

# Bob Bracken



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## Real Estate Investment Think Bob Bracken



### 2020 Property Assessment: How Accurate & How Does It Affect Property Taxes?

By Bob Bracken

**Annual Property Assessment Notices from BC Assessment Authority were mailed out in early January 2020, & by now you should have received yours.** The "Assessed Value" figure is BC Assessment's estimate of the market value of your property as of July 1st, 2019 & this value is used to determine how much you will pay in property taxes this year. Many of the "Frequently Asked Questions" about the Assessment process are addressed in the brochures included with the Assessment Notice. **Some of the major points worth repeating here are the following:**

- **The Assessed Value is an estimate of the market value of your property as of a July of the prior year, i.e. 2019, for the purpose of taxation.** Few properties are actually visually inspected by a BC Assessment appraiser, & most assessments are computer generated using information from Real Estate MLS Sales records, Land Title offices, as well as building permit & zoning information from the cities or municipalities.

- **The Assessed Value, however, cannot be relied on as an accurate representation of the current fair market value of your property.** The Assessment Notices reflect Market Values determined 6 months before being delivered, which can be an eternity in the Vancouver/Lower Mainland Real Estate Market. For most years in the past 2 decades, it was safe to say that the Assessed Value was well below Market Value, as prices had been steadily, often dramatically, moving up. That trend reversed a couple years ago, & it was safe to say that, for most of 2019, market values were well below the January 2019 Assessments. The right hand column of the 2020 Property Assessment Notice displays the % Value Change for your property from 2019, its Property Value Assessment History each year from 2017, & the Average % Change for all Vancouver property, which for 2020 is minus 10% from 2019. Do the 2020 Assessments generated in 2019 accurately reflect Market Values as of January 2020? This is debatable - **the Vancouver Real Estate Market can turn on a dime, & an "End of Year" mini surge in Sales & Market enthusiasm suggest that 2020 begins with values/prices back near the 2019 Assessment Levels (generated in 2018).**

- **How will the 2020 Assessment Notices affect the amount of tax Vancouver property owners pay this year? BC Assessment does**

**not set property taxes**, but only supplies value information, to which tax authorities (eg. the City of Vancouver) apply a complex formula to set the amount of tax each owner pays, ultimately expressed as a mil rate or tax levy rate which is the dollar amount for every \$1,000 of property assessed value. The Levy is the sum of at least 6 different components including the General Purpose Levy, Provincial School Tax Levy, Translink Levy, BC Assessment Authority Levy, GVRD Levy, & Municipal Finance Authority Levy. For the past 3 years in Vancouver (2017-2019), the Total Levy has been between \$2.47/\$1,000 & \$2.56116/\$1,000 of Assessed Values. As well, the BC Provincial Government has tacked on an additional tax of \$2/\$1,000 for Assessed Values between \$3M - \$4M & an additional \$4/\$1,000 for the portion of Assessed value above \$4M.

- **On December 17, 2019, Vancouver City Council voted to increase overall property taxes by 7%, & apportioned this between Commercial & Residential properties by increasing Commercial property taxes by 6% & Residential taxes by 8%.** Before applying this increase to the Tax Levy for 2020, the City Tax dept must 1st account for the overall (average) 10% drop in Assessed Values by raising the 2019 Taxation Base Rate by 10%, then tacking on the 8% increase (for Residential properties) so that the General Purpose Levy will rise approximately 18%. To apply the tax increase to an individual property, the % change in Assessed Value for that property compared to the Average % change must be calculated. Given the Average Residential Assessment decline of 10% in 2019, properties with **less** than 10% Assessment decline will see a relatively higher tax bill than those properties where Assessments declined **more** than 10%. In either case however, virtually ALL Vancouver property owners will receive an increased tax bill in 2020.

- **Is it worthwhile to dispute or appeal your assessment?** It is easy to dispute your assessment by telephoning your local assessment office & reviewing your property's assessment with a staff member there. If they agree with you, they will recommend that the Court of Revision correct your assessment, & you may save on your taxes - a good deal for the price of a phone call! If they disagree with you, **you will have to file an appeal with your local Assessment office by January 31!** The telephone book has 25 listings for enquiries

anywhere in the Lower Mainland. The Vancouver office is at #200-2925 Virtual Way, Vancouver, 604-739-8588 phone, 604-739-8666 fax.

- **The Court of Revision is a 3 person panel appointed from the community by the provincial government. It is independent of BC Assessment and the tax jurisdiction.** The Court hears evidence to determine only if your property has been valued & classified correctly. It does not have the power to adjust property taxes.

- **What is the likelihood of a successful appeal?** Even though your assessment may have decreased significantly from last year to this year, the test will be whether this yours is an accurate estimate of those market values, & whether you were fairly assessed. Sometimes the BC Assessment process is inefficient in setting value for a specific property, which may be basis for an appeal. It is probably wise to review your Assessment Notice to see how Assessed Values for your property changed compared to the Average Change for your area. The BC Assessment website, [evalueBC https://evaluebc.bcassessment.ca/](https://evaluebc.bcassessment.ca/) allows you to compare your property to neighbouring properties, look up any other BC property by address, & to compare sales & assessment values.

- **How much will the Property Tax increase actually cost you?** As mentioned above, that is a complicated calculation, depending on a number of factors including your property's value change relative to the Average. The City doesn't actually finalize the Tax Levy Rate until May or so after all appeals and other information has been accounted for. To get a head's up on this though, and **to get a more specific indication on how your property tax may be impacted on this, you can direct your questions (with the above info as a reference) by email to [Property.Tax@vancouver.ca](mailto:Property.Tax@vancouver.ca).**

**If you want to discuss your property assessment and the appeal process, as well as the City of Vancouver Taxation process, please contact Bob.**

**If you are looking to sell or buy real estate or wish to discuss further any topic on Real Estate, please contact Bob Bracken at 604-220-2035 cell, 604-263-2823 office, or bob@bobbracken.com email.**

*"feel free to bother me"*

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