

2020 Appeal Process Toolkit

Note from Theodora Lamb, SBIA Executive Director

Dear SBIA Members,

The notice of your latest property assessment arrived on January 2nd, 2020. For tenants who have not seen a copy you can reach out to your property owner or manager or look up your assessment at bcassessment.ca. The SBIA has created a toolkit for members to help guide you through your property assessment decision and navigate the appeal process if that's a step you choose to take.

We know that rising property tax has been one of the greatest challenges facing local businesses in Strathcona. Last year, the SBIA introduced the Strathcona Tax Empowerment Program (STEP). As part of STEP, every member of the SBIA benefited from a commercial tax agent's opinion on their 2019 commercial property assessment. Approximately 14% of members chose to engage the agent, and nine of those properties were successful in their appeals. They achieved a combined tax savings of \$195,000 and an overall reduction in property assessment value of \$15,237,395.

For 2020 we want to equip you with the tools to investigate the appeal process. Working with a tax agent is also an option for those wanting professional support. Tax agents give you the option to pay a pre-determined rate, or work on a contingency basis. Please reach out to the SBIA office at 604-258-2727 or email theo@strathconabia.com if you would like an agent recommendation.

Please don't hesitate to reach out to the SBIA with any questions you have regarding the property assessment appeal process.

Warmly,



Theodora Lamb
Executive Director, Strathcona BIA



Strathcona Tax Empowerment Program

In this Tool Kit you'll learn about:

- Property Assessment Versus Property Tax
- Average Assessment Change
- Communication Between Tenants and Property Owners
- Key Dates and Appeal Process Stages
- How to Appeal Your Property Assessment
- Evidence: What to Consider
- Recent Strathcona Sales
- Key Concepts, Final Tips, and Resources



Property Assessment Versus Property Tax

	Your Property's Value Change	Property Tax Impact
1.	 LOWER than Average Change for Property Class	Taxes Likely* DECREASE
2.	 SIMILAR to the Average Change for Property Class	Taxes Likely* DO NOT CHANGE
3.	 HIGHER than Average Change for Property Class	Taxes Likely INCREASE

What you pay in property taxes in 2020 is based on **how your assessment change compares to the average change** for your property class. For example, if the average change from last year is a 10% drop in assessment value and your assessment has only gone down 5%, you could pay higher property taxes than last year. Those with property assessments that are higher than the average change from 2019 to 2020 will pay a greater share of total property taxes collected by the City this year.

Average Assessment Change by property class in Vancouver from 2019 to 2020

Residential Average Change: -10.2%

- Property Class 1 -

Business and Other Average Change: -2.4%

- Property Class 6 -

Light Industry Average Change: 0.2%

- Property Class 5 -

ASSESSED VALUE	×	PROPERTY TAX RATE	=	PROPERTY TAXES
Received in January BC Assessment (BCA)		Spring Set by Taxing Authority		Due 1 st Business Day July* Taxpayer

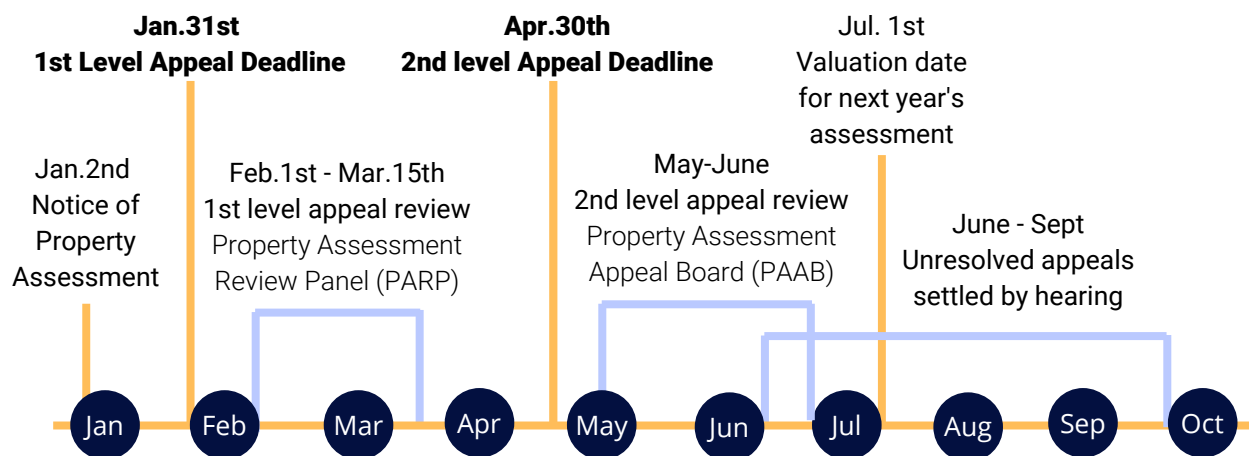
Property tax rates for each property class are set by the City and used to determine how much property tax you pay. It's important to understand BC Assessment has no control over the tax rate, only the assessment value of your property.

