

## Comments on “Definition of a Professional Valuer”

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The draft discussion paper, “Definition of a Professional Valuer” is a happy addition to IVSC’s body of work on valuation standards that tries to bridge both the range of valuation disciplines and regional valuation institutions.

My perspective for reviewing the paper is a career in mass valuation for property tax purposes centered in the United States. I have had some experience in developing standards and practice materials and in grappling with the concept of a valuation professional, largely while I was employed by the International Association of Assessing Officers. I have had some exposure to valuation practices and institutions in Europe.

### **General matters for comment**

I would offer the following: The structure of the document is admirably clear, given its general nature. However, I think the definition of a valuer given in the second sentence of the Introduction should be set off in italics or boldface. As discussed further below, I think the paper should explicitly address a professional valuer’s responsibilities in responding to client needs; it has been my perception that valuers’ organizations focus more on what valuers want to supply rather than responding to what clients need (demand). I like the inclusion of skepticism in the competency requirements. I have no suggestions regarding points 2 and 4.

### **Specific matters for comment**

1. As mentioned, explicit recognition should be given to client needs in setting valuation standards and offering practice guidance. One facet of the issue is what level of effort (expense) is warranted when the amount of valuation risk varies? Although it is an extreme example, I recall a proposed valuation methodology for a central European property tax system that would have cost about USD 250 to apply to a typical property when the tax would have amounted to about USD 20. The Ministry of Finance was duly unimpressed. The issue also surfaces in countries like the U.S. where conventionally trained valuers do not regard mass valuation as “real” valuation and where use of automated valuation models is reflexively opposed. A professional would have due regard for the costs and benefits of a particular valuation solution in relation to the sums at risk. Clearly a different level of effort and care is warranted when the amount at stake is a tax of 1 percent of value than when the amount at stake is the value of a property or the amount of a mortgage. Certainly parsimony is important in valuation for tax purposes.

2. I think analytics or analytical skills should be explicitly mentioned under technical competency requirements on page 6 and under technology skills on page 7. Familiarity with statistical software is probably more important than familiarity with database software. Increasingly, some exposure to geospatial software is important in real property valuation.
3. The prerequisite of a university degree is a difficult issue. The long-term answer is “yes” if valuation is to be regarded as a profession in the same way that medicine, law, and accounting are regarded as professions. A degree requirement is better than an apprenticeship approach: The would-be valuer bears the cost of being prepared for a livelihood rather than an employer or clients. A degree testifies to a more extensive and evaluation of knowledge if not skills than being apprenticed. Given the different fields of which valuation is a part globally, a question is “a degree in what”?
4. See comment under point 3.
5. I think having to protect a license is a powerful incentive to behave ethically.

#### **Other comments**

In the introduction on page 4, should educational requirements be mentioned along with professional standards in the second bullet point?

The list of competencies on page 7 needs editing to ensure consistent capitalization and perhaps use of boldface (I was unsure whether “awareness of increasing need for multidisciplinary teams” was a separate competency or part of the project management competency). At the end of the first line of the second paragraph of the problem-solving competency, “generate” should be substituted for “generated.”

Good job!