assessor's Office involved in appraisal took a course in real property valuation and only less than 5% passed the Real Property Assessing Officer Examination.No one of the assessors is a licensed appraiser except one (1)senior personnel of the Muntinlupa Assessor's Office. The Assessor and his group recommend that a course in real property appraisal be offered in colleges and universities and that this should be supported by the Government.</p> <p>As in other LGUs the Assessor and personnel commented that "real property valuation and taxation is too politicized in the Philippines." This results in appraisals that are unrealistic. Property valuations are far below the true and current market values.</p> <p>The Schedule of Fair Market Values and Schedule of Base Construction Costs are prepared for each of the four (4) districts comprising Metro Manila by the assessors in each district.</p>

LAND VALUATION POLICY STUDY

C. TACLOBAN CITY

VALUATION SYSTEM	<p><i>The following pertain only to Tacloban City in addition to those that are common to all of the LGUs visited.</i></p> <p>General revision of assessments has not been undertaken since 1994. Nevertheless the Assessor has been submitting the schedules of values as required by the Code. Values for the Year 2000 is still with the Sanggunian.</p> <p>Assessment records are computerized and tax maps are digitized. Abstract of sales are also encoded. This is important in the construction of schedules of market values.</p>
LAWS, RULES & REGULATIONS	<p>The Local Government Code of 1991 and its implementing rules and regulations as well as Assessment Regulations issued pursuant to the provisions of the Code.</p>
APPRAISAL PROFESSION	<p>Of the 26 personnel of the Assessor's Office not one is a licensed appraiser and no one took a real property appraisal course.</p> <p>The only training undertaken by the personnel is the Skills Development Training provided by the BLGF Central and Regional Offices.</p>
SOURCES OF INFORMATION	<p>In addition to those mentioned under Sources of Information common to all LGUs visited are:</p> <ul style="list-style-type: none">- Office of the Registrar of Deeds for transaction data.- DPWH for abstract of registry, building permits, machinery installation etc.- Geodetic Engineers/Surveyors for survey plans- Appraisers/Brokers for sales data.- Property owners for sworn statements of true market values of their properties- Notaries Public for sales data, deeds of conveyances etc.
COSTS	<p>P 3,515,722 - Annual budget for the office 900,000 - for general revision of assessments</p>

**STAKEHOLDERS
ISSUES
&
PROBLEMS**

(raised by the Assessor's Office)

National Government Agencies - it is difficult to get information necessary in appraisal.

Local Government - they claim that there is too much political intervention especially in the approval of the schedule of Fair Market Values and in the appointment of the assessors and assessment personnel in the Philippines.

Property Owners - property values in the sworn statements they submit pursuant to the Local Government Code do not reflect true market value.

Banks and Financial Institutions - access to their records is difficult.

(raised by the Stakeholders)

Banks - complain that the property values in the City Schedule of Base Market Values are much lower than the true market values.

DPWH - the City Schedules of Values are too low as basis for compensation.

**GENERAL
COMMENTS**

With the Assessment records of the Office computerized and maps digitized it would not be expensive to conduct general revision every three years as required but politicians do not want the Assessor to do so considering that it would result in increased taxes.

The City is one of the few that delivers Notices of Assessment to property owners

Like other Assessor's Offices they recommend that the review and approval of schedules of values be done by DOF and not by politicians.

They also recommend that a degree course in real property valuation should be offered in colleges and universities.

LAND VALUATION POLICY STUDY

D. MANDALUYONG CITY

VALUATION SYSTEM	<p><i>The following pertain only to Mandaluyong City in addition to those that are common to all of the LGUs visited.</i></p> <p>No general revision of assessments of land was undertaken since 1994 when the City lost in a case filed questioning the legality of the Schedule of Values used. In 1997 a partial revision was undertaken where only assessments of improvements (buildings and other structures and machinery) were revised.</p> <p>Like other cities in Metro Manila, the City created an Appraisal Committee to review valuations made as basis for compensation in cases of land acquisition or property disposal.</p> <p>The City engages the services of private appraisers to determine values in cases of expropriation.</p>
LAWS & REGULATIONS	<p>Presidential Decree No. 921, (Sec.1) which divided Metro Manila into Local Treasury and Assessment Districts and defined the functions of various offices including the Assessor's Office as well as the duties of personnel.</p>
APPRAISAL PROFESSION	<p>Like other Assessor's Offices, not one of the personnel involved in property appraisal is a licensed appraiser nor has any one taken an appraisal course.</p> <p>The only training the Assessor's Office personnel had in property appraisal were those conducted or sponsored by BLGF. Training in appraisal are also offered by private appraisers' associations but only a few are able to pay the high fees they charge.</p> <p>Presently there are twenty nine (29) regular personnel.</p>
SOURCES OF INFORMATION	<p>In addition to those mentioned under Sources of Information common to all LGUs visited are:</p> <ul style="list-style-type: none">- Appraisers and Brokers Associations or firms for sales data etc.- Sworn Statements submitted by property owners as required by the Local Government Code.- Construction firms for data needed in the appraisal of buildings and other structures.- Property owners, Realtors and others interviewed by personnel of the Assessor's Office for their opinion of market value.

<p>COSTS</p>	<p>P 8,333,206 (Budget of the Office for 2002)</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by Assessor's Office personnel)</i></p> <p>Office of the Registrar of Deeds - difficulty in verifying or getting information and incooperation of office personnel.</p> <p>Property Owners - unreliable information and incomplete documents</p> <p><i>(raised by stakeholders)</i></p> <p>Property owners - " facilitation fees" required by some personnel of offices where they request for documents necessary in supporting the declaration of their properties for taxation purposes.</p>
<p>GENERAL COMMENTS</p>	<p>While the Schedule of the Market Values for the 1994 general revision of assessments was approved by the Sanggunian and was implemented, the Supreme Court ruled, when a case was filed questioning the legality of the Schedule of Market Values used, that the manner of preparing the said Schedule was violative of the provisions of Presidential Decree 921 specifically Section 9.</p> <p>Section 9, provides that the Schedule of Values in Metro Manila "shall be prepared jointly by the City Assessors of the Districts created." Mandaluyong City belongs to District 2 so the assessors of the four (4) Cities should have prepared the Schedules jointly.</p> <p>To complete the general revision partially done in 1997, the Assessor's Office prepared the proposed Schedule for lands and hope to be able to undertake it next year.</p>

LAND VALUATION POLICY STUDY

E. STA ROSA, LAGUNA

VALUATION SYSTEM	<p><i>The following pertain specifically to the Municipality of Santa Rosa in addition to those that are common to all LGUs visited.</i></p> <p>The general revision of assessments, after the promulgation of the Rules and Regulations implementing the Local Government Code of 1991, have been undertaken by the Municipality in 1994, 1997 and 2000.</p> <p>The municipality assisted the Provincial Assessor in the preparation of the Schedule of Values used in the general revision of assessments.</p> <p>The real property assessment system is computerized all the way through tax maps and assessment process and is linked with the Municipal Treasurer's Office.</p>
LAWS, RULES & REGULATIONS	<p>In addition to the Local Government Code and the implementing rules and regulations, the BLGF issued Assessment Regulation 1-92 prescribing the processes in general revision of assessments.</p>
APPRAISAL PROFESSION	<p>Like other Assessors' offices, not one of the sixteen (16) personnel involved in property appraisal is a licensed appraiser nor has any of them taken any appraisal course. The only appraisal training the personnel attended are those conducted or sponsored by the BLGF Central and Regional Offices. The personnel could not afford to pay the fees that Private Appraisers' Associations charge for such trainings.</p>
SOURCES OF INFORMATION	<p>In addition to those mentioned under Sources of Information common to all LGUs visited are:</p> <ul style="list-style-type: none">- Industrial companies for data needed in appraising machinery and other improvements.- Construction firms for data needed in building construction.- Private Appraisers and Brokers for data needed in appraising properties not covered by the Schedules of Values.- Property owners, businessmen, Realtors interviewed by the office for their opinion of selling prices or rentals of real properties.
COSTS	<p>Total Budget is P 16 M (Including P 2 M for Tax Map maintenance and general revision of assessments)</p>

**STAKEHOLDERS
ISSUES
&
PROBLEMS**

(raised by the Assessor's Office)

National Government Agencies - access to their records is difficult especially for maps, survey plans etc.

Business firms - difficult to get data/information needed in appraising or reappraising their properties.

Property Owners - unreliable information pertaining to their properties and their failure to submit the sworn statement of property ownership and values as required by the Code.

Registry of Deeds - they do not furnish the office with copies of their monthly report as required by the Code .

Surveyors/Geodetic Engineers - They do not furnish the office with copies of survey plans as required by the Code.

**GENERAL
COMMENT**

Sta. Rosa now has a computerized real property tax assessment system - the Assessor is responsible for the appraisal and assessment process, while the treasurer is responsible for the tax collection and recording process. The Municipality is one of the very few LGUs applying the GIS technology in its real property tax administration. In view of their success in the computerized system and the desire of the assessor to help other LGUs, she invites Assessors from time to time to observe how the system works and offers them hands-on training. A number of Assessors have sent their appraisers and tax mapping personnel to train at Sta. Rosa. The office space is rather small so they could only train a few each month. The Sta.Rosa system is also used as a model recommended by BLGF to other LGUs especially for the RPTA Project Centers

With records computerized, the Municipality has no difficulty in undertaking general revision of assessments.

The Municipal Assessor intends to develop a computer-assisted mass appraisal system.

LAND VALUATION POLICY STUDY

F. LEYTE PROVINCE

VALUATION SYSTEM

The following pertain to Leyte Province in addition to those that are common to all LGUs visited.

The Provincial Assessor's Office is presently computerizing its assessment records. The Assessors hopes to computerize sales and rental data and other information necessary in the preparation of Schedules of Base Market Values and Base Unit Construction Cost.

