

4TH AREPTA CONFERENCE & AGM

**Theme: *Real Estate Professional - The
Pathway for Industrialization***

VALUATION APPROVAL PROCESS

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Presentation Outline

- i. Background
- ii. Valuation Practice and Approval
- iii. Approval of Valuation Report
- iv. Approval Process,
- v. Rationale for Valuation Approval
- vi. Conclusion

The Background

- Valuation Division can trace back his history after independence, when it was transferred from the department of Public Works (PWD) to the Ministry of Lands, Housing and Urban Development,
- It was manned mainly by expatriates from U.K. and West Africa,
- In its early years, all valuers were stationed at the Ministry Headquarters but later, zonal offices were set up in Dar es Salaam, Mwanza, Arusha and Tanga.

The Background

- In 1974, during the Decentralization Programme of Public Services it became an independent unit in the office of the Commissioner for Lands.
- In 1975, valuers were stationed in seven regions; slowly more regional offices emerged and by 1980 there were 19 Regions with valuers.
- In 1978, following the implementation of the Decentralization Policy, local governments valuation offices were set up in all Town/Municipal Councils.
- The Municipal/Town valuers were expected to deal mainly with valuation/revaluation for property taxation purposes,
- Throughout this time, all valuations were to be approved at the Ministry Headquarter in Dar es Salaam.

The Background

- Following the 2001 Public Service reforms, the proposal to transform the Property Valuation Unit in the Commissioner for Lands Office to an independent agency was not realized.
- In 2008, the Unit was however elevated and became an independent unit under the Permanent Secretary of the Ministry of Lands, Housing and Human Settlements Development,
- Following the enactment of the Valuation and Valuers Registration Act No. 7 of 2016 and the approved functions and organisation structure of the MLHSD in 2022, Valuation Unit has now upgraded into **Division** headed by **Chief Valuer**.
- The division comprise of two Sections: Valuation General and Statutory Section and Land Rates Standard Section.

Valuation Practice and Approval: What does the Law Say?

- The valuation profession and activities in Tanzania are guided by various laws and guidelines;-
 - i. The Valuation and valuers Registration Act N0. 7 of 2016,
 - ii. The Land Act No. 4 & 5 of 1999,
 - iii. The Land Acquisition Act of 1967,
 - iv. The constitution of the URT,
 - v. Regulations (Land Regulations, Valuation Regulation),

Valuation Practice and Approval: What does the Law Say?

- As per Land Act 1999 - valuation activities should be done by “*qualified Valuer*”
- As per Valuation and Valuers Reg. Act - valuation activities should be carried out by a Registered valuer,
- Sect. 25 of the Valuation & Valuers Reg. Act - prohibit any person or firm who is not registered by the Board to undertake any valuation,
- Valuation service can be provided by two group of valuers; mainly:-(a) Government Valuers - Sect. 6 (Valuation and Valuers Reg. Act), (b) Private Valuers

Approval of Valuation Report

- On account of long established traditions, most of the valuations carried out in Tanzania have to be approved by the office of Chief Valuer (Komu, 2017),
- **Gouvernement Circular No. 01 of 1969** paragraph no. 02 - all gvt entities were required to seek for chief valuer approval on value of property before making decision concern selling or buying of particular property
- As per Sect. 6 of the Valuation and Valuers Reg. Act all valuations have to be approved by Chief Valuer.

Approval of Valuation Report

- Up to March 2016, all valuations requiring CGV approval were to be forwarded to Dar es Salaam from all upcountry regions and districts,
- Later on; there were established **Zonal Offices** i.e Coast Zone; Lake Zone, Central Zone, Northern Zone, Southern Highlands and Western zone. All valuations below 1Bil had to get approval in their respective zones,
- 2019 - 2020 as the Government undertake further decentralization - there were established Regional Land Offices in each Region all over the country,
- After establishment of Regional Land Offices; Chief Valuer according to the power vested to her under the Valuation Act - appointed Authorized Regional Valuers and give them the mandate to oversee valuation activities in their respective Regions and approve all valuation below 1Bil.
- This has greatly helped to reduce inconvenience and cost and hence increase efficiency in service provision

Rationale for Valuation Approval

- Approval of Valuation report is among the mechanism of control and regulating the valuation profession,
- Approval of valuation report act as “a second eye” or “peer review” to the work of the valuer,
- Approval increase credibility and authenticity to particular valuation report,
- Approval of valuation act as a “check and balance”

