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BC ASSESSMENT

Home Based Business (Live-Work) Properties Policy

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Purpose

This Assessment Policy ensures that BC Assessment (BCA) consistently and correctly classifies live/work (aka home based business) properties that are primarily residential where a portion is devoted to carrying out a secondary business or commercial function.

Home Based Business Property Importance

A home based business (live/work) property is one where a business use is carried out on a property that is primarily intended for residential use, either in the main residence of other buildings located on the property. It is important to follow this policy for the following reasons:

- Adhere to the *Prescribed Classes of Property Regulation*, B.C. Reg. 438/81, sec. (1)(a)(iv) for the classification of HBB properties;
- Indicate the correct classification and split, if applicable, for HBB properties;
- Provide a consistent tax base for applicable local government (e.g., municipality, regional district, or First Nation); and,
- Produce an accurate and consistent assessment roll and other property data products.



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Policy Statements

1. Home based business (HBB) properties must only have their classification split if they meet the [Home Based Business Split-Classification Requirements](#).
2. HBB property with a contributory Class 06 – Business and Other improvement value less than \$10,000 must be placed entirely in Class 01 – Residential.
3. HBB properties that qualify for split-classification must have their classification split based on the physical area used for residential and commercial purposes.



Home Based Business (Live-Work) Requirements

Home Based Business Split-Classification Requirements

1. Home based business (HBB) properties must have their classification split between class 1 and class 6 where:
 - it is a high visibility business that occupies a significant portion of the total area of the residence or property, refer to [High Visibility Home Based Business Requirements](#);
 - either the applicable zoning or a registered *Land Title Act*, sec. 219 restrictive covenant requires a specific, defined portion or percentage of the property to be used for a commercial purpose in conjunction with the primary residential purpose; or
 - either the applicable zoning or a registered *Land Title Act*, sec. 219 restrictive covenant requires some portion of the property be used for commercial purpose but does not specify the extent, (e.g., up to 30% of the area) in which case the Live-Work Purchaser Declaration Form determines the extent of commercial use.

Note: If the Live-Work Purchaser Declaration Form is not returned, assume the commercial use is the maximum allowable under the zoning bylaw or *Land Title Act*, sec. 219 restrictive covenant.

2. HBB properties where the zoning or a *Land title Act*, sec. 219 restrictive covenant allow live/work purposes, but do not require a specific portion or percentage of the property to be used for business or commercial purposes must only have their classification split if they meet the [High Visibility Home Based Business Requirements](#).
3. HBB properties under construction must be placed entirely (i.e., land and improvements) in class 1 – residential except where:
 - the applicable zoning; or
 - a registered *Land Title Act*, sec. 219 restrictive covenant between the municipality and the property (i.e., the covenant is tied to the land, not the property owner)requires a specific, defined portion or percentage of the property be used for a commercial purpose in conjunction with primary residential purpose in which case the class should be split between class 1 and class 6.
4. HBB property common area used for both residential and commercial purposes must be placed in class 1 – residential except where:
 - parts of the common area are specifically set aside for use associated with the commercial use of the property
5. HBB property with a contributory class 6 improvement value less than \$10,000 must be placed entirely in class 1 – residential.



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6. HBB properties that qualify for split-classification must have their classification split based on the physical area used for residential and commercial purposes (i.e., not the contributory value of each purpose).

High Visibility Home Based Business Requirements

Primary Requirements

The following primary requirements must be met in order to be considered a high visibility HBB:

1. the area used for commercial purposes is of significant consequence to justify splitting class (i.e., contributory value is equal or greater than \$10,000 to account for exemption for improvements in class 6)
2. the business is either in a stand-alone or purpose built building or clearly segregated from the primary residence to allow clear establishment and predominant use of the commercial portion
3. the business is in operation for the entire year (i.e., not seasonal)
4. the business is licensed except where:
 - o there is no bylaw requirement for licensing.

Note: Review the use of other residences in the area for equity prior to split-classification.

Secondary Requirements

If determining whether a HBB meets the primary requirements is difficult or unclear, the following secondary requirements may be used to help determine if HBB meets the primary requirements:

1. There is a separate customer/client entrance
2. There is signage on site to draw attention to the business
3. The business is listed as a member of the local Chamber of Commerce
4. the business attracts walk-in/drive-by traffic (i.e., it is in obvious competition to other businesses)
5. the business is listed and/or promoted in commercial directories and/or advertisements.



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Resources

Definitions

- Refer to the [BC Assessment Glossary page](#) for term definitions.

Related Policies

- [Bed and Breakfast Properties Policy](#)
- [Mixed-Use Development Land Policy](#)

References

- [Assessment Act, R.S. B.C. 1996, c. 20](#)
- [Industrial and Business Property Exemption Regulation, B.C. Reg. 485/83](#)
- [Prescribed Classes of Property Regulation, B.C. Reg. 438/81](#)