The Office does not have records of the informal market but they estimate it to be about 50% of total transactions. The reason is mainly to avoid payment of taxes and fees.

The study Team were informed that the office had been conducting the general revision of assessments as required by the Local Government Code but for the last two general revision of assessments all the office did was to add ten percent (10%) to the existing base unit market values upon the instructions of the Sanggunian.

LAWS, RULES & REGULATIONS

Assessment Regulation 1-78 which is the Tax Mapping Operations Manual

Rules and Regulations and other issuances from the Department of Finance

APPRAISAL PROFESSION

There are ten (10) senior personnel involved in real property valuation.

Not one of the Assessor's Office personnel is a professionally qualified appraiser. Their educational backgrounds are as varied as the other Assessor's Offices. In Leyte Province, a number of the senior personnel are engineers.

The only training they depend on in real property valuation are the short-term training courses BLGF central and Regional Offices conduct.

Like all other Assessors' Offices the standard they use is that prescribed by the Code and The Department of Finance or the BLGF.

SOURCES OF INFORMATION

In addition to those mentioned under Sources of Information common to all LGUs visited)

- Geodetic Engineers/Surveyors - survey plans, maps, etc.
- Local Government Units that have installed computerized real property tax assessment systems as Bulacan etc. for information on computerization of RPTA systems.
- Appraisers/Brokers organizations in Leyte and neighboring cities for sales/rental data.

<p>COSTS</p>	<p>Not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p>Property owners complain that their properties are appraised by both the Municipal Assessor and the BIR and arrive at different market values.</p> <p><i>(raised by the Provincial Assessor's Office)</i></p> <p>National Government agencies - access to their records are difficult</p> <p>Private Appraisers, Banks and Financial Institutions - different valuations for the same properties.</p> <p>Geodetic Engineers/Surveyors - they do not furnish Assessor's Offices with copies of maps/survey plans.</p> <p>Bureau of Local Government Finance</p> <p>(1) They do not conduct enough training on valuation</p> <p>(2) They should initiate the inclusion of the valuation course in the curriculum of Colleges/Universities</p>
<p>GENERAL COMMENT</p>	<p>The Province of Leyte conducted general revision of assessments in 1992 and every three years hence as required in the Local Government Code. In the two (2) previous general revisions however the Office of the Provincial Assessor simply increased the base market values in force at the time by ten percent (10%). The study team were informed that this was upon instructions of the Sanggunian Panlalawigan. This practice causes market distortion.</p> <p>The study team were informed that in the general revision of assessments both the Provincial Assessor's Office and the Municipal Assessor's Office are revising the same properties at the same time. This practice is a waste of time, effort and funds.</p> <p>With the Province now computerizing appraisal, this situation could be avoided.</p>

LAND VALUATION POLICY STUDY

NATIONAL HOUSING AUTHORITY (NHA)

VALUATION SYSTEM

Appraisal of real property by the National Housing authority (NHA) is undertaken (1) to determine the base value of residential lots in NHA projects as basis for computing fees in the transfer of rights; (2) to determine the base value in the disposition or lease of NHA owned commercial and industrial lots; and (3) to determine the market value of private properties earmarked for acquisition to be used as basis for negotiation.

The NHA appraisers are responsible for the determination of base value of residential lots in NHA projects.

The valuation of commercial and industrial properties for the purpose of disposition or lease is undertaken by two (2) accredited appraisers. The valuation submitted are used as basis for determining the selling price rent. Sometimes the valuations are simply averaged.

The valuation of commercial and industrial property for acquisition is undertaken by two (2) accredited appraisers and one (1) from among three (3) selected government agencies that also submit the lowest bid. The current selected agencies are HGC, DBP and LBP. These valuations are used by NHA in determining the market value of private properties earmarked for acquisition and used as basis for negotiation.

Accreditation of private appraisers and appraisal firms and selection of government agencies that are invited to bid is done every two (2) years.

The methodology generally used in determining market values for both land acquisition or disposition is the Market Data approach. Private appraisers use the Economic Rent Method in determining rental value.

LAWS, RULES & REGULATIONS

Presidential Decree 757 dated July 31, 1975 to provide and maintain adequate housing for the greatest possible number of people; to undertake housing development and resettlement and to promote the participation of the private sector in the housing industry.

Executive Order No. 90 dated December 17, 1986 identifying the government agencies essential for the national shelter program. One (1) of the four (4) key agencies identified is the National Housing Authority (NHA) EO No. 90 mandates NHA to be the sole government agency engaged in direct shelter production and to provide housing assistance to the lowest 30% of the urban income earners.

<p>APPRAISAL PROFESSION</p>	<p>Not one of the NHA appraisers is a licensed appraiser nor has any of them taken a course in property appraisal.</p> <p>Presently there are only two (2) active appraisers assigned to the NHA Central Office, six(6) who are stationed at the local operating units in five (5) area management offices and four (4) others from the staff department.</p> <p>The appraisers attend training on appraisal conducted by private appraisers' associations.</p>
<p>SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - BIR for zonal valuation; - DBP for market data; - Land Bank for market data on raw land; - HGC for Market Data of developed properties - Appraisers for Built-In Network which can provide data on fair market value of properties; - Local Government Units for market values of assessors and listing of recent sales; and LGU Planning Office for land use and type of road leading to the property; - Banks and Financial Institutions for comparable data within the vicinity of properties subject of appraisal; - Property Owners for their offer or asking price.
<p>COSTS</p>	<p>Not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p>Applicants for Housing or for lease of NHA properties complain of the slow processing of applications and delayed awarding of houses or properties for lease.</p>
<p>GENERAL COMMENTS</p>	<p>NHA depends a great deal on valuation services from private appraisers and other government agencies especially in the area management offices.</p> <p>NHA Officials say that requests for transfer is increasing. These require in-house appraisal so there is a need to increase the number of technically trained appraisers.</p>

LAND VALUATION POLICY STUDY

NATIONAL HOME MORTGAGE FINANCE CORPORATION

VALUATION SYSTEM

The National Home Mortgage Finance Corporation (NHMFC) conducts valuation for purposes of the community mortgage program (CMP). CMP is a three-step process of (1) land acquisition by the community, (2) financing the horizontal development of the acquired property and the individual titling of the lots assigned to member beneficiaries and (3) individual loans are obtained for home improvement or home construction.

The title of the property which should be free from any lien or encumbrances for which the loan is utilized, is the collateral to secure the loan payment.

The appraisal is conducted either by NHMFC or the Home Guaranty Corporation (HGC). In some instances the Community Association engages the services of a private appraisal firms.

The methodology commonly used is the Market Data or Sales Comparison approach for lands. In the absence of market data, the Cost approach is used.

In the appraisal of buildings, the Unit-In-Place approach is used. If the appraisal of the collateral property is undertaken by HGC. HGC uses the applicable method and formula they regularly use. Corporate Circular No. CMP-081 provides that if the project is for the acquisition of properties with house and lot components including site development, the appraisal may be done by HGC.

In the appraisal that is conducted there are instances where defects are found for the normal utilization of the property. In such situations, adjustment must be made on the market values such as the following:

- Swampy and underwater portion - The cost of earthfilling is deducted from the appraised value;
- Bounded by seas, lakes, gulfs - observance of salvage zones and non-generation of homelots on said portion;
- Bounded by rivers/creeks - observance of 3 meters or more as legally required easement, or when rip-rapping of the lots is necessary, deduction of area/cost from the appraisal; and
- Area occupied by recalcitrants - to be excluded from the total area to be approved/purchased and separated from the title of the property.

APPRAISAL PROFESSION

Like most government agencies the appraisers are not licensed appraisers although most are licensed Engineers and licensed Architects.

No one of the appraisers has taken any appraisal course. The only training they could avail of are the short term courses (one week or two weeks duration) offered by private appraisers' associations. They too recommend that valuation courses should be offered in Colleges and Universities.

<p style="text-align: center;">LAWS, RULES & REGULATIONS</p>	<p>Presidential Decree 1267 dated December 21, 1977 creating Home Mortgage Finance Corporation to develop and provide for a secondary market for home mortgages granted by public and/or private home financing institutions.</p> <p>Executive Order No. 90 dated December 17, 1986 identifying the government agencies essential for the national shelter program. The National Home Mortgage Finance Corporation is identified as the major government home mortgage institution.</p> <p>Republic Act No. 7835 dated December 16, 1994 providing for a comprehensive and integrated shelter and urban development financing program.</p> <p>Corporate Circular no. CMP-018 dated November 22, 1995 consolidating implementing guidelines for the community mortgage program.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<ul style="list-style-type: none"> - Appraisers and Appraisal firms - Subdivision owners/developers for sales data - Banks and Financial Institution for market values - Realtors/Brokers for sales data - BIR for zonal values; - Assessor's Offices for tax maps and market values; - Newspapers, advertisement for sales data. - Construction firms for construction cost - DENR for cadastral maps and other maps - DPWH for road network map etc. - Geodetic Engineers for lot survey plans etc. - LRA/ROD for subdivision plans
<p style="text-align: center;">COSTS</p>	<p>Cost of existing system not available</p>
<p style="text-align: center;">GENERAL COMMENT</p>	<p>NHMFC is one of the four (4) primary government agencies identified in Executive Order No. 90 to support the Housing Program of government. All of these key agencies and the three (3) support agencies conduct valuation of real properties. Under the same Executive Order, the Housing and Urban Development Coordinating Council (HUDCC) is created purposely to coordinate the activities of these agencies. The appraisers recommend that appraisal guidelines/methodology be developed for use of all the agencies and to be issued by HUDCC.</p>

LAND VALUATION POLICY STUDY

NATIONAL POWER CORPORATION

VALUATION SYSTEM

The National Power corporation undertakes the appraisal of real property (land and improvements/structures) acquired to determine its market value upon which is based the purchase price or compensation.