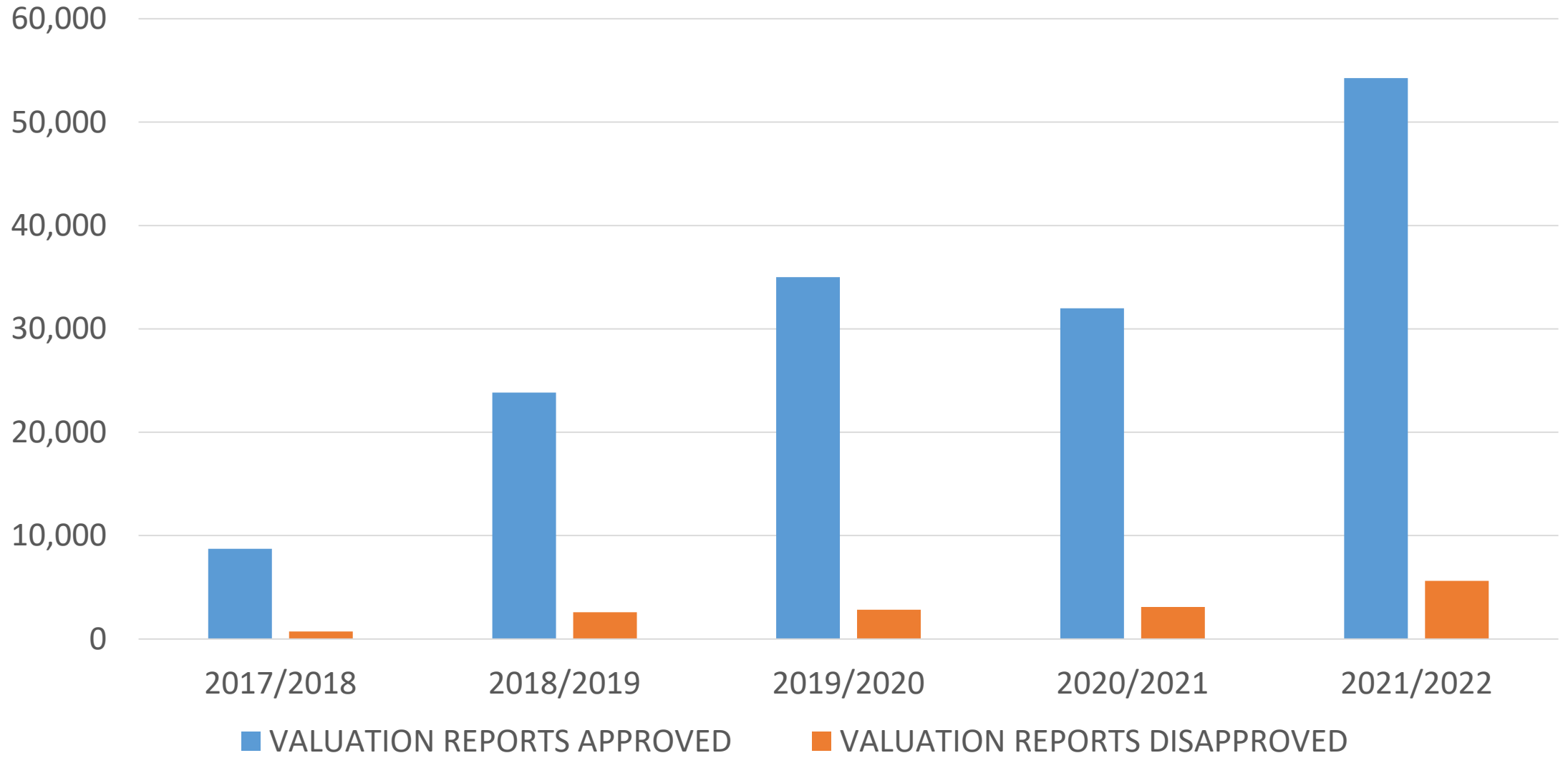
Rationale for Valuation Approval

- Control and regulate professional practice - monitor the quality of service rendered,
- Mechanism to control and minimize likely economic risks and crises that might arise from poorly managed lending by commercial/financial institution, - (US banking panics 1930 - 1931),
- Approval fees is one of the revenue source,
- Managing property market,
- Reliability of valuations,
- Valuation data bank,

Approval from Year 2017 - 2022

S/NO.	YEAR	VALUATION REPORTS APPROVED	VALUATION REPORTS DISAPPROVED
1.	2017/2018	8,725	728
2.	2018/2019	23,831	2,583
3.	2019/2020	35,000	2,822
4.	2020/2021	32,000	3,093
5.	2021/2022	54,257	5,621
	Total	153,813	14,847

VALUATION APPROVAL 2017 - 2022



Approval from Year 2017 - 2022

- The table above shows the rise in number of approved reports from **8,725** reports in year 2017 to **54,257** in year 2022.
- Also there is greater rise in number of disapproved reports from **728** in 2017 to **5,621** reports in 2022.

APPROVAL PROCESS

(See attached Bussiness Process)

Common Errors Observed During Approval

- Failure to attach important documents (CTs/CROs, sketches, Consent Letter for varied names, evidences of market data, etc),
- Miscalculation of GEA,
- Incorrect measurements of buildings dimensions,
- Inappropriate use of data,
- Failure to properly analyse the data,
- Ghost/non-existing properties,

Common Errors Observed During Approval

- Fake/forged CTs/CROs,
- Distorted market data,
- Fake property descriptions to favour/justify the use of a particular rate during valuation (eg. Stating that the building is a 3 storeys while it is a single storey)
- Lack of necessary documents attached to the report i.e EFD Receipts, Audited Financial Reports, Invoices, etc

The Future of Approval

- The MLHHS D is currently developing an Intergrated Land Management System (ILMIS) - Improved ILMIS,
- Through this system - valuation approval process will be automated,
- Valuers will be able to submitt their report - online through the system,
- The implementation of this system will remove incovinience to the valuers and speed up the approval process

Conclusion

- Approval of valuation reports act as a 'check and balance' in valuation practice,
- The Chief Valuer's Office will continue to ensure that all valuation reports that are 'Ok' will be approved timely,
- Valuers are urged to adhere to professional standards, laws and guidelines in preparing their valuation reports so as to reduce any inconvenience that may arise during approval process.
- The Chief Valuer's Office will continue to improve the entire approval process so as to meet the needs of the community in general and our client in particular in accordance with the *client service charter*

THANK YOU LISTENING