

# Central Alberta

Regional Assessment Review Board

---

Decision No.: LARB 0262 662/2015

Complaint ID: 662

Roll No. 330735

---

## LOCAL ASSESSMENT REVIEW BOARD DECISION

Hearing Date: May 27, 2015

Presiding Officer: W. Farr

Board Member: V. Keeler

Board Member: D. Moore

---

BETWEEN:

Sushil Parai and Mira Parai

Complainant

-and-

City of Red Deer  
Revenue & Assessment Services

Respondent

This is a complaint to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by the Assessor of the City of Red Deer as follows:

Roll Number: 330735

Municipal Address: 23 Archer Drive, Red Deer, Alberta

Assessment Amount: \$796,200

The complaint was heard by the Central Alberta Regional Assessment Review Board (Board) on the 27th day of May, 2015, in the Wapiti Meeting Room at Red Deer City Hall, in the city of Red Deer, within the province of Alberta.

Appeared on behalf of the Complainant:

Sushil Parai

Appeared on behalf of the Respondent:

Del Stebner, Property Assessor, CRA, and David Clark, Property Assessor

### **DECISION SUMMARY**

The Assessed value of the subject property is CONFIRMED.

## **JURISDICTION**

- [1] The Central Alberta Regional Assessment Review Board ["the Board"] has been established in accordance with section 456 of the *Municipal Government Act*, RSA 2000, c M-26 [MGA], and City of Red Deer Bylaw No. 3441/2009, *Assessment Review Board Bylaw*.

## **PROPERTY DESCRIPTION AND BACKGROUND**

- [2] The subject property is a single-family dwelling located at 23 Archer Drive within the Anders South subdivision in the city of Red Deer, within the province of Alberta.
- [3] Within the Anders South subdivision, the developer created a man-made lake with a surrounding park area featuring walking paths around the lake. After development, this area was commonly referred to as Anders on the Lake.
- [4] A majority of the properties were constructed in 1999 through to 2002, with one of the last lots being developed in 2008. This local area features 46 properties; 42 directly back onto the man-made lake.

## **PRELIMINARY MATTERS**

- [5] The Board Chair confirmed that no Board Member raised any conflicts of interest with regard to the matters before them.
- [6] Neither party raised any objection to the panel hearing the complaint.
- [7] The Parties confirmed that the issue under complaint is the assessment amount. The Board accepts the complaint as presented.
- [8] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:  
A.1 – Hearing Materials including Complaint Form and Notice of Hearing.  
C.1 - Complainant submission.  
R.1 – Respondent submission.  
C.2 – Complainant rebuttal.
- [9] The Respondent raised a preliminary matter related to corrections within Exhibit R.1, and advised the Board that in the first paragraph on page 14 of its submission, pages 20 and 25, should read pages 17 and 21, respectively. There was no objection to these corrections.
- [10] No additional preliminary or procedural matters were raised by any party. Both parties indicated they were prepared to proceed with the hearing.

## **ISSUES**

- [11] The Board considered the parties' positions and determined that the following question is to be addressed within this decision:  
*What is the appropriate assessment amount based on evidence presented?*

## **POSITION OF THE PARTIES**

### **Position of the Complainant:**

- [12] The Complainant's position is that the assessment is excessive and has no correlation with market value.
- [13] The Complainant stated that he purchased the subject property in 2012 for \$715,000.00. At that time, the assessment was \$726,500. The next year the assessment increased to \$759,300. This year the assessment value increased to \$765,200.
- [14] The Complainant provided some comparables, which he said demonstrated a decline in the property value of the overall neighborhood over a three year period. He stated that the property value declined 9% within these years.
- [15] The Complainant noted that the 57 Archer Drive and 29 Austin Drive properties were put on the market last year and did not sell. He stated that other properties within the neighborhood did not sell, and he concluded that this demonstrates that he lives in an undesirable area, as people want newer homes in the newer subdivisions.
- [16] The Complainant submits that there is a decline in market value; further, the property assessment value is excessive and out of proportion to other areas within the city. The subject house was built in 2001 and there has not been any completed renovation, which indicates the property is decaying. The complainant questioned why the assessment increased given these factors. He added that he would incur a loss if he chose to sell the house.
- [17] The Complainant responded to questions posed by the Respondent, generating the following answers:
- a) The Complainant stated that market values have declined in the neighbourhood he lives in, specifically in Anders South. He added that there has been a decline in values or stability in prices in the same level of properties within the province.
  - b) The Complainant did not believe there were other relevant factors to consider in explaining the valuation of the property (outside of market factors). He denied that the value of the comparable at 19 Archer Drive was negatively impacted by the landscaping disrepair and incomplete construction of a backyard pool in fall of 2012. These circumstances simply delayed the selling of 19 Archer Drive as the pool was removed and normal conditions of the backyard were restored at the time of the sale.
- [18] In concluding, the Complainant stated the property assessment is not calculated correctly.

### **Position of the Respondent**

- [19] The Respondent referenced Exhibit R1, for the assertion that the recommended assessed value is supportable, fair, and reasonable. The Respondent asserted that the assessment is equitable and proven through an assessment of market sales.

