

ARE YOU PAYING TOO MUCH IN TAXES?

By Bill Goold

In January 2013 I talked to Paul Sullivan and Steven Reed from the property assessment consulting firm Burgess Cawley Sullivan & Associates Ltd about the services they provided. I followed up with them this week and talked about what they had accomplished for their clients.

Bill Goold: You've had a busy time this last couple of months. How did your efforts to reduce property assessments go?

Paul Sullivan: We had great success, and I think our clients were pretty happy. We appealed just over 100 apartment properties and reduced their assessments by a total of \$60 million.

BG: That works out to \$600,000 per challenge. What was your biggest win?

Steven Reed: We had a three building complex in Richmond that was assessed at \$48 million and we brought that down to \$36 million, a reduction of \$12 million dollars.

BG: That's a huge reduction. How did their assessment get so out of whack in the first place?

PS: The provincial assessor uses a broad brush when they decided on valuations. They run calculations based on industry averages and trends, and then use a mass model to assess entire classes of buildings or entire community areas. They have to provide assessments to almost two million properties, with a total value of \$1.2 trillion, so it's easy to see how they could create some anomalies and inequities in the process.

BG: Your earlier example was for a large complex, but most of the people I work with own one or two smaller buildings, in the 15 to 30 unit range. Do you do work with apartment owners of that size?

SR: We do a lot of work with clients like that. I can give you one example of a client that bought a place last year. It was an 11 unit three storey building on South Granville. He bought it for \$3.2 million and was assessed \$3.068 million. We did an audit of other buildings in the area and felt that it wasn't fair, so we appealed. We were successful and got the client a reduction to \$2.6 million from the original \$3.068



BG: So even though he paid over \$3 million the assessment was reduced? I thought the selling price would determine the assessed value.

PS: You'd think so, but there is a higher principle of equity in play, and Canadian case law favours equity over purchase price in its decisions on assessed value. In many ways, companies like ours act as the auditor of the assessment process; ensuring fairness and that everything is level. And equity is only one of the 18 factors we evaluate when we do our assessment review.

BG: And lowering your assessment means lower taxes.

PS: It's more than that Bill. When you get a corrected assessment it lowers your taxes in the current year, but also in the years to come. The reduction in taxes directly affects the bottom line profitability of the property and affects the value of the building.

BG: When's the best time for a property owner to contact you?

PS: We suggest calling us in November to discuss the clients property and our fees, and then we have the client send the assessment as soon as they receive it so we can review. The review is a very important part of the process; it's at that point that we can advise the client to either pursue an appeal or not. We had 160 apartment clients come to us this year, and only 102 proceeded with an appeal. The other 58 potential clients had their properties reviewed and we were able to show them how their properties were either correctly assessed, or assessed below comparable properties in the area.

BG: Thanks for speaking with me today. I'll be sending my assessment forms to you next January.

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