

Assessment ruling could cut commercial property taxes

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By Frank O'Brien

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The September 16 decision ruled in favour of Amacon and against BC Assessment. Amacon had launched the assessment appeal regarding nine lots the developer owns in the 1000 block of Seymour Street in Vancouver. The lots, valued at from \$3 million to \$4 million each, house small retail outlets and parking lots. Amacon plans to develop the land into higher-density residential and retail premises.

In the ruling, PAAB agreed with an argument put forward by Paul Sullivan, a Vancouver appraiser and chairman of the B.C. Chapter of the Canadian Property Tax Association, that the land should be taxed based on the existing commercial property on the site, not on future development potential, and that a residential property tax rate, which is about four times less than the commercial rate, be applied on future development.

Under current conditions, such a property is assessed on its “highest and best use” which is normally residential condominiums, but it is taxed at the higher commercial rate, explained Phil Gerstman, executive vice-president, Western Canada, for Altus Group, a leading appraisal company. “Property owners get the worst of both worlds,” he said.

Retail tenants are also expected to pay property taxes for leased space based on the potential floor-to-space ratio, not the actual space they are renting, Sullivan explained. “You can have a tenant renting in a one-storey retail strip but paying taxes on the air rights above it,” he said.

Gerstman notes the BC Assessments is known to appeal such PABB decisions and

has 21 days to do so from the time of the decision.

“BC Assessment is currently reviewing the Property Assessment Appeal Board ruling. Upon careful consideration of the ruling, BC Assessment will determine whether or not to appeal through the appropriate legal process,” a BC Assessment spokesman Tim Morrison wrote in a statement emailed to BIV.