The valuation process is governed by the provisions of Republic Act No. 8974, its implementing rules and regulations and NPC Board Resolution No. 98-184

Board Resolution No. 98-184 requires that in a negotiated purchase, just compensation is determined based on the following land valuations:

- City/Provincial Appraisal Committee appraised values;
- Appraisal by at least one (1) banking institution preferably Land Bank of the Philippines, or Development Bank of the Philippines;
- appraisal made by private appraisers accredited by NPC;
- Sales data of adjacent properties; and
- BIR zonal values.

The Board Resolution further provides that in cases where the valuations are all available and the lowest is that of the City or Provincial Appraisal Committee then it becomes the basis of the price or compensation subject to the review of the head office. In cases where it is not the lowest appraisal, then the highest and lowest are excluded and the average of the remaining valuation becomes the basis of the price or compensation, subject also to the review of the head office.

The appraisal methods prescribed for land under RA 8974 and its implementing rules and regulations are as follows:

- in case of exchange or barter, the properties being exchanged should be equivalent in market value or price.
- in negotiated sales or purchases, the compensation should be the zonal value, but if the property owner does not agree, the agency negotiates with the owner on the purchase price. The price however must not be higher than the fair market value of the property to be determined by using standards prescribed in the Implementing Rules and Regulations of RA 8974;
- in expropriation, the government agency pays the property owner 100% of the value of the land based on the current zonal value and the value of the improvements and/or structures as determined by the government agency.

The appraisal method prescribed for improvements and/or structures on the land to be acquired is the replacement cost method.

<p style="text-align: center;">LAWS, RULES & REGULATIONS</p>	<p>Commonwealth Act No. 120 dated Nov. 3, 1936 creating the National Power Corporation</p> <p>Presidential Decree 1360 dated April 25, 1978 amending certain sections of Republic Act No. 6395, an Act Revising the charter of the National Power Corporation.</p> <p>Republic Act No. 8974 dated November 7, 2000 and the Implementing Rules and Regulations dated February 12, 2001. RA No. 8974 is an Act to Facilitate the Acquisition of Right-of-Way, Site or Location for National Government Infrastructure Projects. The Act also provides the guidelines in real property valuation.</p>
<p style="text-align: center;">APPRAISAL PROFESSION</p>	<p>Like most government agencies, there are no formally qualified appraisers at the head office and provincial and city offices.</p> <p>The City and Provincial Assessors, however are members of the City or Provincial Appraisal Committee of NPC. Not one of the appraisers at the NPC head office and branch offices as well as the City and Provincial Appraisal Committee is a licensed appraiser nor has any one taken any formal valuation appraisal education.</p>
<p style="text-align: center;">SOURCES OF INFORMATION</p>	<p>Department of Agriculture for valuation of plants BIR for zonal values LGU for Assessors market values and records of properties expropriated and/or subject of sale or lease Appraisers/valuers/brokers for fair market value of properties Property owners for the asking price of their properties Banks and Financial Institutions for market value and compensation paid</p>
<p style="text-align: center;">COSTS</p>	<p>Not available</p>
<p style="text-align: center;">STAKEHOLDERS, ISSUES & PROBLEMS</p>	<p><i>(raised by NPC)</i></p> <ul style="list-style-type: none"> - Very often supporting documents submitted by property owners are not reliable. - In cases of expropriation where there are no zonal values for the property the National Power Corporation needs to purchase, RA 8974 requires BIR to come up with zonal value within 60 days from the date the expropriation case was filed. - There have been several instances where the zonal values have been found to be much higher than actual market value. <p><i>(raised by Stakeholders)</i></p> <ul style="list-style-type: none"> - The processing of claims and payment of compensation takes long. - Property owners complain that zonal values are lower than the current market value especially because zonal values are not regularly reviewed. - Informal market data submitted can not be relied upon.

**GENERAL
COMMENTS**

In expropriation cases, NPC pays the property owner the amount equivalent to the sum of 100% of the value of the property based on the current zonal value upon the filing of the complaint.

NPC says that problems often arise when after payment has been made and another person claims ownership to the property.

NPC has been relying a great deal on their accredited appraisers in view of the very limited appraisers in the Corporation.

LAND VALUATION POLICY STUDY

PUBLIC ESTATE AUTHORITY (PEA)

VALUATION SYSTEM

Among the functions and powers of the Public Estate authority (PEA) are to "xxx purchase, lease, build, alter, construct, erect, enlarge, occupy, manage, sell, mortgage, dispose of or otherwise deal in, buildings of every kind and character whatsoever, whether belonging to or to be acquired by the Authority."

In the performance of these and other functions there is a need for valuation especially in the purchase, lease, sale, mortgage, disposition, acquisition etc. of properties.

The Authority does not actually undertake the valuation process. Valuations are contracted out to accredited private appraisers through bidding.

LAWS, RULES & REGULATIONS

Presidential Decree 1084 of 1977 creating the Philippine Estate Authority to provide for the coordinated, economical and efficient administration of lands and real estate, especially reclaimed lands belonging to, managed and/or operated by the government.

PD 1084 as amended still governs the operation of the authority

APPRAISAL PROFESSION

The Authority does not actually perform any appraisal work. Private appraisers are relied upon for the appraisal that need to be undertaken.

SOURCES OF INFORMATION

The accredited private appraisers are their only source of information

COSTS

It depends on the extent of PEA projects and the contract price for the appraisal work to be undertaken.

STAKEHOLDERS ISSUES & PROBLEMS

Stakeholders are varied considering the numerous/different types of projects undertaken

GENERAL COMMENTS

PEA has the powers a of corporation exercised in accordance with the provisions of its charter.

It has the term of fifty (50) years from its creation in 1977.

LAND VALUATION POLICY STUDY

SOCIAL SECURITY SYSTEM

VALUATION SYSTEM

The Social Security System (SSS) appraises real properties used by its members as collaterals mostly for housing loans; real properties it intends to acquire and acquired assets it intends to dispose of.

The Real Estate Department of SSS established guidelines in real property valuation for use of its appraisers. This is a 'step-by step' instructions on the appraisal of properties which include among others the following:

- (1) the methodology to be used in land appraisal is the Market Data approach and where market data on developed lots are not available especially in new subdivision sites, the Engineering Cost Approach is used;
- (2) value adjustments for data gathered are made such as:
 - 10% allowance added for conservative value of data from Banks and Financial Institutions;
 - 20% is added to zonal values for allowance as conservative values;
 - 10% is added to actual sales data, HGC listing, SSS valuation for time adjustment in 1995 etc; and
- (3) Adjustment factors are also assigned percentage adjustments in the appraisal of buildings.

The services of accredited appraisers are engaged from time to time.

LAWS, RULES & REGULATIONS

Republic Act No. 1161 known as the the Social Security Act of 1954 to "x x x develop, establish gradually and perfect a social security system which shall be suitable to the Philippines and shall provide protection against the hazards of disability, sickness, old ages and death."

Presidential Decree No. 745 dated July 15, 1975 mandating SSS to undertake measures to liberalize financing and credit terms for low cost housing for its members.

Executive Order No. 90 dated December 17, 1986 identifying the government agencies essential for the national shelter program. One of the three (3) support agencies identified in the EO is SSS.

APPRAISAL PROFESSION

Of the 14 appraisers at the Central and Branch Offices not one is a licensed appraiser and not one has taken any appraisal course.

The agency conducts an examination for hiring

About 90% of the appraisers are engineers

The agency does not have a training program in appraisal so appraisers attend the short-term training courses offered by appraisers' associations such as the PARA, IPREA, AVA, etc.

<p>SOURCES OF INFORMATION</p>	<p>BIR for zonal values; LGUs for Assessor's market values and Assessor's Schedule of Market Values and Schedule of Base Unit Construction Cost for building and other structures; Appraisers and Brokers for selling price/market data; Banks for market data; Property Owners for selling price or building price; Registrar of Deeds for transaction records. GFI's for collateral values and acquisition values</p>
<p>COSTS</p>	<p>Data not available</p>
<p>STAKEHOLDERS ISSUES & PROBLEMS</p>	<p><i>(raised by the Agency Appraisers)</i></p> <p>Property owners - unreliable data are submitted</p> <p>National Government Agencies - access to their records is difficult</p> <p>Local Government Units - the base market values are far below current market values</p>
<p>GENERAL COMMENT</p>	<p>The Study Team observed that the System has a strong appraisal group at the Central Office but specialized and technically trained appraisers are needed. These appraisers could then develop a training program for the System's appraisers especially at the regional offices and be responsible for its implementation.</p>

REPORT

LAND VALUATION POLICY WORKSHOP

May 23, 2002
Dusit Hotel Nikko, Makati City

LAND VALUATION POLICY STUDY
LAND ADMINISTRATION and MANAGEMENT PROJECT

EXECUTIVE SUMMARY

The Land Valuation Policy Workshop was held on May 23, 2002 at Dusit Hotel Nikko, Makati City. There were 33 participants from the government and private sectors. The workshop aimed to involve the private appraisers in discussing the problems encountered in the performance of appraisal of real property in the Philippines.

The workshop involved the active participation of those in attendance with the aid of inputs given by resource persons and policy study advisers.

The highlights of the workshop are as follows:

1. Background to the PA-LAMP Land Valuation Policy Study– Participants arrived at a common appreciation of the LAM program and they were sensitized on the need to improve the system and standards of land valuation in the country to support the program.
2. Presentation of Major Issues Affecting Private Property Appraisers– Several resource persons discussed extensively the major issues which affect the appraisal practice, namely:
 - formal education and training;
 - adoption of uniform appraisal standards on real property valuation (government and private);
 - government property valuation; and
 - availability of public records, maps and data for valuation.
3. Identification of Major Obstacles in Performing Appraisal of Real Property in the Philippines. - Participants arrived at a broad consensus on the gaps and bottlenecks in the various aspects of property appraisal.
4. Identification of Recommendations/Suggestions to Improve the System of Property Appraisal. - Participants generated broad consensus on the measures or steps to improve the standard and system of property appraisal in the country.