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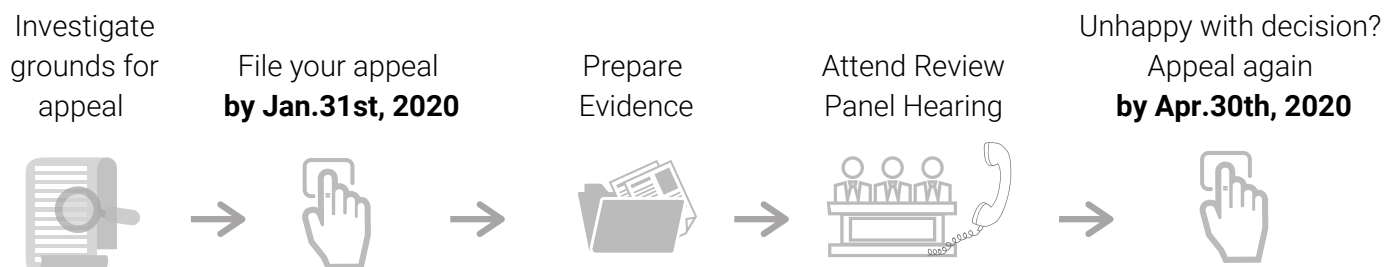
Communication between Tenants and Property Owners

Property Owners are obligated to provide a copy of their property assessment to their tenants. Property assessments can also be looked up online at bcassessment.ca. Both tenants and property owners are allowed to file an appeal. We strongly recommend that tenants interested in the appeal process communicate ahead of time with their property owners or property managers, as you may learn they already intend to file appeals for the property. Tenants should also fully understand the terms of their specific lease before filing for appeal. There is no difference for tenants versus property owners in the process that follows after filing an appeal.

Key Dates Appeal Process Stages



How to Appeal Your Property Assessment



You can only appeal for the current assessment year (2020). Your first step is to investigate whether you have grounds for appeal. Assuming you do, you must file your appeal by January 31st by submitting a [Notice of Complaint Form](#) on the BC Assessment website. Once you have appealed for this level one stage you are given a hearing date with the Property Assessment Review Panel (PARP). It's important that you take time to prepare and gather evidence that you will present at your hearing. New for 2020 is a conference call as the primary hearing method for complaints. If you are unhappy with the decision at the first stage you can appeal again by April 30th, 2020. This is considered the level two stage which involves appealing to a new entity, called the Property Assessment Appeal Board (PAAB).

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Level 1 Appeal Stage

Property Assessment Review Panel (PARP)

- The first level of appeal is where you file a "complaint" and are given a hearing date with this Panel.
- Panel members are independent of BC Assessment and all local governments. They are appointed by the Minister of Municipal Affairs and Housing.
- PARP complaint hearings take place between February 1st and March 15th each year.
- In 2020, PARP hearings will be a teleconference call between all parties where you will use a shared website to upload specific pieces of evidence.
- Summary of a PARP Hearing:
 - Process and Introductions (4 min)
 - Complainant presents evidence to Panel (8 min)
 - BC Assessment presents evidence to Panel (8 min)
 - Questions and Deliberation (6 min)
 - Panel Decision communicated (4 min)

Level 2 Appeal Stage

Property Assessment Appeal Board (PAAB)

- You can appeal to the PAAB only after filing a complaint to the PARP.
- Both sides involved in the PARP complaint, i.e. the complainant or BC Assessment, can file an appeal to PAAB regarding the PARP decision.
- The Appeal Board is an independent tribunal that hears assessment appeals throughout the year. Board members who decide appeal outcomes are appointed by Cabinet.
- An Appeal Management Conference (AMC) is held where parties discuss their evidence and position, chaired by a PAAB member. The purpose of an AMC is to attempt to resolve your appeal. At this stage if appeals are not settled they will be set for formal adjudication by a Board member through written submission or an in-person hearing.

Evidence: What to Consider During Investigation

During the investigation stage, determine what kind of grounds you may have for a successful appeal. It is paramount that you support your grounds for appeal with evidence.

Common Grounds for Appeal

Assessed value is higher than market value

BC Assessment analyzes market value of properties. Sometimes properties are overassessed based on the sales.

