Smart Assessor: Keep Calm and Manage your Data Quality

Wednesday 23rd June 2021, 20:00—21:30

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Program

• Property taxation in the Netherlands

• Three main data sources:
  • derived from the system of base registers
  • derived from real estate ads
  • specifically collected for mass valuation

• Maintaining the accuracy of object characteristics

• Concluding remarks
Property taxation in the Netherlands
The Netherlands, some facts

• Kingdom
• 17.3 million inhabitants
• Area: 41,526 km² (16,221 sq mi)
  • 9 million real estate properties
  • 8 million residential
• 1 million non-residential
• Total value: € 2,000 billion
• More than € 11 billion tax revenues based on the assessed value
• Total costs for appraisal and assessment: € 150 million
National government

- Amsterdam capital
- Government located in The Hague
- 12 ministries
- The Netherlands' Cadastre, Land Registry and Mapping Agency
- The Tax and Customs Administration
- Property tax as a part of income tax
Regional government

- 12 Provinces
- Layer between the national and the local government
- Responsibility for matters of subnational or regional importance
- To a large extent financed by the national government
Local government, municipalities

• 352 municipalities
• Municipal mergers have reduced the total number of municipalities
• Wide range of sizes
  • Smallest: 7.03 km² (2.71 sq mi)
  • Largest: 523.01 km² (201.94 sq mi)
• Ruled by a municipal council
• Finances: 80% from national government, 20% own taxes
• Property taxes:
  • Owners of residential properties
  • Owners and users of non-residential properties
• Responsible for annual assessment of all properties (Special Act for Real Estate Assessment)
Local government, polderboards

- 21 polderboards
- Oldest forms of local government
- Spread over entire country
- Responsible for water management
- Self-sufficient (levy their own taxes)
- Property taxes:
  - Build properties (value)
  - Unbuild properties (area size)
The Netherlands Council for Real Estate Assessment

• In Dutch: Waarderingskamer
• Located in The Hague
• Independent governing body
• Minister of Finance is responsible
• Main task: quality control of mass valuation
• Advisory body for mass valuation
• Involved parties:
  • Municipalities (352)
  • Waterboards (21)
  • The Tax and Customs Administration
• Council board has 11 members
• Staff 21 persons
Property taxation in the Netherlands

- Municipalities, polderboards and national government can levy property taxes
- Municipalities responsible for the annual valuation of all real estate properties
- All other organisations are obliged to use these values for taxation purposes
- Quality control is done by the Netherlands Council for Real Estate Assessment
Valuation process

1. Data
2. Valuation model(s)
3. Quality control
4. Assessed values
Valuation process

1. System of base registers
2. Real estate ads
3. Specifically collected

Valuation model(s) ➔ Quality control ➔ Assessed values
Three main data sources
1. Data derived from the system of base registers (1)
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• Cadastral registration
• Registration of buildings
• Registration of addresses
• Registration of inhabitants
• Registration of non-inhabitants (foreigners)
• Registration of companies
• Large scale base maps
• Value of real estate
1. Data derived from the system of base registers (3)

- Benefits of base registers
- With a system of base registers the government:
  - can offer rapid and good services
  - will not be misled
  - will experience improved confidence of citizens
  - will operate very cost efficiently
2. Data derived from real estate ads (1)

• Central registration of asking prices (real estate listings)

• Tool iWOZ:
  • Central system
  • Developed by one municipality
  • Financed and used by all other municipalities
  • Systematic registration of primary characteristics derived from ads
  • Comparison with own data and base registers
  • Info is being saved for future use
  • Including all pictures
2. Data derived from real estate ads (2)
2. Data derived from real estate ads (3)
2. Data derived from real estate ads (4)
3. Data specifically collected for mass valuation (1)

- Size: 120 m²
- Year of construction: 1850
- Size parcel: 600 m²
- Size: 120 m²
- Year of construction: 1850
- Size parcel: 600 m²
3. Data specifically collected for mass valuation (2)

• Collection of this information can be done through:
  • fieldwork
  • interaction (online) questionnaires
  • (automated) desk research
    • aerial photo’s, streetview, etc.

• Open data (location data)
  • free available
Maintaining the accuracy of object characteristics
Maintaining the accuracy of object characteristics

- At least 30% of total costs
  - Check at least 20 percent of the objects every year
- Essential for appraisal model
- Essential for taxpayer’s trust
- Responsibility of the appraiser
- Requires efficient risk-based procedures
Concluding remarks
Concluding remarks

• Good object characteristics are essential for an accurate mass appraisal, therefore it is essential to have uniform definitions and instructions for measuring

• Sharing information with other government and non-government organizations makes the appraisal process more efficient

• The use of real estate ads and other open-data sources can help to improve the results of mass valuation

• The accuracy of object characteristics needs continuous attention of the appraiser