OPENING PROGRAM

The Land Valuation Policy Workshop started with an invocation followed by the National Anthem. Participants were thereafter welcomed and introduced.

Welcome and Opening Remarks

Executive Director Lina D. Isorena of the National Tax Research Center welcomed the participants to the Land Valuation Policy Workshop. Atty. Mylene Albano, Executive Director, PA-LAMP then gave an orientation on the LAM Program, She informed the group about the objectives of the Project which is to alleviate poverty and enhance economic growth by improving the security of land tenure and fostering efficient land markets through the development of an efficient system of land titling and administration. She also mentioned that the Land Valuation Study is one of the studies that will be conducted at the initial phase of the project which is aimed at introducing a framework for an equitable system of land valuation.

PRESENTATION OF ISSUES

The various issues affecting the appraisal practice particularly in the public sector were then presented and discussed as follows:

- Formal Education, Training and Professional Development of Appraisers -
Federico Cuervo
- Adoption of Uniform Appraisal Standards –
Hernando Caluag
- Real Property Value for Government Purposes -
Victor Salinas
- Access to Public Records and Problems in the availability of Maps and Data for Valuation –
Federico Cuervo

The participants were then organized into five (5) breakout groups. These groups were identified as follows:

1. Appraisal Standards
2. Education and Training
3. Real Property Value
4. Access to Public Records
5. Map Problems

WORKSHOP OUTPUT:

I. **The major obstacle in performing an appraisal or real property in the Philippines.**

A. There are sets of **Standards in Land Valuation** being implemented by both government and private appraisers.

1. Why we need Standard in Land Valuation:

- Inconsistent methodology resulting to inconclusive opinion of value.
- Confusion and mistake are happening due to the lack of agreements regarding land valuation standards.
- Important differences of viewpoints among professional land valuation bodies of several private and government agencies have lead to misunderstandings.
- The land valuation discipline is a profession that evidences a long-standing body of knowledge, identified and accepted scientific and other methodologies and procedures and an important public need for services.
- Adherence to the Code of Ethics among appraisers.
- Uniformity in appraisal fees.
- Land Valuation is a potential for harm to individuals and society at large where in-competency, misunderstanding, fraud or improper behavior occurs.
- To serve as guide for all government and private appraisers, and as a means of identifying departures where they occur.
- International financial developments and the globalization of market reached the stage that international land valuation standards are very much needed.
- Simultaneous business and economic changes occurred rapidly within and among nations, giving rise to expanded recognition of the market importance of professional asset valuations.
- There is an increasing movement towards reporting asset values for accounting and financial purposes on the basis of current valuation in place of historical cost.

B. There should be a **Formal Education and Training System** for both the government and private sector appraisers for uniformity in policies and procedures.

1. Why do we need formal education, training and professional development of Appraisers?

- Both private and government appraisers should speak the same language of land valuation.
- To promote a uniform standard of property appraisal.
- To acquire professional recognition.
- To ensure the professional expertise, integrity, and responsibility of appraisers.
- To supply the appraisers needed by firms that do not have the time to educate.
- To remove the fear that once an appraiser is trained, he will be more inclined to leave the organization.
- To bring about better-trained staff appraisers, fewer problems for management and longer employee tenure with the firm.
- Appraisers are needed for the Philippines' restructuring in the aftermath of the Asian Crisis.
- Appraisers reduce the risk involved in property transactions by assigning credible values to properties based on standard methods.
- In the Philippines, there are only 4 appraisers per million population compared to :

1. United kingdom – 335
2. United States – 284
3. Hongkong - 159
4. Singapore - 129
5. Japan - 45
6. Korea – 36
7. Malaysia - 21
8. China - 11
9. Indonesia - 7
10. India – 0.3

C. There are too many government agencies with varying purposes and opinions to property values confusing the general public and opening to interpretation and error the valuation of real property.

1. Why we need **Single Property Value** for land valuation:

- Redundant efforts, conflicting opinions, and errors have resulted from having too many government agencies tasked in land valuation.
- Some government agencies tend to distort property values to serve their purpose thus creating an artificial and unrealistic value that has been the cause of error and lack of confidence in property investments.
- To correct the present multiple valuation system
- Multiple classifications of land and improvements are being used as means to distort property values.
- Market values should be based on international standards in land valuation.
- To present a single benchmark figure, that is the **fair market value** of land, which the different government and agencies can apply their adjustments too for their varying purposes.
- To reduce red tape, corruption, time, money and effort in processing government requirements.
- To be independent from the politicians and influential individuals who tend to manipulate property values to serve their interest.
- Real Property Value can be a basis in litigation cases.
- Real Property values can be appealed and intelligently deliberated saving time away from the courts.
- There is a need for central authority on land valuation with representations from the private sector.
- To guarantee the correctness of land valuation from the possible errors committed by some unqualified assessors.
- To have easy access to reference materials such as maps, sales data and other data for land valuation.

D. There is a need to improve the Government Recording System.

1. Why we need a systematic **Government Recording System?**

- In the Registry of Deeds, the Book of Entries is presently a compilation of sloppy handwritten records that is incomplete, irrelevant and not legible.
- To create a Standard Government Recording System particularly in the Registry of Deeds, the BIR, the LRA, the DENR and the Assessor's Office.
- To make government records available to the public for the maximum use of land information.
- To create an effective system in gathering land related information.
- To present a transparent real estate market.
- To present an opportunity, by using computers on-line, for the easy flow of digitized information to the government and private sector agencies that need it immediately.
- To avoid fraudulent conveyances.

E. There is a need to have access to maps and other information that is presently available and vital for efficient valuation of real property.

1. Why do we need easy access to **maps and data for land valuation?**

- It is hard to access Cadastral Maps and public records in the Registry of Deeds, BIR and the Assessor's office.
- For proper transparency and service to general public.
- To up-date maps, changes in street names and un-recorded divisions of barangays and subdivisions.
- To examine either far-flung areas in the countryside or blighted areas in Metropolis.
- To minimize the use of land information via a web-based Geographic Information System and Satellite Imaging.
- To take advantage of the capability now accessible to microcomputers and save on cost for both government and private sector appraisers.
- Demographic data and base maps are starting to become available for analysis with microcomputers
- Some powerful tools are now available for real estate analysis and appraisers.

- To supply the need for data bases on market information and create an effective system of using land related information.

II. Comments and suggestions to removing obstacles to allow for a sound reliable basis for the provision of Appraisal services to the Private Sector.

A. On standards in Land Valuation

- Adopt the Uniform Standards of the Professional Appraisers Practice 2002 (USPSP 2002)
- Set up the Philippine Land Appraisal Standards (PLAS) applying USPAP 2002 to the Philippine setting.
- Establish a Code of Ethics for Professional Appraisers as part of the Philippine Land Appraisal Standards.
- Have the Bureau of Trade Regulation and consumer Protection and various appraisal organization implement and monitor the Code of ethics for Professional Appraisers.
- Study and improve the on the DTI approved Philippine Valuation Standards prepared by Mr. Florentino S. Dulalia Jr., President of Realty Service Council of the Philippines.

B. On formal Education and Training Systems

- We have to request some universities to incorporate in their curriculum subjects in real estate appraisal that could complete a Bachelor degree course in Real Property appraisal.
- There should be at least 3 years of actual appraisal experience to qualify for the Certified Real Estate Appraiser's Examination for licensing.
- Any high school graduate can enroll in a 4-year university degree course in Real Property Appraisal.
- We can incorporate real estate subjects into existing degree courses that are related to real estate valuation for a second diploma. These courses can include Business, Finance, Civil Engineering, Economics, Urban Estate Management and other related courses.
- The universities can double for training and continued professional development aside from research purposes.
- We should have real estate appraisal journals properly documented and catalogued in the notes of experience in property valuation as an annex to the uniform standards of appraisal practice. These journals can be edited and revised as new developments in real estate valuation evolve from research development.

- There should be a graduate level in real estate appraisal that would be accredited by the Department of Higher Education such as Master's Degree in real Estate Appraisal. This will be needed for training and research purposes.
- The World Bank and other government grants may want to encourage some universities to incorporate the real estate appraisal subjects in their curriculum.
- The real estate appraisal curriculum should include all disciplines in land valuation. This would include a background in land laws, construction, town planning, code of ethics and market research among others. This has to be approved by the Department of Education, Culture and Sports.
- Upgrade the appraisal Profession to follow the path taken by the accounting Profession by transferring the licensing and to follow the path taken by regulatory functions from the Bureau of Trade Regulation and Consumer Protection to the Philippines Regulatory Commission.
- There is need for a strong united government and private appraisal organization.

C. On Real Property Value

- There should be a **Central Appraisal Authority (CAA)** under the Department of Finance whose members will be appointed by the President of the Philippines.
- There should be Local Appraisal Advisory Committees to be chaired by the Local Assessors with the BIR-BLGF and a private sector licensed real estate appraiser appointed by the CAA as members.
- There should only be one valuation system using the market data approach and the income approach as an alternative in case of non-availability of market data.
- Use the **Real Property Value** as the benchmark for the different valuation purposes of government and private appraisers. This value is market related and based on the concept of highest and best use.
- There should be comprehensive Land Use classification based on the Highest and Best Use of the land.
- There should be a Standard in Land Valuation that will be enforced by the CAA.
- There should be formal education and training of government assessors and private sector appraisers.
- The schedule of market values is a public document and should be easily available to everybody.

D. On Government Recording System

- Create a web based relational database management system for data entry, management and access via the Internet.
- All Government Recording Systems has to be computerized and linked to a Wide Area Network (WAN).
- Establish a special unit within the CAA to handle the Information Management of market data for analysis and sharing.
- All Government Recording Systems should comply with the data gathering requirements of Information Management.
- All Government Recording System should strive to be paperless and cost efficient.

