

factsheet



Conservation Covenants

BC Assessment

What is a conservation covenant?

Section 219 of the *Land Title Act* (or 'a section 219 covenant') authorizes the government, a Crown Corporation or Agency, local government and other entities designated by the provincial government to enter into conservation covenants with property owners to help conserve their land. Covenants are registered against a property's title and restrict the use of the property, typically to protect a natural or heritage feature or value.

According to the *Assessment Act*, when determining the value of a property for assessment purposes, BC Assessment must consider any terms or conditions contained in a covenant registered under section 219 of the *Land Title Act*.

The only exception to this requirement is when properties have been granted an exemption for protection of a natural area under section 7.1 of the *Islands Trust Act*.

How does a conservation covenant affect property value?

For many properties, particularly in rural areas, a conservation covenant will have little or no impact on the property value if the real estate market does not recognize the additional restriction, and the highest and best use of the property would remain the same, regardless of whether the restriction was in place.

With respect to properties subject to covenants other than those under section 219 of the *Land Title Act*, BC Assessment is required by case law, to account for the existence of a restriction where it:

- affects the value of the land;
- is a restriction that runs with the land and cannot be discharged at any time (this means that restrictions on title which can be removed by the purchaser or seller at the time of transfer, should not to be taken into account for assessment purposes); and

- was concluded at 'arms-length' and not for the purpose of lowering the assessed value of the land.

According to the *Assessment Act*, an Assessor must consider the highest and best use of the property. The impact of a covenant on the highest and best use of the land is determined by reviewing:

- the best available information about the property;
- similar properties that are not subject to the restriction; and
- local market evidence about the effect of the restriction on value.

How will I know if a conservation covenant will affect the value of my property?

Early communication with the local Assessor is the key for property owners who want to know whether a conservation covenant will affect the assessed value of their property.

The Assessor will review the proposed or completed restrictive covenant, any related technical reports (such as property appraisal reports), and may require discussions with the property owner and others to determine potential effects of the restriction on value.

Covenants which are registered in the Land Title and Survey Authority after November 30th in any year will not be considered for purposes for the following tax year, but will be considered for subsequent years if the covenant continues to exist.

For more information about the effect of a covenant on a particular property, please contact your local assessment area office.

If you would like more information about the policy, please contact BC Assessment's Policy, Audit and Legal Services Division at 250 595-6211.