

factsheet



Property Inspections

BC Assessment

Why the appraiser comes inside the home

BC Assessment appraisers conduct property inspections to ensure the description and condition of a property is accurately reflected on the Property Assessment Notice that is mailed each December 31 to property owners.

Property assessments are based on the market value of real estate. In general terms, market value is the price expected if a reasonable amount of time is allowed to find a purchaser and if both seller and prospective buyer are fully informed. For assessment purposes in British Columbia, market value is the most probable price that an unencumbered property would sell for on the open market on July 1.

Legislation allows appraisers to enter and inspect any property in BC for assessment purposes.

How is market value determined?

When establishing the market value for a particular property, BC Assessment considers the same characteristics as a purchaser. They include the size, layout, shape, age, finish, quality, number of carports, garages, sun decks and condition of buildings.

Available services, location, views and neighbourhood may also influence a property's market value.

BC Assessment appraisers are aware of all real estate sales within their area, and analyze them to develop common units of comparison and corresponding values.

When using this appraisal technique (i.e. comparing the selling price of properties), BC Assessment is careful to consider each property's unique characteristics. Appraisers review the differences as

well as the similarities to arrive at a fair assessed value for a particular property.

Why are assessments based on market value?

Market value assessment is widely considered to be the fairest system for distributing the property tax burden.

Assessments based on market value are easy to understand:

- taxpayers relate to the assessed or market value of their property as the estimated sale price;
- assessors and taxpayers can readily check assessments by comparing recent sales and assessments of similar properties in the neighbourhood.

In any tax area, properties used for the same purpose which have a similar value generally pay the same gross taxes. Properties that have higher values contribute more tax than those with lower values.

When might a property's value change?

Real estate market forces have the highest effect on market values. These forces vary from year to year, and from property to property.

When reviewing the Property Assessment Notice, the property owner should check:

- that the assessment is a reasonable estimate of what the property would have sold for on July 1 of the preceding year;
- that the assessment is reasonable in relation to other properties in the neighbourhood.

The market value on an assessment notice may differ from that shown on a bank mortgage appraisal or a real estate appraisal. This is because private appraisers evaluate property according to market conditions as of the day they complete the appraisal.

An assessment from BC Assessment reflects a value as of July 1. Although market conditions can change, any sale or appraisal by BC Assessment must relate to the July 1 assessment date.

Do taxes increase because of inspections?

Not necessarily. A property inspection may reveal previously unrecorded inventory or more evident physical deterioration. This could lead to a change in the value of the property, and therefore the assessment.

Property taxes increase for three reasons:

- the tax authority needs to raise more revenue to provide services;
- the value of a property increases in relation to most other properties in the jurisdiction;
- a change is made to a property which increases its value.

For more information on the appraisal of residential property, contact your local BC Assessment area office or visit www.bcassessment.ca.