E. On Maps and Data for Land Valuation

- Have Geographic Information System (GIS) showing all the geodetic, topographic, political, survey control, cadastral, imagery, road, drainage and shoreline, transportation, major utility service, hydrogeology, soil, vegetation, land use, fault line, flood prone area, and area for priority development maps, among others as multi-layers utilizing the digitized maps now available from NAMRIA as its base.
- Create a website for easy access to the GIS. Permission can control access to specific information to be given only to registered government and private appraisers.

III. Approaches and Specific Remedies

A. On Standard in land valuation

1. Conduct a workshop to commence the preparation of the Philippine Land Appraisal Standards (PLAS) inviting the participation of appraisal users, appraisal corporations, appraisal organizations, government appraisers and land related government agencies with appraisal needs.
2. Form a committee to draft a PLAS and submit the initial form to the Task Force of the PA LAMP to approve and for the BTRCP of DTI to enforce and regulate. The different real estate appraisal organizations should also endorse and monitor the implementation of the PLAS.
3. Design a system to allow recommendations from contributors for the improvements to be added to the preliminary PLAS draft. Revision will be published and implemented on a yearly basis.

B. On Formal Education and Training Systems

1. Due to its importance Real Estate Appraisers should be given the same professional recognition as Certified Public Accountants. They can be called Certified Real Estate Appraisers.
2. The government has to intervene to get grants from the World Bank or other donor countries to encourage universities to incorporate the Real Estate Appraisal subjects into their curriculum and offer the Real Estate Appraisal Degree course.
3. Require all government and private appraisers to be licensed by completing the Real Estate Appraisal Course and acquiring at least three years of actual appraisal practice.

C. On Real Property Value

1. There should be a **Central Appraisal Authority (CAA)** under the Department of Finance whose members will be appointed by the President of the Philippines. The CAA should be semi-government with representation from the private sector appraisers and will require Congressional Approval.
2. There should be **Local Appraisal Advisory Committees (LAAC)** to be chaired by the Local Assessor with the BIR-BLGF and a private sector licensed Real Estate Appraiser that will be appointed by the CAA as members. These committees will be tasked to arrive at the market based **Real Property Value** in lieu of the Assessor's Market Value, the BIR Zonal Value and other land valuation from other government agencies.
3. There should be a comprehensive **Land Use Classification (LUC)** to be prepared by the LAAC that is based on the Highest and Best Use of the land. The Deputized Zoning Administrator of the Local Governments has the option to use the LUC in its land Use Plans.
4. In the interim, and also as an alternative to the above plan, the CAA can function under the task Force responsible for the PA LAMP.

D. On Government Recording System

1. Computerize all land related government agencies and have a systematic Government Recording system that is on-line and connected to a Wide Area Network. The cost savings generated by the government agencies will more than pay off the initial expenses encountered at the start.
2. Develop a web based relational database management system for data entry, management and access via the Internet within CAA.
3. Establish a special unit within the CAA to handle the **Information Management** of market data for analysis and sharing.

E. On Maps and Data for Land Valuation

1. Coordinate with NAMRIA for the development of a **Geographic Information System (GIS)** using the JICA funded digitized maps as the base of a multi-layered system of maps.
2. Have a separate GIS to be used solely for land valuation. This should also be within the Information Management Unit of the CAA.
3. Incorporate data gathered from the Government Recording System Database into the GIS and have this information available via the internet to registered government and private appraisers.

REPORT

LAND VALUATION POLICY WORKSHOP

**May 27-28, 2002
MacArthur Resort, Palo, Leyte**

**LAND VALUATION POLICY STUDY
LAND ADMINISTRATION and MANAGEMENT PROJECT**

EXECUTIVE SUMMARY

A two-day Workshop on Real Property Valuation was held on May 27-28, 2002 at the MacArthur Resort, Palo Leyte. Participants in the May 27th sessions were the City Assessors of Tacloban and Ormoc, seventeen (17) Municipal Assessors of Leyte and two (2) senior staff of BLGF Regional Office. The participants in the May 28th sessions were the Provincial Assessor, Assistant Provincial Assessor and nine (9) senior staff of the Provincial Assessor's office and two (2) senior staff of BLGF Regional Office.

The workshop required the active participation of the assessor in the various activities with the aid of inputs from the policy study team.

The highlights of the 2 - day workshop are as follows:

1. Role of the Assessor in Real Property Tax Administration

Participants arrived at a common appreciation of their duties, function and responsibilities for the proper, efficient and effective administration of the real property tax. Participants were made aware of their role particularly in property identification, appraisal and assessment and records management.

2. Identifying the Gaps and Bottlenecks In Real Property Appraisal and Assessment

In this activity, the assessors arrived at a broad consensus on the various gaps and bottlenecks in the aspects of property identification, appraisal and assessment, records management, organization, education and training that hinder a more efficient system of valuation at the local government level.

3. Identifying Measures/Steps to Improve the Effectiveness and Efficiency of the Valuation system.

Through group discussions, participants generated broad consensus on the measures/steps to address the gaps and bottlenecks previously identified. Local assessors were able to identify measures which can be done on a short term basis and those which would necessitate legislation or amendment of basic laws.

4. Accomplishment of the questionnaire for local assessment officials on the following matters:

- Laws, rules and regulations pertinent to real property valuation.
- The valuation practice
- The valuation profession

- Sources of information on property values
- Identification of stakeholders
- Cost of the existing valuation system
- Other issues concerning property valuation

In this activity, participants provided basic information on the various areas of concern involving property valuation at the local government level. They were also able to come up with some comments and recommendations on the topics mentioned above.

INTRODUCTION

The workshop on Real Property Valuation was aimed at:

- (1) identifying problems and bottlenecks in the present property valuation system at the local government level.
- (2) generate consensus on measures or steps to address the problems and bottlenecks.

Particular areas in the valuation system such as property identification, property appraisal and assessment, administration and organization, and education, training and professional development were identified for this purpose. The result of the workshop will serve as input to the Land Valuation Policy Study under the Land Administration and Management Project.

The participants on the May 27, workshop were the Municipal Assessors of seventeen (17) towns in Leyte, the City Assessors of Tacloban and Ormoc, and senior staff of BLGF Region 8.

The Provincial Assessor of Leyte and his staff had a separate workshop focused on the assessment of the land valuation framework on May 28.

The workshop report contains two sets of outputs: one reflecting the views, knowledge, and opinion of the municipality assessors and another reflecting the officers and staff of the provincial assessor's office of Leyte.

The workshop team was composed by Hamish MacDonald, international valuation adviser and Ellen D. Hernandez, national valuation adviser for the Land Valuation Study, Teresita Solomon of the National Tax Research Center, and Ronald Ignacio of the BLGF. Ross Stevenson, QAP member for LAM Project was with the Team. Assisting in the facilitation of the workshop was Antonia Gobenciong, Executive Consultant of Training and Development Institute Philippines, Inc.

The program manager of the PIO 1, Engr. Ramon Unay and his planning officer Brian Garcia were at hand to provide technical information and support. Serving as secretariat to the activity were two staff of PIO1.

WORKSHOP INPUTS

Engr. Ramon Unay, PIO 1 Project Manager, welcomed the participants to the Property Valuation Workshop. Mr. Hamish MacDonald, valuation policy study Adviser gave an overview of the LAM program and Ms. Ellen Hernandez discussed the different phases of the Real Property Tax Administration in the Philippines. Ms. Teresita Solomon discussed the problems generally in the said phases as identified in other previously conducted studies to guide the participants in the workshop proper.

The questionnaire which is intended to assess the existing valuation framework at the local government level was explained in detail. The instruments were sent to the workshop participants a week earlier.

WORKSHOP PROCESS/METHODOLOGY

Ms. Solomon discussed the Workshop objectives, i.e., it aims to identify issues, problems or obstacles encountered by local assessors that are constraints to an effective real property valuation system and generate consensus on measures and recommendations to address these problems.

The participants were grouped into four. Each group was assigned a particular area for discussion and through brainstorming and metacards was made to identify problems and suggest solutions for that area of concern.

WORKSHOP OUTPUTS

WORKSHOP 1. Identification of Problems/Obstacles in the following areas:

- a. Property Identification
- b. Assessment and Valuation
- c. Organization and Management
- d. Education, Training and professionalization

Result:

IDENTIFYING THE PROBLEMS/OBSTACLES IN THE LOCAL REAL PROPERTY VALUATION SYSTEM

A. PROPERTY IDENTIFICATION

Problem	Solutions/Recommendations
Erroneous survey claimants	Maintain and update tax maps and ascertain property ownership.
Erroneous cadastral survey by DENR/DAR erroneous and original isolated surveys	In petitions for the re-survey of erroneous portions of cadastral maps etc., barangay officials should accompany the re-survey teams. to get accurate information.
Erroneous declaration of property ownership during tax mapping/general revision	Remapping or inspection should be done in order to correct erroneous tax declarations
Funding	The Municipality and the Province should share equally the expenditure for tax mapping and general revision
Non-coordination of agencies undertaking survey and mapping particularly DAR/DENR.	DAR/DENR should coordinate with the Assessor's Office in issuing titles. This issue should be carefully examined, particularly on organizational premises as to effectiveness in the delivery of services.
Surveyors do not furnish Assessors Offices with survey results as required in LGC.	Compel surveyors to furnish Assessor's Offices with approved survey. There is a legal sanction that should be imposed accordingly

