

ITEM 2
MANAGER'S REPORT NO. 59
COUNCIL MEETING 88/09/19

RE: LETTER FROM MR. JOHN G. INKSTER REGARDING VARIANCES OF ASSESSMENT
- EDMONDS AREA

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

TO: MUNICIPAL MANAGER 1988 SEPTEMBER 14

FROM: DIRECTOR FINANCE

SUBJECT: LETTER FROM MR. JOHN G. INKSTER REGARDING VARIANCES OF ASSESSMENT
- EDMONDS AREA

PURPOSE: THE PURPOSE OF THIS REPORT IS TO PROVIDE COUNCIL WITH INFORMATION CONCERNING VARIANCES IN ASSESSMENT, SETTING OF TAX RATES AND THE ASSESSMENT APPEAL PROCESS, IN RESPONSE TO QUESTIONS RAISED BY MR. JOHN G. INKSTER

RECOMMENDATION:

1. THAT a copy of this report be sent to Mr. John G. Inkster, 7055 Edmonds Street, Burnaby, B. C. V3N 1A3.

REPORT

This report is presented in response to a letter from Mr. John G. Inkster dated 1988 August 02 which appeared under correspondence in Council's agenda for 1988 August 08. The letter was addressed to Mr. Moulder (Area Assessor) B. C. Assessment Authority, with a copy to Council. The letter presented a series of properties which have experienced changes in assessment from 1985-86 and 1987-88 and asks about these variances in assessment, the setting of tax rates and the assessment appeal process.

1. Variances in Assessment

Property assessments are established by the British Columbia Assessment Authority. The Assessment Authority is under the jurisdiction of the Provincial Government.

We have received the attached copy of the response Mr. G. T. Howard, Deputy Assessor, Burnaby-New Westminster Area Assessment office has forwarded to Mr. Inkster. Mr. Howard advises that they have examined all of the properties listed by Mr. Inkster and find the assessments to be correct. He advises that the variances in assessed value "are as a result of market analysis and/or inventory if a building permit was issued," and that "the Assessment Authority must, of course, respond to market swings whether they be increases or decreases."

2. Setting of Tax Rates

In his letter, Mr. Inkster suggests that it must be difficult for Council to set a "proper" tax rate given the changes in assessed values which occur each year.

First, assessments are established on two-year cycles with the value for 1987 and 1988 being established as of 1986 July 01.

Second, the authenticated assessment roll which becomes the tax roll is produced before the tax rates are set. In this way, Council is aware of the total assessed value in each property class and establishes different tax rates for each class which distributes the burden of taxation among the various classes of assessment and raises sufficient monies to operate the municipality.

Third, the large number of properties in Burnaby tends to even out the impact changes in individual assessments have on the tax rate.

3. Assessment Appeal Process


Mr. Inkster asks how the ordinary homeowner can appeal his assessment if there are so many variances. There are two answers to Mr. Inkster's question.

First, appeals to assessed value can be submitted to the Assessment Authority until October 31 of each year for the following year. The deadline for appeals to assessed values used in calculating 1988 property taxes was 1987 October 31. Similarly, the deadline for appeals to assessed values which will be used in calculating 1989 property taxes is 1988 October 31.

Second, while assessed values sometimes vary considerably from property to property, the increases and decreases in market value tend to fluctuate on a neighbourhood basis. In this sense, it should be possible for a resident to determine the basis of, and influences on their assessment. In this way they could decide for themselves if they believe the assessed value of their property is appropriate on a comparative basis. Keeping track of the trend in real estate sales in an area is a good indication of the trend in market and assessed value.

We have tried unsuccessfully to contact Mr. Inkster in the past week to discuss his concerns. We will continue to follow up.

This report is presented for Council's information.


Howard Karras
DIRECTOR FINANCE

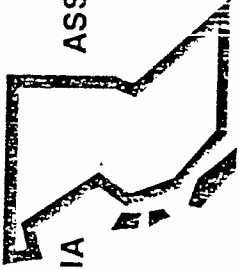
RE:jh

Attach.

cc Area Assessor

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COUNCIL MEETING 88/09/19

BRITISH COLUMBIA



ASSESSMENT AUTHORITY

Burnaby-New Westminster Area Assessment Office
#301 - 4911 Canada Way
Burnaby, British Columbia V5G 1M1
Telephone (604) 294-6441

August 22, 1988.

Mr. J. G. Inkster
7055 Edmonds St.
Burnaby B.C.
V3N 1A3

Dear Sir:

In regard to your letter concerning assessments in the Edmonds Area, the following will assist you to understand market valuation and assessments.

The Assessment Authority is required by law to assess all properties at Actual Value, which is synonymous with Market Value. All assessments, therefore, are derived by analysis of the market as it relates to all types of properties, whether it is a single family dwelling, an apartment block, self owned strata unit, commercial or whatever. Each type of property has variances due to quality, location, facilities offered, etc. These may vary year to year due to market demand. An area which is not desirable one year may become desirable the next year and, as such, values may increase more in that area than other areas. The Assessment Authority must, of course, respond to market swings whether they be increases or decreases. All properties do not increase or decrease the same amount because the Strata market is different from the Single Family, which is different from the Rental market, etc.

All items listed in your letter are as a result of market analysis and/or inventory if a building permit was issued.

Items 1 and 10 on your list are single family or duplex properties.

The lower the market value, the greater the demand for it due to more people being able to afford it; conversely, the higher the value, less demand, because less people can afford to buy.

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This is borne out by your Items 1 and 10:

Item 1 - 18 houses increase \$25,650 which equals an average increase of \$1,425 per house.

Item 10 - 15 houses decrease \$133,150 which equals an average decrease of \$9,510 per house.

Assessments in Item 1 range from \$60,000 to \$100,000, while in Item 10 they range from \$170,000 to \$280,000.

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In regard to your land comments concerning Item 1, I have been unable to locate this problem - perhaps I could be advised as to the specific properties so that I can review them.

Items 2, 3, 5, 6 and 9 are self owned apartment units where, again, all values are a result of market analysis of sales within the complexes or of comparable complexes. Item 2 and 3 is NW955 which is a two tower complex , where you have noted one tower only increased by \$34,135 whereas the second tower increased by \$204,837. This was a direct result of sales in one tower indicating a lesser increase than the sales in the second tower. This is not uncommon in complexes with multi towers even though they are all in the same strata plan or development.

Land value in stratas are residual values due to a Supreme Court decision in West Vancouver which established the method for the allocation of value to the two components (land and buildings). The Court ruled that one must first calculate the actual value of a unit, then from the value one must deduct the depreciated cost of the building. This results in a land residual value. Two buildings which may appear similar may have substantially different costs which would result in different allocation to their respective land values.

Item 4 is a rental strata block which was appealed to the Assessment Appeal Board. They ruled that the rental value of the units must be considered, and reduced the value to reflect this fact.

Items 7 and 8 are rental apartments which are valued in accordance with the sales of rental apartments. Analysis indicated that between 1985/86 and 1987 there was no appreciable movement in the market.

Trusting the above will assist you and if you have any further queries, do not hesitate to contact me.

Yours truly,



G. T. Howard
DEPUTY ASSESSOR

GTH:jb

✓ cc. R.Elligott, Tax & Licence Director, District of Burnaby.