- [20] The Overview on page 3 of Exhibit R1 indicated that the subject property is in Anders South subdivision where there is a man-made lake in the centre. The area is viewed as having a high-end, luxury niche. The subject property backs onto the lake.
- [21] The Respondent submitted that, while the Complainant stated that these properties and this area are in decline by using the one prior sale at 19 Archer Drive, property assessors look more broadly. The Respondent advised that the burden of proof rests with the Complainant to show that the value of \$796,200 is not equitable and supportable.
- [22] The Respondent stated that the materials, including the aerial photo, show the aesthetics of the house, which has a walk-out feature. It is 2,045 sq. ft., and the rear yard view shows the ambiance of the property, including a quiet area with nice trees. Exhibit R.1, page 9, shows the components and inventory of the home, and the interior of the house.
- [23] The Respondent then addressed the Complainant's issues, as follows:
- a) The improvements as described in the Residential Rate Payer Report on page 9 have not changed since the report was provided; the property is therefore accurately described, in average condition, and it falls under the "semi-custom" house classification.
  - b) There are 46 properties in Anders on the Lake, with an average assessment of custom quality properties of \$951,312, and a median of \$944,500. The semi-custom quality properties had an average assessment of \$807,889 and a median of \$807,100. These values are calculated from Anders South subdivision semi-customs and customs properties for the 2014-2015 tax years.
  - c) The data concluded that the calculated assessments of the semi-custom homes in the Anders South subdivision have an average increase of 3.9% in the past year, while the subject property's assessment for the same period went up 4%.
  - d) The subject property has the second lowest assessed value of all houses backing onto the lake, and falls well below the average and median of the 7 semi-custom homes located within the lake neighbourhood.
- [24] The Respondent then presented analyses of 2014 assessments of the 18 two storey homes directly backing onto the lake.
- a) Focusing on the four semi-custom two storey homes, the average assessed value was \$840,400, and the median was \$809,000.
  - b) The subject property, one of these four two storey semi-custom homes had the lowest assessment of any of the two storey homes backing onto the lake and falls well below the average and the median of the four semi-custom two storey homes in the neighbourhood.
  - c) The assessments of 45 Archer Drive, and 37 Archer Drive were assessed at \$811,400 and \$874,600, respectively.
- [25] The final issue addressed by the Respondent was the Complainant's position regarding declining property values in Anders on the Lake.
- a) The Respondent advised that MLS listings are not used for the assessment valuation process.
  - b) Only upon the closed sale of a property does the process of analysing the sale become relevant.
  - c) The Respondent stated that Anders South is not a declining market; 5 sales out of the 42 homes in the area, did occur within Anders on the Lake in the valuation period. This shows an active market.

[26] The Respondent then referred at length to the Sales Comparability Table on page 16 of Exhibit R.1, where a point in time evaluation is made. Every sale is analyzed and time-adjusted back to the July 1, 2014 value. This process results in an adjusted sale price for each of the comparables, thereby narrowing the range of adjusted sales prices compared to the unadjusted sales prices. The assessed values that resulted are depicted on page 16 in the Sales Comparability table:

Sale #1: \$818,300, on the lake;

Sale #2: \$781,400, not on the lake; two inferior, two lower, one similar.

Sale #3: \$776,000 not on the lake;

Sale #4: \$793,300, next door to the subject property (back yard remediated), on the lake, condition was less than average, sold for \$745,000.

Sale #5: \$834,000, on the lake; sold for \$1.4 million; higher end of the scale.

*Median: \$793,300.*

*Average: \$800,600.*

[27] The Respondent concluded by stating that these median and average values of \$793,300 and \$800,600 respectively, support the current and recommended assessment of \$796,200 for the subject property. This is particularly so in the face of the Complainant's failure to provide any substantiated market evidence that would support a reduction in assessment.

[28] The Respondent replied to questions from the Complainant, generating the following answers:

- a) 19 Archer Drive and 61 Austin Drive are comparable properties to 23 Archer Drive.
- b) Regarding the distinction between custom, semi-custom and standard in the Residential Rate Payer Report on page 9 of Exhibit R.1:
  - o There is a manual that assessors follow;
  - o In the manual, there is a range for custom homes.
  - o While the home as a whole may be classified as semi-custom, there may be custom features within it.
  - o One feature does not determine the classification for the whole home.
- c) The term ASR on the Chart on page 16 of Exhibit R.1 means: Assessment to Sale Ratio. E.g. where sale price is above the assessment value, ASR will be below 1.

[29] The Respondent submitted two photos of the rear of 19 Archer Drive during the construction stage of the pool to show factors that might explain the reduced sale price of the home, while noting that one sale does not make a market. The Respondent reviewed the timeline with respect to the pool construction and subsequent sale of 19 Archer Drive, to deal with the issue of whether it was a suitable comparable.

### **Complainant Rebuttal**

[30] The Complainant argued that, with respect to 19 Archer Drive, there is no reason why the swimming pool construction causes an issue, since the pool was removed and the property was repaired prior to its sale.