B. PROPERTY ASSESSMENT

Problem	Solutions/Recommendations
Lack of technical personnel/manpower	Continuing RPTA training
Limited funding, supplies and materials, equipment and furniture.	Request for funding; Costs of operations in the assessor's office should be shared by the Province and the Municipality especially in general revision of assessments, and tax mapping, RPTA Project implementation.
Political Interventions	Appointment of assessors must be returned to DOF. The law should be amended.
Appointment of personnel who are not qualified; work of municipal assessors are evaluated by staff of the Provincial Assessor who are less qualified and less experienced than the assessors themselves; difficulty in relating with the Provincial Assessor who does not delegate to the Municipal Assessors the approval of declarations.	Upgrading the qualification standards for appointment of assessors and strict implementation of hiring standard; better working relationship with Provincial Assessor should be established; delegation of some functions of the Provincial Assessor has to be examined so that efficiency and effectiveness in the service is achieved.
Political intervention in the appraisal of land and property	Schedule of values must be equitable; compromises must be well examined; legal sanctions whenever applicable should be enforced so that a better decision is arrived at.
Erroneous assessment	Gathering of data to support appraisal
Delayed approval of Schedule of Values by Sanggunian	Approval of schedule of values must be returned to BLGF-DOF
Barangay disputes on boundaries	Apply the law
Interference of authorities concerned on land and building assessments	There should be no interference of local political authorities in the assessment of land and building; provisions for compromises may be resorted to without sacrificing equitable consideration

C. ORGANIZATION/MANAGEMENT

Problem	Solutions/Recommendations
Misrepresentation of property owners	Validation of survey claimants by DENR
Difficult and time consuming procedures vis-à-vis Provincial Assessor's approval of tax declarations.	Delegating to municipal assessors the approval of tax declarations to provide better and effective service to the people. It is only in Leyte that municipal assessors are not delegated the authority to approve tax declarations.
Delayed approval of schedule of market values at the provincial or city Sanggunian for reasons traced to vested interests of the political leaders or their associates	BLGF should be the approving entity; the LGC should be amended regarding certain devolved authorities.
Insufficient budget allocation for general revision and tax mapping operations	Increase budget allocation; allocation should be equally shared between the province and municipality.
Delayed reports to BLGF from assessors' level due to bulk of work	Additional personnel for the city assessors' offices and the municipal assessors' offices.
Insufficient number of personnel in some municipal assessor's offices.	The number of personnel in a municipal assessor's office should not be less than 3, to include the municipal assessor.
No coordination between Provincial Assessor and Municipal Assessors in the general revision of assessments.	Municipal assessor's office should be the sole office for revision; the provincial assessor's office shall review and consolidate the revisions.

D. EDUCATION, TRAINING, AND PROFESSIONAL DEVELOPMENT

Problem	Solutions/Recommendations
Approval of appointments of municipal assessors by Local Government Executive (LCE) makes position very vulnerable to political interventions.	DOF be the approving entity for municipal assessors appointments. Nationalization of the Assessor's position
No education institution in the Philippines is offering a degree or course on real property valuation	<ul style="list-style-type: none"> • Let Congress and Senate enact law to professionalize assessor by way of acquiring a corresponding degree or course • Offer ladderized education from associate courses to full courses in valuation so that those in the job can avail of educational upgrading • Accreditation of assessors or other assessment personnel must be done by DOF • All assessment personnel should be members of assessors' organizations • Newsletters and subscription to professional magazines (on valuation) should be encouraged
Trainings offered on real property valuation by private appraisers' association are expensive and most are held in Metro Manila	Government should allow assessors to attend local trainings on property valuation conducted by the government itself
Most assessment personnel lack proper, adequate, and relevant education, particularly on property appraisal and assessment.	Qualification, eligibility, and trainings of all assessment personnel must be strictly enforced. CSC qualification standard should be amended to allow for gradual implementation of qualifications requirement for appointment as assessor such as a degree course in valuation education.
Appropriate education and trainings are not considered for the position to an assessment officer when the appointing authority exercises his wide latitude of discretion.	Appointing authority be transferred to DOF.

WORKSHOP 2. Survey on Some Key Issues

Methodology:. A short questionnaire was distributed to the participants to get their individual answers. This was aimed at getting their views on certain issues affecting property valuation. The data were then collated and the most prevalent response was taken as the group's answer.

Result:

- As to the frequency of the of conduct of general revision – **Every 5 years**
- Opinion as to the *Sangunian Panlalawigan or Sangunian Panglungsod* as approving authority of SMV – **Not in favor**
- Opinion as to the adoption of a uniform or unified valuation system or standard for taxation (national or local) and for other purposes –**In favor**
- Opinion as to the level of establishing uniform valuation system - National level
- Opinion as to the participation of the private sector (private appraisers) in establishing property value – **Not in favor**
- Opinion as to the creation of formal education and training program for uniformity in policies and procedures for both government and private sector appraisers – **In favor**
- Source of property market information data:
 - Banks, GFIs,GOCCs
 - National Government agencies such as BIR, DAR, & DENR
 - Sales data
 - Deeds of conveyances
 - Field survey
 - Records from real estate appraisers
 - Notaries public
 - Register of Deeds
 - Sworn statement of real property owners
- Opinion as to the need for two types of property value, e.g., zonal and market value for taxation purposes – **Not in favor**
- Problems encountered with the Provincial Assessor's office
 - Delayed approval of tax declarations and delayed action on other matters submitted to him requesting appropriate action or requesting his instruction.
 - Provincial Assessor's Office not acceptable (relational, behavioral)
 - No close assistance in work-related and in personal problems
 - Problems with policies,e.g., interpretation and application

- Matters relative to approval/disapproval of transfer transactions and the conduct of general revision
 - No unified work approach and policy application
 - Delegation of authority to approve transactions is given to provincial staff, and these staff are less experienced and less capable than the municipal assessors themselves
 - Two tax declarations covering the same real property are prepared one by the Municipal Assessor and another at the Provincial Assessor level; this often creates inconsistencies in data
 - The provincial assessor's clerk looks down on municipal assessors creating a feeling of being "second class citizens." This does not speak well of the kind of technical supervision the provincial staff should give the municipal assessors and their staff.
 - Insufficient funds for travel expenses.
 - Limited trainings and opportunities to update knowledge
 - No information dissemination as to new trends and practices in the profession.
- Problem with BLGF
 - Field assessment supervisors are taken "for granted"
 - Need for closer supervision; the treasurer are better off since the BLGF provide closer supervision because the Treasurers are appointed by DOF Secretary
 - Functions of Assessor's Office that should be computerized:
 - Tax mapping
 - Real property appraisal and assessment
 - Records management: sourcing, updating, storage, and retrieval
 - Revision and transfers
 - Issuance of certifications
 - All forms should be computer generated

WORKSHOP 3. Evaluation of the Existing Valuation Framework

Methodology. The significance of the various data being gathered in the questionnaire was explained. The participants were asked to review and complete their answers to the framework evaluation. The data were then collated and are presented below.

Results:

EVALUATING THE PRESENT LOCAL VALUATION FRAMEWORK

A. Laws, Rules, and Regulations

- Issuing authorities
 - Sangguniang Bayan, Sangguniang Panglungsod and Sangguniang Panlalawigan, Congress, Senate
- Frequency of review of Schedule of Market Value
 - The 3-year frequency is costly and does not provide much difference; a 5-year frequency is preferred. However, the review should not be delayed,
- Levels of appeals, court cases on valuation
 - No cases yet

B. Valuation Practice

- Purpose of valuations/appraisals
 - For establishing property value as basis for taxes (real property and SEF)
 - For BIR's use in the computation of capital gains tax and estate tax
 - For use of DENR, (LMB, LMS, FMB, FMS) and other agencies
- Valuation methodologies used
 - Comparative sales analysis/market data approach
 - Reproduction Cost approach
 - Income capitalization approach
- Informal property market, comment on extent and percentage to total market:
 - Government lose heavily on capital gains tax and transfer tax
 - Most transactions on inherited properties are done through the informal market
 - Most common reason for preferring the informal market is tax avoidance
 - Informal property market is in the provinces
 - Some properties have not been surveyed and others have not been transferred to present owners

- Comment on Real Property Tax administration
 - RA 7160 is confusing
 - DOF has limited control and supervision
 - Limited funds to support RPT administration key activities
 - Rapid increase on real property tax assessment
 - RPT administration is alright as far as the assessor's office is concerned.

- Role of BLGF in valuation
 - Agency should discuss or comment on reports from assessor's office
 - The Bureau did not give sufficient training to the municipal assessors to prepare them for their functions under the LGC.
 - Continuing education and training should be provided by the BLGF
 - Limited technical supervision; does not really get involved in valuation.
 - The Bureau must be strengthened and given more authority to enforce assessment rules and regulations.
 - The Bureau must support the recommendation that the general revision be done every five years.

- Other comments
 - Some municipalities are in their initial stages of computerization
 - Valuation done in the assessor's office is sometimes not acceptable to property owners.
 - DILG should help in the computerization of LGU records.
 - Market value of buildings subject to zero assessment level should be lowered to Php 30,000.00, not Php 175,000.00
 - There is no real close coordination between the private sector and the LGUs regarding valuation.
 - The much-delayed action of the Sanggunian on the schedule of market values is due to the vested interests of most political leaders. This should be corrected effectively.

C. Valuation profession

- Valuation standard
 - The only standard followed/used is the standard set in the Code and the implementing Rules and Regulations and Assessment Regulations issued by BLGF. The SMV which is the basis of assessment becomes unrealistic when finally approved because of the delay in its approval.
 - The SP should not treat this responsibility at its own pleasure.
- Number of appraisers and other personnel involved
 - Should not be less than three (3)
- Regulation of assessors
 - Experience has no substitute but relevant and formal education is necessary
 - Follow RA 7160
 - Set by DOF and CSC
 - Need for a formal course in appraisal
- Education and Training of Assessors and Personnel involved
 - Limited trainings provided due to limited funds
 - A school to offer assessment courses should be considered by Government
 - BLGF should provide more skills training
- Assessors/ Appraiser/ Valuers Organizations
 - There is an organization of treasurers and assessors (PHALTRA) but there are not much activities or programs for professional advancement
- Others
 - Encourage subscription to professional magazines on property valuation
 - Encourage creation of local publications on appraisal/ valuation.