Errors in income approach

For example, rents applied by BC assessment are not reflective of market rents for your property type.

Physical characteristics misrepresented

The assessor may have misrepresented the size of the building on a property or the lot size itself.

Equity

If you can demonstrate that you are not equal to your neighbouring properties similar to you this might warrant an appeal.

Improper classification

Classification determines your tax rate. If you think your property has been misclassified this would warrant an appeal.

Evidence Examples

Sales information of neighbouring properties

Demonstrate rents applied by BC assessment are not reflective of your rents

Photos of the building or architectural plans

Comparisons to neighbouring assessments within the same zoning

Rezoning application

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Recent Strathcona Sales

Relevant sales transactions that likely had an impact on assessed values in the Strathcona BIA area this year:

Address	Closing Sale Date	Sale Price	Site Area		Max FSR	Sq.Ft. Bldbl.	\$/sq.ft. Bldbl.	Year Built	Sq.ft. Building	Price		2020 Assessment	2020 Total Assessment	Assessment Change	
			(sq.ft.)	Zone						Per.sq.ft. Finished Area	2020 Land Improvement			2019-2020	ASR
323 & 369 Alexander Street	Apr-19	\$20,000,000	38,594	I-4	5	192,970	\$104	1970	30,461	NA	\$27,368,900	\$36,000	\$27,404,900	-38%	137%
365 Railway Street	Sep-19	\$18,000,000	11,761	I-4	5	58,805	NA	1942	31,528	\$571	\$8,635,000	\$8,402,000	\$17,037,000	-8%	95%
261 East Pender Street	Apr-19	\$3,750,000	3,049	HA-1	NA	NA	NA	1914	7,295	\$514	\$3,074,000	\$21,100	\$3,095,100	9%	83%
1250 East Pender Street	May-19	\$11,400,000	19,602	I-2	3	58,806	\$194	1964	16,240	\$702	\$10,291,000	\$18,900	\$10,309,900	5%	90%
333 Clark Drive	Oct-19	\$2,400,000	4,080	M-2	5	20,400	\$118	1987	2,700	NA	\$2,379,000	\$6,600	\$2,385,600	-7%	99%
1889 Triumph Street	Dec-19	\$2,350,000	4,356	I-2	3	13,068	\$180	2014	4,352	\$540	\$2,351,000	\$12,400	\$2,363,400	-5%	101%

Key Concepts

Zoning:

Common zoning types in Strathcona are:

- Industrial: I-2, M-1, M-2: permit industrial uses that are generally incompatible with residential land use
- Industrial: I-4: Specific to Railtown, permits light industrial uses, creative manufacturing, and limited office use
- Downtown Eastside Oppenheimer District/DEOD: unique in the City of Vancouver, specific allowable uses and social housing development guidelines

When building your appeal case, make comparisons with properties and sales in the same zoning as your property.

Max FSR: Max Floor Space Ratio

Max Floor Space Ratio is the maximum permitted ratio of a building's floor area to the size of land the building sits on. A higher ratio is more likely to indicate dense or urban construction. The allowable use FSR has a huge affect on assessed value.

Final Tips

- As part of your investigation you can call BC Assessment and ask for the sales used to assess your property.
- Calculate your land assessment per buildable sq. ft. and compare to other neighbouring properties of the same zoning type.
- To build an equity case when your \$/sq.ft. buildable is similar to your neighbours, you can think about what specific things make your property different (and arguably less valuable). For example, a triangle lot, or infrastructure impediments.

Property Classification:

BC Assessment places property in one or more of nine classes, typically based on the property's type or use. Different classes are taxed at different rates. Most SBIA members belong to:

- Class 5: Light Industry
- Class 6: Business Other

All or portions of a property can also be Class 8: Recreational Property, Not-for-Profit Organization, which is taxed at a 60% lower rate. This is worthwhile to investigate if you think a portion of your property qualifies.

ASR: Assessment to Sale Price Ratio

Assessment to Sale Price Ratio is the ratio of the assessed value to the sale price of a property. A higher percentage means the assessment is higher than actual sale price. ASR can be a helpful metric to build grounds for appeal.

Resources

BC Assessment Contact Inquiry Form
or call BC Assessment at 1-866-825-8322

BC Assessment Interactive Maps

Register to the BC Assessment Site to:

- search and browse properties on a map
- create property comparisons

Notice of Complaint (Appeal) Form 2020

www.bcasement.ca (1st level of appeal)

www.assessmentappeal.bc.ca (2nd level of appeal)