[31] The Complainant also added that there are new areas and subdivisions being built, which means that Anders on the Lake is not the high end, desirable area that it once was. Buyers are now more interested in newer areas in town; people are looking for new homes. While in 1999 it may have been considered a high end area, it is no longer the case.

- [32] The Complainant stated that his observation over the last 7 years is that house prices are not increasing, but rather decreasing.
- [33] The Complainant also argued that the other comparable properties used by the City have much bigger lot sizes; his home is one and a half stories, and not a full two storey house. Specifically, it was stated that the property at 61 Archer Drive is not comparable; it is unique in quality, size of lot, structure size and grandeur.
- [34] Finally, the Complainant stated that the 4% increase in the property assessment cannot be supported in light of a 9% decrease in the price of the home at 19 Archer Drive next door. The current economic environment cannot support this increase.

### **FINDINGS of the BOARD**

- [35] The Board finds that the issue upon which both parties submitted written and verbal evidence and argument is:

*Is the subject property's assessed value reflective of its market value, and is it supportable, fair, and reasonable.*

- [36] The Complainant stated that they felt the assessment amount was too high; no improvements had been made since their home was built in 2001, and the assessed value has increased significantly, but the market value has declined.
- [37] The Respondent asked the board to confirm the assessment as presented.
- [38] The Board finds that the Complainant failed to meet the burden of proof on a balance of probabilities to provide any substantiated market evidence that would support a reduction in his assessment. This finding is based on the following:
- a) No corroborated evidence was submitted by the Complainant in support of his contention that no improvements had been made to their home since 2001.
  - b) The only evidence submitted in support of the contention that the market value has declined, was the sale price of the neighbouring property and the listing prices of four other properties that failed to sell.
  - c) This information fails to demonstrate a decline in the property value of the overall neighborhood and that it is an undesirable area to live in.
- [39] The Board further finds that the Complainant has failed to provide sufficient evidence to establish that the Respondent's recommended assessed value is not reflective of the subject property's market value.
- [40] The Board finds that the condition of the back yard of 19 Archer Drive was essentially the same during both of its recent sales. The Board does not accept the Respondent's assertion that an incomplete installation of a pool, and its subsequent removal and restoration of landscaping were relevant.
- [41] The Board finds that the property is accurately described as being in average condition, and it falls under the "semi-custom" house classification, as shown in the Residential rate Payer Report on page 9 of Exhibit R.1.

- [42] The Board accepts the Respondent's evidence that there are sever semi-custom quality homes located within the Anders on the Lake neighbourhood, and they had an average assessment of \$807,889 and a median of \$807,100. The data concluded that the calculated assessments of these have an average increase of 3.9% in the past year, while the subject property's assessment for the same period went up 4%. The subject property has the second lowest assessed value of all houses backing onto the lake, and falls well below the average.
- [43] The Board also accepts the Respondent's evidence that of the 18 two storey homes directly backing onto the lake, the four semi-custom two storey homes, which include the subject property, have an average assessed value of \$840,400 and the median was \$809,250. This means that the subject property had the lowest assessment of any of the two storey homes backing onto the lake, and falls well below the average and the median of the four semi-custom two storey homes in the neighbourhood.
- [44] The Board recognises that MLS listing prices are not used for the assessment valuation process. The Board found that Anders South is not a declining and unappealing market.
- [45] The Board accepts the Respondent's analysis in the Sales Comparability Table. A calculation of the range of adjusted sales prices of the comparables used by the Respondent generated a median assessed value of \$793,300 and an average assessed value of \$800,600.
- [46] The Board finds that the median assessed value of \$793,300, and average assessed value of \$800,600 support the current and recommended assessment of \$796,200 for the subject property.
- [47] The Board finds that the Respondent's assessment of the subject property's value is reflective of its market value, and is supportable, fair, and reasonable.

### **DECISION SUMMARY**

For the reasons noted above the assessed value of the subject property is CONFIRMED as follows:

Roll # 330735 CONFIRMED at \$796,200.

Dated at the City of Red Deer, in the Province of Alberta, this 18<sup>th</sup> day of June, 2015, and signed by the Presiding Officer on behalf of all three panel members, who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



William Farr, Presiding Officer

**This decision can be appealed to the Court of Queen's Bench on a question of law or jurisdiction. If you wish to appeal this decision you must follow the procedure found in section 470 of the *Municipal Government Act*, which requires an application for leave to appeal to be filed and served within 30 days of being notified of the decision. Additional information may also be found at [www.albertacourts.ab.ca](http://www.albertacourts.ab.ca).**

**APPENDIX "A"**

Documents Presented at the Hearing  
and considered by the Board

---

**EXHIBIT NO.**      **ITEM**

1. A.1 Hearing Materials and Agenda
2. C.1 Complainants' submission: undated three page letter to the City of Red Deer
3. C.2 Complainants' rebuttal: one page letter dated May 22, 2015 to the City of Red Deer
4. R.1 Respondent's submission
5. R.2 Respondents' submission of two coloured photos