D. Sources of information

- NGAs:
 - DENR, ROD, DAR, BIR, Banks
 - Notaries Public
 - Comment: Information provided are usually inconsistent
- Geodetic Engineers/surveyors
 - Approved surveys and cadastral maps
 - More often no information is given except incomplete maps
- Appraisers/valuers/brokers
 - In some towns there are no private appraisers or valuers
- Banks and other Financial Institution
 - Land Bank provides appraisal data, but mostly limited to foreclosed properties submitted for transfer. Some banks instead depend on the office of the assessor for information and needed data.
- Property owners
 - Valuation of their properties as stated in the tax declarations/titles/ and other documents
- Notaries public
 - Valuation and other details as contained in deeds of conveyances.

E. Stakeholders (Issues and Problems)

- NGAs;
 - Inconsistent data on valuation among government agencies
 - Inadequate coordination which otherwise would result in efficient and effective land administration
 - Most agencies are concerned only with their own needs; where there is a necessity to pool and consolidate information; there is less work on this line, resulting in erroneous data generation, duplication of issuances, costly resurveys, etc.
 - Burdensome sales patent application
 - Difficulties in updating of records by users at the provincial assessor's office due to conflicting policies.

- BLGF
 - Does not provide updated information, e.g., memos, circulars on new policies, etc.
 - Must have one policy/manual of operations to guide the assessors
 - Unmindful of the sad plight of the municipal assessors; they are more concerned with the treasurers as these officers are directly under them
 - The assessors should be under the BLGF like the treasurers
 - BLGF complain of the long delay in the submission by assessors of the monthly and quarterly reports on assessment and collections
 - Should strongly coordinate with the local chief executive so that assessors' concerns are also considered
 - BLGF is only given the implementing authority; it does not have a say in the legislative aspect of land valuation
 - Relationship with BLGF not really close,
- LGUs
 - Take assessment as a tool to suit their political agenda
 - Do not fund adequately the cost for assessors' activities, e.g., general revision, travels
 - Provide inadequate and not technically capable personnel
- Banks and Financial Institutions
 - Do not usually provide data
 - Sometimes appraisers of banks do not inform the assessors of the mortgage transactions.

F. Cost of Existing System

- At the provincial assessor's office
 - Provincial assessor's office does not provide counterpart
 - Do not know what are the costs entailed and how much
- At the municipal assessor's office
 - P 400,000.00 average
 - The usual budget of the municipality
- At BLGF
 - No data given
- At the level of the property owner
 - No data given

PRINCIPLES OF A VALUATION MODEL FOR PURPOSES OF AD VALOREM TAXES

With the workshop results in place, Ms. Teresita Solomon of the National Tax Research Center presented a set of principles of a valuation model for the assessment of ad valorem taxes. The evaluation of the existing real property valuation system was reviewed against these principles, together with the proposed recommendations of the participants.

The principles:

1. A process independent of political influence or direction
2. The system must have statutory authority with value definitions based on a determination of market value at a specific date.
3. Those individuals appointed for the task must be experienced and qualified in appraisal practice and be suitably compensated for the responsibility of the job.
4. The individuals responsible must have the resources to complete the task, which will include ready access to land transaction records, property related data, maps, and computer technology.
5. The system must be fair and equitable with a provision for regular reviews of market value.
6. The processes must be transparent, easily understood, and publically notified.
7. The property owners must have easy access to and have confidence in the appeal procedure.
8. The dispute process must be fair, simple, and inexpensive.
9. The schedule of market value is a public records available to everyone.
10. The system must be capable of computerization and be cost effective.

The general comment of the participants was that the current system is deficient and that their proposed changes reflect many of the above stated principles.

The Workshop ended at 4:30 pm with Mr. Hamish Mc Donald saying a thank you message for everyone.

**WORKSHOP WITH THE PROVINCIAL ASSESSOR AND SENIOR STAFF
(May 28,2002)**

WORKSHOP 1. Evaluation of the existing valuation framework

Workshop Process/Methodology

The Valuation Advisers gave brief introduction on the objective of the workshop, including a review of the information required in the workshop questionnaire. After this, the participants were purposively grouped into three and each group had two topics to brainstorm on and agree on common answers. The distribution was as follows:

- Group 1 A. Laws Rules, and Regulations
 B. Valuation Practice

- Group 2 C. Valuation Profession
 D. Sources of Information

- Group 3 E. Stakeholders Issues and Problems
 F. Cost of Existing System

As a group, the participants were made to answer a questionnaire on common issues and concerns affecting land valuation. The outputs were then collated.

Results:

A. Laws, Rules and Regulations

Activity	Comments, Details
Legislative Authorities	RA 7160, Bk 11, Title Two LAR 1-92 IRR of RA 7160 Assessment Regulation 1-78-Tax Mapping Operations Manual
Frequency of review	Once every three years as mandated in Sec. 219 of RA 7160.This is a legal mandate and requires amendment to the law if the review frequency is to be changed.
Level of appeals	2 to 3 cases on the average per year
Court cases on valuation	None

B. Valuation Practice

Activity	Comments, Details
Purposes of valuation /appraisals	<ul style="list-style-type: none"> • For basic taxes and SEF computation • Data users: BIR, HLURB, DAR, Courts for setting of bail bonds.
Valuation methodologies used	Sales analysis, income capitalization and reproduction cost approaches
Informal property market	50 percent of total transactions not made on record; purpose is to avoid taxes
Agency comment on real property tax administration	Strict implementation of RPT is necessary.
Role of BLGF in valuation	Monitoring and technical supervision and overseeing the implementation of RPT administration
Others	<ul style="list-style-type: none"> • Sales and rental data should be computerized • There are complaints of high, excessive valuation • Assessor's on property valuation are lower than the zonal valuation of BIR

C. Valuation Profession

Activity	Comments, Details
Valuation standard	RA 7160 or Local Government Code, is the guide on appraisal of real property on current & fair market value. To arrive at such, 3 approaches are used, namely, sale, income capitalization, replacement or reproduction cost.
Number of Appraisers and other Personnel involved	10 technical staff
Number of Licensed Appraisers	None
Regulation of Assessors	Some assessors are misplaced as their educational background are teaching and nursing. CSC should revise the QS concerning qualification of municipal assessors.
Education and Training of Assessors and Personnel Involved	A regular and comprehensive skills training for personnel of the Provincial Assessor's Office and Municipal Assessor's Office should be conducted by DOF to enhance and update their knowledge on GIS.
Assessors/Appraisers/Valuers Organization	

D. Sources of Information

Activity	Comments, Details
National Government Agencies	DENR, ROD,DAR, HLURB & BIR (maps & conveyances)
Geodetic Engineer/Surveyors	Survey maps
Appraisers/Valuers/Brokers	<ul style="list-style-type: none"> • Deeds of sale • Current price of real property in the locality
Banks and Financial Institutions	Mortgages & loans (LBP,DBP & Rural Banks – agricultural loans)
Property Owners	Data on their properties
Notary Public	Conveyances, sales data

E. STAKEHOLDERS (Issues and Problem)

Activity	Comments, Details
National Government Agencies	<ul style="list-style-type: none"> • BIR valuations are higher than the valuation of assessors • No uniformity in the valuation of the property
Bureau of Local Government Finance	Lack of information dissemination on policies
Property Owners	Hesitant to pay realty tax due to high valuation of the property
Local Government Units	Lack of financial support and information on policies because of political intervention
Banks and Financial Institutions	<ul style="list-style-type: none"> • No uniformity in their valuation of property • No transparency on their transactions
Appraisers/Valuers/Organization	They implement high valuation of the property due to percentage commissions
Corporate Entities	They differ in their opinion of the valuation of property .
Others	<ul style="list-style-type: none"> • Community involvement – property owners know the valuation of their property since they live in one community • Migration of property owners to other place.

F. Cost of Existing System

Activity	Comments, Details
At the Provincial Assessor's Office	<ul style="list-style-type: none"> • Lack of financial support for trainings and seminars • Limited travel allowance
At the Municipal Assessor's Office	Limited budget on the implementation of real property tax (supplies & materials)
At the Bureau of Local Government Finance Central & Regional Offices	Limited budget
Property Owner	Limited information dissemination Re: Property valuation of existing system

WORKSHOP 2. Survey on Some key Issues

Methodology

A short questionnaire was distributed to the participants to get their individual opinion. This is intended to get their views on certain issues affecting property valuation. The answers were collated and the most common response was considered the groups' answer.

Results:

- As to the frequency of the conduct of general revision – **every 5 years**
- Opinion as to the Sangguniang Panlalawigan at Panglungsod as approving authority of SMV – **In favor**
- Opinion as to adoption of a uniform or unified valuation system or standards for taxation (national or local) and for other purposes – **In favor**

Opinion as to the level of establishing a uniform valuation system:

- **National level – 33%**
- **Regional level – 33%**
- **Municipal level - 33%**
- Opinion as to the participation of the private sector (private appraisers) in establishing property value – **Not in favor**
- Opinion as to the creation of a formal education and training program for uniformity in policies and procedures for both government and private sector appraisers – **In favor**
- Sources of property market information of data:
 - **Banks,GFI, GOCCs**
 - **National government agencies such as ROD,BIR, DAR, & DENR**
 - **Sales data.**
 - **Deeds of conveyances**
 - **Records from real estate appraisers**
 - **Notaries public.**
- Opinion as to the need for two types of property value, e.g., zonal and market value, for taxation purposes – **Not in favor**
- Problems encountered the Provincial Assessor's office
 - **Need for more trainings**
 - **Limited funding for activities**
- Functions of the Assessor's Office that should be computerized:
 - **All functions /tasks should be computerized**

ANNEX A

LIST OF PARTICIPANTS

NAME	POSITION	LGU
Engr. Carlos Cordero	City Assessor	Tacloban
Cristeta Tugonon	City Assessor	Ormoc City
Elizabeth Gelig	Municipal Assessor	Jaro
Teofilo Argota	OIC Mun. Assessor	Tanauan
Manuel de Veyra	Municipal Assessor	Sta. Fe
Pastor Tinaya	Municipal Assessor	Tabontabon
Ida Pernes	Municipal Assessor	Carigara
Jesus Lesigues	Municipal Assessor	Pastrana
Pablo Adezas	Municipal Assessor	San Miguel
Jose Pesario	OIC Mun. Assessor	Babatngon
Virginia Yu	Municipal Assessor	Palo
Myrna Silvano	Municipal Assessor	Alangalang
Catalina Faustino	Municipal Assessor	Tolosa
Jose Benusa	Municipal Assessor	Capoocan
Lope Ponferada	Municipal Assessor	Barugo
Roy Bautista	Municipal Assessor	MacArthur
Evangeline Asoy	Municipal Assessor	Dulag
Henry Simborio	Municipal Assessor	Tunga
Atty. Rafael Iriarte	Provincial Assessor	Leyte Province
Pio Holasca	Asst. Provincial Assessor	Leyte Province
Emma Pelayo	LAOO III	Leyte Province
Nelia Baltazar	Assessment Clerk II	Leyte Province
Teresita Salas	LAOO III	Leyte Province
Leonita Catalan	LAOO III	Leyte Province
Virgilio Nayra	LAOO IV	Leyte Province
Lyndon Go	Technical Staff II	Leyte Province
Felix Maruya	LAOO II	Leyte Province
Daniel Orcullo	LAOO II	Leyte Province
Felinda Mission	LAOO II	Leyte Province
Teresita Atuel *	LAOO IV	BLGF Regional Office
Pilar Raagas *	LAOO III	BLGF Regional Office

* BLGF Assessment supervisors attended the workshop for both Municipal Assessors group and the Provincial assessor's Office group

ANNEX B

LAND ADMINISTRATION & MANAGEMENT PROJECT VALUATION POLICY STUDY

MarArthur Park Beach Resort
May 27, 2002

Workshop on Real Property Valuation

Opening Program

7:00 – 8:20	Registration
8:20 – 8:30	Invocation
	Philippine National Anthem
8:30 – 8:45	Opening Remarks and Welcome Address Engr. Ramon S.Unay, Project Manager PIO 1
8:45 – 9:00	Introduction of Participants and the Valuation Policy Study Team Director Santiago Sotelo, BLGF
9:00 – 9:15	Overview of Land Administration and Management Project and The Policy Study Hamish Mc Donald, International Valuation Adviser
9:15 – 9:30	The Real Property Tax Administration in the Philippines Ellen D. Hernandez, National Valuation Adviser
9:30 – 9:45	Coffee Break
9:45 – 10:00	Introduction of questionnaire on <ul style="list-style-type: none">• Laws, Rules and Regulations pertinent to real property valuation• The Valuation Practice• The Valuation Profession• Sources of Information• Stakeholders – Issues and Problems• Cost of the Existing Valuation System Ellen D. Hernandez
10:00 – 10:45	Identification of gaps and the bottlenecks in real property appraisal Teresita Solomon
10:45 – 12:30	Group discussions on measures that can be taken to improve the effectiveness and efficiency of the appraisal system; Accomplishment of Questionnaire; and Answer questions assigned to each group
12:30 – 01:15	LUNCH
01:15 – 03:15	Presentation of Group outputs and critiquing
03:15 – 03:30	Coffee Break
03:30 – 04:00	Wrap up, Ellen D. Hernandez
04:00 – 04:15	Closing Remarks, Hamish Mc Donald

LAND ADMINISTRATION & MANAGEMENT PROJECT
VALUATION POLICY STUDY

MarArthur Park Beach Resort
May 28, 2002

- | | |
|---------------|--|
| 8:15 – 8:30 | Introduction of Participants and Valuation Policy Study Team
Director Santiago Sotelo |
| 8:30 – 8:45 | Overview of Land Administration and Management Project
Hamish Mc Donald |
| 8:45 – 9:15 | Introduction of Questionnaire on <ul style="list-style-type: none">• Laws, Rules and Regulations pertinent to Real Property Valuation for Real Property Tax• The Valuation Practice• The Valuation Profession• Sources of Information• Stakeholders – Issues and Problems• Cost of the Existing Valuation System Ellen D. Hernandez |
| 9:15 – 10:30 | Group discussions and accomplishment of the Questionnaire |
| 10:30 – 12:00 | Presentation of group output and critiquing |
| 12:00 – 12:15 | Wrap-up
Ellen D. Hernandez |
| 12:15 – 12:30 | Closing Remarks
Hamish Mc Donald |
| 12:30 – 01:30 | LUNCH |

ANNEX C

Land valuation Policy Study
Existing Valuation Framework

ACTION PLAN

1.2 Local government unit (LGU)Valuations

The Local Government Code of 1991 provides that the province, cities and municipalities Metro Manila area are primarily responsible for the proper, efficient and effective administration of the real property tax subject to the rules and regulations governing the classification, appraisal and assessment of real property issues by the Department of Finance (DOF)

A. Laws, Rules and Regulations	
Activity	Details of and Reference for data Needed
Legislative Authorities	List of authorities
Frequency of Review	Comment on the Law reality
Level of Appeals	List cases of appeals filed with and decided by the Local Board of Assessment Appeals and Central Board of Assessment Appeals
Court Cases on Valuation	List cases of valuation filed with Courts, those pending decision as well as those decided and provided comment
Others	

B. Valuation Practice

Activity	Details of and Reference for data Needed
Purpose of Valuations/Appraisals	<ol style="list-style-type: none"> 1. Type of taxes raised on base 2. Other uses made of the valuation/appraisal – identify the agency using the Assessor's Valuation and comment on the uses by that Agency
Valuation Methodologies Used	List the methodology most commonly used for each type of real property
Informal Property Market	Comment on the extent by property type and estimate the percentage to the total market
Agency comment on the Real Property tax Administration	
Role of the Bureau of Local Government Finance in Valuation	Comment on the role of the Bureau
Others	<ol style="list-style-type: none"> 1. Level of computerization – comment generally on computerization in the agency – sales and rental data basis etc. 2. Comment on Property Owner's acceptance of the valuation 3. Comment on the interface with private sector, other local government units and the national government 4. Issues and problems raised/identified by Users, Valuers/Assessors and provide brief comment

C. Valuation profession

Activity	Details of and Reference for data Needed
Valuation Standard	
Number of Appraisers and Other Personnel Involved	Total Number of assessors, assistant assessors and personnel involved in the process
Number of Licensed Appraisers	Number of licensed appraisers and unlicensed appraisers involved in the process
Regulations of Assessors	
Education and training of Assessors and personnel involved	Details of courses and continuing professional development offered by the Agencies
Assesors/Appraisers/Valuers organization	List of the Organization to which the Agency Assessors/Appraisers and other personnel involved belong .Does the Agency support membership?
Others	

D. Sources of Information

Activity	Details of and Reference for data Needed
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National Government Agencies	List the agencies and the type of information relied upon. List also the impact on the quality of appraisal
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Geodetic Engineers/Surveyors	List the type of information relied upon
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Appraisers/Valuers/Brokers	Type of information relied upon
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Banks and Financial Institutions	Identify the Bank or Financial Institution and the information it provides
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Property Owners	
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Notaries Public	
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Others	
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E. Stakeholders (Issues and Problems)

Activity	Details of and Reference for data Needed
National Government Agencies	List issues and problems raised by users and appraisers/valuers and provide brief comment
Bureau of Local Government Finance	List issues and problems raised and provide brief comment
Local Government Units	List issues and problems raised and provide brief comment
Property Owners	
Banks and Financial Institutions	List matters raised and provide brief comment
Appraisers/Valuers Organization	List those identifies by the organizations or individual members and provide brief comment
Corporate Entities	List issues and problems raised and provide brief comment
Others	<ol style="list-style-type: none"> 1. Community involvement – Identify the type of involvement and property owner feed back – the problems and issues raised by them 2. Issues and Problems raised/identified by Users/assessors and provide brief comment on each

F. Cost of Existing System

Activity	Details of and Reference for Data Needed
At the Provincial Assessors Office	For the process relative to the schedule of Market Values preparation and approval as well as the valuation process
At City Assessors Office	For the complete process of valuation including the preparation and approval of the schedule of Market Values
At the Metro Manila Municipal Assessors Office	For the complete process of valuation including the preparation and approval of the schedule of Market Values
At the Municipal assessors Office outside Metro Manila	For the process in a regular Municipal assessors Office
At the Bureau of Local Government Finance Central & Regional Offices	For the Valuation process only, which includes monitoring, technical supervision, training of Assessors and personnel involved. Provide comment.
Property Owner	
Others	

ANNEX D

ISSUES

1. In your opinion how often should a general revision be conducted?
2. What is your opinion regarding the authority of the Sanguniang Panlalawigan and Sanguniang Lungsod to approve the SMV?

In favor _____
Not in favor _____

3. Are you in favor of adopting a uniform or unified valuation system or standards for taxation (National or Local) and other purposes?

Yes _____
No _____

4. If a uniform valuation system will be adopted, at what level should this be established?

National _____
Regional _____
Provincial _____
Municipal _____

5. If a uniform valuation system will be adopted, should the private sector (private appraisers) participate in establishing property value?
6. Are you in favor of creating a formal education and training program for uniformity in policies and procedures for both government and private sector appraisers?

Yes _____
No _____

7. What are your sources of property market information or data?
8. In your opinion, should there be two different types of property value (Zonal Value and market value) for taxation purposes?

Yes _____
No _____

9. What problem/s do you encounter in your working relationship with the Provincial Assessor's Office?
10. What problems do you encounter in your working relationship with the BLGF?
11. What functions of the Assessor's Office do you think should be computerized?